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Official Committee Hansard

SENATE

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE
RELATIONS AND EDUCATION

ESTIMATES

(Budget Estimates)

WEDNESDAY, 30 MAY 2007

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**SENATE STANDING COMMITTEE ON
EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**

Wednesday, 30 May 2007

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

Participating members: Senators Allison, Bartlett, Bernardi, Boswell, Bob Brown, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Fifield, Forshaw, Hogg, Humphries, Hutchins, Joyce, Kemp, Ludwig, Lundy, McLucas, Ian Macdonald, McGauran, Milne, Moore, Murray, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Polley, Robert Ray, Sherry, Siewert, Stephens, Sterle, Trood, Watson, Webber, Wong and Wortley

Senators in attendance: Senators Birmingham, Carol Brown, Carr, Fifield, Forshaw, Lightfoot, McEwen, Marshall, Milne, Siewert and Troeth

Committee met at 9.02 am

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

In Attendance

Senator Brandis, Minister for the Arts and Sport

Department of Education, Science and Training

Australian Research Council

Mr Greg Harper, Acting Chief Executive Officer

Mr Len Marsden, Chief Operating Officer

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

Mr Andrew Cameron, Director Resources

Australian Nuclear Science and Technology Organisation

Dr Ian Smith, Executive Director

Dr Ron Cameron, Chief of Operations

Mr Steven McIntosh, Senior Adviser, Government Liaison

Mr Andrew Humpherson, General Manager, Public Affairs

Australian Institute of Aboriginal and Torres Strait Islander Studies

Mr Steve Larkin, Principal

Ms Bronwyn Nimmo, Deputy Principal, Collections

Dr Luke Taylor, Deputy Principal, Research

Ms Di Hosking, Director, Audiovisual Archives

Mr Ray Gentle, Director, Corporate

Australian Institute of Marine Science

Dr Ian Poiner, Chief Executive Officer

Dr Peter Doherty, Research Director

Mr David Mead, General Manager

Mr Vic Bayer, Chief Financial Officer

Ms Sue English, Manager, Government Business

Commonwealth Scientific and Industrial Research Organisation

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

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

Dr David Brockway, Chief, Energy Technology

Dr Jack Steele, Chief of Staff, Business Services

Dr Stephen Morton, Group Executive, Sustainable Energy and Environment

Dr Alastair Robertson, Group Executive, Agribusiness

Dr Tom Hatton, Director, Water for a Healthy Country Flagship

Cross portfolio

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Mr Craig Storen, Chief Finance Officer and Group Manager, Finance, Property and Planning Group

Mr Ben Wyers, Branch Manager, Property and Planning Branch, Finance, Property and Planning Group

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

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

Mr Glen Archer, Chief Information Officer, Information Services Group

Ms Jill Dickins, Information Technology Executive Director, Information Technology Applications Branch, Information Services Group

Ms Margaret Pearce, Group Manager, People, Communications and Network Group

Ms Chris Silk, Branch Manager, People Management Branch, People, Communications and Network Group

Ms Gillian Mitchell, Branch Manager, Parliamentary and Communications Branch, People, Communications and Network Group

Ms Virginia Cook, Director, Media and Marketing Section, Parliamentary and Communications Branch, People, Communications and Network Group

Science Group

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Ms Jessie Borthwick, Group Manager, Science Group

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

Ms Sara Cowan, Branch Manager, International Science Branch, Science Group

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

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

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 Quality and Coordination Branch, Innovation and Research Systems Group

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

Higher Education Group

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Mr Colin Walters, Group Manager, Higher Education Group

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

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

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

Dr Caroline Perkins, Branch Manager, Policy and Analysis Branch, Higher Education Group

Ms Shane Samuelson, Acting Branch Manager, Policy and Analysis Branch, Higher Education Group

Vocational Education and Training—Industry Skills Development Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Group Manager, Industry Skills Development Group

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

Ms Helen McLaren, Branch Manager, Technology and Information Services Branch, Industry Skills Development Group

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

Mr Matt Davies, Branch Manager, Skills Branch, Industry Skills Development Group

Ms Chris Jeacle, Branch Manager, Australian Skills Voucher Taskforce, Industry Skills Development Group

Ms Julie Yeend, Branch Manager, COAG Skills Recognition Taskforce, Industry Skills Development Group

Vocational Education and Training—National Training Directions Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Ben Johnson, Group Manager, National Training Directions Group

Ms Linda White, Branch Manager, Australian Apprenticeships Services Branch, National Training Directions Group

Mr Neil McAuslan, Branch Manager, Funding and Performance Branch, National Training Directions Group

Ms Catherine Wall, Branch Manager, Australian Technical Colleges Branch, National Training Directions Group

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

Schools Resourcing Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Ms Margaret McKinnon, Group Manager, Schools Resourcing Group

Ms Marie Cook, Branch Manager, Investing in Our Schools Implementation Branch, Schools Resourcing Group

Ms Carol Brain, Branch Manager, School Funding and Business Management Branch, Schools Resourcing Group

Ms Deb Rollings, Acting Branch Manager, Schools Resourcing and Infrastructure, Schools Resourcing Group

Ms Shona McQueen, Acting Branch Manager, Schools Strategy and Support Branch, Schools Resourcing Group

Mr Chris Sheedy, South Australian State Manager, DEST State Network Group

Schools Outcomes Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Mr Ewen McDonald, Group Manager, Schools Outcomes Group

Ms Di Weddell, Branch Manager, International Policy, Skills and Recognition Branch, Schools Outcomes Group

Mr Daniel Owen, Branch Manager, Student and Access Branch, Schools Outcomes Group

Ms Christine Dacey, Branch Manager, Literacy, Performance and Reporting Branch, Schools Outcomes Group

Mr Shelagh Whittleston, Branch Manager, Curriculum Branch, Schools Outcomes Group

Ms Marie Hird, Acting Branch Manager, Teaching Branch, Schools Outcomes Group

Ms Katy Balmaks, Acting Branch Manager, Numeracy Taskforce, Schools Outcomes Group

Ms Louise Hanlon, Acting Branch Manager, Targeted Assistance Branch, Schools Outcomes Group

Mr Giancarlo Savaris, Director, Educational Accountability and Performance Section, Literacy, Performance and Reporting Branch, Schools Outcomes Group

Ms Sue Blackall, Director, Literacy and Numeracy Team, Literacy Performance and Reporting Branch, Schools Outcomes Group

Ms Regina Camara, Director, Reading Assistance Program Team, Targeted Assistance Branch, Schools Outcomes Group

Indigenous and Transitions Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

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

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

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

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

Ms Robyn Calder, Branch Manager, Transitions Branch

Mr Gary Powell, Branch Manager, Indigenous Education Policy Branch

Strategic Analysis and Evaluation Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Dr Trish Mercer, Group Manager, Strategic Analysis and Evaluation Group

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

Mr Murray Kimber, Branch Manager, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Ms Robyn Cooper, Executive Director, Early Childhood, Economic Analysis, Growth and Evaluation Branch, Strategic Analysis and Evaluation Group

Mr Phil Aungles, Director, Information and Analysis, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Ms Julia Forrest, Director, ABSTUDY Policy, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Ms Dianne Peacock, Director, Student Allowances Policy, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Mr Indhi Emmanuel, Director, Budget and Business Assurance, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Mr Bill Schulz, Acting Director, Partnerships, Income Support for Students Branch, Strategic Analysis and Evaluation Group

Ms Anne Byrne, Branch Manager, Skills Analysis and Quality Systems Branch, Strategic Analysis and Evaluation Group

Dr Paul Balnaves, Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group

Ms Wendy Macpherson, Director, Medical Education Study, Strategic Analysis and Evaluation Group

International Education Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, International Education Group

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

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

Ms Margaret Proctor, Director, Education and Professional Recognition, International Policy and Recognition Branch, International Education Group

CHAIR (Senator Troeth)—Good morning, everyone. I declare open this meeting of the Senate Standing Committee on Employment, Workplace Relations and Education. On Wednesday, 9 May 2007 the Senate referred to the committee the particulars of proposed expenditure for 2007-08 and the particulars of proposed supplementary expenditure for 2006-

07 for the portfolio of Education, Science and Training. The committee may also examine the annual reports for the departments and agencies appearing before it. The committee has resolved that answers to questions on notice be lodged by Friday, 27 July 2007, and the committee will report to the Senate on 19 June 2007. The committee will hear evidence today from the Education, Science and Training portfolio, beginning with the Australian Research Council. Today's proceedings will be suspended for breaks as indicated on the agenda.

I remind officers that they are protected by parliamentary privilege. I also 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. Where an officer declines to answer a question, the grounds for this should be stated so that the committee may consider the matter. 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.

I welcome the Minister representing the Minister for Education, Science and Training, Senator the Hon. George Brandis; the Acting Chief Executive Officer of the Australian Research Council, Greg Harper, and officers; as well as observers to this public hearing. Minister, would you like to make an opening statement?

Senator Brandis—No, thank you, Chair.

CHAIR—In that case, Mr Harper, I welcome you and your officers and I will ask for questions, which I presume will be started by Senator Carr.

Australian Research Council

Senator CARR—Good morning. Mr Harper, when did you take up the role of acting CEO?

Mr Harper—On 1 May.

Senator CARR—You have been with the ARC for a few years now?

Mr Harper—I believe five years.

Senator CARR—You were deputy CEO as well?

Mr Harper—My substantive position is deputy CEO.

Senator CARR—When do you expect a new CEO to be appointed?

Mr Harper—I do not have a clear view as to when a new CEO may be appointed. There is a process, as I understand it, being undertaken which is principally being led by the department in assisting the minister in that matter.

Senator CARR—Can you outline to the committee what that process involves?

Mr Harper—I understand it to have involved the engagement of what might be termed a headhunting firm. Applications closed some time ago and I understand that there may have

been some interviews undertaken. But, as I indicated, the questions are probably better able to be answered by colleagues in the department.

Senator CARR—Has there been an advertisement placed?

Mr Harper—There was an advertisement placed.

Senator CARR—Do you recall when that was?

Mr Harper—No.

Senator CARR—Upon Professor Hoj's departure—sorry, is it 'Dr Hoj' or 'Professor Hoj'?

Mr Harper—Professor Hoj.

Senator CARR—Upon his departure he made some comments in the media about the operations of the Australian Research Council. I refer specifically to a report in the *Australian Financial Review* on 2 May. 'Researcher laments political meddling' was the headline. Do you recall that article?

Mr Harper—Yes.

Senator CARR—He said there had been 'stressful times' and implied that there had been political interference in the running and activities of the Australian Research Council. I take it you are aware of those comments?

Mr Harper—I have the article in front of me.

Senator CARR—He talked of the political turbulence in the operations of the ARC in 2004 and referred to the appointment by the former minister, Minister Nelson, of laypeople to a committee, the College of Experts. Does that College of Experts, as it has been referred to, still exist?

Mr Harper—The College of Experts does still exist. Could I perhaps clarify that I think the laypeople who were referred to there were not appointed to the College of Experts but to another committee.

Senator CARR—What was the name of that committee? The report is wrong, is it?

Mr Harper—I am looking at the third paragraph of that report. It refers to the former minister appointing laypeople to a committee scrutinising grants. The College of Experts certainly scrutinises applications. There is also another committee, called the Quality and Scrutiny Committee, to which the laypeople so described were appointed, which was scrutinising applications as well.

Senator CARR—To which committee were these so-called laypersons appointed?

Mr Harper—The Quality and Scrutiny Committee.

Senator CARR—Hence the reference to what they call here 'dodgy arts grants'? Is that what the committee looked at: dodgy arts grants?

Mr Harper—They are not words that I would use. The committee's role was threefold: to look at the quality of funding at the margin in each of the discipline panels so that we distribute the funds for discovery projects to the discipline groupings to match marginal

quality as best as possible; to look at the handling by the College of Experts of applications that might have been made to the ARC by members of that College of Experts to ensure that proper process was gone through; and, in that particular year, to have regard to the national benefit of applications.

Senator CARR—The Quality and Scrutiny Committee is made up of whom?

Mr Harper—As we speak, there is not one constituted, but normally one is constituted each year that typically undertakes the first two of the roles that I just described and is made up of senior people from universities, typically at the deputy vice-chancellor, research, level or that sort of level.

Senator CARR—Who were the laypersons that were appointed to this committee in the past?

Mr Harper—The laypeople, as described, would have been Ross Symons; former Justice Daryl Dawson; and Paddy McGuinness.

Senator CARR—So presumably it is those people that Professor Hoj was referring to?

Mr Harper—I suspect so. It is not a direct quote attributed to Professor Hoj, but I imagine that is to whom the journalist was referring.

Senator CARR—The journalist referred to ‘a campaign by a conservative columnist against dodgy arts grants’. Was that reference to Paddy McGuinness or was it to Andrew Bolt? Which one are they referring to?

Mr Harper—I did not write the words; I am not sure.

CHAIR—Senator Carr, I would advise you against attributing remarks or putting words in the mouth of Mr Harper that were authored by a journalist who interpreted Professor Hoj’s remarks.

Senator CARR—That is very good advice. Mr Harper has been with the ARC for five years, and he probably knows as much about the operation of the ARC as any of us. I wanted him to help me clarify these things. Was it Mr McGuinness he was referring to? Andrew Bolt was not involved at all with the ARC, was he? He has not been appointed to any official function within the ARC?

Mr Harper—Not as I recall.

Senator CARR—So it was just Paddy McGuinness who has been appointed?

Mr Harper—I think I mentioned three names.

Senator CARR—I am talking about the conservative columnist that was referred to.

Mr Harper—Perhaps you could repeat the question.

Senator CARR—Is Paddy McGuinness still with the ARC?

Mr Harper—Paddy McGuinness is not a member of any ARC committee.

Senator CARR—That is good. So the Quality and Scrutiny Committee has now gone and there is no other appointment?

Mr Harper—A quality and scrutiny committee was established in the second half of last year to examine applications for grants for this year, and there is every likelihood that a quality and scrutiny committee will be established to operate in the second half of this calendar year.

Senator CARR—Who are the College of Experts?

Mr Harper—The College of Experts are a group of 77 eminent Australian researchers who advise the ARC CEO on which applications should be recommended to the minister for funding and which applications should not be recommended to the minister for funding.

Senator CARR—Is the College of Experts still operating?

Mr Harper—Yes.

Senator CARR—Have any of their recommendations been vetoed by the minister?

Mr Harper—Their recommendations do not go to the minister; they go to the chief executive officer, who makes his recommendations that go to the minister. I think at the last hearings, and it is still the case, we confirmed that Minister Bishop has not vetoed any recommendations that applications be approved.

Senator CARR—Minister Nelson was the last minister to veto a recommendation on a grant; is that the case?

Mr Harper—Yes, Minister Nelson exercised a power he has under the ARC Act not to agree with the recommendation of the ARC.

Senator CARR—How many in total did he reject?

Mr Harper—I believe 10.

Senator CARR—Did we ever get a list of those 10?

Mr Harper—Did the committee? I do not think so.

Senator CARR—Can I have a list now?

Mr Harper—The ARC's funding rules indicate that we hold applications confidentially. While the ARC Act requires the minister to arrange for successful applications to be tabled in parliament, it is silent on what happens to unsuccessful applications. Normally—and it has been the constant practice of the ARC—we do not advertise the details of unsuccessful applications.

Senator CARR—Are you able to tell me the areas in which these 10 grants were awarded? They were not unsuccessful; they were just vetoed by the minister. So are you able to tell me the area that these 10 grants covered?

Mr Harper—I would probably characterise the applications as having been unsuccessful in that to be successful, funded applications they would need to have been approved by the minister. As to the areas, I probably would prefer to take that on notice so as to do it carefully and in such a way as not to unreasonably jeopardise the confidentiality of the unsuccessful applicants.

Senator CARR—Were they in history?

Senator Brandis—Madam Chair, could I raise an issue with you, please, and seek your guidance? I listened very carefully to the test of relevance, which you recited and which is very broad, but it operates in relation to the budget estimates which are before the committee. I wonder whether events that occurred some years in the past, which undoubtedly would have been relevant in the consideration of the activities of the department or its agencies for that year, are a relevant matter to the budget estimates before the committee in these proceedings.

CHAIR—That is correct, Minister. The parameters are the particulars of proposed expenditure for 2007-08, the particulars of proposed supplementary expenditure for 2006-07 for this portfolio and the annual reports. I suspect that Senator Carr's questioning does not fall within those parameters and therefore is irrelevant to these proceedings.

Senator CARR—So the Federal Court case that is currently underway with regard to attempts by the NTEU to secure this particular information—a current, contemporary event—is not relevant to the ARC?

CHAIR—I would say not.

Senator Brandis—Senator Carr, I do not know if I am at liberty to take points of order, not being a member of the committee, but I made the submission to the chair and the chair has ruled on it. If you listened to what I was saying you would know that I do not maintain—it would not be sensible to maintain—that any current activity of the department is not relevant to these proceedings; that is what these proceedings are for. But I understood the chair to be ruling that events that occurred in the past that bear no relationship to the 2007-08 budget estimates are beyond the jurisdiction of this committee in these proceedings.

CHAIR—That is correct, Minister.

Senator CARR—We can play games all we like on this. We can get advice from clerks and all the rest of it—

CHAIR—We are not going to.

Senator CARR—about the nature of these sorts of nonsensical points of order. But, Senator Brandis, if you are trying to protect a fallen minister then you will fail dismally because all you will do is draw attention to it. I am interested to know, in the current operations of the ARC, what impact the actions of this minister have had and, in particular, the public comment that has been made about the ARC's operations from its retiring CEO.

Senator Brandis—You may be assured that the officers at the table and I will do everything we can to assist you in responding to proper questions within the terms of the chair's rule.

Senator CARR—I ask the officers at the table: are you aware of the Federal Court proceedings in this matter?

Mr Harper—I am aware of Federal Court proceedings, but not exactly as I think you described them where you referred to the NTEU.

Senator CARR—How would you describe the Federal Court proceedings that have been pursued by—

CHAIR—I would have thought that, if Federal Court proceedings are proceeding, it is not in Mr Harper's power to be commenting on them.

Senator CARR—No, I am asking the question: is he aware of the proceedings? He said I have misdescribed them. I am asking how he would describe them.

CHAIR—Again, that is asking him to comment on ongoing court proceedings.

Senator CARR—How does the ARC describe the current proceedings before the Federal Court concerning the operations of the ARC?

CHAIR—That is simply another way of asking the same question, Senator Carr—

Senator CARR—Yes, I want an answer.

CHAIR—and I am saying to you that it is not possible for you to ask that question, nor indeed for Mr Harper to answer it.

Senator CARR—That is a nonsense. That is a complete nonsense, Madam Chair. I have asked the officer, the CEO of this organisation, how the organisation describes current proceedings concerning this operation of this ARC which are currently before the Federal Court, and you are saying I am not entitled to ask that question. What a nonsense!

CHAIR—You are not entitled to ask the officer's opinion of current—

Senator CARR—I did not ask for an opinion; I asked for the description: what is the ARC's description of the current proceedings before the Federal Court?

Senator Brandis—Senator Carr, I fail to see what bearing that has on anything. If there are proceedings in the Federal Court currently, perhaps you could ask some questions about those proceedings, but how this officer might describe them would seem—with respect—not to be a request for information.

Senator CARR—It is a request for information. I am seeking the description from the ARC because it has been said that I have misdescribed these proceedings. I have asked the ARC for their description of those proceedings.

Senator Brandis—I am going to suggest that the officer does not respond to that question. That is even worse. What you are now trying to do is ask the officer to verify or falsify whether your description of some proceedings, which have not even been identified, is an accurate description. It is bad enough to be asking them to comment on proceedings; now you are effectively asking them to comment on your comment on the proceedings.

Senator CARR—Dr Harper, has the ARC expended any money in terms of its involvement with the Federal Court case concerning its operations in regard to the veto exercised by the minister about grants that had been awarded a couple of years ago?

CHAIR—If any expenditure has been expended during the years which I mentioned, Mr Harper, you are at liberty to answer that.

Mr Harper—So we are currently in financial year 2006-07, and there has been expenditure by the ARC.

Senator CARR—How much is that expenditure?

Mr Harper—I do not have that figure.

Senator CARR—What is the expenditure for precisely?

Mr Harper—The expenditure is in relation to a matter where an application has been made under the Freedom of Information Act for access to documents.

Senator CARR—And who has taken that action?

Mr Harper—It has been taken by Ms Sharon Andrews.

Senator CARR—Who is Ms Sharon Andrews?

Mr Harper—I have no further information.

Senator CARR—So an individual has taken the action against the ARC?

Mr Harper—Yes. Not so much against the ARC, as is her right, but to seek documents from the ARC.

Senator CARR—Have those documents not been provided/

Mr Harper—Documents were provided in response to the applicant's request, but not all documents within the scope of the request were provided.

Senator CARR—Which documents were not provided?

Mr Harper—Documents that were considered exempt by decision makers in the ARC pursuant to the provisions of the Freedom of Information Act.

Senator CARR—In what matter were they not provided? What is the issue that is before the court?

Mr Harper—The issue that is being considered goes to the question as to whether the ARC should release details of unsuccessful applications, and whether it should release attributed comments to individual people who are part of the assessment process, so attributed to named individuals.

Senator CARR—Is this application for grants?

Mr Harper—It is in the context of applications for grants through the ARC's processes.

Senator CARR—Dating from what period?

Mr Harper—My recollection is that some of the documents go back to 2004.

Senator CARR—I see. Has the number of grants been specified? Does it concern a number of grants or all grants?

Mr Harper—It is in respect of a class of grants. It is not in respect of all grants, but some grants.

Senator CARR—What is the nature of these grants that are subject to the proceedings?

CHAIR—I expect if Mr Harper answers that, he will be virtually answering an earlier question that you put to him which he had ruled out answering because of the confidential nature, Senator Carr.

Senator CARR—No, I have asked the nature of the proceedings. The class of grants is that matter that the officers referred to.

CHAIR—If these are about unsuccessful grants, as I imagine they are, it goes to the heart of the matter which you attempted to ask about before, and because of the confidential and private nature of the results, Mr Harper was unable to answer it.

Senator CARR—Madam Chair, I am going to request a private meeting of this committee be held immediately.

CHAIR—Very well, we will have a private meeting. The committee will suspend for a few moments.

Proceedings suspended from 9.28 am to 9.34 am

CHAIR—We will continue with questions on this subject.

Senator CARR—Mr Harper, when were these matters first raised? When was the Federal Court action taken? When did it commence?

Mr Harper—It was this year. I do not have the precise date.

Senator CARR—And this was following an FOI request which was refused?

Mr Harper—Which was partially acceded to and partially refused.

Senator CARR—In regard to the proceedings, what is the nature of the expenses that you have engaged in this matter? Have you engaged counsel?

Mr Harper—Yes.

Senator CARR—Who is that?

Mr Harper—The Australian Government Solicitor.

Senator CARR—What other expenses have you incurred?

Mr Harper—And we also have senior counsel.

Senator CARR—Who is that?

Mr Harper—Ms Debbie Mortimer.

Senator CARR—What is the cost of the senior counsel?

Mr Marsden—We do not have a precise figure on that because the bills have not all come in, because the situation is an active case at the moment.

Senator CARR—Have there been any attempts to mediate on this question?

Mr Marsden—No.

Senator CARR—In terms of the classifications that are subject to this FOI, what was the classification of documents being sought?

Mr Harper—The documents being sought fall into two classes: essentially, correspondence between members of the ARC committees and the then minister concerning applications which were recommended by the ARC but not approved by the minister.

Senator CARR—The article that I referred to in the *Australian Financial Review* refers to a number of grants in the humanities. Is that an accurate description of the area that was under consideration—in the humanities?

Mr Harper—A number of the grants were in the humanities, yes.

Senator CARR—Are you able to indicate—

Mr Harper—Proposed grants.

Senator CARR—Yes. These were grants that had been accepted by the ARC board at the time, were they?

Mr Harper—They would have been recommended by the former ARC board.

Senator CARR—Were they recommended unanimously by the ARC board?

Mr Harper—They were recommended by the ARC board. I do not believe that a formal vote would have been taken.

Senator CARR—No. But there was no dissent on the ARC board at the time, was there?

Mr Harper—Not of which I am aware.

Senator CARR—Are you able to indicate the branch of the humanities that these applications covered?

Mr Harper—I think I indicated earlier that I would prefer to take that question on notice so that I can advise the committee in terms that appropriately protect the identity of the unsuccessful applicants.

Senator CARR—Thank you. There were 10 grants. How many were not in the humanities?

Mr Harper—Perhaps that is something that I could also handle in refining, to the extent that I can, whether the grants were in the humanities.

Senator CARR—I am just interested, Mr Harper, in how ‘outside of the humanities’ would breach anyone’s confidentiality. I take it that we have more than one researcher outside of the humanities?

CHAIR—You do not have to answer that, Mr Harper.

Senator CARR—Do we have more than one researcher outside the humanities—is that a politically sensitive question now?

CHAIR—No, that is another fishing question in my estimation.

Senator CARR—I am seeking to establish how many of the 10 grants were outside of the humanities.

Senator Brandis—I think the problem, Senator Carr, if I may say so with great respect to your question, is that you asked how many of the 10 were in the humanities. The witness declined to answer. You moved on and then asked how many were outside the humanities, so you are really asking the same question that has already been properly objected to.

Senator CARR—Professor Hoj in the article says:

... if that kind of ministerial intervention became the norm and had continued for a very long time, that would have been damaging to Australia's reputation as a good place to do research,”

Is that view shared within the executive of the ARC?

CHAIR—You can hardly expect Mr Harper to comment on that. As I said before, Senator, that is a view attributed to Professor Hoj by the interpretive remarks of the journalist.

Senator CARR—No; I am sorry—it is in quotation marks attributed directly to Professor Hoj.

Senator Brandis—Senator Carr, I do not know that Mr Harper is in a position to say what other people think.

Senator CARR—Let's put it this way: did the minister ask for a brief on the article?

Mr Harper—I believe not.

Senator CARR—Did the ARC provide a brief to the minister?

CHAIR—Without being asked, that is.

Mr Harper—I believe not.

Senator CARR—Were there any other complaints received by the ARC concerning the operations of the peer review system?

Mr Harper—It depends on what is understood by the term 'complaints about the peer review system'. We get comments from people from time to time suggesting how the system might be improved. We also have an appeals process whereby unsuccessful applicants are able to appeal to an appeals committee, which is another committee we have, about the way in which their applications may have been treated. If you considered those complaints, yes, there have been other representations made in respect of the peer review process.

Senator CARR—Are you able to indicate what those representations were? Were they in the form of letters? What was the nature of the representations?

Mr Harper—They would normally come as correspondence.

Senator CARR—How many items of correspondence have been received on this issue?

Mr Harper—On which issue?

Senator CARR—Peer review.

Mr Harper—I do not know; it would be something that we would have to take on notice.

Senator CARR—Did you prepare any briefs for the department on the comments made by the departing CEO about the unsustainability of such ministerial interventions?

Mr Harper—We did not prepare any briefs for the department, as I recall, on this article.

Senator CARR—Was there any material prepared for possible parliamentary questions?

Mr Harper—I am not sure at the moment.

Senator CARR—Would it take you long to find that out?

Mr Harper—I believe an effort is being made to find that out.

Senator CARR—I will come back to that. I appreciate that. The changes to the legislation that abolish the ARC board establish a new structure at the ARC. What is the status of the advisory committee to replace the board?

Mr Harper—I am not sure that I would characterise the advisory committee as being to replace the ARC board. It obviously will not have the statutory functions that the former board had. I believe the status of that advisory committee is that the minister has indicated that she will appoint such a committee to assist the CEO in her or his functions. The committee has not been appointed at this stage.

Senator CARR—Who appoints the committee?

Mr Harper—I think the minister has indicated that she will appoint that committee.

Senator CARR—Is there a legislative requirement that the committee be appointed?

Mr Harper—There is a legislative provision which allows the minister to appoint the members and establish what the legislation calls designated committees.

Senator CARR—What are the designated committees?

Mr Harper—The designated committees will be the advisory committee, the College of Experts, and the Quality and Scrutiny Committee.

Senator CARR—And the Quality and Scrutiny Committee has not been appointed either?

Mr Harper—For 2007 it has not been appointed at this stage.

Senator CARR—Will it be appointed this year?

Mr Harper—To the extent that I can predict the future, it seems highly likely that we will have a Quality and Scrutiny Committee to look at the handling of applications in the 2007 application round that is proceeding at the moment.

Senator CARR—So the applications have commenced and you will have a committee that you expect will come along at some later point?

Mr Harper—Yes, because the role of the Quality and Scrutiny Committee, as I think I might have indicated earlier, involves looking at applications which are at the putative funding margin, assessing the relative quality of those among the discipline panels and also examining how appropriately applications from members of the College of Experts are being treated by the College of Experts.

Senator CARR—As the acting CEO, will you be making recommendations as to the membership of the Quality and Scrutiny Committee?

Mr Harper—I expect so.

Senator CARR—But you have not done so as yet?

Mr Harper—No.

Senator CARR—Is the College of Experts—

Mr Harper—Sorry; I would like to correct the answer I gave just then. We have—

Senator CARR—recommended.

Mr Harper—Yes.

Senator CARR—Will you be recommending laypeople?

Mr Harper—I think not in the sense to which you are referring.

Senator CARR—Sorry?

Mr Harper—The people being recommended are all, or very nearly all, in the university sector.

Senator CARR—So you will be looking for people outside of the sector, such as journalists?

CHAIR—I do not think that is an appropriate question.

Senator CARR—Why is that not an appropriate question?

CHAIR—Once again, you are attempting to answer your own question by narrowly defining the field from which an answer may be drawn.

Senator CARR—We have had an attempt by the government not to protect the privacy of individuals for their benefit but to protect the government from those individuals who may wish to take action against the government for its political intervention in the awarding of grants. We are now being told by the government what questions the opposition can ask.

Senator Brandis—That assertion is groundless and false.

Senator CARR—I have asked a simple question: is the ARC executive officer recommending persons who are not working in universities and will journalists be amongst them?

CHAIR—I think Mr Harper has broadly indicated the field from which those persons may be drawn. I do not think it is possible for him to define that field any further.

Senator CARR—Mr Harper, you have acknowledged that they will be outside of universities—is that right?

CHAIR—I do not know that Mr Harper did that.

Senator CARR—I thought he did.

Mr Harper—I did not intend to. I think I said ‘all or nearly all’. It may well be all.

Senator CARR—That is the point. If it is all then there won’t be journalists, will there?

CHAIR—Then why did you ask the question, Senator Carr?

Senator CARR—Mr Harper said ‘nearly all’. ‘Nearly all’ were the words he used and that means not all. I am sorry to have to explain that to you, Madam Chair, but that is what he said.

CHAIR—We will check the *Hansard* on that.

Senator CARR—Is the answer now that they will all be from within universities?

Mr Marsden—No, it is not. The answer is, as Mr Harper described, that the majority are from the university sector but there is at least one retiree we know of who has a university background.

Senator CARR—I see. So I am asking now: will you be recommending persons who are currently working as journalists.

Senator Brandis—I think in view of the chair’s ruling, it is not proper for Mr Harper to be answering that question. In obedience to that ruling, we will not.

Senator CARR—Why is that out of order, Madam Chair?

CHAIR—Because, once again, it may impugn the confidentiality and privacy of persons who Mr Harper may be looking to appoint or persons who may be interested in applying for the job. I think it would be best for those persons' wellbeing that he not give any further definition.

Senator CARR—I see. How many journalists do we have in this country, Madam Chair?

CHAIR—You would know better than I, Senator Carr; you are better acquainted with them.

Senator CARR—I am just wondering how we could possibly impugn confidentiality by answering a question about whether or not a journalist would be recommended.

Senator Brandis—There are many officers here eagerly waiting to assist you in giving answers to relevant questions. I suggest you go on.

Mr Harper—I can answer a question that we were trying to get the information for earlier. I was asked whether we had prepared any briefs on the article including Professor Hoj's comments, and the answer is no.

Senator CARR—I have an email from the Clerk. Is it possible to get a copy to the chair?

CHAIR—While that is happening, we will proceed with questions.

Senator CARR—Mr Harper, you would have been out of here by now if the government had not intervened in this pathetic way. How many applicants have appealed to the appeals committee about grants in the last year?

Mr Harper—In the 2007 funding round for Discovery Projects, eight applicants appealed. In respect of the Linkage Infrastructure, Equipment and Facilities scheme, two applicants appealed.

Senator CARR—Do you have figures for the previous year?

Mr Harper—In the 2006 funding round, there were nine appeals for Discovery Projects, eight appeals for Linkage projects, one appeal for Linkage International and two appeals for Linkage Infrastructure, Equipment and Facilities.

Senator CARR—How many appealed in 2004?

Mr Harper—In 2004, there were 10 in Discovery Projects and six in Linkage projects. They are the only figures I have in front of me.

Senator CARR—What areas did the appeals in the Discovery Projects cover?

Mr Harper—I am not quite sure that I understand what you mean by 'what areas'.

Senator CARR—What disciplines did the appeals cover?

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

Senator CARR—Thank you. Does the appeals committee come up for appointment this year?

Prof. Papadakis—Yes. Each year there is a new committee, and a new committee has been appointed.

Senator CARR—Who appoints that committee?

Prof. Papadakis—The ARC.

Senator CARR—I asked before about complaints on the peer review system. Are there any peer reviewers who have complained or made representations about the operations of the peer review committee?

Mr Harper—There would be peer reviewers who had made observations. I am not sure that I would characterise them as complaints.

Senator CARR—I seek leave to table advice from the Clerk on a scope of questions.

CHAIR—There being no objection, it is so ordered.

Senator CARR—Have all our questions on notice come back? I know one came in this morning. How many are outstanding?

Mr Harper—I am not sure that the committee does have responses to all the questions.

Senator CARR—Why is that?

Mr Marsden—In short, the ARC had human error and we did not answer the questions as we should have. We apologise to the committee for that.

Mr Harper—All the answers are in transit now. I understand the committee will have them shortly.

Senator CARR—Thank you. Could you give me a breakdown of the ARC funded post-doctorate and other fellowship programs and awards? Do you have the figures with you?

Mr Harper—There are a number of fellowships available through the ARC, including Federation Fellowships and Australian Professorial Fellowships.

Senator CARR—Would you be able to provide the committee with that information today? I can give you a list of fellowships and outstanding commitments for the out years. Do you have that information with you?

Mr Harper—I do not have that information with me, but we can take your question on notice.

Senator CARR—The problem I have is that we asked for seven questions to be taken on notice in the last round and, of those seven, as you have said, the majority were not answered. This is not particularly difficult information; this is information that I was hoping to be able to secure as to ongoing funding commitments for Australian postdoctoral fellowships, Australian Research Fellowships, the QE2 Fellowships, the Australian Professional Fellowships and the Federation Fellowships. Are you able to provide information about that expenditure?

Mr Harper—Expenditure or commitment?

Senator CARR—The ongoing commitments of expenditure—how long would that take?

Mr Harper—We expect to be able to advise the committee of that next week.

Senator CARR—So you cannot provide that today?

Mr Harper—I am not saying that we cannot; I am trying not to mislead the committee into thinking that we could do it overly early. We will try to do it as soon as we can.

Senator CARR—On page 70 of the annual report there is a report on performance. I am seeking to know whether that information is able to be extended for the out years. Are you able to provide information on the number of researchers supported directly through ARC funded research projects in 2002-06 for the out years?

Mr Harper—Yes, we can do that but we will take it on notice.

Senator CARR—Sorry?

Mr Harper—We would be happy to provide that information but we will do it on notice.

Senator CARR—The problem is that you take so long to reply to questions you take on notice. I was hoping to be able to secure that information today.

Mr Harper—We will try to do it as quickly as we can.

Senator CARR—Can I also have the number awarded in the most recent years and the number ongoing, the length of tenure, the value of the awards and any associated research support? What I am seeking to establish is your ongoing financial commitments for postdoctoral and fellowship programs. Of the appropriated moneys, how much has been committed into the forward out years?

Mr Harper—I believe I understand what information you are after, and we will try to get that as quickly as we can for the committee.

Senator CARR—In regard to the recently announced HEEF funding, do you provide ARC research infrastructure funding through the linkage program at the moment?

Mr Harper—We run a scheme under the linkage part of the program called Linkage Infrastructure, Equipment and Facilities.

Senator CARR—How much is the annual appropriation for that infrastructure funding?

Mr Harper—The ARC receives what is in effect a one-line appropriation. I will ask Mr Marsden or Mr Cameron to answer on the amount that we provide for that year.

Mr Marsden—That one-line appropriation is approximately \$28 million—just a little bit short at \$27.9 million.

Senator CARR—Is that an annual figure?

Mr Marsden—Yes, it is.

Senator CARR—So in the forward estimates period, are you able to tell me how much is anticipated to be spent on research infrastructure through that linkage program?

Mr Harper—We are constantly prioritising our expenditure within the overall appropriation to the ARC but—

Mr Marsden—We would expect it to be in the order of what I described.

Senator CARR—So it is in that range every year?

Mr Marsden—Yes.

Senator CARR—What is the total for the linkage program? It is \$28 million of how much?

Mr Marsden—About \$256 million.

Senator CARR—Is it expected the ARC will have access to further research infrastructure funding through this HEEF scheme, the new foundation fund that was announced in the budget?

Mr Marsden—We do not have details to comment on that.

Senator CARR—Have you not been consulted about it?

Mr Marsden—To the extent you are asking questions, no.

Senator CARR—What is your expectation of the operations of this educational foundation?

Mr Marsden—In relation to the program you just asked about, we have no expectations at this point in time. We do not have sufficient details to comment.

Senator CARR—Have you had any discussions with the department about the role of the ARC in terms of the operation of this new education foundation funding?

Mr Marsden—In relation to the question you asked and the ARC's role, no we have not. We have had brief discussions about the fund, but very brief. We do not yet have the details.

Senator CARR—Brief discussions with whom?

Mr Marsden—With the department—with Dr Arthur—but they have been very brief. There have been no details discussed at this point in time.

Senator CARR—When do you expect that those discussions will take place?

Mr Marsden—Given the nature of the discussions—I said they had been very brief discussions; that is exactly what they have been—we do not have any expectations at this point in time, so I would not like to guess a time frame.

Senator CARR—In relation to the Federation Fellowships Review, the minister announced recently that there would be 20 new federation fellowships. Are they all to be funded for five years?

Mr Harper—Yes.

Senator CARR—How many of those 20 are currently working overseas?

Mr Harper—Three.

Senator CARR—Will those three be returning?

Mr Marsden—One will be returning.

Senator CARR—Which of the three?

Prof. Papadakis—The three are: Professor Gherghetta, who is a returning Australian currently at the University of Minnesota; Professor Hodges, who is with the Medical Research Council in the United Kingdom; and the third is Professor Niemann from the Institut für Tierzucht in Mariensee in Germany.

Senator CARR—Who are the two staying overseas?

Prof. Papadakis—They are overseas people coming here.

Senator CARR—I understand that but I wanted to know how many of the three were returning to Australia, and I thought you said—

Mr Harper—Federation fellowships will be held by people predominantly residing in Australia.

Senator CARR—So the answer to the question I asked before should be three. I thought you said one.

Mr Marsden—I did, because I thought you were asking about returning Australians. There were three internationals.

Senator CARR—I understand that.

Mr Marsden—Two were not Australian nationals. I thought your question was relating to Australian nationals.

Senator CARR—I see what you mean. There was some confusion there. How many of the other 20 are not Australian nationals?

Mr Harper—The remainder are Australian residents, but we do not have their nationality on us at the moment.

Senator CARR—How many of the 20 were current fellowship holders?

Prof. Papadakis—I believe it is eight.

Senator CARR—On what basis was the decision made to reappoint eight out of the 20 fellowship holders?

Mr Harper—The existing fellowship holders were able to apply and they would have been assessed—as were all other applicants—and the relative merit of their proposals would have been such as to warrant their inclusion in the successful 20 applications.

Senator CARR—I could appreciate that they are all outstanding researchers, but what was the original purpose of this scheme?

Prof. Papadakis—The objectives of the scheme are to attract and retain outstanding researchers of international renown; build and strengthen world-class research capability in Australia; expand Australia's knowledge base by supporting groundbreaking internationally competitive research; forge strong links among researchers, industry and the international research community; and support research that will result in economic, environmental, social or cultural benefits for Australia.

Senator CARR—Is the \$35 million that is being spent, distributed amongst the 20? Is that how it works?

Mr Harper—Yes, over the five-year period.

Senator CARR—How does that annualise out? Do you know?

Mr Harper—It comes in roughly equal proportions, certainly in terms of the stipend for the fellows themselves. Some of the researchers who have not been eligible to apply for ARC funding in the past will receive some funding in the first one or two years to allow them to start their research without any delay in being able to hold ARC grant money. So there would

be a slight lumpiness—front-end loading—but roughly the expenditure would be a fifth, a fifth, a fifth and so on, over the five-year period.

Senator CARR—Which of these outstanding scholars have not been able to get ARC research moneys?

Prof. Papadakis—Typically, it would be the ones who reside overseas and are not eligible to apply for ARC funding.

Senator CARR—So it is those three we referred to.

Prof. Papadakis—They, potentially, would have been eligible to apply.

Senator CARR—How many of the 20 would you say are new researchers or mid-career researchers?

Mr Harper—I would say none of them is a new researcher, because part of the criteria is that they need to have an outstanding research track record. We may have figures for how many were in certain age brackets.

Prof. Papadakis—Typically we look at the years since the award of a PhD, and so we have one category that is from zero to 15 years since the award of a PhD.

Senator CARR—Of the 20, how many are—

Prof. Papadakis—Of the 20, there are five in that category. Another category is 16 to 20 years since the award of a PhD, and there are another five in that category. The remaining 10 would be 21 years or more since the award of a PhD.

Senator CARR—There are not too many spring chickens amongst them, are there?

CHAIR—And what would you define as a spring chicken?

Senator CARR—I am just interested to know the nature of this scheme. We are paying people very, very large sums of money, half of whom completed their PhDs at least 21 years ago. I am wondering whether or not it is people at the end of their careers, or people moving towards the end of their careers. That would be a fairer description of it, wouldn't it?

Prof. Papadakis—I gave you figures of years since PhD. If you want figures of the age cohort: there were two under 40 years of age, 11 40 to 49 years of age—so that is 65 per cent who are under 50—and seven 50 to 59 years of age.

Senator CARR—It does interest me that eight of the 20 are renewed fellowship holders. There is a review of the program at the moment, isn't there?

Mr Harper—There is a review.

Senator CARR—How many submissions have been made to that review?

Mr Harper—I do not believe we have that detail with us.

Senator CARR—It has been put to me that there are about 80. Does that sound reasonable?

Mr Harper—It sounds reasonable.

Senator CARR—Can you tell me how many of those submissions have been made public?

Mr Harper—None have been made public by us or the review panel. I do not know how many would have been made public in other ways—by the person who made the submission, for example.

Senator CARR—Has there been a decision made not to make them public?

Mr Harper—I am not sure any decision has been taken one way or the other. I would need to look at the terms in which we solicited the submissions before forming a view.

Senator CARR—So you think they were sought on the basis of confidentiality? They were supposed to be confidential submissions?

Mr Harper—I do not recall, and I am indicating that I would look to ensure that that was not the case before considering releasing such submissions.

Senator CARR—I have not asked for them yet but, now that you have raised it, I will be only too happy to receive them. Some of them have been made public by way of postings on websites. The Academy of Science has posted its submission. Do you know if any others have?

Prof. Papadakis—I think the Council for the Humanities, Arts and Social Sciences have made theirs public.

Senator CARR—So they clearly did not regard them as secret documents. The academy's submission argues that the number of fellowships should be reduced dramatically and that the remaining money should be diverted to other fellowship programs. Will the report be dealing with that proposal?

Mr Harper—The report will have had regard to submissions made to the review panel.

Senator CARR—Who is on the review panel?

Mr Harper—The review panel is John Grace, Professor Deryck Schreuder and Dr Megan Clarke.

Senator CARR—The academy also points out that each of these fellowships costs the host university a great deal of money—that is, in the provision of additional research support, additional staffing and other costs, particularly superannuation costs for retiring fellows. Given the age distribution, you can understand why that is a consideration. How many universities knock back a fellowship because they cannot afford the on-costs?

Mr Harper—Universities make the application and I imagine that they take considerations as to whether they would be able to afford the on-costs into their own deliberations before they submit a proposal.

Senator CARR—Were there any applications agreed to and subsequently rejected by the university when they discovered the on-costs?

Mr Harper—None of which we are aware.

Senator CARR—I am surprised by that answer because I had discussions with a particular vice-chancellor who indicated that that was a problem. But you are saying that it is not? You have had no representations on the question of on-costs for universities?

Mr Harper—I was saying that I was unaware of any proposals for Federation Fellowships which have been approved and subsequently withdrawn by the proponent university on account of the size of the on-costs.

Senator CARR—The success rate for the Linkage Infrastructure, Equipment and Facilities program in 2006 was 49 per cent; is that right?

Mr Harper—I believe so.

Senator CARR—That is a reduction from the 2003 figure of 64 per cent?

Mr Harper—Yes.

Senator CARR—So would a fair description be that there is a general trending down in the success rate?

Mr Harper—There has been an increase in the number of applications over that period and, associated with that, the 2006 figure as described is lower than the figure for 2003.

Senator CARR—The reason I asked about the success rate is that when I have asked questions about these matters in the past, for instance in 2004, the ARC have advised me that the comparatively high success rate for this program reflected the fact that the ARC was encouraging universities to develop proposals and apply for funding:

... only for equipment and facilities that they have identified as being of the highest priority.

Given that we are now confirming that the success rate is falling, which would suggest to me that nearly 50 per cent of applications are not being funded—applications for equipment and facilities which you said in the past were of the highest priority—doesn't that suggest that at least 50 per cent of the applications for equipment of the highest priority cannot be funded under this program?

Mr Harper—Fifty per cent of applications for this program in 2006 were unsuccessful.

Senator CARR—Yes. I am told the total value of the unfunded projects was about \$40 million; would that be right?

Mr Harper—Given that I understand the ARC funding to have been about \$40 million for 50 per cent of the proposals, that seems a reasonable hypothesis.

Senator CARR—I am also told that since 2002 there have been 340 applications under this program that have gone unfunded. Can you confirm that?

Mr Harper—The number of unsuccessful applications would be of the order of the number that you described.

Senator CARR—Thank you. Is it possible to say that any of those 340 applications were resubmitted? Is there any double counting in there?

Mr Harper—It is possible.

Senator CARR—In terms of Gemini international research facility I understand that funding arrangements under this program have been for domestic researchers. However, in fact, the Gemini international research program was funded through this program in the past—is that the case?

Mr Marsden—Yes, that is correct.

Senator CARR—The Australian researchers requested 380 hours of viewing time with the telescopes—is that right?

Mr Marsden—I cannot recall. I would have to take that on notice.

Senator CARR—It was put to me that they were able to be funded for only 116 hours. Do you know if that is right?

Mr Marsden—No, I do not. I would have to look at the time allocation committee statistics on that. That is not run by the ARC; it is run by the astronomers themselves.

Senator CARR—It was put to me that they were the 2004 figures and that, in 2005, the situation got worse. They requested 559 hours and were able to be funded for only 201 hours. Are there any constraints that you are aware of that limit the ARC funding for such projects?

Mr Marsden—There are no constraints on our seed funding as such. There are constraints on how the international Gemini observatories work, though. It is an international collaboration of a number of countries and each of those countries has a partner share that is determined by the amount of money they put in for the original capital investment to set up both of those observatories—one is in Hawaii and one is in Chile. So our share of that, to be more specific, is 6.2 per cent.

Senator CARR—I see. Under this Linkage Infrastructure, Equipment and Facilities scheme, as I say, a number of projects have not been able to be funded. Will they be able to be funded under these new HEEF arrangements?

Mr Harper—As I think Mr Marsden indicated earlier, we are unaware of the detail of those arrangements at this stage.

Senator CARR—I thought you would say that. For international programs like the Gemini program, would the same answer apply—you just do not know?

Mr Marsden—Certainly in relation to that program we do not know.

Senator CARR—Will the ISIS program or the physics and material science program be able to be funded through the ARC?

Mr Harper—It has been funded through the ARC's LIEF scheme. I imagine that it would continue to be able to be funded through that scheme.

Senator CARR—Again, is it possible that such a program will be funded through any other mechanism that the government has recently announced or are you not clear on that either?

Mr Harper—We do not have detail on that.

Senator CARR—Can I ask you about the Australasian Legal Information Institute. It has operated since 1995. Is it the case that the ARC has been providing funding for that body?

Mr Harper—I believe so.

Senator CARR—It has provided grants of some \$650,000 per annum, I am advised. Is that right?

Mr Harper—We do not have the detail on that with us.

Senator CARR—You do not have that information with you?

Mr Harper—No.

Senator CARR—It is a current funded program, isn't it?

Mr Harper—It may be, but there are quite a large number of funded programs at any point in time.

Senator CARR—I see. What is put to me is this. You have provided funding of some \$650,000 per annum, in fact, going back to 2000—for the last six years. I presume it is a major program expenditure for the ARC.

Mr Harper—It is significant.

Senator CARR—However, this year you reduced the funding to \$20,000. Is that correct?

Mr Harper—We do not have the answer to that with us today.

CHAIR—Thank you. We will break for morning tea.

Proceedings suspended from 10.29 am to 10.45 am

Senator CARR—Mr Harper, have you been able to establish your funding that has been provided—the \$650,000; are you able to provide that information to the committee?

Mr Harper—Not at this stage. Efforts are proceeding to get that number.

Senator CARR—Are you able to confirm that funding has been reduced to \$20,000 this year?

Mr Harper—Not at this stage. We are trying to run that down.

Senator CARR—I am a bit puzzled by the fact that you cannot identify this funding line. It is not an insignificant project, and you do not have information on it.

Mr Harper—We do have information on it, Senator; it is not with us. We are trying to get it faxed across, and I think that something might not have come out of the fax machine.

Senator CARR—I propose that if the information is not here—I have only got one other question—we ask the officers to come back.

CHAIR—When are you proposing that, Senator Carr?

Senator CARR—I have one other question for this agency. If the information is not here, I am going to propose that the officers be recalled later today.

CHAIR—If you ask that question now, then I will recall them later today.

Senator CARR—Is that alright?

CHAIR—Yes.

Senator CARR—There is only one other matter and that is in regard to the research training scheme. Do you handle APAIs at all; do you have any APAIs?

Mr Harper—We do. APAIs are provided for under some of our Linkage schemes.

Senator CARR—In terms of the Linkage program, how many APAIs do you have?

Mr Harper—In respect of the most recent round of Linkage projects, there are 130 APAIs for industry and 26 APAIs for information technology.

Senator CARR—What is the ongoing commitment to persons currently awarded APAIs?

Mr Harper—I understand they receive about \$25,000 per year.

Senator CARR—Does the ARC have a forward commitment for those particular APAIs that have been awarded this year?

Mr Harper—The APAIs are for a three-year period. If it was in the order of \$25,000 a year, it would be \$75,000 per APAI.

Senator CARR—But that is really a departmental expense, not an ARC expense. Is that the case?

Mr Harper—No. That comes out of the ARC Act administered appropriation.

Senator CARR—What I am asking for here is the forward funding commitments the ARC has for those 156 APAIs. Have I understood that correctly—were there 156 APAIs?

Mr Harper—There were 156 appointed in the last round.

Senator CARR—They are \$25,000 each for three years; is that correct?

Mr Harper—Yes, approximately \$25,000 each for three years.

Senator CARR—For the 156. There are no second- or third-year APAIs?

Mr Harper—No. This is a cohort under this funding round. Because they are three-year there would be people who are in the second and third years of APAIs that were awarded in earlier years.

Senator CARR—Could I please have advice from the ARC as to the funding commitments for APAIs—the numbers and forward commitments?

Mr Harper—Yes.

Senator CARR—Have you been able to help us with the information on the Australian Legal Information Institute?

Mr Harper—I can see the figure of \$650,000. I think you referred to a \$20,000 amount for the current year. I am unable to confirm that.

Senator CARR—Can you explain to me why that is the case? That is 2007 funding?

Mr Harper—I do not have the detail, but applications were received and considered by the College of Experts, recommended as a result of that competitive process, and the amounts would have been approved as a result of that selection process.

Senator CARR—So the ARC withdrew its support under the linkage program?

Mr Harper—I am not sure, on the information available to me, that we have withdrawn any support that was actually there. We may not have approved an application that was made subsequently.

Senator CARR—What I am trying to establish is whether the ARC's support has moved from \$650,000 per annum to \$20,000 per annum. I have been advised that in 2006 the ARC

provided \$650,000. I am advised that in 2007 the ARC has provided \$20,000. I am trying to establish whether that information is correct.

Mr Marsden—It is unlikely that we would have given an allocation of \$20,000, because our funding rules specify we would normally consider a minimum amount of \$100,000. What we suspect is, if the \$20,000 has been given to you, it may be an approved carry-over from the previous year, 2006. But we do not have the information to confirm that at the moment.

Senator CARR—When was the funding decision taken for 2007, given that we are now almost at the end of this financial year?

Mr Harper—July, 2006.

Senator CARR—So you made the decisions a year ago and you cannot tell me what is happening now?

Mr Harper—I cannot tell you here and now in the hearing. I imagine that we would be able to advise the committee reasonably soon.

Senator CARR—Chair, I propose that the officers be asked to come back later in the day.

CHAIR—Yes. I would like you to come back at 4 pm, which will be after our afternoon tea break, to see if you can provide us with any further information then. If you can be here at four o'clock, the committee will take further evidence from you then.

Mr Harper—If I may, I would just like to correct the date of the decision made last year. It was probably made in the September-October period, but I can get that detail and bring it at four o'clock.

CHAIR—Yes, thank you. Thanks for your appearance here today.

[10.57 am]

Australian Nuclear Science and Technology Organisation

Senator CARR—Welcome. I will begin by placing on the record that I have some questions that go to industrial grievances and disputes. They are a series of questions which are quite detailed and will require careful consideration of responses and therefore it would be difficult for the officers to deal with them on the *Hansard* at this point. So I will just draw that to your attention, Dr Smith, and ask if those questions could be answered on notice. They are matters that go to industrial grievances and disputes. I will place those questions on notice. I will turn now to the question of waste disposal. Dr Smith, Muckaty Station has been identified as an additional site in the Northern Territory for a proposed waste dump. Have you had any input into the selection of that site?

Dr Smith—Our input has been to host two visits from elders from the tribe to the facilities at our Lucas Heights site and to give those people some understanding of what is involved in low-level radioactive waste and radiation protection.

Senator CARR—On how many occasions has ANSTO staff met with staff from Parsons Brinckerhoff and/or DEST staff since 12 December?

Dr Cameron—I would have to take the exact number on notice, but there are regular meetings to discuss criteria relating to waste depositories and how that would affect the site

assessment. I know that those meetings happen on a regular basis, but I do not have the actual number with me.

Senator CARR—So the only discussions you have had about Muckaty Station are those concerning the elders when they visited ANSTO's facilities?

Dr Cameron—We did not have a discussion about a site at all. Our purpose in that was a familiarisation visit for them to understand radioactive waste, what it was and what the hazards were so that they could be informed in any decision they made. We did not have any discussions with them about the site.

Senator CARR—Are you able to identify the nature of those discussions with Parsons Brinckerhoff?

Dr Cameron—Yes, they go to the nature of design criteria for a repository, so we would be discussing things that relate to overseas practices in design. They would be very detailed discussions about the size of buildings, types of containment needed in buildings and what size of trenches are needed. They would be very technical discussions.

Senator CARR—What was the nature of the discussions with DEST? Was it of a similar type?

Dr Cameron—Yes, we provide technical advice to DEST and have done throughout this particular project. As I think we have said before, we have no input into issues to do with site choice.

Senator CARR—On what occasions have you provided advice to the Minister for Education, Science and Training, the Prime Minister, other ministers or ministerial staff on the question of the waste dump proposals?

Dr Cameron—We provide advice to DEST. I cannot recall us directly providing advice beyond that. I will check whether that is the case, but I think it very unlikely.

Senator CARR—I would expect so too. It is normally listed in the annual reports, isn't it—ministerial advice?

Dr Cameron—Yes.

Senator CARR—Has the board discussed the question of waste disposal?

Dr Cameron—The board is kept informed in general terms of ANSTO's role. The board has had no discussions on sites.

Senator CARR—Have you been asked to make any input whatsoever as to the site selection for Muckaty Station?

Dr Cameron—No, we have not.

Senator CARR—Have any of the ANSTO staff or board members visited Muckaty Station or its vicinity?

Dr Cameron—No, I do not think so.

Senator CARR—Does the technical advice that you have provided go to siting?

Dr Cameron—It goes to criteria for siting because the process which has been gone through is to collect data that will be used to compare the various sites against criteria that are adopted internationally for determining the suitability of a site for a repository.

Senator CARR—So it is about technical requirements but not the actual sites?

Dr Cameron—They are technical requirements.

Senator CARR—I take it that you would also be providing advice on construction materials, site configuration, groundwater, transport and those sorts of criteria.

Dr Cameron—Yes, that would be correct.

Senator CARR—What is the level of planning within ANSTO in relation to the design and operation of proposed joint low-level and medium-level facilities?

Dr Cameron—The issue for ANSTO is one of space. Our original planning was for a repository that would be operational in about 2006-07. There is now a delay in that repository being available, so we are now planning for how we store waste until the repository is available. We were successful this year in a new policy proposal that enables us to supercompact the existing waste so that we can reduce the volume and make sure we have sufficient space available to take us to the time at which we expect to transport the waste off site.

Senator CARR—What is the process of supercompacting?

Dr Cameron—The normal process for waste tends to be gloves, equipment and pipe work. It gets pressed into a drum. That produces a certain amount of volume reduction but if you go to a supercompactor, which is just a very big 1,000 tonne press, it presses it very tightly. It produces a disc shape at the bottom so you get a considerable increase in volume reduction. That means we need less space to store it and that gives us the ability to use our existing facilities through to the time when we would transport it off site.

Senator CARR—Did you require ARPANSA approval for that process?

Dr Cameron—The process has not begun yet. We got some supplementary funding this year to acquire that press and to acquire the facility and the building that will be used for this supercompaction, so we will be beginning that process in 2007-08.

Senator CARR—I repeat: do you require ARPANSA approval?

Dr Cameron—We will obviously have discussions with ARPANSA. Whether we need their approval depends on whether it ends up being determined to be of safety significance. We think it is not. There are some OH&S issues, but there are no radiation issues that we think are significant.

Senator CARR—Dr Loy is of that view as well?

Dr Cameron—As I said, we will have discussions with ARPANSA. We will put forward our case. They will agree or disagree with us. That is the normal process of interaction with our regulator.

Senator CARR—Yes, it is a discussion with the regulatory authority.

Dr Cameron—Yes, correct.

Senator CARR—Does it require a formal determination by them, or is it something that can be handled informally?

Dr Cameron—It is part of their regulation. They have regulation 51 and regulation 52. Regulation 51 requires prior approval from the CEO of ARPANSA. Regulation 52—if it is of less safety significance—only requires notification that the process is happening. So the discussion is always between us: is it a 51 or is it a 52? That is what we try and determine beforehand.

Senator CARR—Okay. When do you think you will have a decision on that?

Dr Cameron—We are intending to start this in 2007-08, so we are still in the planning process, but we do not think that would take very long.

Senator FORSHAW—When you are talking about waste—and you mentioned gloves and so on—is that the sum total of this waste? Is it equipment and gloves, or are we talking about the other waste—fuel rods and the waste that comes back from overseas? This term ‘waste’ is used—

Dr Cameron—There are two waste streams, correct. They are the low-level waste and the intermediate-level waste. The low-level waste is the type we are talking about. We have in Australia about 4,000 cubic metres of that. There are about 400 cubic metres of the intermediate-level waste.

Senator FORSHAW—So you are only talking about low-level waste?

Dr Cameron—Correct, because the vast majority of the intermediate-level waste is the waste returning from spent fuel reprocessing, which is already encapsulated before it gets to us.

Senator FORSHAW—So that is why you are referring to a repository, as distinct from—

Dr Cameron—Correct. The low-level waste is for a repository; the intermediate-level waste is for a store.

Senator FORSHAW—Thank you. I thought that was the case.

Senator CARR—What is the ongoing role of ANSTO in terms of site evaluation? Is there any?

Dr Cameron—At this stage we have not been involved in site evaluation. We are able to give advice on the sort of data that needs to be collected et cetera and on how the comparison should be done, but we have not ourselves been involved. A consultant was brought in to run that process. That consultant is a consultant to the department. We give advice to the department when they need advice.

Senator CARR—Will you have any ongoing role in managing the Parsons Brinckerhoff contract?

Dr Cameron—There is none planned for us.

Senator CARR—So it is a joint project with DEST or the science division? How does that work?

Dr Cameron—Obviously you can raise the details of that with the department, but my understanding essentially is that a contract was let by the department to Parsons Brinckerhoff to do this site assessment. Those results were due in the middle of the year. Obviously, if there is another site to assess, that will take a little bit more time.

Senator CARR—I am interested because, as I understand it, legislative responsibility for the management of waste is now a responsibility of ANSTO. Is that the case or not?

Dr Cameron—No. At the moment, this project is entirely run by the department.

Senator CARR—But the legislation that was passed last year gave some responsibilities to ANSTO for the management of waste.

Dr Cameron—Are you talking about the changes to the ANSTO Act?

Senator CARR—Yes.

Dr Cameron—Okay.

Senator CARR—Have I misunderstood that?

Mr McIntosh—The changes to the ANSTO Act will enable us, if the government takes a decision, to manage the Commonwealth facility. The government has not taken that decision as yet, and therefore the department is still running the process.

Senator CARR—So it would require a deliberative decision by the minister to direct you to take management of this process?

Dr Cameron—That is correct.

Mr McIntosh—That is correct.

Senator CARR—And that is covered off in terms of the legislative changes that were made last year.

Dr Cameron—That is correct.

Senator CARR—That will not change ARPANSA's role in any way?

Dr Cameron—No, ARPANSA will still regulate the process whoever is running it.

Senator CARR—Are you anticipating being given responsibility for management of this project?

Dr Cameron—At this stage we have not had those discussions with the department.

Senator CARR—It is just that the department has hardly covered itself in glory in all of this. At what point will ANSTO be required to step in to try to retrieve the situation?

Dr Cameron—I think you could refer that question to the department.

Senator CARR—You think they will agree to that formulation, do you?

Senator FORSHAW—You would like to do it.

Senator CARR—You would be keen to take it over, wouldn't you?

Dr Cameron—I think the organisation would have the competence to do it.

Senator FORSHAW—We will take that as a yes.

Senator CARR—Has the board discussed this?

Dr Cameron—No, that discussion has not been had with our board.

Senator CARR—Were you consulted before the legislative changes were made?

Dr Cameron—The chances to the ANSTO Act? Certainly, yes.

Senator CARR—Did you request these changes?

Dr Cameron—Some of them we were interested in pursuing because one of the changes, as you would recall, was that we had been approached by emergency agencies on a number of occasions asking: what if they find radioactive or nuclear material in Australia as a result of terrorist or other act? They have nowhere to take that material. They were keen to have the act changed to allow us to be custodians of that material if it were found. That was one of the things that we were very keen to deal with. It also enables us to be involved in the receipt of our waste returning from overseas. So it clarified those issues.

Senator FORSHAW—That was because there was a question mark about when the waste came back from overseas whether it was still 100 per cent ANSTO waste.

Dr Cameron—That is correct.

Senator FORSHAW—Has there been any situation since the passing of that legislation where you have been called upon to take some action or been asked to receive some waste from another location or facility?

Dr Cameron—No, there has not.

Senator FORSHAW—I just want to go to the issue of what you call intermediate-level waste. To recap, there are spent fuel rods that have been processed overseas. They are due to start coming back to Australia within the next couple of years—by 2010 or 2011. Would you recap that? I know we have been over this a number of times, but it is important to establish the current position.

Dr Cameron—Our contractual position with both overseas organisations would really allow us to negotiate the return to be as late as 2015.

Senator FORSHAW—Let me get this straight. It always has been my understanding—and I think it has been generally understood—that by about 2011 some waste would start returning to Australia. We are talking here about the HIFAR waste that has been processed by Cogema in France. Is there also some from Sellafield in the UK?

Dr Cameron—There is some from Dounreay in Scotland.

Senator FORSHAW—Dounreay, not Sellafield. Is there any from the states or anywhere else?

Dr Cameron—No, there is no waste returning from the states.

Senator FORSHAW—To clarify, when is ANSTO anticipating that that would start to be returned to Australia?

Dr Cameron—The waste process with regard to our waste will have been completed in the next few years. In other words, the reprocessing will have been completed and the

encapsulation will have been completed. We could start taking the waste back from 2011 but we could put in place other arrangements that would allow us to delay that until about 2015.

Senator FORSHAW—What sorts of arrangements would they be?

Dr Cameron—They are mainly relating to the fact that we will be charged for storage.

Senator FORSHAW—On site, where it is currently?

Dr Cameron—On site, yes.

Senator FORSHAW—Are you aware of any impediment or potential impediment to that? There has been debate about whether or not action would be taken in those countries to ensure it was returned to Australia as soon as possible.

Dr Cameron—Yes, you are correct. In both France and Scotland there has been political pressure for them to return foreign waste as soon as possible. In fact, I think in France that has been the subject of court cases. In Scotland, obviously, with the whole issue of Scottish devolution, there could be political pressure on all of this. I think we are conscious of the fact that there may be other things that intervene in the next few years to make it more immediate that we take this back.

Senator FORSHAW—If those pressures were to be effective and decisions were to be made, wouldn't it be prudent for ANSTO, the Australian government and relevant departments to be ready to accept the return of that waste from the time frame that I mentioned: 2010-11? You would want to be ready for it, wouldn't you?

Dr Cameron—We would certainly prefer the situation to be that the repository was available from 2011; that would be the easiest and most straightforward.

Senator FORSHAW—That has been the target date for years.

Dr Cameron—That is correct.

Senator FORSHAW—I have been following this issue for a number of years, as you know. I was a bit taken aback, I suppose, when you said that it could be held back till 2015. That was the first I had heard that there was some possibility nothing would happen before 2014-15. It is intended that this waste will go to a store, isn't it, not to a repository?

Dr Cameron—That is correct.

Senator FORSHAW—If the store facility was not available to accept the waste then it would come back to Lucas Heights, wouldn't it, if it was required to be returned to Australia and you had to accept it?

Dr Cameron—I think the changes to the act would allow that to happen.

Senator FORSHAW—What provision have you made or are you intending to make for that eventuality at the Lucas Heights site? Is there sufficient capacity for you to receive it? What planning are you making in the event that that could happen?

Dr Cameron—The information that we are getting from the department and from government is that this will not happen, so we have not made any specific plans for that.

Senator FORSHAW—It would have to be in the back of your mind and probably in the front of your mind, Dr Cameron. As I said, I have been following this issue for a long time.

We were all of the understanding that some decisions had been made many years ago and potentially finalised by now, and they have not been. They are still debating the location of the sites for the repository and the store, and whether they are going to be co-located. It is all very uncertain.

Dr Cameron—Yes, but, if you are asking the more general question, ‘Would we be capable of managing such waste at Lucas Heights?’ the answer is of course yes.

Senator FORSHAW—Yes, but it is not a general question; it is a specific question on Lucas Heights. In the event that the store is not up and running, it is going to come back to Lucas Heights—we know that—unless you can convince whoever overseas to store it for a few more years. In the event that you want to have the waste stored for a longer period overseas, is that within ANSTO’s area of control or is that a matter for the department to negotiate?

Dr Cameron—That is an ANSTO contract that we have with our overseas reprocessors.

Senator FORSHAW—Are you giving any attention to that potential circumstance at the moment?

Dr Cameron—We are optimistic that that facility would be available. That is the commitment the government has made. All that we have seen happening recently suggests that there will be no difficulty meeting that date, so we have no specific planning for receiving this waste back at Lucas Heights. Obviously, in a few years time if the situation has changed, we could look at that again but there are no plans at the moment for us to deal with that waste.

Senator FORSHAW—Are you able to—you can do this on notice, if you need to—provide me with the total amount of waste that will be returned to Australia; that is, the old HIFAR waste?

Dr Cameron—Yes. That is publicly available and we can send it to you.

Senator FORSHAW—We have probably heard it before, but there are no more shipments to go out; is that the case?

Dr Cameron—There is one more shipment to go out in about 2009. It will go to the United States, and no waste will come back from that.

Senator FORSHAW—It is not my area, obviously, but I thought there would have to be one more shipment, wouldn’t there, following—

Dr Cameron—Because we have just shut down the reactor.

Senator FORSHAW—You have just shut it down. Can you let me know what the total amount is? This question is sort of related: what is the cost of decommissioning HIFAR? Is that anywhere in the budget? I notice note 8: ‘Other provisions’ states:

Includes a provision for the decommissioning of infrastructure, plant and equipment at ANSTO’s Lucas Heights and Camperdown sites.

But I was trying to find if there was a dollar figure.

Dr Cameron—We have previously informed the committee a couple of times that it is about \$50 million.

Senator FORSHAW—Okay. I probably was not at those previous hearings—I do try to take a break from this occasionally. What is the amount in this budget?

Dr Cameron—The total amount that we need is \$50 million. It is a three-stage process. In the first stage, which we are in now, we have removed the fuel and the heavy water, so it is no longer a reactor from that point of view. Then we move into a period of possession and control where we will be planning for the eventual decommissioning. We expect that to last about 10 years and then we will move into a period of decommissioning so that we can release the land for other purposes.

Senator FORSHAW—But the \$50 million covers all of that, does it?

Dr Cameron—It covers the whole process.

Senator FORSHAW—Has that been appropriated to you in total or is it something that you draw down on?

Dr Cameron—Because the majority of it is 10 years out, there has not been any appropriation made of that.

Senator FORSHAW—Which is why I cannot find anything in the budget papers this year.

Dr Cameron—Correct.

Senator CARR—You mentioned the heavy water—you have got 18 tonnes of it; that is right?

Dr Cameron—Correct.

Senator CARR—What is the process of disposing of 18 tonnes of heavy water?

Dr Cameron—We find a buyer for it and they take it away, clean it up and sell it again.

Senator CARR—It will be sold overseas?

Dr Cameron—Yes.

Senator CARR—There is not much of a domestic market for heavy water, is there?

Dr Cameron—No, there is not.

Senator CARR—What do you think the commercial value of it is?

Dr Cameron—I think that we are not expecting great commercial value. It is more important for us to find someone who can reuse it than to expect to get significant dollars from selling it.

Senator CARR—Is there a protocol operating in relation to the sale of such material? You cannot sell it to anyone, can you?

Dr Cameron—No, clearly not. It is material which is governed by regulation, so it has to go through approvals. In this case, because it is a nuclear material, the Australian Safeguards and Non-Proliferation Office has to issue a permit for it. They obviously would want to be sure that it is going to a properly regulated facility.

Senator CARR—Thank you. I will turn now to some production at the OPAL reactor. Has the commissioning been completed?

Dr Smith—We expect that commissioning may be completed in the next few days. It is hard to answer the question directly because the actual completion of commissioning depends on an ARPANSA decision. We have submitted the final stage C commissioning report to ARPANSA and we await their response. We will then be moving into the phase where we demonstrate the performance of the reactor against the guaranteed parameters.

Senator CARR—When I visited the site there was talk of additional beamlines being installed.

Dr Smith—The cold neutron source is now fully operational and we now have neutrons and cold neutron lines as well, so we are commissioning further into the neutron beam facility now with the final commissioning of the cold neutron source.

Senator CARR—Are you anticipating attracting private investment for additional beamlines?

Dr Smith—It is not in our plans to attract private investment. We hope to sell time to private facilities but we believe it is probably best that it be run as a science facility.

Senator CARR—So you would licence the facility out?

Dr Smith—Yes.

Senator CARR—On an hourly rate or something like that?

Dr Smith—That is right.

Senator CARR—You have recently taken over management of the Australian Synchrotron in Victoria; is that the case?

Dr Smith—We have been chosen as the preferred tenderer in partnership with WorleyParsons, yes.

Senator CARR—Has there been a transfer of staff to ANSTO as part of that project?

Dr Smith—There are no ANSTO staff directly involved at the moment because we are in a transition phase because of the funding difficulties at the Australian Synchrotron.

Senator CARR—Is it your expectation that there will be staff transferred to ANSTO?

Dr Smith—We anticipate that there will be staff transferred to the joint venture between WorleyParsons and ANSTO when the funding line becomes secure through the ability of the Australian Synchrotron to sign the contract.

Senator CARR—Will those staff members be employed by ANSTO?

Dr Smith—Effectively, they will be employed by ANSTO or WorleyParsons since it is an unincorporated joint venture, but they will be separate from ANSTO staff and will be staff of that joint venture. In legal terms, they come back to the joint venturers.

Senator CARR—Will they appear in your annual report as staff?

Dr Smith—We will be reporting the activities under the Australian Synchrotron management, yes.

Senator CARR—Will their entitlements be covered by your budget line?

Dr Smith—No, the entitlements will be covered by the contract from the Australian Synchrotron.

Senator CARR—So they will not technically be employees of ANSTO?

Dr Smith—No. We aim to have them as employees of the Australian Synchrotron. I believe that the Australian Synchrotron and the Victorian government are keen that the Australian Synchrotron should establish its own presence and that it should not be seen as a subsidiary of ANSTO. So they are looking for the Australian Synchrotron to have that individual characteristic—

Senator CARR—I did not quite catch that. They are keen that it not be seen as—

Dr Smith—A subsidiary of ANSTO.

Senator CARR—They are keen to have it seen as a subsidiary or not?

Dr Smith—They are keen to have it not seen as a subsidiary of ANSTO. They want it to have its own identity as the Australian Synchrotron, and the joint venture has decided that it is appropriate that under those circumstances that the staff should be employed by the joint venture even though, as I said, in the legal frame they will come back to the joint venturers.

Senator CARR—Can you explain to me what your legal responsibility will be for those staff members.

Dr Smith—In the end, if the Australian Synchrotron were to be closed, we would then be faced with making the redundancy payments for those staff members.

Senator CARR—So it is a contingent liability against ANSTO's books?

Dr Smith—Yes—for 50 per cent of the staff. Fifty per cent of them would go to WorleyParsons.

Senator CARR—How many staff are there at the moment?

Dr Smith—At the moment I do not have the precise staff numbers, and the staff are not employed by the joint venture at the moment. I believe they are employed by the Victorian government still as part of the transition arrangements for the funding of the Synchrotron.

Senator CARR—I think the Victorian synchrotron was awarded \$10 million in the budget; is that right?

Dr Smith—It was \$50 million; it was a one-off payment for five years.

Senator CARR—Yes, so it is \$10 million per year but \$50 million upfront.

Dr Smith—It is committed upfront, yes.

Senator CARR—As I understand it, over a 10-year period the operational costs will be double that.

Dr Smith—That is approximately correct.

Senator CARR—So where will the rest of the money come from?

Dr Smith—That is a question you will need to ask the Victorian government.

Senator CARR—Are you able to tell me why only half of the money was provided?

Dr Smith—That is a policy decision of government and, again, that should be asked of the department.

Senator CARR—Were you involved in the discussions in terms of that budget bid?

Dr Smith—No, I had no prior knowledge that the money was going to be awarded in the budget.

Senator CARR—When did you discover that the money would be available?

Dr Smith—I think I read it in a newspaper.

Dr Cameron—There was a media release issued which we saw.

Senator CARR—Dr Smith, I do not read all ministerial statements either. You do tend to find these things out in newspapers.

Senator FORSHAW—It sounds like the ambassador to Italy.

Senator CARR—That is right; it is quite extraordinary. With regard to the medical isotopes, in question No. E1008 you indicated to us that there was a list of isotopes that were being imported while the reactor was being commissioned or the process was being concluded. What is the date in which you expect the four isotopes scheduled listed in that answer?

Dr Smith—The last three in that list we are now producing in OPAL, so the single remaining isotope is the molybdenum-99. At the moment we are waiting on approvals from ARPANSA and the Therapeutic Goods Administration to begin our own productions there.

Senator CARR—And that is costing ANSTO \$93,000 a week at the moment?

Dr Smith—That is correct. But we sell it as well, of course.

Senator CARR—Yes, but that is the cost to the organisation.

Dr Smith—It is the net cost.

Senator CARR—When do you anticipate that the production will commence?

Dr Smith—That is asking me to anticipate when we will get approvals. We are hopeful that, in the worst case, we will be in production by September if all regulating bodies take their full legislative allowable times to give approvals.

Senator CARR—So it is expected to be relatively quick or not?

Dr Smith—We have completed the cold commissioning of the plant. We have ARPANSA approvals on the irradiation of the targets and for hot commissioning of the plant that we are awaiting. We cannot submit our TGA approval until we have done hot commissioning runs to produce the material to produce the data for the TGA, so we have a sequential problem there.

Senator CARR—But is this in the order of weeks or months?

Dr Smith—As I said, the potential is up to September.

Senator CARR—Samarium is the fifth isotope. You said that you would like to import it but you were unable to find a reliable supplier.

Dr Smith—We have produced that in OPAL, and it is in production at the new reactor. We were unable to import it because of regulatory barriers.

Senator CARR—Can you explain to me what the nature of those regulatory barriers were?

Dr Smith—TGA approval.

Senator FORSHAW—You will recall, I think it was about two years ago, that approval was originally granted by the Public Works Committee for a—was it a warehouse?

Dr Smith—It was a building—an extension to the radiopharmaceutical production facility.

Senator FORSHAW—Yes. I think Senator Troeth will remember it too. Ultimately that did not proceed, and it has been dealt with in earlier estimates. Is anything more happening with regard to that particular site? Are there any proposals to try and resurrect the project?

Dr Smith—I think there has been a major step forward in this year's budget. ANSTO was granted \$30 million towards the automation of ARI's radiopharmaceutical production facilities, and that will address the issues that were of concern in the original plan of the building and that caused the board to make the decision to stop the building and concentrate on solving the real problems. The real problems are best solved by automation. We were delighted to receive the \$30 million in this year's budget to enable us to do that automation.

Senator FORSHAW—Does that mean that you will not need to build a new building?

Dr Smith—That is correct. We believe we now have the ability to fit the automated processes within the existing building.

Senator FORSHAW—There was some work done previously. I think there was a concrete slab?

Dr Smith—Some services were shifted. So we have a building site that is prepared—

Senator FORSHAW—But no building?

Dr Smith—but not a building to go on it at the moment; that is correct.

Senator FORSHAW—Is any thought being given to what that site might be used for in the future?

Dr Smith—At the moment, the board of ANSTO is considering a development plan for the site so that we have a master plan for the site, and those issues will be set out in that master plan.

Senator FORSHAW—You would not be thinking about putting an extra building there to store some waste, would you?

Dr Smith—Not at all.

Senator FORSHAW—I thought I would ask that to allay some people's fears—that is, maybe to allay their fears; I don't know. Thank you.

Senator CARR—There are reports in today's press concerning advice that officials have been seeking on whether the Commonwealth can override state laws to build nuclear reactors, which is based on—

Senator FORSHAW—Power reactors?

Senator CARR—Yes. These are big ones, not little ones like you are running, Dr Smith.

Senator FORSHAW—He means that with all respect.

Senator CARR—I do. As you know, you have a very fine research reactor, but by international standards it is a bit of a toy, isn't it?

Dr Smith—We believe it is the best research reactor in the world, so we do not think it is a toy.

Senator CARR—It is, but it is a substantially different proposition from a nuclear power reactor, isn't it?

Dr Smith—It is a very different machine.

Senator CARR—What is the difference in size—in capacity?

Dr Smith—Our reactor has about 20 megawatts of heat being produced; whereas a power reactor will have between 2½ thousand and 3,000 megawatts.

Senator CARR—It is a substantially different proposition. We have been advised by officers from another department that legal advice has been sought as to the way in which the Commonwealth can override the states to allow the construction of nuclear facilities, including power stations. Has ANSTO been consulted about such propositions?

Dr Smith—No, and I would not expect that it would be. This is not within our competence. Constitutional law is not part of ANSTO's charter.

Senator CARR—No, but the running of nuclear facilities is.

Dr Smith—Correct.

Senator CARR—Have you been consulted about the building of new nuclear facilities in Australia?

Dr Smith—No.

Senator CARR—Have you been asked to provide any information about the design, maintenance or operation of potential nuclear reactors?

Dr Smith—ANSTO's job is to provide information for the debate on nuclear power. We have been doing that to the best of our ability, to put the facts before everybody who is interested so that they may make their own judgements. That is the extent of ANSTO's involvement in nuclear power.

Senator CARR—I think it is a perfectly legitimate function for ANSTO to be engaged in public debate about nuclear issues. That is not the question I am asking. I think that is an educational role. Do you have a public comment policy at ANSTO?

Dr Smith—No. We certainly have a policy that official spokespeople should make comments which bind the organisation. Any staff member that makes a comment should declare the nature of it as being personal and not representing, necessarily, the opinion of the organisation.

Senator CARR—But you employ some of Australia's leading nuclear scientists, don't you?

Dr Smith—We do, yes.

Senator CARR—It is not unreasonable, I would expect, that they would be called upon from time to time to make public comment about nuclear issues.

Dr Smith—And when those matters are raised with me I always say that it is possible for them to make the comment provided that they put the—

Senator CARR—Disclaimer.

Dr Smith—caveat on it that it is their opinion and not necessarily the opinion of the organisation.

Senator CARR—And the organisation does not engage in partisan political debate.

Dr Smith—That is correct.

Senator CARR—And there is a requirement that officers follow that advice.

Dr Smith—Yes.

Senator FORSHAW—Does that caveat apply to board members, too?

Dr Smith—I do not control the board members. There is a charter for the board.

Senator FORSHAW—No, but is there a caveat on board members?

Dr Smith—Board members are appointed by the minister and are responsible, effectively, to the chairman and the minister.

Senator FORSHAW—But, if there is a policy position for ANSTO about public comment on issues of significant, or any, political debate, is that policy applicable to the board members?

Dr Smith—The policies I enforce apply to management and staff. Policies that apply to board members would be done through the minister.

Senator FORSHAW—There is nothing sneaky about this question. I was just wondering whether or not the ANSTO policy that you have just been referring to about public comment is replicated at the board level. In other words, if a member of the board of ANSTO or the chairman wants to make a public comment about whether or not they support nuclear power reactors, would they be required to state that they were doing that in an individual capacity and that they were not speaking on behalf of ANSTO? It is a fairly straightforward question. I appreciate your position as chief executive, but surely you would be able to tell me what the position is for the board members.

Dr Smith—I am also a member of the board. I am not aware of there being any restriction on board members making public comment, but I think that the board members understand that their responsibility goes to the chairman, and the chairman understands that his responsibility goes to the minister. What is happening, I would say, is working in that chain.

Senator CARR—I will just come back to the area of your direct responsibility, the regulatory framework in terms of the management of nuclear facilities. Would that be a fair description?

Dr Smith—We manage nuclear facilities but we do not regulate them.

Senator CARR—No, but with respect to the regulatory framework within the management, you obviously have to operate nuclear facilities in Australia and you have to be familiar with the regulatory environment.

Dr Smith—Absolutely, yes.

Senator CARR—So there are two sources of advice: there is ARPANSA in terms of the approval of nuclear activities and licensing, and there is ANSTO in terms of the management of nuclear facilities. Would that be a fair description?

Dr Smith—For the operation of facilities, which includes having management structures to ensure regulatory compliance.

Senator CARR—Your advice to the committee is that your advice has not been sought on the management of nuclear facilities other than the Lucas Heights facilities?

Dr Smith—That is correct. The other people who are involved in this are ASNO, who look after the nuclear materials—security and nonproliferation.

Dr Cameron—I should say that ANSTO, in its submission to UMPNER, stated that its technical advice on a lot of those issues about technology, operation and numbers of people that might be needed are things which are clearly within our mandate.

CHAIR—Thank you very much for appearing before us today.

[11.45 am]

Australian Institute of Aboriginal and Torres Strait Islander Studies

Senator CARR—What is the appropriation for the institute this year?

Mr Larkin—Our appropriation is \$7,953,000.

Senator CARR—Has that appropriation increased from previous years?

Mr Larkin—It increases according to normal indexation.

Senator CARR—Are you intending to expand any of your activities?

Mr Larkin—We are. We were fortunate, in this year's federal budget, to receive additional funding to continue our digitisation program beyond June next year. So, in that sense, we will be expanding our activities.

Senator CARR—What facilities do you run? There are the facilities down at the lake here. What other facilities are there?

Mr Larkin—We are located adjacent to the National Museum.

Senator CARR—Is that the only facility that you are running?

Mr Larkin—That is correct.

Senator CARR—What is the current staffing?

Mr Larkin—One hundred and fourteen.

Senator CARR—When was the last time you were asked a question at these estimates?

Mr Larkin—I think my colleague Dr Taylor came last year.

Dr Taylor—It would have been about 18 months ago.

Senator CARR—Hopefully, we will see you again in 18 months time. Thank you very much for your assistance today. I apologize; we should have told you earlier that there was not a great deal to discuss.

CHAIR—Thank you for appearing before us today.

Proceedings suspended from 11.49 am to 12.16 pm

Commonwealth Scientific and Industrial Research Organisation

CHAIR—I welcome the officers of CSIRO. Senator Carr has some opening questions.

Senator CARR—I have received a booklet titled *CSIRO - Australian science, Australia's future*. I am looking at the budget outcomes section. It is obviously well presented. What was the cost of its production?

Mr Whelan—I would have to take that on notice. I would imagine it was not very high. We may have produced these copies in house. We may have put a subset of the run outside but it was essentially designed and prepared in house. It was an attempt to provide a plain English guide to the budget outcomes for CSIRO.

Senator CARR—Fair enough. There is no printer listed, so it was done in house.

Dr Garrett—Yes, I can confirm that. One of our divisions took responsibility there.

Senator CARR—There is no authorisation on it?

Mr Whelan—I am not following you, Senator.

Senator CARR—It is just a normal agency publication; is that correct?

Mr Whelan—That is correct. It was produced by CSIRO to provide to committee and other stakeholders.

Senator CARR—How many are you producing?

Mr Whelan—I think we produced about 150 but I would have to check the detail of that.

Senator CARR—So it is a very small print run?

Mr Whelan—Yes.

Senator CARR—How much do you spend on promotions? I notice there is a communications budget of \$6.391 million. Is that your promotions budget?

Mr Whelan—No, that would not be the promotional budget of the organisation. I think what you are referring to might be the cost of the staff component of the communications function of the organisation. We do not hold a central promotional budget. Each business unit may undertake some promotion in regard to their science, open days or conferences they are sponsoring but, as a general rule, we do not manage at the enterprise level a promotions budget as such.

Senator CARR—That \$6.3 million is an estimate I received at a former estimates committee hearing. Do you think it is just staffing costs?

Mr Whelan—If you could provide me with the reference to the question on notice, I could check that for you.

Senator CARR—I will come back to you about the precise reference. Here it is. It says that the communications budget line was \$6.285 million, under 2005-06 corporate support services. It is listed under item 5 of the extract I have here.

Mr Whelan—So it might have been the question on notice you asked about budgets the last time round?

Senator CARR—Yes. I can see in the 2004 budget that 2004-05 was listed as \$6.391 million—that is the figure I have quoted—and the figure of \$6.2851 million is the anticipated budget for—

Mr Whelan—I think I have the reference.

Senator CARR—Is it a chart that looks like that?

Mr Whelan—Let me just double-check. Is it question 939-07, and there is table 5, headed ‘Corporate support services—total expenditure 2005-06’?

Senator CARR—Yes, that is the one.

Mr Whelan—I am with you.

Senator CARR—Is that just the labour costs?

Mr Whelan—No, that would not have been. At the time, in the communications group, there would have been some money in there for staff training and development and publications of media releases. There may have been some corporate or enterprise level promotional documents. We produce brochures from time to time called *Snapshot* that describe the organisation’s research. The production of the annual report would have been in there. I can get you a breakdown of that if you would like, but it would be salaries and what we would call ‘other operating’.

Senator CARR—Right. And does that include any advertising?

Mr Whelan—As a general rule, I do not think CSIRO conducts advertising. We may sometimes promote conferences and open days, but as a general rule we do not undertake advertising.

Senator CARR—Obviously you do job advertisements.

Mr Whelan—Yes, certainly we do, and that would be recorded at the enterprise level in the people and culture budget or in a divisional budget.

Senator CARR—So you are not anticipating any advertising campaigns?

Mr Whelan—We certainly have not planned for any that I know of.

Senator CARR—That covers that off, thank you. Financial targets for 2006-07—and I thank you once again for providing me with the table showing the six-monthly financial report 2006-07—is at table 12. Each of the non-appropriation revenue sources appears to be behind budget estimates. Is that right?

Mr Whelan—The data we have given you—I think it is question No. E940-07. Is that the one?

Senator CARR—I presume so. The numbers are not listed.

Mr Whelan—The table headed ‘Updated table 12 from annual report’?

Senator CARR—Yes, that is the table.

Mr Whelan—The figures there were for December. We do not budget by month for each of those categories of expenditure. However, total external revenue was behind budget. I could not tell you what the distribution of that was by the categories listed there because we do not budget for it at that level.

Senator CARR—I see. ‘Co-investment consulting and services’ is \$30 million behind? That is at the half-year point.

Mr Whelan—That does not seem like a number that I would be familiar with. How have you derived that?

Senator CARR—It is listed there on year-to-date: \$124 million. Is that right?

Mr Whelan—Yes, that is correct.

Senator CARR—Whereas, if it is the full budget items—305—

Mr Whelan—That is the full year.

Senator CARR—in December you would have expected that it would be half that amount?

Mr Whelan—No. As I think we have discussed here previously, there is a very significant ‘hockey stick’ or kick in the last three months of the year with respect to external revenue as we close research projects.

Senator CARR—I see.

Mr Whelan—It is weighted.

Senator CARR—If we look at the IP and royalties line, is that the same situation? Is there an erratic flow in income that accounts for that?

Mr Whelan—Of all of the items of external revenue, it is the most variable. I would not draw any particular conclusions from that position there.

Senator CARR—If we take then the target figure of 342—we are, what, a month away from the end of the financial year?—what do you reckon the current situation is?

Mr Whelan—I do not think that we will make that number, Senator. I think that the pressure we have had flowing through from the drought in terms of the ability of the rural sector, the RDCs and a number of agricultural co-investors has meant that we have not received as much income from those as we had anticipated this year. I can readily identify about \$10 million in shortfalls that have flowed directly from those sources and I do not believe that there are any obvious other sources of external revenue that will offset that between now and the end of the year, so we will definitely not make the target this year.

Senator CARR—What will the end figure be, do you think?

Mr Whelan—I do not have a current forecast for that, Senator, but I could take that on notice.

Senator CARR—The PBS provides details of your financial assumptions for future years. Do you expect revenue from goods and services to decrease in real terms?

Mr Whelan—Are you referring to the PBS?

Senator CARR—Yes, the PBS at page 307.

Mr Whelan—I think that you are referring to the difference between 305, the estimated 2006-07, and the budget 2007-08. That is correct, Senator. To some extent that reflects our view that the impact of the drought will continue for at least a year. We would expect that to impact royalties, investments being made by RDCs, and similar organisations particularly in the agricultural sector.

Senator CARR—So you have a one per cent increase predicted from 2006 to 2007—that is right, is it?

Mr Whelan—\$3 million on \$300 million—it is about one per cent.

Senator CARR—You have an inflation rate of two per cent to three per cent, and I understand that costs are above the inflation rate at about four per cent.

Mr Whelan—I think we discussed last time that it was somewhere between three per cent and five per cent so four per cent is a rough estimate.

Senator CARR—That is not exactly a great result there, is it?

Mr Whelan—It reflects the market conditions. The CSIRO does not set out to achieve external earnings because they are a result in themselves. They are a means of reflecting the amount of co-investment or direct investment from non-appropriation items in the organisation. So it reflects the current market conditions, much of which we do not have control over—namely, the drought.

Senator CARR—I see. If I look then at the IP revenue, the suggestion there is that it will remain static for the next four years—

Mr Whelan—By and large, Senator. It is worth noting that the department of finance guidelines for accounting for royalties are such that IP income is now split effectively between the royalties line and the other line. Total IP income for this year is \$37 million and next year we are forecasting it to be around \$39 million, and you see in the out years \$40 million, \$42 million and \$45 million. So it is probably keeping up with inflation but there is no massive growth there.

Senator CARR—Where is the IP line? I have got the royalties line—

Mr Whelan—You asked the question about IP and I was making the point that we split IP income from intellectual property into two lines in accordance with the department of finance guidelines. The first is associated with what is called ‘running rate royalties’—someone uses a CSIRO product and pays us an amount per unit. Secondly, we have created some IP—it may be a patent, an invention, a product or a company—and someone buys it from us.

Senator CARR—I understand the point you made but I just cannot find—

Mr Whelan—That appears in ‘other’, which is the line directly below royalties. If you add those two together, they sum to our forecast of IP income.

Senator CARR—‘Other’ really means IP.

Mr Whelan—I think that there is a footnote to that effect—footnote No. 1. Yes, ‘other’ categories include ‘revenue from one-off sale of intellectual property, donations and other revenues’, but primarily the one-off sale of intellectual property is the biggest driver there.

Senator CARR—Why do you think royalties are staying static at that flat-line figure?

Mr Whelan—I think that it is growing in accordance with inflation. It is our best estimate at this point in time. I think as we discussed earlier with your previous question—

Senator CARR—I cannot understand what you mean by ‘growing’ when it has the same figure for four years.

Mr Whelan—The royalties line does. I thought you asked me about intellectual property.

Senator CARR—No, the royalties line, which is the static one at \$20,500,000. It remains the same for the forward estimates period.

Mr Whelan—Yes.

Senator CARR—So it is exactly the same figure for four years. How did you calculate that?

Mr Whelan—We calculated it on the basis that it is very hard to estimate future flows of royalties and we had no better basis than our current estimates for this year, and therefore we replicated it in the out years.

Senator CARR—Is that the same for the sale of assets at \$5 million per annum?

Mr Whelan—That is correct.

Senator CARR—The budget estimate for external flagship revenue for the current financial year is \$41.3 million. Do you think you will reach that target?

Mr Whelan—Can you tell me where you got that figure from.

Dr Sandland—I have an answer to that question. Basically the expectation from the flagship directors at the moment is that we will go very close to that figure.

CHAIR—At 1.30 pm we will see the Australian Institute of Marine Science and then we will revert to CSIRO.

Proceedings suspended from 12.31 pm to 1.31 pm

Australian Institute of Marine Science

CHAIR—We will start this afternoon’s proceedings with the Australian Institute of Marine Science. Welcome.

Senator CARR—I want to begin with some questions that go to AIMS’s infrastructure. What is the current state of your research infrastructure and equipment? Do you have a backlog in terms of replacements?

Dr Poiner—Terms of infrastructure, AIMS is in a very strong position, particularly with our new vessel, which will be launched in October to November this year. That is the RV *Solander*, replacing the *Lady Basten*. The other area where we have major developments happening is our aquarium system, where we are setting up the centre for marine microbiology and genetics. The infrastructure overall is in good shape.

Senator CARR—You have a refurbishment program underway for laboratories. Is that right?

Dr Poiner—No. I think there was a refurbishment program for the laboratories a number of years ago, but the only refurbishment going on at the moment is in our aquarium area, where we are establishing a new centre of marine microbiology and genetics.

Senator CARR—Apart from the vessel, what other capital works programs do you have planned?

Dr Poiner—The major capital works program coming up in the near future is this new centre of marine microbiology and genetics.

Senator CARR—In a previous answer to question No. E76607, you indicated that one of the consequences of the AIMS@JCU partnership has been the capacity to rationalise the purchase of new equipment. What particular new equipment do you think this rationalisation will apply to?

Dr Poiner—The AIMS@JCU joint venture has provided some new infrastructure, which is now in place, lots of new students and post-doctoral staff and also some new research initiatives. In terms of the infrastructure, it provided a fibre-optic link between the institute and James Cook University, and it also provided some new controlled environment facilities in the aquarium. They have been established and are being used. I think the other advantage of AIMS@JCU has been what I would call the more optimum use of all the assets in Townsville, both on the campus and out at AIMS, by staff from both institutions.

Senator CARR—You also indicated, though, that AIMS@JCU supported capital infrastructure developments at both JCU and AIMS. What capital programs were you referring to there?

Dr Poiner—There is one joint one, and that is the fibre-optic link, which is the high-speed link between the two organisations, which hooks us into ARNnet. The other one is at James Cook University; there was also some aquarium development there.

Senator CARR—What is the value of the high-speed link?

Dr Poiner—The value is roughly in the order of \$800,000.

Senator CARR—Where do I find the recent annual report that notes that the Commonwealth is providing a special allocation for programs for this AIMS@JCU in the budget statements? Is there a particular budget line for this joint venture?

Dr Poiner—The joint venture had a one-off allocation a number of years ago. That appears in the budget statement under the grants section, That section also includes things like the ship to—

Senator CARR—That is on page 116, is it?

Dr Poiner—I am not sure which document you are looking at, but my document says 179. I am sure that we are looking at the same table.

Senator CARR—I am looking at the financial statements from the annual report. Is it the case then that you have a separate legal entity now?

Dr Poiner—The AIMS@JCU is an unincorporated joint venture, so it is by arrangement between the two organisations. It is unincorporated. It has an independent chair and a board made up of two members from each institution.

Senator CARR—How long will that go on for?

Dr Poiner—With the current funding, it is planned to go on to 2010.

Senator CARR—What happens—

Dr Poiner—Over the next period of time, the vice-chancellor of James Cook University, Sandra Harding, and I will be looking at afternoons to get further resources into AIMS@JCU.

Senator CARR—What is the percentage of the joint venture that is owned by AIMS and what is owned by JCU? I notice that in the same report you speak of a 50 per cent joint venture in regard to the Arafura Sea—the Timor research project. What is the percentage that AIMS holds in the joint venture?

Dr Poiner—I would have to take that on notice. The way we have done it, for example, is that the assets at AIMS are owned by AIMS; the assets at James Cook University are owned by James Cook University. The fibre optic link, if my recollection is correct, is owned by AIMS. But I will take that on notice and provide you with the detail.

Senator CARR—Thank you. Page 101 of the PBS suggests that the revenues have fallen from \$2.7 million to \$1 million. Is that the case?

Dr Poiner—The revenues for what?

Senator CARR—The revenues for the joint venture have moved from \$2.7 million to below \$1 million—is that right?

Dr Poiner—That is correct, because we are spending down the initial allocation.

Senator CARR—That is from the original—

Dr Poiner—Yes, and remember at the up-front there was a fair bit of expenditure on capital works.

Senator CARR—So I take it that is also the explanation for the reference on page 116: funds have fallen from \$2.9 million to \$1.7 million. Is that because they have been spent throughout the program?

Dr Poiner—That is correct.

Senator CARR—AIMS also holds some funds on behalf of the joint venture. Does that mean that there is another set of accounts?

Dr Poiner—No. The way they are managed is that the allocation is given to AIMS and we actually expend it on behalf of the joint venture.

Senator CARR—So JCU does not have separate funds for the joint venture?

Dr Poiner—That is correct.

Senator CARR—Would you be able to provide me with the budget projections, both income and expenditure, for AIMS@JCU—that joint venture itself—over the next couple of years? There is no provision on the website for future estimates.

Dr Poiner—Yes. We will have to take that on notice, but we can provide that.

Senator CARR—It does say that the 2006 report will be available soon. Where will be that report be?

Dr Poiner—The AIMS@JCU report?

Senator CARR—Yes.

Dr Poiner—The annual report?

Senator CARR—Yes.

Dr Poiner—The annual report is now available.

Senator CARR—It is not on the website.

Dr Poiner—I think it is on the website. There is a link on both JCU's and AIMS's websites to AIMS@JCU. I am sure that the annual report is on the website.

Senator CARR—The printout that I have in front of me here is from the 25th, which is five days ago. Has it been put up in the last five days?

Dr Poiner—No, it certainly has not been put up in the last five days, but I know that the annual report is available and I will check if it is on the website. I would be surprised if it is not on the website.

Senator CARR—I have a hard copy of the printout from the website and it was printed out on the 25th. That says that the annual report will be available on this site soon.

Dr Poiner—The annual report is available. I am surprised that it is not on the website, but I will check that and make sure that you get a copy and I will make sure that it is put up on the website.

Senator CARR—How many JCU staff are actually located at the AIMS facility?

Dr Poiner—There are no JCU staff located at the AIMS facility as such, but we are in the same geographical area as a number of JCU staff and the students of the joint venture use the facilities at AIMS. The staff remain at James Cook University, although they will come out and use our facilities.

Senator CARR—How does the accounting work? I take it that not all AIMS staff are members of the joint venture?

Dr Poiner—That is correct, and there are no resources from the joint venture to pay staff as such. The joint venture basically supports infrastructure, students, post-docs and some seed funds for some joint research efforts, but they are in the operating funds.

Senator CARR—So how do you prioritise between joint venture projects and AIMS projects?

Dr Poiner—It is not a question of prioritising between the two sets of projects, because the way we establish the joint projects is that they need to be consistent with our research plan and consistent with James Cook's research plans. There has been no difficulty in reaching that agreement.

Senator CARR—I turn now to the quest research vessel. When is it likely that the new research vessel will be launched?

Dr Poiner—We are in discussions with the company constructing the vessel—Tenix Defence in Henderson in Western Australia. The current expected completion date is mid-October, but that is dependent on availability or that there are no delays in the supply of equipment like engines and so forth.

Senator CARR—When will it be commissioned?

Dr Poiner—Assuming that the vessel is available and is put in the water in mid-October, it will probably be a month to a month-and-a-half for sea trials and making sure it works, and then it will be commissioned and be available for work. We are planning on the vessel being available for research by the end of this calendar year.

Senator CARR—How many scientists will the vessel accommodate?

Dr Poiner—The vessel's accommodation is 18 and that includes crew. Depending on the nature of task, for example, if the vessel is doing 24-hour operations, you might need slightly more crew than other sorts of operations. But it is in the order of, say, six crew and the others will be scientific staff.

Senator CARR—How many years of working life do you think the *Cape Ferguson* has left?

Dr Poiner—Generally the hulls of vessels have a working life in the order of 25 to 30 years. The *Cape Ferguson* is just entering its fourth year, so it still has many years left of working life and it is in very good shape.

Senator CARR—So you do not have to start planning for its replacement for 15 years or so?

Dr Poiner—That is correct.

Senator CARR—That concludes my questions.

CHAIR—Thank you very much for appearing before us today.

Dr Poiner—Thank you very much.

CHAIR—We will now return to questions for the Commonwealth Scientific and Industrial Research Organisation—CSIRO—if they would return to the table please.

Senator CARR—Dr Garrett, at the February hearings we discussed the question of SAP and the BETR business systems that CSIRO was introducing and some of the difficulties associated with the implementation of these new programs. I was wondering if we could get agreement as to the broad terms of this discussion. Would it be fair to say that SAP is a proprietary system of integrated business IT systems developed originally by a German

company and now marketed world wide, while the BETR program is an internal CSIRO program set up to ensure integration of business practice within the SAP program?

Mr Whelan—I might take that question. You are right; there is a connection between the SAP software and the BETR project, which is the business enabling technology review. The business enabling technology review project is the overarching project. It has two components. The first is to support the implementation and subsequent operation of the SAP software, and it has a component associated with changing the administrative and other support processes. There is also a change management component. The two things together form the business enabling technology review project.

Senator CARR—I have some questions that are specifically for Dr Garrett as CEO. Could you advise me about a meeting the executive team held at the end of February? Mr Whelan advised the committee in February that there would be a report from the support services project team about the revised implementation date for the SAP program. Can you tell me what happened at that executive team meeting in February?

Dr Garrett—Yes. At that meeting, we reviewed progress to date and agreed to defer the implementation of the SAP program.

Senator CARR—What was the date of that meeting?

Dr Garrett—I do not have that information to hand. I can provide it to you.

Senator CARR—But it was late in February; is that right?

Dr Garrett—That seems to be correct.

Senator CARR—Did the project team provide you with advice as to what would be a realistic implementation timetable?

Dr Garrett—Mr Whelan will provide a reply here.

Mr Whelan—My understanding is that there was a report to the executive team committee by the lead team member responsible for the project. He updated the executive team on the status of a review that had been commissioned by him following a decision in January 2007 to defer implementation of phase 1 of the better implementation and he outlined to the executive team the process that he had in mind to review the project. The executive team noted that and encouraged him to get on and undertake that review.

Senator CARR—What was the date that was proposed as being the realistic implementation date?

Mr Whelan—I do not recall a realistic implementation date being proposed. I can check the records of the meeting and see if there was a specific date proposed.

Senator CARR—So the executive team made a decision to defer the implementation without a recommendation from the services project team.

Mr Whelan—Just to get the timing right, the decision on deferral was taken in January. It was taken based on a recommendation of the executive member responsible. The February ET meeting considered a report from that executive team member as to the status of the review that he was undertaking following the decision to defer implementation.

Senator CARR—Dr Garrett, Mr Whelan told this committee at the February hearing—and you were not there, so I presume you have had a chance to review the transcript—that the problems identified were to do with the flow of work in the projects part of the system. What did you understand by that expression?

Dr Garrett—It means, and meant, that the way we undertook our business processes around projects required additional attention, and I believe that is what Mr Whelan said.

Senator CARR—You are saying, Mr Whelan, that the executive had already made the decision in January to postpone?

Mr Whelan—That is correct.

Senator CARR—What was that based on?

Mr Whelan—That was based on a range of issues that arose from acceptance testing that was being conducted in November and December. Before proceeding to implementation the project had planned to review the build of the system to ensure that the system as developed was addressing the requirements as defined and was operating to the satisfaction of the users such that it could be implemented. At that time—I think in March this year—we were scheduling an implementation.

As I understand it the outcomes from the acceptance testing in November-December were that the system was not ready for implementation. Work was undertaken within the project team and with the provider during November-December to see if the issues that had arisen could be rectified, and the view was taken by the project director and the executive team member responsible for the project that they could not be rectified in time such that we could proceed with implementation in March. Therefore, they decided to defer implementation. The reason for communicating it in January was that we had staff on standby to conduct training in late January and February and, given the nature of school holidays, we felt it was important to communicate to staff early that training was not going to be required so that they could get on and pursue whatever personal or other arrangements they wanted to make.

The project then instigated what I would call a review: standing back, working with the contractor and looking at the reasons underpinning why we were not able to proceed. That review is ongoing. There have been a number of reports to the executive team. It has been discussed with the board and we would expect to take a position on restarting the project some time in June or July.

Senator CARR—You indicated at the last round of estimates that the decision to go live had been deferred because the system does not currently meet the minimum accepted criteria.

Mr Whelan—That is correct.

Senator CARR—I appreciate that that point was made. Is it the case, Dr Garrett, that the situation is a bit more serious than that?

Dr Garrett—Serious in what sense?

Senator CARR—In the sense the I just asked you: have you been recently advised that the Support Services Integration program would have to be cancelled?

Dr Garrett—I do not believe that is correct.

Mr Whelan—I just want to clarify language. I do not mean to delay the hearing. We are talking about the Business Enabling Technology Replacement project—of which, we have established, SAP is part. Just to avoid confusion, there is another project running in the organisation called the Research Support Services review. It is a separate project, is on track and has delivered according to its schedule. Which project are you talking about?

Senator CARR—I am talking about the SAP program and the BETR program—

Mr Whelan—That is it.

Senator CARR—which, when we discussed it at the last hearing, I thought was \$34 million and you thought was \$31 million.

Mr Whelan—I think the difference was GST, so I apologise for that.

Senator CARR—I know; you were quite insistent on it. But \$34 million is the right figure, isn't it?

Mr Whelan—That is correct, including GST.

Senator CARR—Dr Garrett, you have not been advised that the SAP integration program will have to be cancelled?

Dr Garrett—No, it is not being cancelled.

Senator CARR—As distinct from it being cancelled, what will be the effect of that delay?

Mr Whelan—The effect of that delay is that the operational improvements that we had hoped to generate by moving from 20-plus disparate systems and processes that were not integrated to an integrated set are being delayed. It means we continue to operate on existing systems. They enable us to work, but not as effectively as we would like to, and as a result we are not currently achieving the benefits in ease of operations that we had anticipated. I mentioned earlier the project has two components: a systems component and a process component. However, we have proceeded to implement a number of the process elements. We are deriving benefit from that and we are using systems to address that.

Senator CARR—So is the SAP part the process?

Mr Whelan—Today the project has two components: an SAP IT system implementation component and a process change component. Clearly, the two things are tightly linked. But what I am saying to you is that some elements of those process changes have proceeded to be implemented and others are clearly dependent on the system's implementation.

Senator CARR—So I am clear, you said that things have been stopped until June and July; is that correct?

Mr Whelan—We had proposed in phase 1 of the project, in March 2007, to implement new systems to replace the existing number of financial, human resource, project management and project accounting systems operating inside CSIRO. We made the decision in January 2007 to defer the implementation of those systems.

Senator CARR—Until when?

Mr Whelan—Until we understood what the issues were affecting acceptance testing and until we had confidence that we could implement that system in a way that did not have an adverse impact on the operations of the organisation.

Senator CARR—That is an indefinite deferment.

Mr Whelan—There is not an expectation amongst the management or the project that there is an indefinite deferment. It is our current belief that the review process that is underway will enable us to make a judgement about that implementation, as I have said, some time in June or July.

Senator CARR—So you will make a decision in June or July as to whether or not you will recommence it.

Mr Whelan—The current assessment is that we will make an assessment in June or July on when we will proceed to implementation. The information that I have is that we are continuing with the project.

Senator CARR—Today being Wednesday, 30 May, and June being upon us very quickly, at this point you believe that you will make a decision very shortly as to whether or not you will continue this project.

Mr Whelan—No, I do not think I said that at all. I think I said that our full expectation is that we will continue this project. Our expectation is that some time in June or July—and I certainly do not expect it to be in the first week of June—we will make a decision as to the timing of the implementation of phase 1 of this project.

Senator CARR—What is the range of options there about further delays?

Mr Whelan—I do not have the report in front of me; that is what the executive team is waiting for advice on. When we have that advice we will make that decision, in June or July.

Senator CARR—What is happening with the contractors that were working on the project?

Mr Whelan—There were two classes of contractors on the project: a class of employees of Fujitsu, the implementation partner, and a number of contractors directly employed by CSIRO. Contractors who had been employed by CSIRO have had their contracts terminated. They have been let go because there is nothing for them to do while we are conducting the review. Fujitsu is responsible for its own staff, so I cannot comment on that.

Senator CARR—How many CSIRO contractors have been terminated?

Mr Whelan—I do not have that data.

Dr Garrett—I have that information. No CSIRO staff have been terminated. As Mr Whelan indicated, a number of CSIRO staff involved in the project have reverted to their functional homes in finance, people and culture, and IM&T.

Senator CARR—Thank you, Dr Garrett; I was referring to the termination of CSIRO contractors.

Mr Whelan—Yes, there have been contractors directly engaged by CSIRO who have had their contracts terminated.

Senator CARR—How many?

Mr Whelan—As I said, I do not know the answer to that. But I am happy to get it and I am sure we could get it quickly—this afternoon.

Senator CARR—Thank you. What was the date on which they were terminated?

Mr Whelan—I understand they were terminated some time in the last fortnight.

Senator CARR—Are the Fujitsu staff still attending CSIRO facilities?

Mr Whelan—To the best of my knowledge. I was in a steering committee meeting the other day and there were Fujitsu staff present, so I would assume so.

Senator CARR—What about their contract staff?

Mr Whelan—Fujitsu's contract staff?

Senator CARR—Yes.

Mr Whelan—I could not comment on Fujitsu's contract staff.

Senator CARR—I am trying to get to the bottom of this. Mr Whelan, after you had decided to postpone the implementation of this project—in fact, a couple of weeks after—you told the committee in February:

CSIRO entered into a contract with Fujitsu Australia for the supply of a managed service to both deliver the system implementation and associated infrastructure and then to support that system once it was in production over four years.

Is that still an accurate description of the arrangements between CSIRO and Fujitsu?

Mr Whelan—That is my understanding in the broad, yes.

Senator CARR—Do we agree that the contract was \$34 million?

Mr Whelan—Yes, including GST.

Senator CARR—You have spent an additional \$6.1 million for software licences. Is that correct?

Mr Whelan—That was independent from the Fujitsu contract; they were licence fees paid to SAP Australia for the SAP licence.

Senator CARR—If CSIRO chooses not to proceed with this project then, effectively, \$40 million is at stake?

Mr Whelan—I do not think that is an accurate representation. It is hypothetical. To the best of my knowledge, we do intend to proceed with the implementation of this project.

Dr Garrett—Let me add to that and emphasise that point. Senator, you will remember the number of times we have been talking about the implementation of CSIRO's strategy, and this system is a key component of that strategy. As Mr Whelan has indicated, it is our intent to proceed with this program. The variation is on the implementation timing.

Senator CARR—I am just trying to establish the nature of the current arrangements. I assume, Mr Whelan, that you have met with management from Fujitsu, but we cannot say whether or not employees of Fujitsu are still on CSIRO's premises.

Mr Whelan—I am happy to take that question on notice. I am sure CSIRO knows the answer to that; I do not know the answer to that.

Senator CARR—What is the status of the \$34 million contract with Fujitsu?

Mr Whelan—To date, we still have the contract in place for implementation. They are our implementation partner and we are working with them. They are an active part of the review that we are currently undertaking. They have representatives on the project team and on the steering committee. The project itself, from a financial viewpoint, is currently underspent. Year to date, end of April, we had an operating budget of about \$6.2 million that we expected to spend. Given the deferral, we have only spent \$3.6 million. From a capitalisation viewpoint, we had planned to capitalise \$14 million year to date, but so far we have only capitalised \$8.8 million. In financial terms, because the project is delayed, we are also not spending at the same rate as we had originally anticipated. Year to date, we are currently approximately \$9 million underspent. That is consistent with the decision to defer the implementation. I would imagine that, once we agree on a revised implementation date, those variances will be made up and we will spend those resources.

Senator CARR—Previously you advised the committee that you had spent \$12.27 million. You paid that to Fujitsu; is that correct?

Mr Whelan—I am not sure. I would need to check the *Hansard* for the context of that.

Senator CARR—You are saying you have only paid them now. That figure you just read out—was that \$6.9 million?

Mr Whelan—I was giving you the figure for the 2006-07 financial year. The project started in 2005; funds may have been spent in the previous year. Again, I do not know whether the figure you are quoting there includes the payment of the licence fee, so I would need to check the *Hansard*.

Senator CARR—I am just relying on what you have told me in the past. If the project does not proceed, do you think Fujitsu is liable for the repayment of some moneys?

Mr Whelan—I could not comment on that, Senator. My expectation is that the project will proceed.

Senator Brandis—If I may, Chair, I do not think it is proper, nor has it ever been the practice of these estimates committees, for officers to be asked to express legal opinions.

CHAIR—Yes. That is correct, Minister.

Senator CARR—It is a reasonable point you make, Senator, but I am wondering about the terms of the contract. We are entitled to know what the terms of the contract are. And, if the officer has previously advised the committee that the deferment to go live, as he put it, was because ‘the system does not currently meet the minimum accepted criteria’, I presume there are performance criteria within the contract.

Mr Whelan—Indeed there are, Senator, and the organisation would reserve the right to use them if it saw that as appropriate. You asked me a hypothetical question and I said to you I was not going to speculate. At this point in time my expectation is that the project will

proceed on track. Senator, you asked me a question about the number of contractors that CSIRO had let go—

Senator CARR—Yes.

Mr Whelan—My understanding is that we let go seven contractors from the project. We subsequently employed one in another role. So, in net terms, six contractors that CSIRO had employed on the project were let go within the last fortnight.

Senator CARR—Thank you. Now, the information that the minimum standards were not being met—when were you advised of that?

Mr Whelan—I understand that that became apparent during testing in November and December. Normally, controlled systems implementation would have a period of user acceptance testing to test that the system met the specifications and requirements. That testing took place in November and December, and I understand that in the course of the testing period it became evident to those conducting the testing that the system did not meet their expectations.

Senator CARR—So have payments been made since the November-December notification?

Mr Whelan—I would need to check that. What I can say is that the contract that we have with the implementation partner, Fujitsu, is a contract based on delivery of milestones. It is my understanding at the moment that a number of milestones have not been delivered—consistent with the decision to defer implementation—and therefore payments have not been made to Fujitsu for those milestones. But it is also important to note that Fujitsu are not the only people incurring expenditure here; as we have just discussed, we had employed contractors, so we were paying them until we let them go, and we also had CSIRO staff who are not contractors working on the project. So there were a range of expenses—I think I have given you the figure to the end of April: about \$3.6 million had been spent this year operating and \$8.8 million had been capitalised.

Senator CARR—Yes. If the SAP program is in trouble—and it is an integral part of the system as you have described it—

Mr Whelan—Indeed, Senator.

Senator CARR—I am just wondering how it is that you are confident that the project will proceed.

Mr Whelan—Perhaps one of the reasons why I express that view is that I sit on the steering committee for the project. I have had opportunities as a member of the executive team to talk to the project director; a number of my staff work on the project; and, to the best of my knowledge, it is their expectation and that of the executive that we will proceed to implementation.

Dr Garrett—I might add to that, Senator, that, as Mr Whelan has indicated, as well as his personal engagement in the detail of the project, we review the project status both at the executive team level and with the board. We have significant confidence in the leadership we have in this program and therefore we believe that this program will be delivered.

Senator CARR—In terms of the project management, if I recall rightly, Dr Garrett, when this project was announced in early 2006, it was promoted as the first time that CSIRO has ‘used an external service provider for such a major project’. It was also the opinion of the manager of the project, Mr David Toll, that ‘the decision to contract out this work had been rigorously tested and that CSIRO would receive cost benefit from the decision to outsource’.

Mr Whelan—That is correct.

Senator CARR—Dr Garrett, are you satisfied that the project was properly analysed by CSIRO and has been properly managed since then?

Dr Garrett—In terms of the rigour of the original analysis of the objective review of the manpower, personpower, requirements to staff this program, I, as the responsible officer, am very satisfied that all that spadework was done. With the benefit of hindsight, we looked at our own responsibilities as part of the process and improvements could have been made, which is why the delay has happened. But the answer to your question in terms of the original choice of Fujitsu as our outsourcing partner of the process is: we are very satisfied.

Senator CARR—Mr Toll said at the time that an off-the-shelf program would require little customisation. That is demonstrated to be incorrect, isn’t it?

Mr Whelan—It is my understanding that the project to date has proposed and in some cases undertaken a range of changes associated with configuration that was probably wider than originally anticipated in the original business case. That is one of the factors that is currently under review in terms of the implementation as to whether that is an appropriate call going forward. But you are absolutely correct: the original business case and the analysis undertaken made the assumption that, through implementation and configuration, the standard SAP software could deliver the requirements. My understanding, at this point in time, is that we have not had to make a change to the core code of the system to meet our requirements but we have made a number of configuration changes. That is not unusual in an implementation of this size.

Senator CARR—What concerns me, Mr Whelan, is that you confirmed in February what Steve Harvey told staff in January this year: that there were a number of problems with the software—that is on page 82 of the *Hansard*—and that was delaying the implementation; that is correct, isn’t it?

Mr Whelan—Yes. I think in my evidence to the committee, which you referred to earlier, I made specific reference to the flow of information from the project part of the system through to the HR and financial systems. That integration element was certainly something that, as we conducted user acceptance testing, was not up to standard.

Senator CARR—Is that a management problem?

Mr Whelan—I think it is a mixture of both. It goes to project control and to software development, and that is what we are looking at as part of the review process.

Senator CARR—Is the trouble with the SAP contract linked to the recent reshuffle of senior managers?

Mr Whelan—I do not believe we have a problem with our contract with SAP for the provision of the software. We have a contract in place with Fujitsu as an implementation

partner. It is a good contract, and we are working effectively with Fujitsu as implementation partner. I am struggling with the link between those two contracts and any changes in the management structure of the organisation.

Senator CARR—Roze Frost has been moved from information management to technology to manage the BETR program.

Mr Whelan—She has. She was our chief information officer and head of our IT, a very experienced IT professional who has undertaken a number of SAP implementations, and we have moved her into taking direct control of the project.

Senator CARR—Why is that?

Mr Whelan—Because we have a lot of confidence in her capability to look at the state of the project as it currently is and help us develop the strategies necessary to have successful implementation.

Senator CARR—Because the program was in so much strife?

Mr Whelan—The fact that the project was not proceeding according to schedule was clearly of concern to us. Rather than proceeding blindly down the path where the system did not meet acceptance testing requirements and implementing in March, we made the decision to defer implementation to undertake a review. As part of the review, we made some judgement calls about the project leadership of the project and we have made some changes to reflect that. One of those has been the transfer of Roze Frost from her CIO role to that of project director.

Senator CARR—Dr Garrett, you have mentioned that you thought in retrospect that there could have been improvements that CSIRO could have made to its management of the program. The project management leadership has just been mentioned. Are there any other matters that you think would fit into that category?

Dr Garrett—I think that would cover it.

Senator CARR—It was just a question of project leadership?

Dr Garrett—In projects of this complexity there are always lessons learned. We have talked about the leadership and understanding our business processes. The communication between us and the contractor and the communication inside are areas that we believe with hindsight could have been improved. But, as we have indicated, the program, in our view, will proceed. It is fundamental to our strategy. Through this review process that Mr Whelan has talked about, later in June or July we will have a new implementation date. We believe we have a first-class team in place and good relationships with our contractor.

Senator CARR—At the previous estimates we talked about the value for money arrangements. The dollar benefit of the restructuring of the support service and implementation of SAP and the BETR initiatives were estimated to be a total of \$49.9 million over four years. That is what the committee was told at its last hearings. You indicated that the project would see the replacement of 160 positions.

Mr Whelan—I am sorry to do this, but you are mixing up projects. The savings you talk about absolutely are related to the two projects you have just talked about. One is the BETR

project, which has as a subcomponent the implementation of the SAP software, as we have just been discussing. There is a related but separate project called the research support services review. Certainly in cumulative terms over those four years it was targeted at achieving savings of the order that you have just talked about. To the best of my knowledge, it is on track to achieve those. The BETR project implementation business case was not premised on making dollar savings. In fact, the cost of implementation and operation over the seven or 10 years—I cannot recall directly what the business case was based on—was effectively to replace the existing cost of operating the disparate number of financial, HR and project management systems. The research support services review project has to this point in time proceeded to implementation in accordance with the plan. The BETR project we have just been discussing has had phase one of its implementation delayed. I do not believe that that delay has any significant impact on the dollar figure that you are referring to, given that the project did not have as an end output direct dollar savings as its motivation.

Dr Garrett—You are talking about benefit cost. As well as the dollar values that you and Mr Whelan referred to and direct savings in overhead costs, the original objective—and it remains the objective—of the research support services review program was, in accordance with our strategy and approved strategic plan, to increase support of cross-divisional research activities and increase our operational flexibility to support the changes in the way we do research. We believe that is on track.

Senator CARR—I have here the figures. Mr Whelan advised the committee that 30 staff have been made redundant basically as a result of the implementation to date.

Mr Whelan—Of the research support services review—that is correct. Indeed, I have the *Hansard* in front of me. The context of your questioning was about the research support services review. I recall that last time we spent a fair bit of time discussing the delineation between the two projects. It is on page E57 of the last hearing.

Senator CARR—I am looking at pages 79 and 80, where it says:

We currently estimate that ... 160 full-time equivalents will be lost by the final phase of implementation.

Mr Whelan—What was that number?

Senator CARR—One hundred and sixty.

Mr Whelan—That is correct.

Senator CARR—One hundred and sixty full-time staff?

Mr Whelan—That is correct.

Senator CARR—I asked you about the savings that will arise from this, and that is where we get the figure of \$50 million. I think you corrected me to say that it was \$49.9 million?

Mr Whelan—Yes. I am on the same page as you now.

Senator CARR—So it is 160 positions, and you have calculated that the savings from the restructure would exceed the cost of implementing the SAP?

Mr Whelan—No. You are linking together two different things. What I said to you—and I have the *Hansard* in front of me—was with respect to the research support services review.

You went on to talk about a different project, which was the SAP implementation, and I did not reference the savings with respect to the SAP implementation. In fact—

Senator CARR—What are the savings for SAP and for the BETR program?

Mr Whelan—I think I have indicated to you in the broad that there are no dollar savings expected to flow. The business case for the implementation was not based on making dollar savings; it was based on replacing a range of non-integrated, disparate support systems and putting in place an integrated set. We clearly expect operational benefits, but we did not quantify those in dollar terms. The cost of the implementation of the BETR system over seven or 10 years—I would need to check which—was estimated to be equivalent to the current operational cost of those existing systems. It did not have a dollar savings project target.

Senator CARR—So the 160 people who were employed prior to this project and will not be—

Mr Whelan—They were employed in our support services arrangements and a separate project, the research support services review, which is quite separate from the BETR project.

Senator CARR—They might well be separate but they end up serving the same purpose: libraries, HR and civil administrative functions, which are taken out of divisional budgets at the moment—is that the case?

Mr Whelan—The scope of the research support services review was to bring together across CSIRO a range of support services. They included finance, HR, information management, commercialisation, legal, contract administration, property and facilities—I think that is the full set. Those services were in the past conducted both in corporate functions and divisional functions. We made the decision in 2005, given the highly integrated nature and increasingly multidisciplinary nature of our research, that it did not make sense to have such a distributed structure and that we would bring those things together into one structure. That is what the research support services review was about.

Senator CARR—The SAP system will replace the work of how many people at the moment?

Mr Whelan—It is not designed to replace the work of people; it will replace a number of disparate systems. It will replace at least 150 different systems across CSIRO.

Senator CARR—You paid \$6½ million for the licence arrangements for it—

Mr Whelan—That is correct.

Senator CARR—and the BETR system is the processes that go with it. I am therefore trying to get an understanding as to why the question of 160 redundancies has been raised in this context.

Mr Whelan—Senator, you have raised it.

Senator CARR—I have, yes.

Mr Whelan—I do not know why you—

Senator CARR—That is what I understood you to be saying—that there were 160 redundancies associated with these projects.

Mr Whelan—If I look at the *Hansard* from last time, I see you asked me a series of questions around the research support services review, which I answered. You then went on:

There is a little project that does concern me about results—

having dealt with the research support services review—

It goes to the wholesale removal of SAP business tools and the \$34 million contract entered into with Fujitsu to manage the entire project. Do you recall that?

We went on to have a conversation around the BETR project, but we had concluded a conversation around the research support services review. What is happening here this afternoon is that those two things are being mixed up. You are the one who has introduced the context of 160 staff lost in terms of BETR, not me, and I am more than happy for you to separate them.

Senator CARR—Are there any industrial implications of the decision to postpone the implementation of these new systems?

Mr Whelan—Of the SAP suite of software associated with BETR?

Senator CARR—Yes.

Mr Whelan—Not that I am aware of. Clearly, staffing changes around the project are something that we would manage carefully and, if there were to be any radical change, we would talk to the staff association about it. But to the best of my knowledge, I cannot recall any immediate issues of controversy. We have kept the staff association briefed on the project. It was something we talked a lot about in establishing the last enterprise agreement, and I would imagine it is something we talked to them regularly about in our regular consultative council meetings. But to the best of my knowledge, there is no issue or industrial problem associated with that implementation.

Dr Garrett—As Mr Whelan indicated, a key component of the implementation of a major program like this is staff training, and all of us will be required to operate in different ways going forward.

Senator CARR—But the staff training is not going on, is it, because the program is not going on?

Mr Whelan—That is correct. It has been deferred.

Dr Garrett—It has been deferred, as we said.

Senator CARR—In terms of the support staff that were once in the organisation and are not there now, who is doing that work?

Mr Whelan—Are we talking about the research support services review?

Senator CARR—That is the point you keep making: thirty staff have been made redundant.

Mr Whelan—Yes.

Senator CARR—As of January, you said 30, so how many is it now?

Mr Whelan—I think it is up to 47.

Dr Garrett—As at the end of April it was 43 staff.

Senator CARR—Who is doing the work that used to be done by them?

Mr Whelan—The existing staff are because we have made a number of changes to our processes. One of the things that the research support services review looked at was the way in which work was processed—for example, how accounts payable and receivable were processed across the organisation. As part of the review, rather than leave the processing of those transactions distributed across 57 CSIRO sites, we made the decision to bring them into two or three sites. That gave us efficiencies in expertise to process those claims and, as a result, we are able to process them with fewer staff.

Senator CARR—I am getting reports that technical staff are being redirected to do the work that 43 used to do? Are you receiving similar reports?

Mr Whelan—Certainly not in the terms you have talked about. But something that we were very mindful of through the implementation of the project—and remain mindful of—is the risk that, as you make changes to the support arrangements, all you do is simply transfer the work to scientists. We are very conscious of that. That is why we have been conducting regular staff surveys of their satisfaction with the implementation. I think we discussed this last time, but to remind the committee, 81 per cent of staff were either satisfied or highly satisfied with the services being provided for RSS functions in commercialisation; 70 per cent for contract admin; 83 per cent for finance; and 67 per cent for legal— that was in January. It is my understanding that the satisfaction levels have improved since then, although I do not have the figures with me.

Dr Garrett—This is an important statement of fact, Senator, because you and I, and other colleagues in CSIRO will receive anecdotal information or feedback along the lines you have indicated. But when you have got cumulative data of 837 responses to provide the information around satisfaction of staff inside CSIRO, as Mr Whelan has indicated, that factual basis gives us confidence that these systems are working and will improve into the future.

Senator CARR—I will come back to this in a moment.

Senator SIEWERT—I missed the very beginning. I apologise if I am asking a question that Senator Carr has already asked, so tell me if I am. I want to first go to some issues around your budget allocation and the additional funding that you have received. As I understand it, you have received a fairly significant increase in funding extending over a four-year forward estimates period.

Mr Whelan—That is correct.

Senator SIEWERT—How much is that exactly?

Mr Whelan—Comparing the four years going forward, 2007-08 to 2010-11, with the previous four-year period we have an increase of approximately 19.5 per cent in the funding to the organisation.

Senator SIEWERT—Is all of that or just part of that going to the new flagships?

Mr Whelan—A proportion of that will go to new flagships, but a significant proportion will go into other research activities.

Senator SIEWERT—What proportion goes to flagships?

Mr Whelan—The government announced in the budget the provision of funding for CSIRO to create three new flagships and to extend an existing flagship. In aggregate, \$174 million was provided for that purpose. In addition to that, \$52 million was provided to support the development of a next generation radio telescope, \$17 million to support the diagnostic and emergency response capability of the Animal Health Laboratory and \$2 million to support the development of the Wellbeing Plan for Children. Independent of those measures, we had received CPI supplementation of our base funding, which is two to 2½ per cent on a base of \$600 million, of probably about \$12 million a year. That is probably an additional \$50 million for underlying research activities, but that was not a measure.

Senator SIEWERT—You gave me the other information in percentages and the flagship information in dollars. I am sorry, but I am not very quick at mental arithmetic.

Mr Whelan—We will do the figures, and then I will answer that.

Senator SIEWERT—Thank you. What I want to get down to is whether your baseline funding has increased by two per cent.

Mr Whelan—Our baseline funding has increased by approximately two per cent per annum using the inflators that the Department of Finance and Administration give us and, I should also add, in response to the flow-on effect of earlier measures announced in BAA 2, because they were still flowing through our base funding. In this budget there is an additional \$244 million in total funding over the next four years.

Senator SIEWERT—And most of that is for the flagships—the wellbeing plan and the other things you have articulated?

Mr Whelan—It adds up to that.

Senator SIEWERT—And CPI is two per cent. How does that play out in terms of managing to support your ongoing research?

Mr Whelan—It helps tremendously with supporting our ongoing research. There are two factors there. The first factor is that the decision by the government to move us from three-year, or triennial, funding to quadrennium funding means that we can start to take, albeit only one year long, a longer horizon to our investment decisions. Given the nature of the science we are undertaking, an additional year's funding certainty is a good thing from our viewpoint. The research capabilities that are retained within the organisation are deployed across flagships and other programs, so the funding that will flow through the flagships will actually flow down and support the scientists and the research staff who work in all of our divisions; it will directly support our research activities.

Senator SIEWERT—I have a number of questions that flow out of that comment. I just have to make sure I track them all. I understand that the funding will flow through the flagships to your researchers who are engaged in other work. However, if you are funding a flagship, surely the research has to be directly related to that flagship rather than to more general research.

Mr Whelan—Yes, but it I think it is important to understand the context of some of these flagships we have just talked about. If we are going to talk about the climate adaptation flagship as an example, it is not a narrow field of research. The amount of research inside CSIRO that is relevant to that direction is quite significant. It can involve water scientists, atmospheric scientists, agricultural scientists and engineers who think about infrastructure. So flagships are large-scale, multidisciplinary research programs. Not all CSIRO divisions are involved in supporting them, and therefore the scientific capability of the organisation does receive additional funding through the flagship program. They are not narrow research outcomes.

Dr Sandland—Flagships are part of the core science that we do in the organisation. They are central to our strategy, and the additional funding that we have received from the government for the new flagships and for the extension of one is clearly enabling us to extend what we believe is absolutely pivotal to our strategy, which is tackling these major national challenges through research. When we invest in science in the organisation, we do it through a process that focuses on the impact and relevance of the science we do on the outcomes that we are achieving. The flagships are just part of that process, but all of our research in the organisation is essentially prioritised according to the outcomes and themes.

Senator SIEWERT—You now have extended funding over four years and you have two per cent CPI. Is that every year?

Mr Whelan—Yes, it is compound.

Senator SIEWERT—When I was looking at the PBS I saw a lot of zeros on the bottom of the table, as if all the books are balanced. In most of these PBS tables there are not a lot of zeros on the bottom. Does that mean that your budget balanced over the last financial year—because, quite frankly, that would be a miracle—or can you tell me what those zeros actually mean?

Mr Whelan—It is a very good question. Going forward we are aiming to operate a balanced budget every year. We are aiming to achieve that zero that you have talked about. If you look back in time we rarely hit zero, and when you are talking about a billion dollars worth of expenditure each year, that is not surprising. We are aiming each year to spend the money that we have available, so we are shooting for zero.

Senator SIEWERT—Can you tell me if you met that in the last financial year?

Mr Whelan—We did slightly better than that last financial year. We generated a small underlying surplus of about \$300,000.

Senator SIEWERT—That is for the last financial year?

Mr Whelan—That is 2005-06.

Senator SIEWERT—And how is 2006-07 tracking?

Mr Whelan—2006-07 will be a struggle for us. We were discussing earlier with Senator Carr the fact that because of the drought we are not getting as much funding flowing to us from the agricultural sector this year. That does not mean we are not doing the research, so the revenue is down and the expenses continue. We are working hard to try and find offsets to that and we are aiming to get a break-even result, but it will be hard to achieve that.

Senator SIEWERT—I will come back to where the possible revenue sources are.

Mr Whelan—If we do not achieve that it will reduce the accumulated reserves. We hold in our balance sheet, if you like, the equity or the accumulated surpluses of prior years. I will just flick to our current balance sheet to give you a sense of that. The net assets of the organisation at the end of February—which is when we last reported to our board—were \$1.1 billion. If we happen to run at a loss this year, that amount of net reserves will fall but we will still remain substantial. No additional appropriation or taxpayers' funds will need to be provided to address that because the organisation holds within its balance sheet the surpluses from its 80 years of operation.

Senator SIEWERT—Let me be more precise: how much will that reserve fund be drawn down if you do not get the revenue that you expect?

Mr Whelan—It will be drawn down in large by the amount of the gap in the revenue shortfall.

Senator SIEWERT—How much is the gap?

Mr Whelan—I do not have an estimate. I indicated earlier to Senator Carr that at this point in time I can identify about \$10 million of revenue that is at risk for us. We are trying to offset that by making expenditure savings. Whether or not we can do all of that I do not know; we are working hard to 30 June.

Senator SIEWERT—I am going to come back to the expenditure savings in a minute.

Dr Garrett—Senator, you talked about the range of zeros going forward. If you look at the last five years, around our bottom line we have essentially a net positive. Over this year and the five years going forward, as Mike said, we will obviously aim for a balanced budget, but there probably will be some ups and there will be some downs. Over that portfolio of years we are seeking to essentially break even.

Senator SIEWERT—Yes, I understand the point. I am trying to work out what is happening this financial year. What was the small surplus that you had from 2005-06 in the order of?

Mr Whelan—The underlying surplus was \$300,000. As stated previously, there was another factor last year which was to do with the accounting and treatment of the sale of a building; there was a bit of a distortion.

Senator SIEWERT—Yes, I remember that long discussion.

Mr Whelan—But the real surplus was \$300,000.

Senator SIEWERT—So there is the potential that there will be a deficit for this financial year of about \$10 million.

Mr Whelan—I would not say how high it would be. What we have said is we have identified some revenue shortfalls and we are working hard to try and offset those.

Senator SIEWERT—Where are the revenue shortfalls?

Mr Whelan—They are largely in the agricultural sector.

Senator SIEWERT—Enlighten me—

Mr Whelan—More specifically? With the drought, rural development corporations, farmers and other industries associated with that sector do not have as much money coming through the door. They are looking at what amount of the funds that they have they are going to invest in research, and in the current climate research is not the high priority for that sector. So money that we had anticipated would flow to us, whether it was in wool or wheat or cotton, has not flowed at the same rate that we thought it would. The research programs are continuing, but we have a revenue shortfall.

Dr Garrett—Related to that area, resources associated with some of our agricultural work in the past have been reduced—again, because of the drought.

Senator SIEWERT—So the next obvious question is about the impact of climate change. It is impacting on agriculture: it is one of the sectors where it is 0.7 per cent off GDP this year. Into the future that is likely to continue. Have you factored that into your budgeting?

Mr Whelan—We have factored it into next year. We discussed previously with Senator Carr that the revenue from current investment and services next year was pretty much going to be in line with the number for this year—and there is a one per cent increase. That is because we expect the drought to continue.

Senator SIEWERT—So what you have budgeted for next year is in line with what you have actually received this year, or it is only a one per cent increase on this year?

Mr Whelan—Senator, do you have the PBS there?

Senator SIEWERT—Yes.

Mr Whelan—On page 307, there is a table setting out our—

Senator SIEWERT—Yes, this is the one with the zeroes.

Mr Whelan—yes—profit and loss statement going forward. You will see that the estimated actual goods and services figure for this year is \$305 million, and we are forecasting it to be \$308 million next year, which is pretty flat. That is because we expect the impact of the drought to continue. You will notice that in the out years it ramps back up, in part because we expect the drought to break; the forecasts are based on a change in those circumstances.

Senator SIEWERT—So the estimated actual for this year—

Mr Whelan—That is correct.

Senator SIEWERT—is still not taking into account the fact that you have a shortfall in revenue this year. For next year there is a slight increase on what you estimated for this year, but in fact this year is below what you expected. So you could in fact have a double whammy next year.

Mr Whelan—Those two things could be compounded; that is true, Senator—and we will need to keep watching that.

Senator SIEWERT—Okay. I accept what you have said about expecting the drought to break—we all hope that it will—but the fact is that climate change is going to come in on top of that. It is highly likely to come in on top of the drought. But you still think that those out years are realistic?

Mr Whelan—There are a range of variables we look at. I do not think I could characterise our estimates as having factored in any particular variable—for example, climate change—in the way that you have suggested. Certainly, as a factor in the immediate term we have given thought to the drought. But I would not characterise the estimates in the out years as having taken climate change or any other factor into account; therefore, it is clearly a risk factor we would need to think about.

Senator SIEWERT—So the ‘maybe’ \$10 billion deficit is because of the revenue shortfall?

Mr Whelan—Yes. We are currently underspent. If I may, when that revenue comes in we do not seek to put it into the bank and say, ‘Thanks for the revenue; we’ll now earn interest on it;’ that money goes to pay for research. So if the money comes through the door it funds the research.

Senator SIEWERT—That takes us to the expenditure savings. What research currently is not being undertaken?

Mr Whelan—We have not stopped any research. What we are trying to do is make savings in support areas and we are trying to make savings in the way we operate. For example, within my own group—and there are actions being taken across different parts of the organisation—I have asked my team not to travel at the moment. They are a small part of the organisation, probably about \$3 million in total. I have said to them: ‘If you can, please avoid travelling and do your business by videoconference, because we’ve got parts of the business where we’ve got research going on and we need to try and find the savings for it.’ So my group has underspent and I have asked them to try and make a little bit more and they are doing that. And I am sure, across other parts of the organisation, people are trying to do the same thing.

Senator SIEWERT—Okay. Of the agricultural sector, agriculture and livestock are the two areas that are hardest hit, I presume?

Mr Whelan—By the drought? Absolutely.

Senator SIEWERT—Can I move on to the facility in Floreat, in my home state, being a bit parochial. Can you tell me what the staffing situation is currently at the Floreat centre—how many staff do you have at Floreat at the moment?

Dr Garrett—I cannot seem to locate that particular table at the moment. I will get it for you in the break and get back to you straightaway.

Senator SIEWERT—Maybe I should tell you what I want so that you do not have to keep looking. I would like to know how many staff are at the Floreat facility at the moment, how it compares to the last two years and what those staff are currently working on. If you could get that information in the break, I will probably have some more questions. Chair, I have a series of questions on water. Should I do those now or wait?

CHAIR—No, you should do those now.

Senator SIEWERT—I would like to ask some questions about, in particular, the work that has been done around the sustainable extraction levels, which we touched on a little bit during the previous estimates, as I recall.

Dr Garrett—It would be helpful to call Dr Tom Hatton, who is working directly in this, to answer these questions, if that is okay. He has responsibility for that.

Senator SIEWERT—That would be very helpful.

Dr Garrett—Dr Hatton is the director of our Water for a Healthy Country flagship.

Senator SIEWERT—Thanks. As I understand it, the Prime Minister made an announcement after the water summit that CSIRO would be funded to do an assessment of sustainable yields or sustainable extraction levels in the catchment of the Murray-Darling. Then he went on to talk about that in the \$10 billion plan as well. As I interpret the Prime Minister's statement, that would have to be done in 12 months. Am I interpreting that correctly?

Dr Hatton—By the end of 2007.

Senator SIEWERT—Can you therefore take me through the time line for how that is going to happen? I presume you have started it, seeing as we are now halfway through the year. Could you take me through the time line and whether you think you are going to be able to meet that deadline.

Dr Hatton—Yes. We currently expect to meet the deadline. We currently expect to be giving reports to our steering committee on each of the subcatchments of the Murray-Darling Basin and the basin as a whole, beginning in September this year. We have already been reporting preliminary data through to that steering committee and have been doing so since March.

Senator SIEWERT—Could you tell me who is on the steering committee.

Dr Hatton—Yes. It is representatives from each of the state jurisdictions and a representative from the Murray-Darling Basin Commission, and it is co-chaired by someone from the National Water Commission and someone from the federal Department of the Environment and Water Resources, and I also sit on that steering committee.

Senator SIEWERT—So you have presented some preliminary data on how many catchments?

Dr Hatton—Three so far.

Senator SIEWERT—How many catchments are you looking at?

Dr Hatton—Nineteen.

Senator SIEWERT—So you have done three, and you—

Dr Hatton—We have done preliminary assessments of three, for two purposes. We have a very intensive internal review process and an external review process. One of the early milestones was to get sign-off and confidence that the methods that we will be applying are sound. We have been using those preliminary catchments for that purpose.

Senator SIEWERT—As I understand it, you were asked to do sustainable extraction levels. Is that correct?

Dr Hatton—The language is a bit variable there, in the way you phrased it.

Senator SIEWERT—That is what I am trying to nail down.

Dr Hatton—What the government has asked us to do is provide estimates of the amount of water resource that is available across the basin, with a consistent methodology, historically, in the recent past and 20 years into the future, especially with respect to forecasting the climate implications and other risk factors associated with land use such as plantation forestry.

Senator SIEWERT—So how do you term that? What are the terms you are using?

Dr Hatton—I am comfortable with the terminology of sustainable ‘yield’ of water—the amount of water that is flowing into the system.

Senator SIEWERT—You said you were working on getting the methodology right first. Can you explain the methodology that you are using and the data that you are able to access?

Dr Hatton—It needs to be understood that, in a study with the time line we have undertaken, the data we use is the data that is currently available through the jurisdictions and through the public domain. The methods that we apply are broken up into three broad areas. One is the methods we use to estimate the actual run-off from place to place consistently across the basin. Then we have a set of methods that we can use to compare those flows in the river or in the groundwater systems to the historical allocations or entitlements of water in each of the water-sharing plan regions of the basin. That is just a comparison. And we have methods for generating the scenarios we are testing—the climate scenarios—but also the land use scenarios. That would be the set of methods that we are applying.

Senator SIEWERT—Is the preliminary data that you have for the three catchments showing up any trends?

Dr Hatton—That information is commercial-in-confidence to the department and the committee.

Senator SIEWERT—That is interesting. When is that going to be made publicly available?

Dr Hatton—That would be a question for the department.

Senator SIEWERT—You are talking about DEWR, I presume.

Dr Hatton—Yes.

Senator SIEWERT—Why is it commercial-in-confidence?

Dr Hatton—We have been contracted to do these analyses by the department for the department.

Senator SIEWERT—Wouldn't you normally publish this sort of information?

Dr Hatton—Not under those circumstances—not independently of the department.

Senator SIEWERT—Let me get this straight. You are doing this publicly funded research but, because you have been contracted, you cannot release that information and it is now up to the government to decide when it is going to release it.

Dr Hatton—That is my understanding.

Dr Morton—This is a situation where the department is pay the full cost of the analysis.

Senator SIEWERT—With public money.

Dr Morton—Certainly, but it is not CSIRO appropriation money; it is resources coming from the department.

Senator SIEWERT—I think that most of the community would expect that, because it is public money, that information would be readily available.

Dr Sandland—This is surely a matter for the department.

Senator SIEWERT—I will take it up with them. I appreciate that, if you have been contracted, I have to take it up with them. Unfortunately, we have already had them and I cannot ask them now. I will put it on notice however. I do not mean to have a go at you; you have obviously signed a contract.

Dr Garrett—I would like to re-emphasise a point that Tom made in terms of the steering committee representation. The committee, as he mentioned, is co-chaired by the Department of the Environment and Water Resources and the National Water Commission but there are also representatives from the Department of Agriculture, Fisheries and Forestry, the Murray-Darling Basin Commission, the South Australian government, the Victorian government, the Queensland government, the New South Wales government and the ACT government, so there is wide representation. I think it would be the responsibility of that steering committee—obviously, with the department—to advise on the release of information that we provide to them.

Senator SIEWERT—The committee will advise?

Dr Garrett—I assume so, through the department.

Senator SIEWERT—There is no community representative on that steering committee, is there, by the sound of it?

Dr Hatton—No.

Senator SIEWERT—Why was that?

Dr Hatton—That would be a question for the department.

Senator SIEWERT—The steering committee was not set up by CSIRO?

Dr Hatton—No.

Senator SIEWERT—So it was set up by the department. In what form will the information be provided to the department and the committee?

Dr Hatton—We will be producing a unique report for each of the subregions of the basin and one for the basin as a whole. There will be a set of reports as described and then there will be extensive documentation that underpins all those so that there is a very clear, auditable, traceable, verifiable method and acknowledgement of the data that has gone into those reports and analyses.

Senator SIEWERT—So in effect there will be 20 reports—an overarching one and 19 separate ones.

Dr Hatton—That is right.

Senator SIEWERT—Do you have a map of the regions that you are using?

Dr Hatton—Yes, but I do not have one with me.

Senator SIEWERT—Is it possible for you to provide one?

Dr Hatton—Yes, it is.

Senator SIEWERT—That would be appreciated. When you are doing the work in each of catchments, do you talk to the community or the regional NRM group?

Dr Hatton—No.

Senator SIEWERT—So there is no community involvement at all?

Dr Hatton—That is correct.

Senator SIEWERT—How do the subcatchments that you are using—I will see from the map; I presume you will be giving us the subregion map—correspond to the regional NRM groups?

Dr Hatton—I cannot answer that directly but I can say that, insofar as possible, we are trying to make those regions correspond to the delivery of information against the water-sharing plans of the region.

Senator SIEWERT—Could you say that again: you are making it correspond to—

Dr Hatton—The water-sharing planning regions of the basin.

Senator SIEWERT—Which do not necessarily correspond to NRM boundaries?

Dr Hatton—That is my understanding: they do not necessarily correspond to those boundaries.

Senator SIEWERT—Thanks. I am just double-checking I have it all, because there were a number of things that came up when you were talking. I understand there is a substantive dataset held by the Murray-Darling Basin Commission. I presume you are accessing that data as well?

Dr Hatton—We have had excellent cooperation from all the jurisdictions and the Murray-Darling Basin to date in accessing the information we need as we move through this project.

Senator SIEWERT—I appreciate you may not be the right person to answer this, but, as I understand the process, that data is then being used to set caps for each of the states; is that correct?

Dr Hatton—Again, that would be a question for the department.

Senator SIEWERT—I appreciate that. Is the data in a form where it could then be used to set caps?

Dr Hatton—The results from this project in broad terms will establish how much water there is to manage, but that is where this project stops. This project does not go on into the process of who gets how much water—who should get how much water.

Senator SIEWERT—I appreciate that, but what it will say is how much water is there to use. Are you putting into this process what the environmental flow required—for example, for wetlands within a particular catchment—is?

Dr Hatton—Where in the water-sharing plans they have targets for a watering regime for an environmental asset, we are comparing the historical regime against the recent regime—the last 10 years—and the future regime. We are making those comparisons where we have those targets defined in the water-sharing plans already.

Senator SIEWERT—What happens if those targets are not set, or do you work out if they are appropriately set?

Dr Hatton—It is still a matter of development within the project—to what degree we can objectively make those considerations.

Senator SIEWERT—You are still working on that?

Dr Hatton—That is right. It is still a matter before the steering committee as to what other kinds of environmental indices we can compare our inflow numbers with to help inform the process.

Senator SIEWERT—I just need to clarify: you said you are comparing the historical regime to what is happening now?

Dr Hatton—Let me rephrase it: we are looking at four broad scenarios. One is a baseline. Let us understand, over the last 112 years, what the water regime has been—the inflows to the various parts of the basin—to the best of our ability. Against that baseline, let us then project the likely changes to that baseline due to climate 20 years off and the likely changes due to other land use risks such as further development of plantation, forestry, farm dams et cetera.

Senator SIEWERT—So there is forestry, and dams are the other?

Dr Hatton—Forestry and farm dams are the primary land use risks that we are evaluating. We are also doing the best we can to also project the implications of bushfires to the water yields, where we have that data.

Senator SIEWERT—What about groundwater extraction?

Dr Hatton—That is definitely part of our study. One of the great value-adds of this study is to consistently and, for the first time, synoptically across the basin simultaneously consider the water resources in the groundwater and the surface water, and to tie those together properly to the best of our ability.

Senator SIEWERT—And that is being done as part of the sustainability review?

Dr Hatton—Absolutely.

Senator SIEWERT—My question gets back to the environmental flows and the baseline. I am aware that there is a whole lot of controversy about environmental flow water being stolen and not actually getting to the wetlands. Is what you are looking at, basically, theoretical data—for example, this amount of water is being released for this—

Dr Hatton—We can only do the study on the available data.

Senator SIEWERT—All right. It cannot be tested on the ground, can it?

Dr Hatton—We are not doing that within this study.

Senator SIEWERT—And the reporting date for the project is the end of the year?

Dr Hatton—The final report is for the end of this calendar year.

Senator SIEWERT—Thank you for that.

Senator BIRMINGHAM—Has CSIRO been involved in any research into the proposed weir at Wellington and the effects that may have on the environment downstream from Wellington?

Dr Hatton—I have no specific knowledge of the impacts of the potential weir or that CSIRO are involved in that.

Senator BIRMINGHAM—You are not aware of any involvement?

Dr Hatton—I am not aware of any.

Senator BIRMINGHAM—Okay. Thank you.

Senator CAROL BROWN—I understand that early in April this year there was a problem with the *Southern Surveyor* in that a pipe burst and ruptured the hull of the vessel. Is that correct?

Dr Morton—I am not aware of the incident, so we might have to take any questions about that on notice.

Senator CAROL BROWN—I understand that it was quite a serious problem. I also understand that the vessel was tied up at its berth down in Hobart and that, if it had not been tied up, the problem was so serious that the ship would have sunk. You do not know anything about this incident at all?

Dr Morton—I have no briefing material on this, no.

Dr Garrett—We will make some inquiries about that and come back to you after the break.

Senator CAROL BROWN—All right. I will ask my questions after the break then.

Senator MILNE—I have a question about revenues and the income side for CSIRO, particularly goods and services. You indicated earlier that revenue from the agricultural sector was down. Could we have a breakdown of that \$305 million in terms of goods and services revenue?

Mr Whelan—What form would you like the breakdown in?

Senator MILNE—What have you got?

Mr Whelan—We could provide that breakdown by research division or research theme. We could attempt to break it down by source.

Senator MILNE—By source?

Mr Whelan—We provide a table. I refer you to the answers we gave you on notice. It is something Senator Carr and I were touching on earlier. In the questions asked on notice last time we were asked to update a table that provides that breakdown. It is question E940-07 from last time. It broke down the source of that revenue by type. I have the answer for 2005-06; the ratios will not have changed much for 2006-07. Would you like that data?

Senator MILNE—It depends. I am trying to find out what amount of money came from the minerals and mining sector.

Mr Whelan—I can tell you that in 2005-06 the total funding the CSIRO received from the Australian private sector, which would include the mining sector, was \$73 million, out of a total external revenue figure of \$373 million—that is approximately 16 or 17 per cent or thereabouts.

Senator MILNE—That is the total private sector but we do not know what percentage of that comes from the mining industry.

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

Senator MILNE—I particularly want to know how much comes from them—and I want to know the estimated actual for 2006-2007 as well.

Mr Whelan—I will not be able to provide you with the breakdown in the estimated actual. I could give you the actual year to date but we do not forecast by customer type.

Senator MILNE—I would like to know by customer type for last year and actual to date for the mining industry and in particular the coal industry in relation to that. I would now like to move to questions in relation to the relationship that the CSIRO has with the New South Wales Minerals Council and Australian Coal Association. I do not know who can help me with that. Can someone describe for me the relationship that you have with them?

Dr Garrett—I do not think we know that. We will call Dr Brockway, who is the head of our Energy Technology Division. He may have some information.

Dr Brockway—You were asking about the Australian Coal Association and the New South Wales Minerals Council. I think that the New South Wales Minerals Council was involved in commissioning the Queensland Centre for Low Emission Technology into doing a study, which I think is the one you are referring to. I am not sure to what extent they were involved but I think they were on the steering committee. I am not sure whether that was a different study from the one that was published recently—I think there might be another one but I am not sure.

Dr Garrett—We might have to take the detail there on notice.

Senator MILNE—Okay. I will move on specifically to the report, *Understanding and incorporating stakeholder perspectives to low emissions technology in New South Wales* in particular. I would like to know, firstly, why the CSIRO was involved in what is essentially market research.

Dr Morton—I think the answer is that in framing our portfolio investment in energy R&D it is important to take account of all sorts of stakeholders. Community views on areas of importance from the ordinary citizen's perspective add a further context and colour to our decisions. So we regard this as pretty important in deciding where the most prospective and advantageous R&D might be placed.

Senator MILNE—Thank you for that. In this case, who actually commissioned the research for the CSIRO to do?

Dr Morton—Let us make sure we understand each other. Could you be more specific about the report that you are referring to?

Senator MILNE—Yes. I am talking about a report that was done called, *Understanding and incorporating stakeholder perspectives to low emissions technology in New South Wales*. It was a partnership between Communication Partners, University of Queensland, CSIRO, and the Centre for Low Emission Technology. In the executive summary it states:

The CSIRO on behalf of the Centre for Low Emission Technology (cLET) recently conducted research for the New South Wales Minerals Council and the Australian Coal Association.

That is what I talking about.

Dr Morton—That work stemmed from some analysis that we undertook first of all in Queensland. So this is follow-on work from the work undertaken in Queensland for the Centre for Low Emission Technology.

Senator MILNE—Yes, but a moment ago you said that the reason you do market research is to work out what the community is thinking. This is research that was commissioned by the Coal Association. What was the purpose of the research?

Dr Morton—As I described before.

Senator MILNE—Tell me again.

Dr Morton—To understand community perspectives on areas of the energy domain where the community believes more information would be valuable.

Senator MILNE—So, when the community answered that they thought solar was a good idea, why was there then information which actually promoted one technology—namely, carbon capture and storage—and pointed out a whole lot of difficulties with the other technology—namely, solar? Is that normal? I thought market research was about what the community thought, not about framing what the community might think.

Dr Morton—The idea of the research, quite clearly involving members of the community, was to understand questions around clean coal technology.

Senator MILNE—That was the purpose of the research?

Dr Morton—Yes.

Senator MILNE—To understand clean coal technology?

Dr Morton—Let me make this clear. The initial work done in Queensland and subsequently also in New South Wales was reviewed and managed by an independent steering committee. It was undertaken with clearance from the University of Queensland ethics committee, and the workshops with members of the community were all run by an independent facilitator. So there is very much an arms-length approach to ensure that objectivity is maintained to the maximum possible extent. Under those conditions, we do not regard this as market research but as understanding community attitude.

Senator MILNE—Except that, if you actually look at what was done, when people gave the researchers their attitudes, they were then presented with another set of information which changed community attitudes. That is a different thing. You said it was done to inform people

about carbon capture and storage and coal industry technology. The information was provided to straighten out the community's views, if you like—

Dr Morton—Senator—

Senator MILNE—Well, that is exactly what it did. Who determined what the messages would be around the negative aspects of solar? Who came up with that?

Dr Morton—I do not agree that we straightened out anyone's opinion, and I do not regard the information provided as being negative about any of these components. Let me repeat again: the legitimacy of the research design is, in my view, guaranteed by the quality and the spread of the people who are represented on the steering committee. Professor Linda Rosenman was the chair of the committee. She is Dean of the Faculty of Social and Behavioural Sciences at the University of Queensland. Jim Devine is from the Queensland Resources Council. Ruth Marshall was in the Queensland Department of Natural Resources and Water; Francis Anog was at the Queensland Department of Mines and Energy; Doug Holden is from Coal 21; Erwin Jackson was with the Australian Conservation Foundation; and Kelly Thambimuthu was the chief executive of the Centre for Low Emission Technology. These people designed the information and confirmed the process by which community opinion was assessed. I do not regard this as in any sense leading debate but as trying truly to understand what community members expect in the way of provision of further information.

Senator MILNE—Why were people presented with information that was positive only about carbon capture and storage but was negative about solar? How can that be an unbiased presentation of material?

Dr Morton—Well, you have a different view from me. I do not regard the information that was presented as favouring one or the other. It was designed to stimulate debate and to uncover questions.

Senator MILNE—It was commissioned by the coal industry to ascertain people's views on carbon capture and storage and, at the end of it, it recommended that there be a school program to inform people about carbon capture and storage and the like—a whole lot of things. So we had a very positive outcome for the coal industry and a negative outcome for the solar industry. Would you say that that was the outcome?

Dr Morton—No, I would not. I would regard it as possible to interpret the information as meaning that the community wished to know a lot more about carbon capture and storage.

Senator MILNE—What is Dr Kelly Thambimuthu's expertise in solar research?

Dr Brockway—I do not think he has been involved in any solar research. I am not entirely confident in that answer, but I believe that is probably the case.

Senator MILNE—So when he says, for example, that when problems with solar were pointed out—and in particular it refers to some things he pointed out in relation to solar—he would be speaking from an area of expertise.

Dr Brockway—I cannot really comment on Dr Kelly Thambimuthu's particular expertise and specifically what he said at any meetings; I was not present.

Dr Morton—But just remember, Senator, that the point of the work was to under the degree of knowledge of clean coal technologies, not of all energy technologies. In that sense, I am not quite sure what are you driving at.

Senator MILNE—What I would like to see from this work is the material that was presented to the focus groups on the issues around cost and supply on solar, and the information provided to the focus groups on clean coal technology. I would like to see for myself what was actually given to the groups. But I would now like to go back to this issue of why the CSIRO got involved in this research in the first place. Is CSIRO an organisation for hire by just anyone in the private sector who wants to do research and get the CSIRO's name attached to it?

Dr Morton—Of course not.

Senator MILNE—Who made a decision to involve CSIRO in this research for the coal industry?

Dr Morton—Our own internal planning processes suggested that this was an important area of question. This would not be the only area in which CSIRO has tried to understand community reactions, areas of public debate, where our research is germane. You think about the issue of nanotechnology; you think about the issue of genetic modification: in each of those areas of research, it is exceedingly important for us to know what issues arise in the public mind which could either cause a failure in uptake of research and development to occur or bring about a modification in the way that you approach that research. In my view, it is absolutely vital that, in areas of controversy, we understand where the community might be thinking gaps exist that could prevent us from doing the work effectively. If there are barriers in the way that the research is going to be taken up, we need to know about that because if these are fundamental problems then it would not be wise for us to put the money into the research in the first place.

Senator MILNE—How many other examples of this kind of market research were conducted in the last year?

Dr Morton—I do not regard it as market research; I regard it as an understanding of potential problems in bringing research into application. That is very different from market research.

Senator MILNE—How many other surveys of this kind were undertaken in the last year across CSIRO?

Dr Morton—The most active area of work that would be equivalent would be in considering the application of nanotechnology.

Senator MILNE—So there was just one apart from this one?

Dr Morton—That is the only one that is in my mind at the moment, but my colleagues might provide others.

Senator MILNE—I can either seek it now or get it taken on notice to see how many other surveys of this kind were undertaken and whether they were all undertaken at the behest and expense of the private sector.

Dr Garrett—So that is your definition of these surveys, Senator; we will take this on notice.

Senator MILNE—And you will provide information on who funded them and so on?

Dr Garrett—Of course.

Senator MILNE—Dr Morton, you said in a letter to the editor of a newspaper recently that CSIRO spent \$14 million on renewable energy research last year. What percentage of CSIRO's income was the \$14 million?

Mr Whelan—Mathematically, if the estimate is \$14 million in 2006-07 and we have total research expenditure of around \$600 million, it is probably a little bit over 2½ per cent or thereabouts.

Senator MILNE—If you add in the private sector contributions, about 1½ per cent of CSIRO's income goes to renewable energy research. What percentage of your income goes to research for the coal industry?

Dr Morton—Just before we go on, it might be useful to point out that that is a reasonably narrow version of renewables research. That does not include work on distributed energy, energy storage or distributed energy management. So, if you want to take a wider view of the research relevant to renewables that is going on in our energy portfolio, the number is higher. But that is just for information rather than splitting hairs.

Senator MILNE—I would like to have a breakdown please of the \$14 million that was spent on renewables and the figure that was spent on coal. Could somebody tell me how much was spent on coal?

Dr Garrett—Are we talking clean coal technology or all aspects?

Senator MILNE—We are talking about carbon capture and storage, so-called clean coal technology.

Dr Garrett—So the question on notice is to clarify across the organisation our expenditure on renewables, recognising Dr Moreton's point about the breadth of that activity.

Senator MILNE—I would like it narrowly on renewables, narrowly on clean coal and then overall, because that distributed energy—those issues—are germane to all energy issues. So I would like it broken down on coal, renewables and the other issues overall that would be relevant to it.

Dr Morton—So in order to make sure we get the numbers as correct as possible, it would be wise to take that on notice.

Dr Garrett—Yes, we are. Just to clarify, we can get that data for last year or the year to date.

Senator MILNE—Last year and the year to date, please.

Dr Garrett—Okay.

Dr Morton—We are very close to the close of the financial year.

Dr Garrett—We will do our best to get that data for the year to date.

Senator CARR—Can I get an update on the current EBA negotiations with staff? Dr Garrett, is it the case that in terms of the current EBA arrangements, if CSIRO meets its efficiency targets, a supplementary wage increase will be paid in conjunction with an agreed increase?

Dr Garrett—Yes, it is correct that the enterprise agreement provided for—and I will summarise clauses 9A and 19B—salary increases ‘in recognition of efficiency gains and savings made as a part of achieving our goals within the strategic plan’. That is the precise wording.

Senator CARR—Have those goals been met?

Dr Garrett—As we have indicated to staff, these goals have largely been met, yes. We are actually pleased with our performance.

Senator CARR—Is it also the case that the pay rise is scheduled to be offered on 28 June?

Dr Garrett—That is correct, and the agreement provides for salary increases of four per cent in each of 2005, 2006 and 2007.

Senator CARR—Is it your intention to pay the increase?

Dr Garrett—At this point in time, yes. We obviously need to review the performance through this financial year across the range of our goals.

Senator CARR—When do you expect the staff to be advised?

Dr Garrett—In response to that, I think the staff are already aware that we will be paying the four per cent increase that we have indicated.

Senator CARR—I thought there had been some issues raised as to whether there is an intention to make that payment on 28 June. Have staff been advised that the pay rise will come through on 28 June?

Mr Whelan—Staff have full expectation of getting a four per cent wage rise at the end of June or July.

Senator CARR—I understand that they have a full expectation of it, but I am asking whether you have advised them that the payments will be made?

Mr Whelan—I do not think they have been sent a recent email, but I am sure as they get close to payday they will be aware of it.

Senator CARR—I want to ask you about senior staff bonuses. What is the position on the payment of senior staff?

Dr Garrett—Can you be more precise around that?

Senator CARR—Yes. Do you intend to pay bonuses for senior staff this year?

Dr Garrett—The performance bonus payments are subject to processes which are governed by our board and our board remuneration committee across a range of performance indicators. Subject to end-of-year financials and other performance around strategic and operational goals, we will review both our performance as a leadership team and the performance of individuals and decide at that stage, with the approval of our board, whether performance bonuses will be paid.

Senator CARR—What is the range of bonuses that will be paid on base salary?

Dr Garrett—The range of bonuses?

Senator CARR—Is there a percentage range? Is it a range, say, between five and 15 per cent?

Dr Garrett—The current range of performance bonuses is from zero to a maximum of 25 per cent.

Senator CARR—Twenty five?

Dr Garrett—That is correct. It was increased last year, with the fixed remuneration increase being reduced. So there was a two per cent increase on fixed remuneration and the increase from 22 to 25 per cent maximum.

Senator CARR—I just want to get this straight. Staff are getting a four per cent rise, so that is their normal pay rise; but, as I understood the EBA, there was actually a supplementary pay rise if the strategic goals had been met?

Dr Garrett—Sorry; the words are ‘supplementary increase if we have exceeded our strategic goals’, firstly, and also according to our capacity to pay—in other words, if we have financial resources to pay those supplementary increases.

Senator CARR—There is no question about resourcing this year, is there?

Dr Garrett—That is always an issue. We were discussing earlier our capacity to pay in terms of meeting our financial targets.

Senator CARR—But the appropriation has gone up significantly?

Dr Garrett—For future years, yes.

Senator CARR—So there is a question about the supplementary bonus?

Dr Garrett—I have indicated that the four per cent increase is essentially going to happen and, as part of the enterprise agreement, we have the consideration of a supplementary pay increase over and above that four per cent, subject to the points I have made around exceeding our strategic plan goals as well as our capacity to pay.

Senator CARR—Are these bonuses for senior staff also subject to the capacity to pay?

Dr Garrett—Yes.

Senator CARR—So there is some question being raised, is there?

Dr Garrett—Yes.

Senator CARR—How many officers are eligible for bonuses between zero and 25 per cent?

Dr Garrett—I would have to take that on notice, but it is probably of the order of the number reported in the annual report—37.

Senator CARR—Is that on top of the four per cent they get as well?

Dr Garrett—No. As I indicated earlier on, the increase last year on the fixed remuneration was an average of 2.2 per cent.

Senator CARR—Earlier we discussed the question of the redundancies in the research support services area. Would the management of that contract be part of a bonus assessment?

Mr Whelan—There is no contract there.

Senator CARR—But certainly the BETR program would be subject to an evaluation of performance bonuses, wouldn't it?

Mr Whelan—Just to clarify: you are linking two projects there. You are linking the research support services project, which has redundancies associated with it, with the BETR project. Our research support services project does not have a contract associated with it.

Senator CARR—I take it though that the relevant managements will be assessed against the performance on those programs, won't they? That would be right, wouldn't it, Dr Garrett?

Dr Garrett—Could you ask the question again, Senator?

Senator CARR—Yes. The performance of the management of the SAP and BETR programs will be part of an assessment—

Dr Garrett—For those individuals directly involved with those projects, as part of the suite of performance indicators, yes.

Senator CARR—I will look forward to coming back to you on your progress on that matter. Turning to the research support services, you have indicated to us that there have been 40-something—

Mr Whelan—Forty-three staff.

Senator CARR—Forty-three redundancies in that area. How many new managers have there been to manage the functions of the research support services now? Has any new management been appointed there?

Mr Whelan—No, I do not think there are any new managers. We have managers in place for those functions. Overall we have probably had a reduction in management positions.

Senator CARR—So over the last 18 months, in terms of the centralisation of those services, there has been a reduction in management, has there?

Mr Whelan—No, that probably would not be correct, because there would be managers in place for the shared services centre and the accounts payable, accounts receivable and the payroll centres. There probably would be new managers there. Whether there were offsetting reductions in management elsewhere I would have to take on notice. There would have been some new positions created; whether there has been a net increase or not I would have to take on notice.

Senator CARR—Do you have any idea of how many new positions were created?

Mr Whelan—I would hazard a guess of three, but I would need to take that on notice.

Senator CARR—I take it that, amongst the 43 support staff that have been made redundant, there were some managers in that lot, weren't there?

Mr Whelan—I would need to take that on notice.

Senator CARR—But you would expect that, wouldn't you?

Mr Whelan—I would expect there to have been a cross-section of staff, yes.

Senator CARR—Would it take long to get that information, do you think?

Mr Whelan—I would not be able to get it this afternoon.

Senator CARR—But would it take just a couple of days?

Mr Whelan—I would have to take that on notice. I am sorry, I would have to check.

Senator CARR—I am interested in your providing me with a table showing me all the positions within the RSS, the level of those positions, which management positions are actually service providers and how that has changed in the last 18 months.

Mr Whelan—They would all be service providers, but I would be happy to take that on notice.

Senator CARR—What is the cost of these new management positions and where has the money been allocated from to fund those particular positions?

Mr Whelan—I can deal with the last one fairly readily. The project has made savings, so if there have been changes in classification or new positions appointed they would have been funded within the baseline. The project has generated savings, so money to fund any positions would be coming from within the existing budget of the support services.

Senator CARR—It has been put to me that concerns have been expressed through the Australian Animal Health Laboratory about the operations and management under this new model, particularly concerning microsecurity and accountability. Have those concerns been put to you?

Mr Whelan—I am aware that recently a representative from the CPSU wrote to the chief executive with respect to some concerns they had around the role that contractors may have been playing. The concern, as I understand it, was that there was a view expressed by the staff association representative that the contractors may not have had to comply with the same microbiological controls as staff. It is my understanding that they do and that that process is oversighted by the local health safety representative.

Dr Garrett—That is correct. We received a request for information on 25 May and we will be responding in the very near future. Mr Whelan's comment is accurate.

Senator CARR—I understand we canvassed Fred Prata's situation at some length at the last meeting. It has been put to me that Dr Prata still has not been paid his one dollar. Is that right?

Dr Steele—Let's just explore this in a little more detail, if we can.

Senator CARR—It is a simple proposition: has he been paid his dollar or not?

Dr Steele—The consideration that Dr Prata received for his invention was in the form of his payment while he was in the employment by CSIRO.

Senator CARR—Oh!

Dr Steele—Let me finish, if I may. There is a nominal payment upon assignment of any residual rights. That payment has not been made yet but it will be made.

Senator CARR—How long has this been going on?

Dr Steele—The patent application was lodged in a couple of steps, in September 2003 and September 2004, and the assignments were done in May 2004 and October 2004. The payment is nominal and I understand that it actually normally does not occur—the one dollar payment normally does not occur. Obviously the payment in substance is made by the employment of the officer.

Senator CARR—In question on notice No. E1034_07, there was the proposition that CSIRO had completed the research phase of this project, but the response was that that did not accurately reflect, as I understand it, what you were trying to say. What you said in February was clearly that CSIRO had not completed the development phase but it had completed the research phase. I understand that you meant to say that further work needed to be done. Is that the case?

Dr Steele—The answer to No. E1034_07 stands. I will read out the relevant bit of it:

The evidence given by Dr Steele at the Estimates hearing on 31 May 2006 and at the hearing on 14 February—

2007—

was that engineering and development work remained to be done, and that the commercial partner Tenix understood this and planned to conduct these as part of the process to get a product out to the market.

Senator CARR—My understanding, Dr Garrett, is that you were saying on 15 February that the research activities were completed and you had moved on into the commercialisation stage.

Dr Garrett—It could not have been me; I was not here at that time.

Senator CARR—So that assertion is just not right. Is that right?

CHAIR—Which estimates were these?

Senator CARR—This was on the 15th; there was a further statement made.

Mr Whelan—Our hearing was on 14 February.

Senator CARR—Yes.

Mr Whelan—And Dr Garrett was not there.

Senator CARR—I am sorry. The statement arose from the estimates hearing on 15 February 2006, where Dr Garrett advised the committee that the project's research activities were completed—this was with reference to a particular article—and he went on to say that Dr Ayers had indicated that the research work had been done. So the research work had been completed and had moved into the commercialisation stage. What I am concerned to know though is at what point you think CSIRO had been able to establish whether the research work undertaken by Dr Prata had been concluded. Do you have a view on that now?

Dr Steele—CSIRO came to that decision, as I recall, towards the end of 2005. By the way, I suspect that is a view that was confirmed by Tenix. Tenix is on the public record as having stated publicly that 'As far as we are concerned, the technology is complete.'

Senator CARR—I am sorry, did you say ‘was complete’?

Dr Steele—Correct.

Senator CARR—But you are now saying that further work needed to be done. Which is right?

Dr Steele—I do not want to get into a semantic discussion here. Let us be clear about what the circumstances were. The research phase had gone to the point where what needed to be done was engineering and development work that required the competence of a commercial collaborator to become involved plus also the commercial development work.

Senator CARR—I do not want to get into a semantic argument either. I want to know why it is that the reason stated for Dr Prata’s redundancy, which was that ‘his work had been completed’, appears not to be the case. It does strike me that a question arises about exactly what the level of consultation was with Dr Prata and the evaluation of the commercial processes involved with his research. Was Dr Prata ever consulted about the issues canvassed in terms of the economic list that was produced by CSIRO as part of the process for evaluating the commercial prospects of his research?

Dr Steele—I am not aware of an individual checklist, which you are referring to. I am happy to progress further to get the answer to that question on notice, but I just need to check first of all whether you are referring to a specific checklist and which one you have in mind.

Senator CARR—Perhaps we will come back to that after the break, if you have a chance to look and see whether there is a checklist.

CHAIR—There is time for one more question before the break.

Senator CARR—Or we can wait until they have had a chance to look at the evidence.

Dr Steele—Just to be clear, I am unclear about what it is that you are thinking I am going to actually check during afternoon tea.

CHAIR—Yes, you need to know what you will be looking for. Would you like Senator Carr to elaborate?

Dr Steele—My statement was in fact a question: is there a particular checklist that you have in mind?

Senator CARR—I will make an inquiry to make sure we have the same document. Just give me a chance to make an inquiry and make sure that it is the same document.

CHAIR—We will now adjourn for 15 minutes until 4 o’clock. At 4 o’clock, we will receive some further information from the Australian Research Council, who have some information from this morning that they need to present to us. I do not imagine that will take very long and we will return to your good selves immediately after that. The committee is suspended until 4 o’clock.

Proceedings suspended from 3.44 pm to 4.01 pm

Australian Research Council

CHAIR—We will declare the committee open for business again. I welcome back representatives from the ARC, the Australian Research Council. You may have some further information for Senator Carr.

Senator CARR—Thank you very much. Have the officers been able to establish the payments for that institute?

Mr Harper—Yes. There was an amount approved in respect of the 2006 year of \$650,000, as you had said this morning. In the earlier years, in 2002, there had been an amount of \$277,000. This would be predating the ARC as a statutory authority. There were amounts of \$185,000 in 2001 and \$155,000 in 2000. Where I struggled a little this morning was confirming an amount of \$20,000 to which you were referring. That is two components of other funded grants that are not totally about AustLII.

Senator CARR—Sorry, other funded grants?

Mr Harper—By the ARC that are under other schemes that are not totally about AustLII. So they go to issues of privacy and intellectual property considerations. Some of that is relevant to the AustLII.

Senator CARR—What I would like to know is how the organisation can go from receiving \$650,000 in 2006 to \$20,000 in 2007.

Mr Harper—A request would have been made in respect of the 2006 year and it was approved at a level of \$650,000 for that year only, as I understand. I am not really in a position to confirm or deny whether they may have asked for money in respect of the 2007 year, but there are two components that sum to \$20,000, which are embedded in other grants.

Senator CARR—I presume the ARC has spoken to the University of New South Wales and the UTS, which are the joint faculties of law that have operated this institute since 1995. Is that the case, Mr Harper? Has the ARC discussed this with the universities?

Mr Harper—I am not aware that we have.

Senator CARR—Is it the case that funding has been sought under another grant that you are aware of? You are not aware of any application for 2007?

Mr Harper—Because the ARC seeks to protect the confidentiality of applicants who are unsuccessful in having a grant approved, I can neither confirm nor deny that the AustLII people have sought funding from us.

Senator CARR—It has been put to me that the \$20,000 is in fact a discovery grant. Is that the case?

Mr Harper—It may well be. It may be under another of our schemes. It could, for example, be under a linkages projects grant. So those grants—

Senator CARR—I am just surprised that you cannot say to me, ‘Look, Carr, you’ve got it wrong. It’s this grant’ or ‘It’s that grant’, not, ‘It might be another grant.’

Mr Harper—The grants were not titled AustLII. I understand they were titled about general issues to do with intellectual property and privacy and a component of that is of relevance to the AustLI Institute. So it is not a trivial thing for us to find in our databases.

Senator CARR—Thank you very much. I do not know if I can take it any further than that.

CHAIR—All right. That is all the information for the questions?

Senator CARR—It is not satisfactory. Do not misunderstand me: I am not satisfied with the answer. I do not think I can take it any further if the officers do not have the information. Thank you very much.

CHAIR—Thank you very much for coming back to us on that. We will continue with CSIRO.

[4.07 pm]

Commonwealth Scientific and Industrial Research Organisation

Senator CARR—I want to finish this matter before we do the ship. It is something that should only take a moment, I trust.

CHAIR—Yes.

Senator CARR—This is the final issue that I have for CSIRO.

CHAIR—Senator Milne has some other questions. I think there is an answer for you, Senator Brown, to one of the questions you asked.

Senator CARR—Dr Steele, we were discussing before the break the process by which CSIRO evaluated its obligations and the future potential of Dr Prata's work.

Dr Steele—Yes.

Senator CARR—I asked you how his work compared on the checklist, which of course is a document which I understood to be a document in common usage within CSIRO for the ComEx committee evaluation.

Dr Steele—Correct. Yes.

Senator CARR—Can you help me with that?

Dr Steele—Just so the other committee members are aware, I cited that document in the break so I know the document you are referring to. It is a pro forma document for essentially checking on the characteristics of different transactions. It is one which is often completed in terms of transactions that need to go to the internal ComEx committee. I do not know that it was used in relation to this transaction completed in 2003 because it did not come to ComEx.

Senator CARR—That is what troubles me. This has been a major issue for CSIRO. There has been considerable dispute as to the implications of the redundancy of Dr Prata, given his international reputation. I would like to know this: how did you assess, in terms of the risk analysis, letting Dr Prata go? That is the risk assessment on technical grounds, the dependence of key staff, political criteria, competition, and reputation and financial criteria. These are the normal provisions. This is on page 3 of the checklist. How were those criteria satisfied in Dr Prata's case?

Dr Steele—We are talking about the licensed transaction that was entered into in the middle of 2003? That is what you are directing your question to?

Senator CARR—Yes. Dr Prata's IP work.

Dr Steele—Dr Prata's infrared detection intellectual property was the subject of a licence with Tenix entered into in mid-2003.

Senator CARR—This is the G-bIRD?

Dr Steele—Correct. That licence transaction did not come through the ComEx committee. It was handled in the division. I will have to take your question on notice and get it answered that way.

Senator CARR—This is what really troubles me. The lists are normally signed off by a divisional representative and by a case manager. Who was the divisional representative and the case manager?

Dr Steele—Just to go back and make it clear, this transaction was not one that triggered the threshold that meant it needed to go through a corporate process. That does not mean it has not been signed off. It means it has been signed off by a divisional process. Therefore, the answer to your questions will have to be on notice, I am afraid, because we need to go back and look at it.

Senator CARR—I have got the message. You have also hopefully got the message from me.

Dr Steele—I have understood exactly the sort of questions you are asking, yes.

Senator CARR—I want to know how this could have happened. I am now told that Dr Prata has been asked to undertake more work for CSIRO. Is that true?

Dr Steele—What we have asked Dr Prata to do is give an indication to us of whether or not he will sign off on the US patent office assignment forms. He has indicated to us that he is disinclined to do that because he believes those patents are in error. He was concerned that he was being asked to do something for free. We have said—

Senator CARR—But you are not doing that, are you?

Dr Steele—Sorry?

Senator CARR—You are not asking him to work for free, are you?

Dr Steele—No. I would like to go on with my answer. We have asked him, in order to make a decision as to whether or not there is a problem with the patent applications, what the magnitude of that problem is. In other words, are the patent applications fatally flawed in some fashion or is there a minor error with them? Could he please indicate to us what the errors are? He has offered us a quote to do that work, an estimate of an hourly rate, the time period it would take and the time period in which he could give—

Senator CARR—An airfare back to Australia. Is that right?

Dr Steele—Correct. Yes.

Senator CARR—Are you going to take him up on that?

Dr Steele—We have not made a decision about that. We expect we will make a decision about that in the next week.

Senator CARR—Can you take it on notice that the committee be advised as to the outcomes of your deliberations?

Dr Steele—I am more than happy to do that.

Senator CARR—What has been put to me is this: the implications of this saga have been that, as far as Dr Prata is concerned, he has been trying to be constructive. He asserts that he has been under pressure to produce results under threat of losing his job, and in that process debating with himself the scientific and moral correctness of what has been going on within CSIRO. CSIRO made it quite clear that even their most talented scientists are now dispensable. How do you respond to that sort of proposition?

CHAIR—I should point out, Senator Carr, that that is what has been put to you. I would not be surprised if CSIRO held a different view of that.

Senator CARR—Well, that is something—

CHAIR—But that is up to them.

Senator CARR—They are entitled to put that view.

Dr Garrett—I must say that I am uncomfortable expressing the other side of the story—we know in life there are always two sides of the story—in a public forum discussing an individual. I will not do that. But you will surely know there is another picture and that maybe at some stage we can put that to you, because this is getting out of control.

CHAIR—Yes.

Senator CARR—I acknowledge that offer. What concerns me, though, is that this matter should have been resolved by now. If what I am being told is correct, I just cannot fathom why it has not been.

Dr Steele—Can I give you an indication of the forward going timing?

Senator CARR—Yes.

Dr Steele—In my answer to your comment, I just need to be clear about the scope I am going to be talking about. I believe that an answer as to how we will proceed with the patents will probably be made in the next week. I am happy to have the Senate committee be told exactly what our decision in relation to that is. If we decide to proceed with the patent, we may also decide to take up Dr Prata's offer. He has indicated that the time course on which he could deliver the report, which is what it would need to be, is not less than six months. That is an uncertain time period, but that is obviously a matter of months. If we decide not to proceed with the patents, I would expect that the matter, in a sense, would be over within a matter of a couple of weeks. That is in relation to the patent. I think I have heard this discussion traverse things wider than the patent. Maybe the resolution of the patent will resolve the totality of circumstances.

Senator CARR—I trust it will. I frankly hope that is the case. I do not intend to pursue the matter again, but I trust we get a response to the committee shortly.

Dr Steele—One additional piece of information is that we need to make decisions about the patents with respect to timelines in the US patent office fairly shortly anyway, so there is a natural timing constraint there.

Senator CARR—Fair enough. Thank you.

CHAIR—Any further questions?

Dr Garrett—We have a response for Senator Brown.

Mr Whelan—Senator Brown, you asked about an incident in April with regard to the *Southern Surveyor*.

Senator CAROL BROWN—That is right.

Mr Whelan—I have indirectly made some inquiries of the division, which is at Hobart. I am advised by the deputy chief of that division that during routine maintenance when the ship was docked between December and February at Hobart, a small leak no greater than two centimetres occurred. According to the master and the deputy chief, that was a minor matter. It did not warrant the preparation of an incident report and has been dealt with. There was never any discussion that the vessel or the people on it were in danger.

Senator CAROL BROWN—So you are saying to me that you have no record of an incident in April?

Mr Whelan—Not based on the inquiries we have made this afternoon. So I am happy to take it on further notice. But based on the inquiries that I have made this afternoon, the only incident the officers of the division are aware of took place between December and February.

Senator CAROL BROWN—It has been put to me that there was a significant incident in early April this year, so I would appreciate it if you could take on notice and attempt to find out about a pipe bursting and rupturing the hull of the vessel. If that turns out to be the case, I would like a copy of any reports that have been produced about that incident.

Mr Whelan—I can certainly follow that up. I would have to say that, given the nature of the inquiries we have made this afternoon, I do not think that is going to turn anything up. But we will certainly follow that up.

Senator CAROL BROWN—I would be very surprised if it does not, quite frankly. I would just like to ask a few questions about the *Southern Surveyor*. At the time of the last refitting, I understand there were some cost overruns because the amount of rust and other deterioration in the vessel was greater than expected. Is that right?

Mr Whelan—I am not aware of that.

Senator CAROL BROWN—What is the maintenance budget for the *Southern Surveyor*?

Mr Whelan—I do not have those details here. I am sorry. It must be frustrating for you. We try to bring as many relevant officers to these committee hearings as we possibly can. The matter of the *Southern Surveyor* has been canvassed extensively in prior hearings. Not that the committee has to, but we did not get any signal that there would be questions, so we have not brought anybody up from Hobart. I am sorry.

Dr Sandland—Nor have we received any indication from the division that there were any incidents that were worthy of bringing to our attention. So there are two things operating here. But we can take all your questions on notice. We just do not have any information here today.

Senator CAROL BROWN—I will put some questions on notice through the committee. I would appreciate it if I could get a response to those questions as quickly as possible. I will ask a more general question. How old is the *Southern Surveyor*? How old is that vessel?

Dr Garrett—Thirty-five years old.

Senator CAROL BROWN—So when are we looking at replacing it?

Dr Garrett—Well, decommissioning is scheduled for not later than 2011. CSIRO is currently working with DEST and the Marine National Facility steering committee on the future provision of an appropriate marine research platform with the aim of a seamless transition to a new platform. So those discussions are ongoing now.

Senator CAROL BROWN—So are you saying to me that you hope to have a replacement vessel by 2011?

Dr Garrett—What we are saying is that a replacement vessel is one option. Obviously contracting services from other vessels that provide this facility is another option. The appropriate committee within DEST is looking at that, obviously as a matter of some urgency, within the next 12 months or so.

Senator CAROL BROWN—Headquartered at Hobart?

Dr Garrett—In all probability. That is where the research capacity is and that is where we have historically been based. Yes.

Mr Whelan—That is certainly where the division is headquartered.

Dr Morton—I will intervene here. It is important to recognise that the CSIRO manages this facility on behalf of the scientific community under the direction of a steering committee appointed by the Minister for Education, Science and Training. It serves many other agencies and researchers apart from the CSIRO.

Senator CAROL BROWN—I understand that.

Dr Morton—So the location must take account of those other Australian users.

Senator CAROL BROWN—I will put the rest of my questions on notice.

CHAIR—Thank you. Senator Milne.

Senator MILNE—Following that, Dr Morton, is there any suggestion it will not be in Hobart?

Dr Morton—Not to my knowledge. I am just pointing out, Senator Milne, that—

Senator MILNE—No. It was just an interesting point.

Dr Morton—I am trying to help by just pointing out that it is not a CSIRO facility; it is a national facility.

Senator MILNE—Yes. I understand that.

Mr Whelan—It does spend a lot of time off the coast of Western Australia as well. Dr Morton and I have been involved in discussions about its replacement. There is no suggestion by anybody at this point in time it will not be in Hobart.

Senator MILNE—I want to follow up on the questioning I was doing before in relation to that report regarding understanding and incorporating stakeholder perspectives to low-emission technologies et cetera. One of the recommendations of that report was that an education program beginning in primary school be developed and implemented immediately. Can you tell me if CSIRO is planning any further work to follow up on the recommendations of this report, which CSIRO was part of? Has it been commissioned to do so? Is it doing any follow-up along those lines?

Dr Morton—The answer would be that those recommendations will be taken into account by the researchers in planning their future programs. But I would not expect that the recommendations would be automatically followed.

Senator MILNE—I just need to understand the process. The industry paid for the research. CSIRO delivered the research, according to the directives industry had given in framing the research. Now it has come up with recommendations. I would just like to know whether CSIRO has been contracted to do any follow-up research to implement the recommendations.

Dr Morton—Not to my knowledge.

Senator MILNE—Would you be able to verify that and take it on notice?

Dr Garrett—Yes. We will take that on notice and confirm it. If there is any variation from Dr Morton's answer, we will give you that information.

Senator MILNE—Thank you—just confirm that that is the case. There are about 10 recommendations, all of them relating to the need for information, such as an education program—that the public would like to see something; that it is about engaging communities et cetera. It is interesting that, when you get to the last recommendation, it talks about the need for large-scale demonstration projects of carbon capture and storage to assess its viability et cetera. If this was just an information exercise about what the community wanted, don't you think it strange that, out of all the recommendations relating to information, the one recommendation about the need for large-scale demonstration projects should have been for carbon capture and storage? Do you not find that an unusual recommendation, if this was an unbiased piece of research?

Dr Morton—You will have to help me because I am not surprised by that recommendation.

Senator MILNE—Why is that?

Dr Morton—If community members engaged in this process identified a gap in their understanding of the applicability of these technologies and suggested that one way of filling that gap is for demonstration projects to be instituted, I would not find that at all surprising. Indeed, that is what the carbon dioxide CRC is doing right now, as I understand it, with CSIRO participation.

Senator MILNE—You are misunderstanding the point of the question. The question is: if this is an unbiased survey canvassing all energy options in relation to climate change—

Dr Morton—But it never pretended to be that. It was an analysis of knowledge of clean coal technologies. It never pretended to be an overarching, complete analysis of community expectations about energy. Inevitably, some other issues did come up. People expressed the desire for more information about the entire range of energy options available to Australia. That does not surprise me either.

Senator MILNE—The problem that I have with it, Dr Morton, is that the CSIRO are in a position to act as a knowledge broker about these issues because they are a highly trusted organisation. It seems to me that CSIRO are being used by the coal lobby so that it can attach CSIRO's name to a series of recommendations which say, 'We should roll out large-scale demonstration projects to assess its viability.' Is that not a problem for CSIRO's reputation?

Dr Morton—As far as I can tell, this issue of finding ways to use coal in a much more greenhouse friendly fashion is widely understood across the political spectrum as a necessary area of R&D. So it does not surprise me, no.

Senator MILNE—There is also a widely held understanding that we might need more on renewable energy, yet only \$14 million is being spent on that.

Dr Morton—Well 'only' is a relative word, with respect, because that number has grown dramatically in CSIRO's budget over the past four years. We have increased our investment in renewable energy by many per cent.

Senator MILNE—Zero to two per cent is coming off a very low base.

Dr Morton—Maybe so, but we are going in the right direction, surely—credit where credit is due, Senator.

Senator MILNE—Nobody would encourage you to accelerate that process more than I would, Dr Morton, but I am just making the point that, compared with the efforts made for the coal industry, it seems that on the renewable side there is not as much effort. Could that be because there are not the commercial partners in the renewable sector that there are in the coal sector?

Dr Morton—Okay. We have agreed to provide to you on notice a breakdown of our investment. I hope and expect that, when you see those numbers, you will see that the investments we are making in renewables are comparable to the investment we are making in clean coal technologies.

Senator MILNE—Thank you. I want to return to another line of questioning. Last year I think I asked you, Dr Sandland, about bullying and harassment in CSIRO. You indicated that there was work afoot whereby everything was improving and so on. Can you just tell me what assessment has been done in the last year about improved performance in CSIRO in relation to those kinds of allegations?

Dr Sandland—We have some information on disputes and grievances that do in fact occur. Bear with me while I find my brief. We do keep records and data on these. There were two issues that were raised in 2006. We have a panel of independent investigators—agreed by the staff association—which conducts investigations into the complaints. I might say we also

have a whistleblower scheme that is able to take in these kinds of complaints. So far, there have been no complaints initiated in 2007. There was one complaint that was initiated in 2005 which was considered by the Human Rights and Equal Opportunity Commission. That was terminated in 2006. There was also a matter initiated in the Federal Magistrates Court in 2006 which had been resolved to the satisfaction of the parties involved. The outcome of that is subject to a confidentiality agreement. So that is the information that we have that has actually come up to us centrally in terms of harassment.

Senator MILNE—Are you concerned by allegations made recently about bullying and harassment in the CSIRO soil health area prior to a redundancy being made?

Dr Sandland—I am not aware of the details of that particular case. I do not have the information in front of me, so I am not able to respond to the specific case in point. CSIRO are always concerned when there is any allegation of harassment or bullying, so we will investigate those reports, often at great length, involving a reporting mechanism that is as independent as we can possibly make it.

Senator MILNE—Perhaps I will turn to this particular case and just ask if the allegations made by Dr Maarten Stapper have been investigated.

Dr Garrett—I can answer that. As was reported also in the media, as I recall from the assistant chief of the department of industry, Dr Peoples, there was a particular allegation, but it was addressed through mediation in April 2004. A report from the mediator confirms that an agreement was reached that satisfactorily resolved all those matters. So that was raised in that year—three years ago—and, as I understand it, was satisfactorily resolved.

Senator MILNE—Was there any follow-up with Dr Stapper thereafter?

Dr Garrett—Follow-up in what?

Senator MILNE—Follow-up with him prior to his position being made redundant?

Dr Garrett—There would have been the normal processes of engagement around his work programs and performance thereon. I do not have any detail other than that there would be the normal processes in place. You were referring specifically to bullying. I think I have answered that one.

Senator MILNE—In relation to the position that he held in CSIRO, can you tell me what his position was and how many other people work in that area in CSIRO?

Dr Garrett—I can give you some information. I might need to ask the responsible executive for agribusiness at that time, Dr Robertson, to join—

Senator MILNE—I understand he was just made redundant reasonably recently.

Dr Garrett—Yes. He was responsible for a program in the area of irrigated wheat evaluation. Part of that project involved experiments in Griffith, New South Wales, and also on test. His project was funded by CSIRO, and GRDC were supporting his work on irrigated wheat. This project, funded by GRDC, ceased on 30 June 2005. Between then and the time of his redundancy, Dr Stapper analysed the data and prepared summary documents for the project. He completed that report in 2007. Bear with me for a second. The GRDC part-funded project, as I indicated, ceased. His skills in the area of the management of irrigated wheat and

the research focus for wheat shifted to breeding wheats for high-rainfall regions, including irrigated areas. Dr Stapper does not have a background in plant breeding, which is why the redundancy was undertaken.

Senator MILNE—Sorry, say that again. His redundancy was because he did not have expertise in what?

Dr Garrett—In training in plant breeding. He was unsuitable for the way the project had migrated. I think it is important to say that, despite claims of being one of Australia's top farming experts, he has not published, as I understand it, in a national or international journal on biological agriculture nor does he have, on my information, skills in soil microbiology, and he does not have a track record in this area. So he did not carry out any CSIRO sanctioned research in these areas while a CSIRO employee. I have given you the reasons for the redundancy. He was working on a program. That program came to an end. The research results were written up over a period of two years. Through negotiation, that work was completed in 2007.

Senator MILNE—That work then moved on to plant breeding. Is that right?

Dr Garrett—Yes.

Senator MILNE—Does that involve genetic engineering?

Dr Garrett—That is one of the components of the breeding work. If you would like more detail, I can make that available to you.

Senator MILNE—So what is your response to the claim that the reason he was made redundant is that he does not support genetic engineering?

Dr Garrett—I think we have given, both in the media and today, an indication of the background to his redundancy, so we reject that claim.

Senator MILNE—And who is funding this training in plant-breeding research? Is there a private partnership?

Dr Garrett—We have invested in plant breeding over many years. A number of those programs are supported by various industries. As I indicated, one particular funder is through the Grains Research and Development Corporation.

Senator MILNE—But who are the others in this particular work? You said this project went on to training and plant breeding. Who is funding that plant breeding—

Dr Garrett—I will take that one on notice. I hope to give you the detail—

Senator MILNE—program? How many people in the CSIRO work in biological agriculture? How many experts do you employ and how many research scientists work in that field?

Dr Garrett—I will make an inquiry. The question was how many—

Senator MILNE—I am trying to get a sense of the significance of the program in CSIRO in terms of biological agriculture.

Dr Sandland—The term 'biological agriculture' is not one that we would use in CSIRO.

Senator MILNE—Dr Garrett just used that term, which is why I just used it back to him.

Dr Morton—I think the more appropriate term is ‘organic farming’.

Senator MILNE—All right, organic agriculture. I was just using the term that Dr Garrett used himself. Organic agriculture.

Dr Garrett—I am going to ask Dr Alastair Robertson, who was the responsible executive member for our agribusiness group and divisions, to join us. Perhaps we can take these questions further.

Senator MILNE—Perhaps you could give me an overview of CSIRO’s work in organic agriculture and give me a sense of how many people are working in that field and the priority research in that area.

Dr Robertson—I think I mentioned at the last Senate estimates that CSIRO does not have a program in organic agriculture. In general, it does not have a program in traditional agriculture or any other form of agriculture. What it has programs in is understanding, if you like, the basic biology of agricultural plants and animals. The basis of that information can be used by any agricultural system. So we have programs in soil health. We have programs in productivity from plants and animals. This basic information is the information that is drawn on by agricultural systems. Those pieces of information are just as applicable to the organic growers as they are to traditional growers or chemical growers.

Senator MILNE—So how many people work in the soil health area?

Dr Robertson—I do not have the answer to those questions. But certainly we can take that on notice and come back to you. But we have a lot of people working in that whole area of farming systems.

Senator MILNE—Is there any work being done on carbon emissions and the differences in carbon emissions from chemical agriculture and organic agriculture in terms of future emissions assessments?

Dr Robertson—I can take that on notice, but I think my colleague Steve Morton here would have some information.

Dr Morton—The answer is almost certainly yes, but for the purposes of accuracy it would be best if we came back to you with an answer on notice.

Senator MILNE—Is there any work being done in CSIRO on the carbon intensity of Australia’s food production systems?

Dr Morton—I think we need to take the question on notice, yes.

Senator MILNE—I cannot take that any further, then. Thank you.

Senator SIEWERT—Can we turn to Floreat.

Mr Whelan—We do not have all the details you sought, but let me give you the ones I have and then we can decide where we want to go from there. At 30 June 2006, there were 231 staff at Floreat. As at 30 March, there were 223. That is a reduction of eight.

Senator SIEWERT—Can you go back to 2006, sorry.

Mr Whelan—At 30 June 2006, there were 231 staff at the site. At 30 March 2007, I understand there were 223. That is a difference of eight. I understand that in that period six staff have been made redundant who are based at Floreat.

Senator SIEWERT—Of the eight?

Mr Whelan—Yes. That is correct. I do not know what happened to the other two, but I can tell you that six were redundant.

Senator SIEWERT—And where were those?

Mr Whelan—One was in the division of land and water. Three were in the division of livestock industries. Two were associated with the research support services review, the matter I was discussing with Senator Carr earlier. I do have a breakdown, if you would like, of the current composition of staff at the site.

Senator SIEWERT—Yes. That would be good.

Mr Whelan—Of the 223 staff, 27 work in livestock industries, 13 in sustainable ecosystems and 77 in land and water.

Senator SIEWERT—Sorry, 77?

Mr Whelan—Seventy-seven; 28 in the division of marine and atmospheric research; 29, I think, in plant industry; eight in Ensis, which is our forestry joint venture; eight in entomology; 22 in mathematical and information sciences; and 11 in research support services. I must admit I have not checked the maths, but the list I have says it is 223 and that is the breakdown.

Senator SIEWERT—Of those, are there plans for any further reductions in staff?

Mr Whelan—Not that I am aware of. I would have to take that on notice together with what the previous breakdowns were. We have not been able to get that to you this afternoon.

Senator SIEWERT—Okay. Can you do that?

Dr Garrett—We will provide the data on notice. My recollection is that in Western Australia as a whole over the last four years we have had a reasonable increase in total staff numbers.

Senator SIEWERT—If you could give me the breakdown of those specific divisions for 2006 and maybe 2005 and what you expect it to be in 2008.

Dr Garrett—Just at Floreat, or do you want Western Australia?

Senator SIEWERT—Floreat but also Western Australia would be useful, since you offered.

Dr Garrett—That is fine. We will do both, then.

Senator SIEWERT—Thank you very much.

CHAIR—That is all? You still have some questions, Senator Milne?

Senator SIEWERT—I have a couple more.

CHAIR—You have some more? Please go ahead.

Senator SIEWERT—I have a couple of water questions. Is that okay?

CHAIR—Yes, fine.

Senator SIEWERT—Can I go back to water?

Dr Garrett—Can we go back to our man? Dr Hatton will join us.

Senator SIEWERT—We touched on groundwater before. There has been some speculation in the media that in fact the estimates for water in the Murray are an overestimate. You have probably seen the media speculation as much as I have. They are saying the reason for that is that we have not calculated and assessed groundwater properly. Is there any basis for that speculation?

Dr Hatton—Could you just be a little more specific on the speculation you are referring to.

Senator SIEWERT—There has been some speculation in the media recently that the amount of water in the Murray is overestimated. The reason for that is that we are overusing groundwater and not adequately accounting for it.

Dr Hatton—I think that is a matter of record with reports that have already been tabled in the public domain in the last two or three years. There is across the basin the possibility and likelihood, even, that the increasing use of groundwater is in fact having a flow-on effect, so to speak, into the base flows in the river. In moving off the river water and on to the groundwater resource, you are actually denying some of the water that might have ended up in the river. I do not think that is a particularly controversial scientific observation.

Senator SIEWERT—I think the speculation is around the amount. Is 40 per cent a reasonable—

Dr Hatton—No, it is not. I think if you look at the technical literature, there are places where it may be as high as 40 per cent, but that would not be my understanding of the consensus on overall how big it might be. It would not be that high.

Senator SIEWERT—When I asked you before, you said your work is both groundwater and surface water. Would it be fair speculation for me to make, given the reports that are out and that, as I understand it, there are none about groundwater, that your work will be less certain in terms of groundwater than it will on surface water?

Dr Hatton—Yes. I would say that is a fair prediction on the amount of effort we have to put in to get the same degree of confidence or as high a degree of confidence in the groundwater area as the surface water area. Again, this is hardly a controversy within the profession of hydrology that we do know so much more about our surface water resources in Australia than we do about our groundwater resources.

Senator SIEWERT—And how much money is required, do you believe, in investment in research to understand the groundwater better?

Dr Hatton—I honestly cannot answer that. I have never tried to calculate that.

Senator SIEWERT—A lot?

Dr Hatton—More.

Senator MILNE—More.

Senator SIEWERT—More. I will just naturally ask for more money for groundwater. I want to change tack a little very quickly to the Northern Rivers. I appreciate it is a different system. Have you been asked to provide any data in any preliminary work that has been done in the Northern Rivers assessment, the SMEC assessment?

Dr Hatton—Not to my knowledge.

Senator SIEWERT—So CSIRO has not been asked for any—

Dr Hatton—Are you talking about the current initiative?

Senator SIEWERT—Yes, the current initiative.

Dr Hatton—No, not to my knowledge.

Dr Morton—When you say the Northern Rivers assessment, can you be absolutely explicit so we are not answering the wrong question.

Senator SIEWERT—SMEC has just produced a report. Government is further considering work on the Northern Rivers, which is the Clarence, Richmond and Tweed—the bulk that has been done around there. Has CSIRO been asked to do any work?

Dr Hatton—Not to my knowledge.

Senator SIEWERT—Water work or on the impact of climate change?

Dr Morton—Not to our knowledge.

Dr Hatton—Not to our knowledge, no.

Senator SIEWERT—Thank you.

CHAIR—That is all. Thank you very much for that appearance. Dr Sandland, I understand this is your last appearance before the estimates committee. Perhaps Dr Garrett has a few words to say.

Dr Garrett—Thank you, Chair. We appreciate that. I want to advise the committee that Dr Sandland, our deputy chief executive, is retiring from CSIRO in July after more than 38 years with our organisation. He has obviously served in front of this committee for many of those years most ably. I would like to put on record our appreciation of his most valuable inputs and significant contributions over that time. We have greatly appreciated it and we are going to miss him.

CHAIR—Thank you. And on behalf of the committee, Dr Sandland, may I express our best wishes for the future. Thank you for the professional and qualified advice that you have always given the committee. We appreciate it very much.

Dr Sandland—Thank you.

CHAIR—Thank you. Thanks to CSIRO. I will now call the Department of Education, Science and Training. We will move on to cross portfolio.

[4.51 pm]

Department of Education, Science and Training

CHAIR—Welcome, Ms Paul, and officers of the department. I assume that Senator Carr will ask some questions—unless you would like to make an opening statement, Ms Paul?

Ms Paul—That is fine, thank you.

Senator CARR—I will begin by asking you to help me explain the current financial position of the department. The PBS draws to our attention that the department has current assets of \$31.4 million and current liabilities of \$68.5 million, which means that current assets cover only 46 per cent of current liabilities. Is that correct?

Ms Paul—I will ask Mr Storen to take us through it.

Mr Storen—Could I ask for the page reference in the PBS that you are referring to?

Senator CARR—Page 131.

Mr Storen—Yes. That is the correct position in relation to our assets and liabilities. The largest liability relates to our staff leave provisions. In the last financial statements, there was a reclassification in relation to leave provisions that were traditionally dealt with as non-current liabilities and they were moved into current liabilities. We used to call ‘current liabilities’ those leave provisions we expected to consume in the next 12 months. What are now current liabilities are all the leave liabilities that staff have accrued. So that is the accounting change. At the bottom line, if every staff member in the department decided to take all their leave provisions all at once, we would not have sufficient assets to cover that. That has not occurred and does not occur, but that is the treatment that we have in the statements at the moment.

Senator CARR—You say that is a new type of accounting?

Mr Storen—The change was either the 2005-06 financial statements treatment or 2004-05. I cannot be specific and recall precisely which one it was.

Senator CARR—Is that a direction from the department of finance?

Mr Storen—That is correct. The annual financial statements are prepared in accordance with what we call FMOs, or finance minister’s orders. It was a change in the attribution between non-current and current liabilities. I suspect there is probably an explanation of that change in the financial statements in the year in which it occurred. I am happy to provide more detail on that, if you wish.

Senator CARR—How do you stand by comparison with other departments? Do you have any advice for the committee on that?

Mr Storen—No. We have not done any analysis on comparison to other departments in relation to the current net asset position. What we really do focus on is both our operating result, which is our operating statement, and our cash position, which is cash in in the year and cash out in the year. They are the two primary ones we keep a focus on when we are managing the resources.

Senator CARR—So this is just another one of those examples where accrual accounting throws up extraordinary-looking numbers?

Mr Storen—I would call them interesting numbers that require a degree of caution when interpreting.

Senator CARR—I see. Let us look at a few others that maybe also require a degree of caution. What is the advertising budget for the department?

Ms Paul—There has been no change since we spoke last. I will get Ms Pearce to go through the numbers. I think we spoke about it last time.

Ms Pearce—The budget, as we mentioned last time, I think, in relation to a couple of the questions that we have previously answered, is around \$20 million.

Senator CARR—The budget for the forthcoming year is \$20 million?

Ms Pearce—This current year—this year.

Senator CARR—To the end of the financial year?

Ms Pearce—Yes.

Senator CARR—How much of the \$20 million have you spent?

Ms Pearce—Roughly \$16 million.

Senator CARR—So there is another \$4 million to spend between now and June?

Ms Pearce—That is right.

Senator CARR—What will that be spent on?

Ms Mitchell—The only campaign we have is the Skills for the Future campaign.

Ms Paul—We mentioned it last time. This will be spent on the third wave or tranche of that campaign.

Ms Pearce—Could I just say that no decision has been made about that third wave, but that is what the allocation was for.

Senator CARR—When will a decision be made on that third wave?

Ms Pearce—I do not know, but I would imagine it would be fairly soon.

Senator CARR—Is there a program being prepared to spend the \$4 million?

Ms Mitchell—The minister is currently considering options for the third wave of advertising.

Senator CARR—What is the form of that work? Is it TV advertisements?

Ms Mitchell—Yes. That is right.

Senator CARR—Is this the one the minister referred to in the parliament, about responding to the AEU?

Ms Mitchell—No. This is the Skills for the Future campaign which commenced in October last year.

Ms Pearce—Covering Australian Apprenticeships and careers.

Senator CARR—Thank you. So it is not for schools as such, though?

Ms Pearce—No.

Ms Paul—It goes into schools, potentially. We might have covered this last time. There are three components to the campaign—the Australian technical colleges, the skills measures and the Career Advice Australia measures. Of course, the tech colleges do touch on the schools area. All three areas have been promoted so far in the first waves of the campaign.

Senator CARR—This campaign is simply a continuation of that material that has previously been published?

Ms Paul—Correct.

Senator CARR—Are there any other campaigns proposed at this time—

Ms Paul—No.

Senator CARR—for the rest of the period between now and Christmas?

Ms Paul—No.

Senator CARR—Has there been a budget allocation for additional advertising?

Ms Paul—No, there has not.

Senator CARR—So there would need to be a new appropriation if advertisements were to be placed?

Ms Paul—If there were to be ads placed in some media that were of a different nature to the third wave of this campaign, yes, of course, there would need to be some funds sought.

Senator CARR—Can the \$4 million that is available for the skills campaign be transferred to any other campaign?

Ms Paul—Well, the purposes of the campaign are clear; they cover the three areas which I have outlined. So the expenditure for the third wave would need to fit into those purposes.

Senator CARR—So why can't it be transferred to another aspect of education activity?

Ms Paul—It already covers the aspects which I outlined. It is a normal answer to a question about an appropriation. In other words, if it is within that outcome and it is to meet the purposes as stated, then it has to be within those parameters in the normal way.

Senator CARR—True. Are schools within that outcome?

Ms Paul—Yes. Schools are covered by the parameters of the campaign insofar as it has been covering Career Advice Australia and technical colleges.

Senator CARR—Yes, I understand that. What I would like to know is, given that the minister has indicated in the House of Representatives that she is considering another round of advertisements in response to the Australian Education Union, could this money be transferred to that purpose?

Ms Paul—Could this money be used for something which is beyond it?

Mr Storen—There are a number of funding elements to the \$20 million campaign. The largest funding element is \$15 million, which was provided in departmental expenses. Departmental appropriation is appropriated at the departmental level, so it covers all three outcomes of the department. So that element of the funding can be used within the broad purposes of all the department's outcomes. The other elements come from specific parts of the department's appropriation framework and have to be used within those purposes, which are around the careers transitions elements, which include schools training, and around some of the apprenticeship elements. So the \$15 million is across the department.

Senator CARR—Yes. But there is only \$4 million left?

Mr Storen—That is correct.

Ms Paul—As I think Ms Mitchell said, Minister Robb is currently considering what options there might be to finish off the wave of skills campaigning.

Senator CARR—I just want to be clear, though. If it is decided by the minister that she wants to see more public advertising which is decreed as transition from school to work or whatever but which just so happens to mention the government's view on the Australian Education Union, that would be within expenditure, wouldn't it?

Ms Paul—You are speculating now.

Senator CARR—I am. I am asking whether it is possible to transfer the remaining \$4 million of funding to cover the proposition that the minister herself canvassed in the House of Representatives.

Ms Paul—We really would have to repeat the answer that, technically, the nature of the funding is departmental. But we have also answered you on the realms of the work we are undertaking now with Minister Robb on the third wave of the skills campaign.

Senator CARR—My question, I guess, Ms Paul, is: is it legal to transfer it for another purpose?

Ms Paul—I think Mr Storen has probably answered that in terms of the nature of the funding.

Mr Storen—Yes. That is correct. As long as it is within the broad department's outcomes, the funding can be applied to a range of initiatives or a range of activities.

Senator CARR—But there are no proposals at this time to do that?

Ms Paul—We are not working on any campaign other than the one which we have described and described last time.

Senator CARR—You have indicated no other campaigns for the rest of the year. Are there any other budget allocations for advertising within the appropriation?

Mr Storen—There are no other allocations in the proposed appropriations for campaign advertising.

Senator CARR—Are there any moneys available for direct mail or other mail campaigns?

Ms Paul—No. I think the only funding is for what is generally termed non-campaign, which is the ads for tenders, that sort of business.

Senator CARR—So standard operations?

Ms Paul—Yes.

Senator CARR—Websites?

Ms Paul—No. Certainly there were no budget measures that went to websites, I do not think.

Mr Storen—No specific budget measures for websites themselves. However, in managing a number of the department's programs, particularly grant application programs, we would use a web front and web application arrangement.

Senator CARR—But that is a standard portal?

Ms Paul—Yes.

Mr Storen—A portal type thing. So there would be a number of those mixed in throughout our implementation arrangements, but no specific website.

Ms Paul—No specific allocation. Certainly we would expect, in implementing budget measures, to as much as possible have the interaction with whoever the customer is, if you like, or the recipient through a web portal.

Senator CARR—But that is normal departmental operations?

Ms Paul—Yes. That is right.

Senator CARR—It is quite clear what I am asking. What moneys are available for the government to be able to propagate its messages in the run-up to an election?

Ms Paul—We have just said that there are no specific measures in that regard.

Senator CARR—Are there any moneys available for market research?

Ms Mitchell—Apart from the context of the Skills for the Future campaign, no.

Senator CARR—Sorry, I am having trouble hearing.

Ms Mitchell—Apart from the market research being done in the context of the Skills for the Future campaign, no.

Senator CARR—Are there any other moneys available for public relations, media relations and consultancies of that type?

Ms Paul—Yes, of course, in the normal way we would use departmental and other funds for consultancies and so on, as we report to you on a regular basis.

Senator CARR—But there is no additional other than the standard departmental expenses?

Ms Paul—That is right.

Senator CARR—Thank you very much. Has Universal McCann been consulted by the department on possible advertising?

Ms Mitchell—We used them for the Skills for the Future campaign. Other than that, no.

Senator CARR—Has a campaign relating to schools funding been considered by the Ministerial Council on Government Communications?

Ms Paul—I do not think so. We have not taken anything, no.

Senator CARR—Has there been any market research conducted relating to schools funding or other issues related to public education or government funding for non-government education?

Ms Paul—No. Just the market research for the Skills for the Future campaign, as we have discussed.

Senator CARR—And there has been no creative work commissioned or market research work commissioned with regard to schools education?

Ms Paul—Towards a campaign, no. We did some preliminary work on the schools issues, but it has not proceeded so we are not working on anything in that area.

Senator CARR—When did you stop doing work in that area?

Ms Paul—April.

Senator CARR—April this year?

Ms Paul—Yes.

Senator CARR—What company was engaged with that?

Ms Pearce—The Campaign Palace.

Senator CARR—How much was spent on that?

Ms Pearce—We do not have any expenditure on that yet because we got them to do some preliminary work and the minister is still considering it. Nothing eventuated.

Senator CARR—Can you indicate what the nature of this preliminary work was?

Ms Pearce—I do not think I can. It really goes to the issue of advice to the minister at this point.

Senator CARR—Have there been any departmental staff assigned to deal with advertising material for schools?

Ms Paul—No.

Senator CARR—What was the total budget for market research in the last year?

Ms Mitchell—I can provide you with a figure for the Skills for the Future campaign, but apart from that, no.

Senator CARR—That is the only one?

Ms Mitchell—Yes, that is right.

Senator CARR—How much was that?

Ms Mitchell—It was \$463,000.

Senator CARR—Who undertook that work?

Ms Mitchell—Di Marzio.

Senator CARR—When was that work completed?

Ms Mitchell—It is ongoing because we are doing benchmarking and tracking of the Skills for the Future campaign.

Senator CARR—The total campaign budget for the department in the last financial year was \$15 million?

Ms Paul—No. I think we said that is what has been expended.

Senator CARR—Yes. That is what I am saying—that \$15 million has been expended?

Ms Paul—Sorry. I thought you said budgeted.

Senator CARR—And there is another \$4 million unspent, and that is the sum total of it?

Ms Paul—Yes.

Senator CARR—In all regards?

Ms Paul—Yes.

Senator CARR—Thank you. What are you spending on non-campaign advertising at the moment? That is your normal advertisements and the like.

Ms Paul—That is a good question.

Senator CARR—Do you know that?

Ms Pearce—I do not actually have that figure because we do not control it all centrally. But I can get that for you.

Ms Paul—Did you want us to take that on notice?

Senator CARR—If you could. I do not think it is particularly controversial. It has not been to date. With regard to TV and print advertising that has already occurred, are you able to tell me what the take-up rate has been for support for the mid-career apprenticeship vouchers?

Ms Paul—Could we do that when we get to the relevant group tomorrow?

Senator CARR—Sure.

Ms Paul—It looks like it will be National Training Directions Group, I think. Thank you.

Senator CARR—Thank you. Has the department undertaken any telephone polling?

Ms Paul—No.

Ms Pearce—Not to my knowledge. Certainly not through my area.

Senator CARR—Can you check that? Is it possible to check that, Ms Paul?

Ms Paul—I will.

Ms Pearce—I think we actually answered a parliamentary question on it. Just a moment—yes, E778-07. There was a question on the amount of money spent. We have no opinion polls conducted by the department, but we do run focus group market research.

Senator CARR—Sorry?

Ms Pearce—There are no opinion polls. In relation to part 1 of that question on notice, we have answered that no opinion polls were conducted by the department. We have run certain focus groups and market research to the extent of \$2,200,000. You will have that answer, No. E778.

Senator CARR—I understand that. It is just that I have an email here from a good citizen that says that on 25 January telephone canvassing was undertaken by a person claiming to act on behalf of DEST. It was a 15-minute survey which went to questions concerning drugs and bullying in schools; questions about possible compulsory subjects, curriculum issues; questions about civics and career advice, career guidance, job-finding skills; questions regarding the security of the environment, choice of a school; and questions on the distinction between teacher standards and principal standards.

Ms Paul—Yes. Although not all of those questions ring bells with me—we can confirm this, actually, when we get to the relevant group tomorrow. It was not undertaken by the department, but it was a piece of research on parental attitudes to schooling which the department commissioned. It is a repeat, pretty well, of research done in 2003 and it is on the web, I think, or it is about to be. We can go into more detail on it if you wish.

Senator CARR—Surely that would fit into the normal description of polling.

Ms Paul—No, it is qualitative research. It is on parental attitudes. Even if the recent one is not available, the 2003 one, which is still on the web, I am sure, is very clear.

Senator CARR—We will look at that tomorrow with schools. I have concerns regarding answers to questions on notice. How many are outstanding?

Ms Paul—None.

Senator CARR—None at all? Thank you for that.

Ms Paul—You are welcome.

Senator CARR—I have one here, though, that took me a year to get back.

Ms Paul—Did you? It is not that big financial one, is it?

Senator CARR—Yes. It is regarding funding identified as committed in the out years of the table. It is E414-07. My officers told me it arrived at the office at 7.35 pm on Monday, the 28th. The question was originally asked by Senator Wong at the budget estimates round in 2006. This is a detailed description of all DEST programs and associated information. Can you tell me why it did take a year to get back?

Ms Paul—I do not know that I can explain every month. However, we did say, at the estimates hearings before that, that that question requires us to get to the end of a financial year. So we did explain to Senator Wong in the first instance that we could not answer it in the normal context of a budget hearing; we needed to wait until the financial statements, which of course is October, and then put it together. I am sorry if you received it on Monday. I am not aware of the detail of that. Basically, it is something which is a very, very long piece, as I recall it, and complex. It requires you to wait basically to the end of a calendar year to start to bring it together. Then of course it would be quite complex to compile.

Senator CARR—I turn to question on notice E876, which is about DEST administered programs. I was interested to know about the committed funds in the forward estimates period. What is the methodology the department uses to calculate what funds are committed under the different program headings? Is there a common methodology used?

Mr Storen—The methodology we have used in that answer is consistent with the methodology we are required to report to in the annual financial statements. For legislated programs under the schools quadrennium or the Higher Education Act and so on, we call committed funds those that have been legislated by the parliament. For programs that come under annual appropriations, what we have used is approvals made under our regulation 10 register. Regulation 10 of the FMA relates to the authority of the department to enter into commitments where there is no future appropriation. Before an official can sign a commitment into a future appropriation, they need a regulation 10 approval. That is

centralised in the department, so we actually have a register of those approvals that we have been able to populate that table with.

Senator CARR—Let me just take one—the CGS, or Commonwealth Grants Scheme. There are no commitments beyond the current year. Do I assume that all moneys are available?

Mr Storen—That relates to the legislative nature of the Higher Education Support Act. One calendar year has been legislated through the parliament.

Senator CARR—Are you prevented from making commitments under the CGS beyond that first calendar year?

Ms Paul—Our hesitation here is that you are now drawing us into a discussion of some of the budget measures, particularly the change from one-year funding agreements with universities to three. You may well wish to discuss that, but we might do that under—

Senator CARR—It might be the case, but I am trying to establish the methodology that is used.

Ms Paul—Sure.

Senator CARR—It is obvious that, where you enter a three-year agreement, as opposed to annual funding, that is likely to occur.

Ms Paul—That is right. Of course, the legislation will back that up.

Senator CARR—The question remains: how much Commonwealth funding is uncommitted in terms of the redesign of programs? That is the issue.

Ms Paul—I do not know that I understand the issue, actually. How much Commonwealth—

Senator CARR—Funding is uncommitted. That is the whole point.

Mr Storen—That goes to the nature of the individual programs. The schools act appropriates four years worth of money in a quadrennium. Therefore, our methodology has said that four years—

Senator CARR—Or moneys committed.

Mr Storen—counting down is committed. As I understand the Higher Education Act and the funding agreements that we have entered into up until this stage, we are talking about 12-month or annual agreements.

Senator CARR—So if we take, for instance, the Higher Education Workplace Reform Program you committed funds in advance on that.

Mr Burmester—I think it is a combination of the legislation and the agreements. So in the school sector we have entered into four-year quadrennium agreements, which is supported by a quadrennium funding act. In the higher education act, I think it actually specifies three forward years of funding. But the actual agreements that universities sign are only annual agreements under the current arrangements. So I think that is why, when we look at the combination of legal encumbrance, if you like, on an appropriation you need the combination of the legislation and the funding agreement that goes with it.

Ms Paul—It is still in the forward estimates.

Mr Storen—But not necessarily counted as a commitment for a financial reporting purpose.

Senator CARR—So how do I know the difference?

Mr Storen—You have the budgeted forward estimate in the table.

Senator CARR—At a program level, I want to know how much of that money has been committed and how much has not. Your table is not clear to me in that regard.

Mr Burmester—I think the table actually has got a lot of unspecified assumptions in it, one of which is you cannot commit higher education funding, for example, if you do not have a forward agreement. If you only have a one-year agreement, then it is only committed in the year that you have an agreement.

Senator CARR—Sure. But that money has been appropriated.

Ms Paul—Yes. It is in the forward estimates.

Senator CARR—Yes. So it is available for use for other purposes.

Mr Burmester—No. It is available for the use that is specified in the act.

Senator CARR—Within the higher education act. There are other purposes within the act.

Mr Burmester—It goes to the provision of places in universities according to their discipline mix.

Ms Paul—I think we are talking about a technical issue to do with the interaction of the agreement with the legislation.

Senator CARR—Let us take capital development pool money. The table shows forward estimates of \$80 million for 2007 and \$71.5 million the next year and \$72.9 million for 2009-2010, which of course is the equivalent of the forward estimates. Is that the amount of money that is actually committed or is that the money that has been appropriated for capital purposes?

Ms Paul—Mr Cook is pointing out to me that we really need Mr Manns here. He will be here tomorrow morning in the higher education slot. We do forward commit capital development money several years in advance and so on. To unpack accurately for you how that works, we probably need him here.

Senator CARR—Have contracts been issued on all of that money?

Ms Paul—I think we need Mr Manns here to answer that.

Senator CARR—The truth is that it is not committed until a contract has been signed, isn't it?

Mr Burmester—Or the minister makes a determination to fund a particular project in a particular university.

Ms Paul—I think we can take you through it in as much detail as you wish, but I would like to have him here.

Senator CARR—All of these are in the science and research program, so you want to do that tomorrow. But all schools money is committed, is that what you are saying?

Mr Burmester—It is committed in that the act has appropriated it and each of the school authorities have entered four-year agreements with the Commonwealth government. So it is all committed on the terms of those agreements.

Mr Storen—To the end of the current legislative quadrennium, which is up to the end of the 2008 calendar year for schools.

Mr Burmester—That is right, yes.

Senator CARR—Are you able to provide me with advice on the levels of staffing at DEST for the period from 2006 through to 2004? Do you have that here with you?

Ms Paul—I do not have with me from 2004. Are you referring to a question on notice?

Senator CARR—No.

Ms Paul—You are asking if I have it with me?

Senator CARR—Yes.

Ms Paul—I do have 2,228 at 30 June 2005, 2,611 at 30 June 2006 and, as at 31 March 2007, 2,660.

Senator CARR—Are you able to take questions at this point about the operations of the Higher Education Endowment Fund?

Ms Paul—No. I would like to do that under the higher education area—either under Innovation and Research Systems Group, which is later today, or under higher education. I would probably recommend higher education, which is tomorrow morning, or later tonight, of course. But if you would like to do it earlier than later, we can do that today.

Senator CARR—No. It is of no difference. It is neither here nor there. It is a question of when the relevant officers are here. I thought it might be a cross-portfolio matter, but it does not matter. The FOI is a cross-portfolio matter, is it not?

Ms Paul—Yes.

Senator CARR—Can you advise me what progress has been made on an FOI request by the National Tertiary Education Union regarding conditions of funding under the HESA Act?

Ms Paul—I will hand to Mr Kriz in a minute. The NTEU applied for an FOI, which essentially—I do not have the words in front of me—goes to issues to do with the higher education workplace relations reforms. We are at a stage now where we are going through the normal process. We have estimated how many pages there are. Therefore, we have advised them of a possible fee. We have contacted them to invite a discussion about whether they wish to continue with the current scope or reduce the scope or whatever they would like.

Senator CARR—They made an FOI application for the Department of Employment and Workplace Relations and a similar application to the Department of Education, Science and Training in May this year. DEWR has advised the applicant, the NTEU in this case, that the cost would be \$351,764.80 and that there would be a postal bill of \$1,164.80. However, DEST has claimed that the cost of the application would only be \$103,000. Why is there is a

discrepancy between the two departments in terms of these extraordinary bills that are being sent to the applicant?

Ms Paul—Basically, it is based on the number of pages, because we use a formula which is given to us, I think, by AGS, but I will ask Mr Kriz to answer.

Senator CARR—Are DEST officers paid more than DEWR officers?

Ms Paul—It is just a standard formula. I will ask Mr Kriz to answer that.

Mr Kriz—The application by the National Tertiary Education Union was made on 16 April this year. You are quite correct. We are at the stage where we have sent a charges notice to the applicant to the tune of \$103,254.90. As the secretary has pointed out, it is worked out on the basis of the number of actual documents which are estimated to be within the scope of the request. We have applied a couple of things. One is the statutory charges, which apply and which have been in place since 1991 under the FOI regulations, which determine what the appropriate charge per hour of retrieval time and so on can be. There is also a document used widely in the Commonwealth, which was developed a number of years ago by DCITA and the Attorney-General's Department, to actually estimate costs. Applying those two aspects—the legislation and this methodology—to work out the costing, we have arrived at the amount that I have just mentioned. As to why there is a difference between us and DEWR, I can answer for our department. I would assume that the difference would be due in some part to the fact that there might be more documents in DEWR. There might be other differences as well, but I can give you details of the calculation in DEST, in our department.

Senator CARR—You have claimed a retrieval time of 847 hours. How did you calculate that it would take 847 hours?

Mr Kriz—It is an assessment made on the basis of how many files. There are 229 files, some estimated 29,770 pages and 2,748 documents. It is basically to actually retrieve those. Now some of those would be put away in archives. Some of them would be electronic. It is basically just the sheer task of actually going through it all. That is why, as the secretary mentioned, we have actually approached the applicant and suggested that they might consider narrowing the scope.

Senator CARR—Yes.

Mr Kriz—Which is what we always do in order to be helpful.

Senator CARR—Of course. Incredibly helpful. You have here a calculation of 4,423 hours for decision making.

Mr Kriz—Yes.

Senator CARR—I am just wondering how you reached that conclusion, Mr Kriz. Is there a formula that you have calculated that out on?

Mr Kriz—It is an assessment—

Ms Paul—It is a formula based on an assumption about how long it takes to read 29,000 pages.

Mr Kriz—This is based on the document I mentioned that was worked out by the Attorney-General's Department and the department of communications a number of years

ago, which is being used throughout the Commonwealth. For example, examining the relevant pages for decision making is five minutes per relevant page; exempted pages, five minutes extra per page; pages released with deletions, 10 minutes extra per page and so on. So it is basically calculating at this stage what a reasonable assessment would be. I might add, of course, that in terms of the actual size of the bill itself, this is worked out on costs which the Commonwealth has put in place in 1991 and has not changed since 1991. The actual cost to the department is many times more than that—indeed, more than six times more than that.

Senator CARR—It is just that, in my reading of the request, it did not actually require all of those documents. The letter explicitly excluded from the request draft or actual workplace agreements and certain other documents.

Mr Kriz—And they have been excluded from the calculation. One of the first things that we do in order to ensure that we comply with the request of any FOI applicant and that we do not waste the resources of the Commonwealth is to ensure that we are totally within the scope of the request. So those have definitely been excluded.

Senator CARR—Was there any consultation with the department of workplace relations, or was it just a coincidence that you replied on the same day?

Mr Kriz—We obviously found out from them and they found out from us that we had the same request, but there were no formal meetings.

Ms Paul—There is a statutory time, of course, so the coincidence may be explained by the fact that we are both required to reply.

Senator CARR—How did you assume it would take four hours to retrieve each file?

Mr Kriz—We did not assume it would take four hours to retrieve each file. We assumed that it would take 1.5 hours to search and retrieve the file. The reports in the newspaper, which attribute certain numbers to the union, just do not basically add up in so far as this department is concerned.

Senator CARR—So what was the nature of the discussions between DEST and DEWR on this matter?

Mr Kriz—I think I called them up and said: ‘Did you get a request as well? What is the story? How big is it? Ours looks to be huge in terms of the request.’ Indeed, in terms of actually providing a response, rather than there being any subterfuge or anything else behind it, it was to actually be helpful to the applicant so they know—given the fact that they have approached two arms of the Commonwealth government—what the full impact of the size of their request is, rather than thinking that that is all and getting something from another department later on. But there was nothing more than that—no comparison of documents, no formal meetings, nothing like that at all.

Senator CARR—You are saying that these are not draft documents? These are all original.

Mr Kriz—Everything that we are required under the Archives Act to keep on our files, either in paper or electronically, and which is within scope has been included.

Senator CARR—Have you had many other requests like this that you have to deal with?

Mr Kriz—We get a number of FOI requests each year, yes.

Senator CARR—But nothing quite as expensive as this exercise, surely.

Mr Kriz—We deal with what we get. Just because this happens to be wide in scope, that is nothing that we can control.

Senator CARR—So where does the situation stand at the moment?

Mr Kriz—Well, it stands as I have described. We have corresponded with the applicant, explained the charges and explained that there is an opportunity to redefine the terms of the request, to withdraw the request, to agree to pay the charges. It is up to the applicant to take the next step. That letter was sent out on 11 May, faxed, I think. Indeed, even before we faxed it, we phoned up the applicant and explained to them that this was coming and explained that these are the options that are available.

Senator CARR—They could see the joke, couldn't they?

Mr Kriz—I do not know what you mean.

Senator CARR—I think we are due for a break. What time is the break?

CHAIR—It is 6.30 pm.

Senator CARR—We will go on to the next section, then. I will take the others in the relevant sections, if that is all right. Thank you very much.

CHAIR—So you have finished with Cross portfolio?

Senator CARR—Yes, I have.

CHAIR—Thank you. In that case, we will move to the Science Group.

[5.41 pm]

CHAIR—This is outcome 5, Science, research and innovation. Senator Milne has some questions.

Senator MILNE—I would like to address the issue of radioactive waste management. I am a little confused as to the extent of responsibility that the department now has for this, given the legislation that passed last year, handing over control of radioactive waste to ANSTO. Can you clarify for me, since the changes brought about in the legislation, what you actually administer in terms of radioactive waste management.

Ms Paul—I will hand over to my colleagues to take you through where the legislation stands now.

Ms Borthwick—In essence, our responsibilities for radioactive waste remain what they were—that is, the management of the Radioactive Waste Management Facility project. As to the detail of what ANSTO is now responsible for, I understand it allows them to now accept waste back from overseas. But, if Mr Irwin or Mr Davoren has anything to add to that, I will ask them to respond.

Mr Davoren—I think you are referring to the changes to the ANSTO Act. There are a number of parts to those amendments. One of them was having ANSTO get the capacity to accept other agencies' waste on its site for treatment and conditioning. This was an important factor because with the Radioactive Waste Management Facility in the Northern Territory we did not want to duplicate ANSTO's radioactive waste treatment facilities, which are quite

extensive and expensive. That was one part of the amendments. It gave them that power. Previously, they could not do that. It also gives ANSTO the power to accept radioactive waste in the event of a radiological incident. One particular scenario was a terrorist incident involving radioactive material. As matters stood before the amendment, they did not have that capacity. It also gives ANSTO the capacity, should the government decide to give them this role, to operate the Commonwealth Radioactive Waste Management Facility in the Northern Territory. But the siting activities for that facility are the responsibility of DEST.

Senator MILNE—Thank you. I was just trying to understand how it is now split subsequent to that legislation. To go back to the siting issue, as you well know, there have been media reports this week about the Northern Land Council having nominated Muckaty Station as the waste dump and a \$12 million package having been negotiated. Was it your department that negotiated that package?

Ms Paul—Yes.

Senator MILNE—Would you like to just explain to the committee the background to that et cetera.

Ms Paul—Yes. It was a matter for DEST. I would be happy to take you through it.

Ms Borthwick—I will start. Yes, the department was responsible for that negotiation process. We have been in discussion with the NLC since January this year on the terms and conditions of that agreement.

Senator MILNE—You would be aware of the criticism that the consultation did not include all of the traditional owners. Do you want to comment on the brief that you got in terms of the consultation? What is your response to the criticism that the decision to put forward this site was done without consultation with all the traditional owners?

Ms Borthwick—My understanding is that that is not correct. Consultations did take place with the traditional owners. It is a complicated process, as you would appreciate, around these issues. There are some traditional owners who can speak for country—I think that is the expression used. The owners of that land were consulted fully and obviously have put forward that nomination.

Senator MILNE—So you stand by a statement that says that all of the traditional owners who can speak for country were consulted and did support this nomination proceeding?

Ms Borthwick—That is correct.

Mr Cook—I will just explain the process under the legislation, which relates to this facility. Where we are formally in the process is that the nomination has been proposed to the minister. The minister has a formal requirement under the act to be satisfied that in fact the consultation has taken place. The minister has not yet formed a formal view about that.

Ms Paul—In other words, the nature of the nomination is not just our assurance that we believe we have talked with the right people. Part of the consideration for the minister as to whether she accepts it as a nomination is that the nomination will spell out the anthropological and other proofs, if you like, and evidence et cetera that the traditional owners are the traditional owners of the land in question.

Ms Borthwick—So we in fact have not yet received the formal nomination from the committee.

Senator MILNE—From the Northern Land Council?

Ms Borthwick—Yes.

Senator MILNE—So all that we have had to date is an indication from the Northern Land Council that it is their intention to nominate? The documentation for the nomination has not yet been received?

Ms Borthwick—That is correct. It has not been received in the department.

Senator MILNE—As yet?

Ms Paul—They will send it to the minister. So it will first be received by the minister. Then it will be received by us.

Senator MILNE—Are you aware whether the minister has received that formal documentation to date?

Ms Paul—I am not aware.

Ms Borthwick—I am not aware either. None of the officials are aware of that.

Senator MILNE—Because I have other questions, I thought Senator Crossin might want to speak on this same subject.

CHAIR—They are all of your questions on that subject?

Senator MILNE—I might come back to them.

Senator CROSSIN—I have plenty of questions about Muckaty. Do you want me to pick it up and keep going?

Senator MILNE—Yes. That is what I am saying. If we can just do Muckaty—

CHAIR—Provided that you are not both asking the same questions.

Senator MILNE—No. That is why I am suggesting we do it collaboratively.

Senator CROSSIN—I would hope not after all these years! I want to go back to what you said, Ms Borthwick. You have actually been in discussions with the NLC about the compensation package since January. Is that correct?

Ms Borthwick—That is correct.

Senator CROSSIN—Why weren't we informed of that in the February estimates?

Ms Borthwick—I believe that when we spoke in February that question was not actually put. We were still at that time, as I think you may recall, working under the confidentiality provisions that the Northern Land Council asked us to use.

Senator CROSSIN—So I just asked the wrong questions.

Ms Paul—We would not have gone very far with them at this stage on these matters. You will recall their request for confidentiality. We were in quite a beginning stage. We said that. I do not think we have ever tried to pull the wool, for want of a better phrase.

Senator CROSSIN—You and I know that was your position. Those of us in the public arena and in the Northern Territory strongly object to that. And certainly other Indigenous people have objected to that. So who would have undertaken those consultations with the NLC?

Ms Borthwick—Which consultations in particular?

Senator CROSSIN—Since January, who has been consulting with the NLC about this compensation package?

Ms Borthwick—Well, I certainly have. In fact, Mr Irwin has and so has Mr Davoren. The three of us have been involved in those discussions and negotiations.

Senator CROSSIN—Has that been by letters, emails, visits or trips?

Ms Borthwick—A combination of all of those things.

Senator CROSSIN—So how many times have you been in the Territory meeting with the NLC about this?

Ms Borthwick—The department would have been, I think, on three occasions to the Northern Territory and met on one occasion here in Canberra.

Senator CROSSIN—And have any of you travelled to Muckaty Station?

Ms Borthwick—Yes.

Senator CROSSIN—Who went there and when?

Ms Borthwick—I have been there and so has Mr Davoren.

Senator CROSSIN—When did you go?

Ms Borthwick—I went in May last year.

Senator CROSSIN—In May last year?

Ms Borthwick—Yes.

Senator CROSSIN—You have not been since?

Ms Borthwick—I have not been since. Mr Davoren has.

Mr Davoren—I have been there on 8 February and 9 May.

Senator CROSSIN—Who did you both meet with when you were at Muckaty Station?

Mr Davoren—We met with the traditional owners, the estate clans of Muckaty Station.

Senator CROSSIN—Who were they? Which people exactly did you meet with?

Mr Davoren—We met with representatives of the Ngapa, Ngarrka and Yapa Yapa clans.

Senator CROSSIN—Do you remember the names of people that you met with?

Mr Davoren—Yes, I do.

Senator CROSSIN—Can you provide those to this committee?

Mr Davoren—Yes, I can.

Senator CROSSIN—Thank you. What is the process now and the time line for ensuring that there has been proper consultation once the minister receives this formal nomination? Who will be responsible for this?

Ms Borthwick—Well, the minister needs to receive the documentation and assure herself that the consultations have been followed properly. It will then be her decision whether or not she accepts the nomination. What was the second part of the question?

Senator CROSSIN—How will the minister satisfy herself that the consultations have occurred properly, given that, I assume, you will be looking for the consultation process under the Land Rights Act—

Ms Borthwick—Correct.

Senator CROSSIN—which actually comes under the jurisdiction of Minister Brough?

Ms Borthwick—We would also seek the views of the Office of Indigenous Policy Coordination.

Senator CROSSIN—What do you look at—minutes of meetings, statutory declarations?

Ms Borthwick—I have not seen the documentation but I understand—Mr Davoren probably has greater detail on this than I do—that there is extensive documentation provided as part of the nomination process, which sets out things like the genealogy of the relevant traditional owners and who has indeed agreed to the nomination.

Senator CROSSIN—So you will be looking for anthropological evidence?

Ms Borthwick—That is correct.

Senator CROSSIN—Is it such that the decision will need to stand up in court if it is tested?

Mr Davoren—I imagine that it would.

Senator CROSSIN—Are you aware of a press release that has been released by the Gundjeihmi Aboriginal Association, either yesterday or today, in relation to the Mirrar people at Jabiluka in Jabiru? The reason I raise this is that I understand the Northern Land Council have been in discussions with Rio Tinto about the mining of Jabiluka. The traditional owners have put out a public statement in the last 24 hours to say that the Northern Land Council were not authorised by them to do this and have not done this properly or with their authority.

Mr Davoren—To do what?

Senator CROSSIN—I am raising it because there is an accusation by the traditional owners at Jabiluka that the Northern Land Council are actually operating without authorisation and without properly consulting traditional owners at Jabiru. You may well say to me, ‘That is Jabiru; that is not Muckaty.’ I am raising it to ask: in coming to some satisfaction that the NLC have acted properly and accordingly, will the minister take into account public statements such as this raised by the Mirrar people today that claim that the NLC have not acted properly in consulting them when it comes to discussions with Rio Tinto?

Ms Paul—I think the minister can take a broad consideration, but in particular she will need to satisfy herself about the technical evidence, particularly the anthropological genealogical evidence, as presented under the relevant acts. That is fundamental, of course.

Ms Borthwick—I am not aware of that press release.

Senator CROSSIN—I think it would be useful if DEST made themselves aware of the press release because it goes to the nature and the performance and the lack of confidence that some traditional owners have in the Northern Land Council. I think it is a piece of evidence that ought to be put before the minister when she is considering this. I say that only because I am assuming the Northern Land Council will be the people who will provide this nomination to the minister, acting on behalf of the TO. If you want to satisfy yourself they are doing it properly and accordingly under the act, I think you need to have a look at their behaviour and their performance in other parts of the territory.

Ms Paul—Thanks for drawing our attention to it.

Senator CROSSIN—Is there any legal responsibility to take the NLC's nomination at anything more than face value? Will you be examining the authenticity of that nomination?

Mr Davoren—I think the requirements under the act are pretty clear. We have to have evidence that the land council consulted with the traditional Aboriginal owners of the land, that the traditional owners understand the nature and effect of the proposed nomination and what might be done on the land following that nomination, that the traditional owners as a group have consented to the nomination in accordance with the Aboriginal Land Rights Act, and that any Aboriginal community or group that may be affected by the proposed nomination has been consulted and has had adequate opportunity to express its views to the land council.

Senator CROSSIN—But the threshold matter there is that you will first satisfy yourself that the traditional owners are in fact the traditional owners? Is that the threshold issue?

Mr Davoren—Well, the anthropological report will bear acutely on exactly that point.

Senator CROSSIN—When, under the act, you mention affected people, would that mean other families and the Central Land Council?

Mr Davoren—It would mean other families. Some of those families have a presence both in the Northern Land Council and the Central Land Council jurisdictions.

Senator CROSSIN—I am assuming you are planning further meetings in the Northern Territory?

Mr Davoren—Yes.

Senator CROSSIN—Is that with the Northern Land Council now?

Ms Borthwick—We will probably have further discussions with the Northern Land Council, but more broadly we will have community meetings to explain where we go to now with the project.

Senator CROSSIN—Are you planning to meet with affected families who would be opposed to this nomination?

Mr Davoren—We have already met with them and put the proposal to them. In fact, the position of the Yapa Yapa and Ngarrka groups was not that they were, as a group, opposed. They just did not reach a position one way or the other.

Senator CROSSIN—Nevertheless, are there still plans to meet with groups who may still be opposed to this nomination who have an interest in that land?

Mr Davoren—Well, we are certainly ready to provide information to any group that requests it.

Ms Borthwick—We would have a meeting and it would be an open meeting. Whoever wants to attend those meetings would be welcome to.

Senator CROSSIN—I am assuming, then, that the traditional owners were consulted about the casks that will be arriving back from France and Scotland and will be stored at this site?

Mr Davoren—They were.

Senator CROSSIN—All of them were informed of that?

Mr Davoren—The people who attended the meetings were. There was a range of meetings. There were about three meetings, that I have attended, at the site.

Senator CROSSIN—At Muckaty?

Mr Davoren—Yes.

Senator CROSSIN—I want to ask about the compensation package. Is there a legal contract for the compensation package for the traditional owners if the site is used, or are the details of that still to be negotiated?

Ms Borthwick—We have a deed of agreement which has not yet been signed.

Senator CROSSIN—Is that able to be provided to this committee?

Ms Borthwick—I would have to take that on advice.

Senator CROSSIN—A deed of agreement is not necessarily, then, a legal contract? Is it like a memorandum of understanding?

Mr Davoren—It is a legal contract, as I understand it.

Senator CROSSIN—Can you tell me whether there are any provisions for removing the intermediate waste within 200 years or renegotiating the terms of the land surrender if the casks remain there permanently?

Mr Davoren—I do not think it is the intention that those casks will remain there permanently. I think the broad intention is that a process will start for those casks to be disposed of at another site within the life of the low-level facility at Muckaty or wherever the facility is sited.

Senator CROSSIN—What is the proposed life of the low-level facility, then?

Mr Davoren—It could be 50 years operationally. As you know, it has an institutional control period, when it must remain under Commonwealth control. That can be set at either 200 or 300 years. That has not been resolved yet.

Senator CROSSIN—That is what my question goes to. I can safely say that none of these people will live for 200 or 300 years. Are there provisions in this deed of agreement for renegotiating the terms of the land, or will this agreement last for 200 or 300 years?

Mr Davoren—I think the latter.

Senator CROSSIN—So you sign on it now for hundreds of years?

Mr Davoren—That is the basis of the agreement.

Ms Paul—I am sure, as in any legal agreement, that some time in the future—

Senator CROSSIN—It will not be every 50 years? There is no clause like that planned for this?

Mr Davoren—No. There is no such clause.

Ms Paul—It requires clarity. I think it is very important, but no doubt, as in any agreement, either party can seek consideration at any time. But I think it is important to have the clarity at the time.

Senator CROSSIN—Is there an allocation in your budget or the forward projections for this \$12 million package, or is it bundled up into that total amount for the waste facility?

Mr Irwin—That money was separately set aside by cabinet for the purpose of this negotiation.

Senator CROSSIN—Is it in your PBS? I am sorry, but I do not have a copy with it.

Mr Irwin—No.

Ms Borthwick—It is not.

Senator CROSSIN—Would I find that \$12 million in any PBS?

Ms Paul—I think it was in the minister for finance's contingency.

Senator CROSSIN—Is it in Finance and Administration's allocation?

Ms Paul—I think so. It was in the contingency fund. We could give you the technical details, if you wish.

Senator CROSSIN—Thank you. If you could take that on notice, it would be good.

Ms Paul—Certainly.

Senator CROSSIN—Is there any provision for the employment of these clan members in the construction or operation of the facility?

Ms Borthwick—The deed goes to issues of encouraging employment opportunities.

Senator CROSSIN—Is it not mandatory?

Ms Borthwick—I do not recall that detail.

Senator CROSSIN—What employment opportunities would there be for people during construction? What would there be after construction?

Ms Borthwick—Again, I think we may have addressed this earlier. There will be some opportunities for employment. Again, Mr Davoren is more familiar with what they are—maintaining security on the facility and things like that.

Mr Davoren—It is envisaged that it will be a 24-hour guarded facility. It will require a reasonable security detachment there. It could be six or eight people.

Senator CROSSIN—That has gone up since the last time we talked about this. We talked about one or two once upon a time, and maybe cameras.

Mr Davoren—Now it is consistent, you might have two people at any one time. You might have someone at home or someone on leave. We have experience with these arrangements with the guarding of sites like Maralinga. It is exactly the same.

Ms Paul—We should say, of course, that our discussion now is presuming that (a) the minister accepts the nomination and (b) after all the—

Senator CROSSIN—I understand that. I am predicating all these questions. I am very clear about all that.

Mr Irwin—I would also add that the precise nature of the security at the site would need to be subject to regulatory approvals from the Australian Safeguards and Non-Proliferation Office, given the nature of the material. Obviously, whilst we would have some idea of what might be entailed, that would need to be worked through in much more detail. We would need to follow the direction of those sorts of authorities at the end of the day.

Senator CROSSIN—I understand that. I have had a discussion with those people about it. Would you envisage, perhaps, employment of some Indigenous people as security guards in the future?

Mr Davoren—Yes.

Senator CROSSIN—Some of those six or eight?

Mr Davoren—Yes.

Senator CROSSIN—Now the compensation package—so that I can get this straight—is \$11 million to be paid into a trust fund and a further \$1 million for education and training opportunities; is that correct?

Ms Borthwick—Yes, that is correct.

Senator CROSSIN—Who actually arrived at that figure? How was it approved?

Ms Borthwick—It was arrived at through negotiation. It was approved by our minister.

Senator CROSSIN—So what is envisaged—that you would actually pay this \$12 million on signing upfront, or is it \$1 million every 10 years? How would it work?

Ms Borthwick—Our expectation is that it would be a phased payment.

Senator CROSSIN—How much and over what period of time?

Ms Borthwick—Again, some of this goes to the detail of the agreement, which has not yet been signed.

Senator CROSSIN—So you have decided on the amount but you have not decided how it is going to be paid?

Ms Borthwick—We certainly have that in the draft. As I said, we would prefer to seek the agreement of both the NLC and the minister before we make some of the detail available.

Ms Paul—In other words, some of these elements are still in negotiation.

Senator CROSSIN—So you want to put it to bed before you make it public—is that what you are saying?

Ms Paul—In case it changes, obviously.

Senator CROSSIN—I see. So over the life of the dump—over 200 or 300 years—it will stay at \$12 million?

Ms Borthwick—Correct. That would be the terms of the agreement as it currently stands, yes.

Senator CROSSIN—Who will administer the payment?

Ms Borthwick—That will be undertaken by the department, unless Mr Davoren has different advice.

Mr Davoren—The department will administer that. Speaking broadly about the schedule of payments, the last payment will be made when we get the operating licence for the facility.

Senator CROSSIN—So it is not envisaged that you would make this payment to the land trust or the Northern Land Council; you will hold this money for these Indigenous people—is that right?

Mr Davoren—No; they are phased payments. Those phased payments would commence upon acceptance of a nomination.

Ms Borthwick—It would go into the trust to be managed by—

Senator CROSSIN—When I talk about administering the payments, I do not mean at your end; I mean at the other end.

Ms Borthwick—No; at the other end, it would be administered by the trust.

Senator CROSSIN—You will put it into the Muckaty Land Trust?

Mr Davoren—Into the charitable trust.

Senator CROSSIN—Which will be a new trust that will be set up?

Mr Davoren—That is right.

Senator CROSSIN—The signatories will be just the traditional owners?

Ms Borthwick—Again, that is detail on which I would like to seek agreement to make available to you.

Senator CROSSIN—Will the NLC be signatories to this trust?

Ms Borthwick—As I said, I would prefer to take some of the details on notice and get back to you once we have cleared that with the advice.

Senator CROSSIN—Is it the government's preference that the NLC be signatories to the trust, or is it your preference that it just be the traditional owners?

Ms Paul—The government has not expressed a preference.

Ms Borthwick—It is our preference that the trust is managed appropriately. We have a model in this with the arrangement that we had with the Maralinga Tjarutja people and the Piling Trust in South Australia. We would envisage a similar sort of arrangement to apply here.

Senator CROSSIN—What is the trust in South Australia you are talking about?

Ms Borthwick—The Piling Trust.

Mr Davoren—It is the Maralinga Piling Trust. It is the trust set up to take the money that was provided to Maralinga Tjarutja in 1995.

Senator CROSSIN—And the details of that are publicly available?

Mr Davoren—Yes, they are.

Senator CROSSIN—I have a bit more about the access road and the railway road, if that is all right.

Senator MILNE—I have another one on that, but go ahead.

Senator CROSSIN—So the package also includes benefits to the clans whose land would be transiting in accessing the road? Are we talking about the offshoot from the Stuart Highway?

Ms Borthwick—Yes. That is correct.

Senator CROSSIN—And the consent of these people for the nomination will need to be obtained?

Mr Davoren—They have agreed at meetings to give that consent. One of the groups is actually the group that is nominating the site.

Senator CROSSIN—I realise that is part of the land.

Mr Davoren—It is the Milwayijarra and Ngapa clans.

Senator CROSSIN—Yes. I understand that. So that will be part of the application as well, will it?

Mr Davoren—Yes.

Senator CROSSIN—I see. Will there be a road corridor or an offshoot of the railway line?

Mr Davoren—It is a road corridor from the Stuart Highway to the nominated site.

Senator CROSSIN—How do you plan to truck the waste? Let us say that it has to go to Muckaty at the end of the day. How do you plan to get the waste there? Is it by rail, road or a mixture of both?

Mr Davoren—We do not have access. Consent was not agreed by the Ngarrka or Yapa Yapa clans, so we do not at this stage have access to the siding along that road. We have not received that consent, but there are options to access other sidings in the region. I think it is

fair to say that the preferred approach to transport that we are getting from our consultant is road.

Senator CROSSIN—Does the \$12 million include fixing up the road from the Stuart Highway to the station, or will that be an additional amount that is found by the government?

Mr Davoren—It is a brand new road, so we will have to reach agreement with the current lessees of that road, OM Holdings, about the maintenance of that road. The money involved in that is not included in the \$12 million amount. That would be additional.

Senator CROSSIN—That is good news at least. Are there any benefits on offer to the people whose land the access road goes through? Will they be part of this \$12 million deed of agreement?

Mr Davoren—Yes.

Senator CROSSIN—So both sets of traditional owners will need to share in this \$12 million?

Mr Davoren—There is \$1 million for each of those estate groups.

Senator CROSSIN—\$1 million for each of those estate groups.

Mr Davoren—In the \$11 million, yes.

Senator CROSSIN—So those two estate groups—

Mr Davoren—Yes.

Senator CROSSIN—get \$1 million out of the \$12 million?

Mr Davoren—Out of the \$11 million.

Senator CROSSIN—And \$9 million will be paid into the charitable trust. Is that right?

Mr Davoren—No. \$11 million will be paid into the charitable trust, which will represent the interests of the two groups.

Ms Borthwick—So \$9 million is essentially for traditional owners on this site and \$2 million for the traditional owners.

Senator CROSSIN—Of the access road, I see.

Senator MILNE—The minister will have to satisfy herself in relation to the consultation that the traditional owners have been informed of the nature of what is to go on on the land. What have they actually been specifically told about the nature of the facility?

Ms Borthwick—I will ask Mr Davoren, who has actually taken part in those discussions in more detail than I have. We have been to speak to the traditional owners. They have also made trips to Lucas Heights and been advised by ANSTO. So they have had a full briefing on what the site implies for them.

Senator MILNE—I want to know what they have been specifically told this waste dump will receive and what size it will be. What is it for and for how long?

Ms Paul—They have been told all of those details, including the nature of the waste, lab coats, exit signs and that sort of thing. They have been extensively briefed in person and

otherwise, including at ANSTO, on exactly the nature of the waste and all the processes around it. But Mr Davoren may want to go into more detail, if you wish.

Ms Borthwick—And the size of the facility and so on.

Mr Davoren—They have been briefed on the two facility concepts—that is, either to store all waste above ground or, more likely, to have a near-surface disposal facility for low-level waste and an above ground storage facility for intermediate-level waste. As the secretary said, they have been to ANSTO. They have inspected the actual waste that will go from ANSTO to the facility. They have had briefings on radiation and the capacity to measure radioactive materials. They have had a look around the ANSTO facility at all of the wastes that could end up at Muckaty Station.

Senator MILNE—If the facility were to be changed to a high-level waste dump, would the current agreement be automatically null and void, or is there a provision to renegotiate to change the nature of the waste facility?

Mr Davoren—There does not have to be because under the Commonwealth Radioactive Waste Management Act the facility cannot accept high-level radioactive waste. The site would not be the sort of site you would look at for a high-level waste disposal facility.

Ms Paul—So the legislation precludes the Northern Territory site being used for high-level waste.

Senator MILNE—At this moment in time. All legislation can be changed at any time, as we well know by the four bits that went through last year. My point here is that they have signed up to something for a \$12 million compensation claim over 300 years, which is not a lot over the period, but we will not go there. My concern here is what they have signed up for is what they may not get over the long term. I want to be assured that if there is any attempt to change the nature of the waste, the agreement becomes null and void.

Ms Paul—Every assurance can be offered because this legislation and what can be provided for on this potential site, of any of the sites in the Northern Territory, is of course also governed by international legislation and so on. So basically there is no way that this site would ever be able to be renegotiated, if you like, or changed to a high-level site. But my colleagues might go into more detail, if you wish.

Senator MILNE—That is an assurance you give me. But is it actually in the document that the deed of agreement, or whatever you are calling it, becomes null and void in the event that there is a change to the nature of the waste being stored?

Ms Paul—I think that is covered off through the way the legislation falls, but perhaps my colleagues could go into the detail.

Mr Davoren—There is not. Both the NLC and the traditional owners were happy with the assurances provided under the act.

Senator MILNE—So there is no assurance to them on that. Thank you.

Ms Paul—We could offer an assurance. I would be more than happy to offer a further assurance. As we have said before, we have not yet gone into the details with you of the agreement. Indeed, we have not even received their nomination. I would be more than happy

to make more assurances based on what we have already taken them through, which goes to the status of this governing legislation and, of course, the full range of international and other standards which this facility must meet, which are extremely extensive.

Ms Borthwick—And the deed goes to the purpose of the site as it is currently articulated. So it can only speak to low-level and intermediate waste.

Ms Paul—Yes. We may be talking at cross-purposes, as I understand it.

Senator MILNE—I am not a lawyer; Senator Brandis is. I would like for it to be specific that it becomes null and void in the event the nature of the waste is changed.

Ms Paul—Usually with a contract, obviously the purposes which are spelt out in the contract can only be those purposes. You cannot then go outside those purposes. So I am happy, if you would like, to spell that out in a bit more detail on paper for you.

Senator MILNE—Thank you.

Senator CROSSIN—Have you got plans as to where you might store this deed once it is signed? If no-one is actually going to access it for 200 or 300 years, is it going to be held in the National Archives? We scratch around now looking for pieces of paper that were signed in 1900, so where is this deed going to be stored for longevity?

Mr Davoren—Well, this whole exercise, in terms of the record keeping for the facility, has prompted an examination of our ways of maintaining durable records over these long periods. I think we are conforming to all current practices in relation to setting up files that will not be destroyed and storing things on durable media. We are doing everything that we conceivably can to meet that objective.

Senator CROSSIN—Mr Davoren, I did want to actually explore with you the near-surface facility. That means it would be underground? Can you just help me here? Is it underground like—this is what I am picturing—an underground car park, where you would have a concrete area that you would go in under?

Mr Davoren—No. It is not like that.

Senator CROSSIN—It is just a big hole in the ground, is it?

Mr Davoren—No. It is not like that either. There are a range of designs. Near surface covers the whole gamut of low-level waste facilities from concrete vaults that are built above grade or quite heavily engineered lined concrete trenches that are below grade. The decision on what technology to apply depends on the hydrogeological conditions of the site. But, for the sites we are looking at, I think we would be looking at something that is below grade with a level of engineering that will ensure that the material cannot get out of that facility while it presents a possible hazard to people or the environment.

Senator CROSSIN—So where else in the world would I look to if I wanted to see something similar of this nature?

Mr Davoren—They all vary. There are facilities in France in very wet areas that are built above grade. They are quite heavily engineered. You go right to a facility in a very arid part of the world, such as South Africa, the South African desert, or the Nevada test site, where they are relatively unengineered trenches that the material is put in. It can be safely disposed of in

such facilities because of the aridity of the sites. So it will be a purpose-built facility depending on the hydrogeological conditions of the selected site.

Senator CROSSIN—You have said that many times. Can I ask: what analysis and assessment has been undertaken to date about the transport options for the corridors of movement of this waste?

Mr Davoren—Well, I think what we are looking at mainly is differential factors between the three sites. So our consultant has looked at options for getting material to the three sites which would prove the issues raised in getting material to those sites.

Senator CROSSIN—So Parsons Brinckerhoff are doing that as part of the exercise?

Mr Davoren—That is right.

Senator CROSSIN—What is the timeline and the mechanism for this work? Will they provide a recommendation about transport at the same time they provide a recommendation about the suitability of the sites?

Mr Davoren—Yes.

Ms Borthwick—As we said before, Parsons Brinckerhoff are not actually making recommendations as to which is the preferred site.

Senator CROSSIN—I know; we have been through this before. When they present their report, or whatever they are going to do, either one of the three or four or a comment about all three and then the minister will pick one—I do not think you have to be too silly to guess which one is going to get picked now despite what the report says—will that will also include recommendations about transport?

Mr Davoren—It will include an analysis of the issues raised in transport to the three or four sites.

Senator CROSSIN—What is the timeline now? What was actually the timeline for the current assessments now for the three sites we know of?

Mr Davoren—That report was due towards the end of March. The fieldwork was completed by then. The write-up has taken a little bit longer than we thought because of the need to do more work on the conceptual design for the facility. That is work that is being done by ANSTO. If the minister accepts the nomination, it will be delayed in that reporting time because we will then go back to Parsons Brinckerhoff and negotiate an extension to that contract, for which there is already some provision in our contract. They would report towards the end of the year.

Senator CROSSIN—ANSTO told us this morning they have not been involved yet?

Mr Davoren—They did not say that. I listened to the questions.

Ms Borthwick—They have been involved on a technical basis. I think that is what they were saying this morning.

Senator CROSSIN—That is not the impression I got when I listened to them this morning.

Mr Davoren—We have a \$1.3 million contract with them under which they provide scientific advice to us. ANSTO engineering are involved. ANSTO officers have actually been on the two southern defence sites. I imagine that they will also be visiting the northern site.

Senator CROSSIN—I see. So Parsons Brinckerhoff or DEST are actually asking ANSTO for structural engineering advice?

Mr Davoren—They are preparing a conceptual design, which Parsons Brinckerhoff will look at the cost of constructing at the three or four sites.

Senator CROSSIN—I see. When is that work expected to be done?

Mr Davoren—I think it is being done. We had a recent meeting with ANSTO on the site and with Parsons Brinckerhoff a few weeks ago.

Senator CROSSIN—When you say on the site—

Mr Davoren—At ANSTO.

Senator CROSSIN—How far does the nomination of Muckaty put behind this report now?

Mr Davoren—At least six months.

Senator CROSSIN—So they will not finish the three sites and hand that to the minister and then go back and do the fourth?

Mr Davoren—No. They will do a report comparing the four sites if the nomination is accepted.

Senator CROSSIN—So they are anticipating that once Muckaty is received and accepted, it will take another six months to go ahead and do the assessments of the Muckaty Station before a report is sent; is that correct?

Mr Davoren—Correct.

Ms Borthwick—They will go through the same process with Muckaty as they did with the other three defence sites.

Senator CROSSIN—And ANSTO will be involved in looking at Muckaty as well; is that correct?

Mr Davoren—They will be giving us some advice on the site. They have a specialist in low-level radioactive waste disposal who we get advice from.

Senator CROSSIN—So the assessment is actually not on schedule now? It has been put back and it will be put even further back if Muckaty is nominated?

Mr Davoren—It has slipped a few months, but it would be extended by six months, as we discussed.

Senator CROSSIN—So when the minister talked about delays due to another consultant on 18 May, was that consultant actually ANSTO?

Mr Davoren—Yes.

Ms Borthwick—Yes.

Senator CROSSIN—So you would class ANSTO as a consultant in this matter, would you?

Mr Davoren—Yes.

Ms Paul—It is a contract for service from them.

Senator CROSSIN—Is there still a plan to actually announce the preferred site? Let me get this timetable right. You announce the preferred site and then you actually commence the EIS process?

Ms Borthwick—That is right, yes.

Senator CROSSIN—At what stages does ARPANSA sign off on this? At the end of the EIS process?

Mr Davoren—No. I think you asked some questions in the environment committee about this. The environment officers indicated their expectation that there would be a joint process. Both the siting licence and the EIS would be a joint process.

Senator CROSSIN—That is right. Mr Davoren, you must watch me as closely as I watch you, I think. I had lunch with ANSTO officers today, so I might be one up on you. I know it is a joint process. The EIS process will go ahead and a recommendation will go to the minister. So does ARPANSA sign off on this at the end of the EIS process before it goes to the minister, or does the minister look at it and say, ‘Yes, tick, that satisfies me,’ and then ARPANSA says: ‘Right. That is the end of the process. We’ll now tick it off’?

Mr Davoren—It will be a process of the joint collection of data. There is some suggestion there will be joint public meetings. But at the end of it, the environment minister and the chief executive of ARPANSA will have to be satisfied that their requirements have been met.

Mr Irwin—I think it is important that they will independently have to come to a decision. Whilst the process will be run jointly, the legal requirements are that they would independently have to arrive at decisions in terms of their respective jurisdictions. It also needs to be noted that it is only the first stage of the ARPANSA processes that would be undertaken jointly. We would still then need to go through further processes covering the construction and operation licences.

Senator CROSSIN—Yes, I understand all that.

Mr Irwin—They also need to be obtained from ARPANZA.

Senator CROSSIN—I know that we are nearly at tea. I will put the rest of my questions on notice, but I do have to ask you one last thing. I think I have raised this at every estimates. Is there a plan by DEST to actually create some sort of flyer of basic information that will actually go in people’s letterboxes in either Katherine or Tennant Creek about all of this—about the timeline, what will be in this dump and what your role in all of this is—rather than relying on people looking at a website? People in Tennant Creek are still asking me for information about this. They just want to know from the government exactly what is going on. They just want to be informed about what is happening. I still cannot see that happening yet.

Mr Davoren—We have spoken to the Tennant Creek council.

Senator CROSSIN—I know that.

Mr Davoren—We have provided them with our information kits, which they have been distributing. There is the possibility soon of a public meeting in Tennant Creek.

Senator CROSSIN—I understand that. But that is quite different to actually getting a piece of paper in your letterbox that you can read at your leisure, think about and pick up again, that is all.

Ms Borthwick—I think now that we have reached the stage of the process where we have a nomination from the NLC, we will be able to increase our information and what we make available to people.

Ms Paul—We are in a better position now to be able to go out and talk with people. We are very happy to take that on board.

Senator CROSSIN—You said that last time.

Ms Paul—Yes. What Ms Borthwick said is right.

Senator CROSSIN—The more information people have, the fewer questions they have.

Ms Paul—That is very true.

Senator MILNE—What is the trigger for the first payment out of the \$12 million? What is the point at which the first tranche would be made?

Mr Davoren—Acceptance of the nomination.

Senator MILNE—Acceptance of the nomination, not approval of the site?

Mr Davoren—No.

Senator MILNE—So a whole lot of money could be paid and then the site not approved?

Ms Borthwick—Not a whole lot of money, no.

Senator MILNE—What part of the \$12 million would be paid prior to an approval being granted?

Ms Borthwick—Again, that goes to the detail of the agreement. We are happy to talk about that more once we have had a signed agreement with the NLC.

Senator MILNE—So why did you tell me not a whole lot of money? Pick a number between \$1 million and \$12 million?

Ms Paul—Because we need to protect Commonwealth funds, obviously. We are required to do that. So in our negotiating, while it seems reasonable to work in this phased manner, given that at this stage the nomination would have been accepted but not identified as a preferred site, you would expect the much lesser amount to be paid. But that is still a matter for finishing so we cannot go into that any further.

Proceedings suspended from 6.32 pm to 7.35 pm

CHAIR—We will open the committee again. The minister will be here in a moment. I will ask Senator Carr to start.

Senator CARR—I want to ask the officers about the operations of the Higher Education Endowment Fund.

Ms Paul—Does that mean you have no more questions for Science?

Senator CARR—No. I do not have any questions for Science.

Ms Paul—Fine.

CHAIR—We thank the Science people. We are now moving on to higher education.

Senator CARR—It is rare that I get that sort of reaction—everyone leaving.

CHAIR—We are now moving to the Innovation and Research Systems Group.

[7.36 pm]

Innovation and Research Systems Group

Senator CARR—Are we able, Ms Paul, to discuss the Higher Education Endowment Fund?

Ms Paul—Yes, we are.

Senator CARR—Thank you. Are the officers aware of the minister's statement that the higher education fund would eventually supersede the capital development pool? Is that an accurate report that appeared in the *Australian* on 16 May?

Dr Arthur—I have certainly seen those press reports. All I can say is that I am not aware of any government decision that has been made with regard to changing the funding arrangements for the capital development pool.

Senator CARR—This is a report by Catherine Armitage.

Dr Arthur—Yes.

Senator CARR—Are you saying that the minister has been misquoted?

Dr Arthur—I am not saying anything other than I have seen the report and I am not aware of any government decision that has been made. When I look at the report, I see it is cast in the future tense, so that is all I can really say.

Senator CARR—So when will the guidelines be developed as to the way in which funds from the Higher Education Endowment Fund will be expended?

Dr Arthur—As was made clear by the minister and I think the Treasurer in their initial statements on this, the expenditure of funds from the Higher Education Endowment Fund, when they become available, will be guided by an advisory board. The minister indicated that she would be seeking nominations for five members of that board. Two members will be appointed ex officio. The secretary, Ms Paul, has in fact written to key stakeholder agencies asking them to put forward nominations for membership of that board also in accordance with the process that the minister announced at the time of the release of the budget announcement on HEEF. There will be a chair and six members. Two of those six members will be the Chief Scientist from time to time and the secretary of the Department of Education, Science and Training from time to time.

Senator CARR—So the Chief Scientist, secretary plus five others?

Dr Arthur—Including the chair.

Senator CARR—Including the chair? So is that—

Dr Arthur—Seven in total.

Ms Lansdown—Seven.

Senator CARR—And how will those persons be appointed?

Dr Arthur—As I noted, the minister indicated that she would cause nominations to be brought forward from key stakeholder agencies. Ms Paul has now written to universities Australia, to the chancellors committee, to the Business-Industry-Higher Education Collaboration Council and to the National Academies Forum inviting them to put forward nominations. The minister then obviously will choose the members from those nominations.

Ms Paul—So they have been invited. My letter invites them to offer suggestions. It is not an invitation for a representative. It is an invitation to offer any number, really, of suggestions of people who they think would be suitable.

Senator CARR—And what is the timeline for a decision on the appointment of the board of this organisation?

Dr Arthur—There is not a fixed timeline. We have to wait for the organisations to write back and then provide advice to the minister. I would note in all of this that the timeline which we are dealing with takes into account the fact that funds cannot become available for expenditure under this fund at any time prior to, one would have thought, 1 July 2008 and may well be some time after that depending on when the people who are investing the funds are in a position to advise what funds would be available for expenditure.

Senator CARR—I take it there will be legislation to actually set up this organisation, will there?

Dr Arthur—Correct. We are working at the moment on the preparation of legislation and in consultation with other departments to settle drafting instructions. When those drafting instructions obviously have been through the Office of Parliamentary Counsel, they will be submitted to parliament.

Senator CARR—When do you anticipate that this matter will be presented to the parliament?

Dr Arthur—We would anticipate it to be in the spring sittings.

Senator CARR—What? Are we talking September here?

Dr Arthur—We are talking September, I would think. That, of course, is dependent, as you would be aware, of the question of drafter availability and the usual factors that can intervene in these processes.

Senator CARR—You have been given an assurance there will be September sittings, have you?

Dr Arthur—I have not been given any assurances on that whatsoever.

Senator CARR—Is it conceivable that the legislation will not have passed the parliament by the time the election has been called?

Dr Arthur—I can hardly speculate on the future. I can only advise what actions we are taking at the moment.

Senator CARR—I am saying that the legislation may not be available in September.

Ms Paul—We could not comment on that.

Senator CARR—Let us go back, then. The guidelines will be prepared for this organisation after the legislation is prepared?

Dr Arthur—The process, I would imagine, would be that the board will be appointed. The board will consult and obviously provide advice to the minister. I would expect that part of that advice would be a recommendation for a process of discussion and consultation with the sector so that when guidelines are indeed brought forward, they are brought forward following input from the sector itself. That is the normal process which this portfolio has adopted—there are not any directly parallel cases to this because it is a new initiative—in expenditure matters. Our normal practice is to consult widely, particularly with the higher education sector, on what should be contained in those guidelines. I expect that the legislation would contain a power for the minister to expend funds and the power for that minister to expend those funds under guidelines. So, in a technical sense, the guidelines are going to have to follow legislation because the legislation will be that which creates the power.

Senator CARR—The board cannot be appointed until the legislation has been passed either. Wouldn't that be the case?

Dr Arthur—That may well be so. However, it is perfectly possible for the minister to appoint a committee to provide advice to her on this issue well in advance of legislation. Certainly the advice from such a body could have no effect in terms of the actual expenditure of funds, but it would be perfectly open to the minister to set up a body which would in due course, when the legislation was passed, have a formal transformation into that advisory board.

Ms Paul—It is an advisory board, as the announcement said. It is advisory to the minister.

Senator CARR—Ms Paul, the minister has told the *Campus Review* that the legislation for HEEF will be very complex. Should I take it from that that there is a view that other pieces of legislation will have to be amended as well?

Dr Arthur—Yes. The decision, as you are aware, is that the investment will be managed by the Future Fund. That would involve both the Future Fund Board of Guardians and the Future Fund Management Agency. The functions of both those bodies are governed by the Future Fund acts. Our preliminary advice is that there would be a need to bring in legislation which would establish a Higher Education Endowment Fund act; presumably it would have some such name. But there would certainly be a need for consequential amendments to the Future Fund acts and there would be a need for some action in terms of the tax acts, in particular the schedule to the tax act, in order to achieve the tax deductible status of gifts to the fund. So, yes, the bill, you would imagine, will have some degree of complexity to it to achieve all of those things.

Senator CARR—You will need to amend the ARC legislation as well, won't you?

Dr Arthur—I do not think there will be any need to do that.

Senator CARR—Why is that?

Dr Arthur—The Future Funds, and presumably the Higher Education Endowment Fund, operate as special accounts. Money is expended on the authority of a minister—in this case, we assume the Minister for Education, Science and Training—from that appropriation. The ARC Act is a special appropriation providing annual sums of funds to be expended for specific purposes in the ARC acts. We do not at this moment envisage any need to amend the ARC Act.

Senator CARR—The HEEF act, for the purposes of this discussion, I presume will cover primarily research funding.

Dr Arthur—The great bulk of the act would be concerned, as the Future Fund Act is, with the investment of the funds. That is the nature of the Future Fund Act. The large part of any Higher Education Endowment Fund act would be mechanisms which would enable the investment of the funds. Certainly there will be objects specified in the act, as there are in the Future Fund Act, for which the funds are to be invested and for which they can be expended. At the moment we have statements from governments that the funds for which the proceeds from the investment could be expended are capital and research facilities.

Senator CARR—Yes. But the current proportion of funding in terms of the provision of capital is something like \$240 million for capital to \$460 million for research facilities.

Dr Arthur—I am not aware of what figures you are referring to.

Senator CARR—The minister's statement to the House of Representatives.

Dr Arthur—In which particular context? I apologise. I am not clear.

Senator CARR—It is question time of 9 May.

Dr Arthur—I am speculating that she was referring to—

Senator CARR—She said:

... the endowment fund is on top of what the Australian government already provides universities for capital works and research facilities. Last year alone the Australian government provided over \$240 million for capital and \$460 million for research facilities.

Dr Arthur—Well, that certainly is an accurate statement of the history. At this stage, I am not aware that any decision has been taken relating to the proportion of proceeds from the Future Fund or the Higher Education Endowment Fund which would be available for capital or for research facilities.

Senator CARR—And how much of that capital actually underpins research?

Ms Paul—She is probably referring, I should imagine, to the capital development pool.

Senator CARR—Which underpins research.

Dr Arthur—In universities you have a building where lecturing takes place and research takes place. It can be quite tricky trying to apportion expenditure.

Mr Walters—The guidelines which govern the capital development pool state that it is not a priority to have research facilities, so primarily that fund has always been used for non-research buildings.

Senator CARR—And you say that universities do not have research facilities within those buildings that are built under the capital development pool? Is that the proposition you are putting to me?

Ms Paul—They may well.

Mr Walters—I think there is not an absolute line between the two. But when we are looking at the applications which come in in the first instance for CDEP grants, research facilities are not among the priorities. Of course, the buildings have a very long lifetime, so what they end up being used for after a long period of time is another matter.

Ms Paul—I can imagine also, I would say, that some of the investment the government has made through the National Collaborative Research Infrastructure Strategy approach has to be housed in a building. There must be an interaction, logic would suggest.

Senator CARR—That is right.

Dr Arthur—The funding goes up under the performance based block funds for research under the Institutional Grants Scheme and the research infrastructure block grants. While not provided for capital purposes, it will certainly provide facilities which will be used primarily for research but also will be used for teaching and learning.

Senator CARR—That is right.

Dr Arthur—We certainly do not require universities, in their requital of expenditure to us, to go to any kind of artificial lengths.

Senator CARR—To distinguish between teaching and research. Has it ever been asked in that regard?

Dr Arthur—The view that has always been taken is that it would be too unreasonable to ask the universities to provide what in the end would be quite artificial accounting figures where buildings of their nature are multipurpose.

Senator CARR—Yes. In terms of the HESA act, what are you seeking to do?

Dr Arthur—We are not seeking to amend HESA through this process.

Senator CARR—Sorry?

Dr Arthur—We are not seeking to amend HESA.

Ms Paul—We will create a new bill.

Dr Arthur—The funds in HESA, again, are a special annual appropriation whereby they appropriate a certain amount of funds for a set purpose. The appropriation we are talking about is a quite different appropriation and does not require us particularly to amend HESA as we see it at the moment.

Senator CARR—You have said you will consult with the sector about the HEEF proposal. How wide will those consultations be?

Dr Arthur—I imagine they will be very wide.

Senator CARR—And do you expect that the decisions made under this legislation will be disallowable instruments?

Dr Arthur—I cannot speculate at the moment. We have not got to that particular point in our consideration.

Senator CARR—The purpose of the fund is not for recurrent expenditure, is it?

Dr Arthur—The purposes for which the funds will be available are capital and research facilities.

Senator CARR—Yes. But you cannot tell me what the proportions between those two will be.

Dr Arthur—No decision has been made.

Senator CARR—The statements made suggest that this fund will be there to encourage philanthropic investment.

Dr Arthur—Indeed.

Senator CARR—So there will be a provision in the legislation for taxable deductions, will there?

Dr Arthur—Yes.

Senator CARR—How will the fund be structured to manage money from different sources? You will have the initial \$5 billion allocation. There will be individual endowments. There will be corporate individual donations. Presumably, there will be other government contributions. How are you going to manage all those within one piece of legislation?

Dr Arthur—They are exactly the issues which we are examining at the moment. We are taking expert advice on what will be the best approach to ensure that the legislation will give effect to the government's policy intent.

Senator CARR—So how will there be a provision for the management of private funds within a public institution?

Dr Arthur—If I understand your question, there will be a provision for individuals—and indeed corporations—to make donations to the fund and for those donations to be tax deductible. It so happens that the universities themselves are entities to whom gifts are tax deductible so that any funds which are provided from the Future Fund account for university purposes are being provided for purposes which are in themselves tax deductible. So as long as the purposes for which the money is being expended remain within that broad description of being for university purposes, which I expect they will, there is reasonable flexibility—that is our advice—in the ability to manage a range of donations with a range of conditions placed on those donations within current tax law. In saying that, I hasten to add that I am not a tax lawyer and my comments are based on the advice we have received to date.

Senator CARR—I look forward to this discussion. It is going to be a real beauty. I want to be clear about this. Who will control the private donations that are made to this fund?

Dr Arthur—The policy intention, so far as we understand it, is that all investment decisions would be handled by the managing authorities of the Future Fund.

Senator CARR—That is the minister?

Dr Arthur—No.

Senator CARR—Let us be clear about this.

Dr Arthur—I am referring to the Future Fund as it is, not to the Higher Education Endowment Fund. I am assuming that the arrangements will be essentially the same. Under the Future Fund, the decisions on investments are made under quite tight specifications and legislation by the Future Fund Board of Guardians and the Future Fund Management Agency. The role of ministers in that case is quite restricted. In that case, with the Future Fund, the Treasurer and the Minister for Finance set investment benchmark expectations—that is, the level of return expected. But, beyond that, they do not have a role in the decision making on, as is up to public discussion recently, the bodies that are appointed by the Future Fund Management Agency to manage the specifics of the investment let alone the specifics of investment decisions.

Senator CARR—So the income earned from these private funds presumably will be treated like other income?

Dr Arthur—There is a question which we are seeking technical advice on at the moment. There are two separate questions. One is maintaining tax deductibility. That seems reasonably clear. There is the issue of what is the most efficient way to manage funds when, for example, a donation is made for a very specific purpose. Another example which has been canvassed in public statements to date is where a university decides to transfer some of its funds to the HEEF but wishes to maintain some control over its eventual purposes. We are looking at the moment for expert advice on what is the best operational way to achieve that.

Senator CARR—So it is conceivable that private benefactors may choose to direct funds to this fund. Do you anticipate that they would be able to ensure or have some say over the money being spent at particular universities or particular faculties or on particular projects?

Dr Arthur—I do not know about the word ‘faculties’, but I certainly know that the statements from government to date have envisaged those circumstances. Therefore, we are giving technical consideration as to how we can give effect to that policy intent.

Senator CARR—So we have a private philanthropic donor being able to direct where those funds go?

Dr Arthur—Yes.

Ms Paul—They are clearly within the objects of the legislation, so for the purposes which the government has laid out and which will be encompassed in the legislation and its attending instruments.

Dr Arthur—Indeed.

Senator CARR—So would you anticipate the minister being obliged to honour the wishes of the private donors when it comes to making decisions about the distribution of income?

Dr Arthur—It appears a reasonable deduction from the statement of policy intent that that would be true.

Senator CARR—You would expect that to happen?

Dr Arthur—Indeed. Only with regard to the actual funds that they had contributed. Clearly, the decisions on the expenditure of the government funds within HEEF are a matter for the minister on advice from the advisory board.

Senator CARR—I can understand why you used the word ‘complex’ then. It is realistically expected that this would be ready by September?

Dr Arthur—We are working on that timeframe.

Senator CARR—Do I take it that, given your comments about the HES Act—that is, no amendments—this fund has no implications for increased funding or any other capital research programs?

Ms Paul—It is all additional against those particular purposes, that is correct.

Senator CARR—So it has no implications for those—

Ms Paul—It is additional funding, that is correct.

Senator CARR—Of course, that legislation does not require its money to be spent in those areas, does it? It provides authorisation for money to be spent, but it does not commit governments to spend money?

Dr Arthur—We are referring to what legislation?

Senator CARR—HESA.

Dr Arthur—HESA?

Senator CARR—Yes.

Dr Arthur—I think that basically all government legislation spending provides a power to expend. It requires a decision of an authorised person—normally a minister—to then make those decisions. So there remains always in these things a discretion for the minister to expend.

Senator CARR—So do you expect that this legislation will also outline the means by which the government will regulate the kinds of arrangements that universities can enter into with private sector partners when it comes to obtaining matching funds to qualify for HEEF?

Dr Arthur—I would not have thought so.

Senator CARR—For instance, would it cover borrowings by universities?

Dr Arthur—I cannot see any reason why it would go to those issues. They are not matters which the legislation would have any need to cover.

Ms Paul—What the government says so far in the announcements on the budget is that universities which are able to offer some matching or some contribution towards the purpose they are seeking from the fund will be regarded positively. So that is not going to a requirement to match or anything more prescriptive. As Dr Arthur says, it would be unlikely that the fund would seek to deliver more complexity in that regard.

Senator CARR—So there will be a commitment for matching funds?

Ms Paul—No. What I just said was that the guidance has been that universities would be encouraged and regarded positively if they could also contribute towards the purposes for which they have applied, if you like, for funding. So, no, there is not a requirement to match.

Dr Arthur—I will add to that. The government has made clear two very straightforward policy intents. One is that the addition of the funds should increase the amount of philanthropic donations and increase the extent to which philanthropy is directed towards Australian universities but also that the funds should be used in a way which increase the excellence and create world-class institutions in Australia. The challenge in working through the guidelines, in consultation with the sector, will be to find precise ways of writing the guidelines so that they achieve both those policy objectives.

Senator CARR—Thank you very much. Do you anticipate that this legislation will go to the way in which funds should be distributed rather than state the bald proposition that the minister would seek advice from the board?

Dr Arthur—I would expect that, as this is a standing appropriation, the legislation will be quite general in terms of the expenditure. It will specify, as the Future Fund Act does, the objects for which the expenditure must be made but would not go much beyond that. However, that is a matter which is yet to be determined in terms of the precise policy authority, which would need to be sought when we get to formalising the drafting instructions.

Senator CARR—So what will the relationship be between the research quality framework and this fund?

Dr Arthur—In the first instance, there cannot be a relationship because the first money to become available to spend will be available as expenditure certainly before we have clear results from the research quality framework. Into the future, the research quality framework will provide a wealth of data on the areas of excellence in Australian research. That data will undoubtedly be available for the advisory processes in the future. It will be up to the advisory board and the minister to determine what use they make of that data.

Senator CARR—So as far as you are concerned, HEEF will have no other implications for university infrastructure programs?

Dr Arthur—I think the correct statement to make is that the decision has been made by government to create this fund as additional funds available for expenditure on university capital and university research. The current programs available which cover those purposes continue to the end of their current legislated life.

Senator CARR—So I presume, then, that the statement in the *Australian*, as I referred to before, made on 16 May is just wrong?

Dr Arthur—I have answered that question already.

Senator CARR—Dr Arthur, I want to be clear about this. The minister is reported as saying:

I have been concerned that we have in place a number of funds, each with different guidelines and numbers of criteria, and that universities have to put in lots of different applications ...

Over time I would like to see that streamlined ...

Dr Arthur—What you have there is a report of some observations of the minister. I am not in a position to in any way gloss those observations. I am only in a position to say that, in terms of current government decisions, a decision has been made to create the Higher Education Endowment Fund. There are pre-existing decisions which have the effect of legislation and are currently in the forward estimates providing for funding for the capital development pool and for the various research infrastructure funds that currently exist. No decisions have been taken to change any of the arrangements for the capital development pool and the research infrastructure funds that are managed by my group.

Ms Paul—She is not there talking about reductions at any rate; she is talking about streamlining. So she is still talking about additionality.

Senator CARR—The minister's press release on budget night stated that the board would take into consideration whether universities had been able to raise matching funds, for example, from state or territory governments, industry, alumni or members of the public.

Dr Arthur—That is correct.

Senator CARR—How will that be interpreted in the legislation?

Dr Arthur—Whether it appears in the legislation or whether it appears in guidelines is a matter to be determined. In broad terms, I think I have already answered that question by saying that the government has articulated a clear policy objective to attempt to increase the degree of philanthropy benefiting Australian universities. Precisely how we work out the relationship between decisions on providing funds and universities' records in raising philanthropic donations is a matter on which we will consult and on which we will provide, eventually through the advisory board, advice to the minister.

Senator CARR—Professor Sutton is quoted on the *Australian Financial Review* on 10 May as saying that Department of Education, Science and Training officials said it was not a requirement that a university must raise matching funds to get earnings from the endowment.

Ms Paul—That is what I just said before.

Senator CARR—Are you the official who gave that assurance, Ms Paul?

Ms Paul—I do not know. I certainly have spoken with Professor Sutton, but of course you would have to ask him which of us he was speaking about.

Senator CARR—Which one?

Ms Paul—I have just explained.

Dr Arthur—And I think it is perfectly clear that there is no contradiction between that statement and the press release.

Ms Paul—No. It is not a requirement, but it will be looked at positively. Yes, put those two things together and that is what it means.

Senator CARR—Dr Arthur, do you anticipate that there will be preference given to universities that provide matching funds?

Dr Arthur—As I have said, the task in formulating the guidelines which will give effect to the government's policy is to achieve objectives of providing incentives for universities to be

active in seeking philanthropic donations. They will also operate in a way which allows government decisions to be guided by the other elements, which are equally in the minister's press release, in terms of seeking excellence, trying to produce world-class institutions and promoting diversity within the sector. So the precise way in which we consider a track record in philanthropy as against other strategic considerations in the decision-making process is what we need to consult the sector on and make eventual decisions. We need to get that considered very carefully so that we produce results which achieve the policy objectives of government and do not contain any perverse incentives. In the commentary on this issue, some of those risks and perverse incentives have been flagged. We will of course look at those very carefully before we come to any final views on how to do this.

Senator CARR—And what assurances have been given to regional, smaller and outer metropolitan universities about access to this money?

Dr Arthur—I cannot comment on the word 'assurances'. All I can say is to repeat that, in coming to a view and providing advice to the minister on how to give effect to the detail of the government's policy intent, we will consult widely with the sector. We will consult with all universities in the sector, including, obviously, regional universities. We will seek to provide advice through the advisory board to the minister which reflects the considered views of the sector.

Senator CARR—I see. It is quite clear that the sector is not united, though, on these issues, is it?

Ms Paul—I do not think we could comment on that. I think it is all very new.

Senator Brandis—I think you can assume, though, Senator Carr, that to the extent to which the sector speaks through anyone, it speaks through the Vice-Chancellors' Committee. And the Professor Sutton to whom you refer is of course the same gentleman who, in his capacity as president of the Australian Vice-Chancellors' Committee and speaking on behalf, presumably, of all Australian universities, described the Higher Education Endowment Fund initiative as spectacular.

Senator CARR—He also said that all the problems have been solved as a result of this fund, or words to that effect. Do you recall those words as well?

Ms Paul—There have been many, many positive comments following the announcement.

Senator CARR—Yes, he did. He makes extraordinary comments. I am looking forward to talking to him on Monday about his comments.

Senator Brandis—I do not specifically remember those comments, Senator Carr, but, as Ms Paul pointed out, there have been so many positive comments—

Senator CARR—Yes, extraordinary comments.

Senator Brandis—that it is almost hard to wade through the—

Senator CARR—The trowel was out that day, wasn't it?

Ms Paul—\$5 billion.

Senator Brandis—Senator Carr, I have always respected the genuineness of your commitment to higher education. It does disappoint me a little that when the government does

something spectacular that you could not possibly quibble with, you choose nevertheless to quibble.

Senator CARR—I see. You will continue to be disappointed. I trust you will—

Senator Brandis—Perhaps your interest in the Australian university sector is not as deep as I always thought it was, Senator Carr.

Ms Paul—I certainly would have been surprised if there had been criticism of a \$5 billion investment in perpetuity.

Senator CARR—The question, Ms Paul, is how it will be distributed. That is the issue I am going to. There are different needs in terms of the sector.

Senator Brandis—With due respect, Senator Carr, that much is obvious. There will be issues of how it is distributed and there are different needs in different parts of the sector. I do not think we needed to be told either of those things.

Senator CARR—Professor Sutton has made the claim that all the problems are now fixed. As I say, it is an unusual comment for a vice-chancellor to make.

Senator Brandis—Very unusual. They are usually bewailing the lack of resources coming from government.

CHAIR—As Ms Paul has remarked, it is early days yet. So, perhaps, Senator Carr, you can find some more questions rather than statements.

Senator CARR—I have many more questions. Have the Group of Eight been equally as enthusiastic? Have the Group of Eight said all the problems have been sorted out as a result of the establishment of this fund?

Ms Paul—The comments appear to have been uniformly positive about the \$5 billion investment for perpetuity. In terms of your interest in the variety of interests across the sector, the government and the minister, in her statements, did commit to consult widely. That is, of course, to go directly to the point you raise.

Senator CARR—The maintenance backlog the universities are claiming is an unfunded capital works and research infrastructure backlog of \$3.8 billion. Would you agree with that claim?

Mr Walters—That is a higher education issue. There is an issue of deferred maintenance. The universities annually defer maintenance figures for us. Mr Manns has the current list if you care to have that. Some of the universities have a considerable deferred maintenance backlog. An example is the Australian National University. Others have very little or none. So it partly reflects the record over the years of universities keeping up the deferred maintenance. It also reflects to some extent the current building program. You can have a considerable amount of deferred maintenance on a campus. A couple of new buildings can knock out a lot of old ones. Suddenly the amount goes down. So there is a fair bit of deferred maintenance around the system. It varies a great deal from one university to another. If you would like the detailed figures, we can get them to you.

Senator CARR—I would be delighted to have those figures.

Senator Brandis—The other point I should add, Senator Carr, is that you should not of course assume that \$5 billion will always be the value of the fund. Not only would one expect the capital of the fund to continue to grow over the years if prudently invested, as it no doubt will be, but might I direct you to an article in I think the *Weekend Australian*—I could be wrong about that—or one of the weekend newspapers the weekend after the budget in which the minister held open the possibility that in future years the coalition will augment the \$5 billion initial contribution to the Higher Education Endowment Fund by making further contributions. That, of course, assumes that the coalition's policies continue to be implemented and the budget continues to be in such a healthy surplus that we can continue to invest in the future through beneficial initiatives such as this.

Ms Paul—The Treasurer made that commitment himself, I think.

Senator Brandis—Did he, Ms Paul? Where did he do that, Ms Paul?

Ms Paul—In the budget speech.

Senator Brandis—In future years, the \$5 billion may be augmented by substantial further tranches of endowment moneys.

Dr Arthur—Indeed. In the information package which the Treasurer distributed accompanying his speech, it contains the sentence:

The government intends to make further capital contribution from future budget surpluses so that over time the HEEF will continue to grow and finance the building of first-class teaching and research institutions in the Australian higher education sector.

Mr Walters—I have the latest figures for deferred maintenance for 2005. For that year, the backlog expressed in percentage terms of the capital value was 10 universities recording less than one per cent, which is a very low level. They are Sydney, Western Sydney, Southern Cross, South Australia, the Maritime College, Edith Cowan, Deakin, Sunshine Coast, Newcastle, James Cook and Flinders on the one per cent. Quite a few more go up in the one to two and a half per cent level. I think three per cent is our indication of a problem. At the other end of the scale, there are five that reported more than 12 per cent. They are RMIT, which is on 13.1 per cent; New South Wales on 14.1 per cent; Adelaide on 14.9 per cent; the Australian National University on 15 per cent; and Central Queensland on 23.4 per cent. So there is a very big spread.

Senator CARR—What is the aggregate dollar amount?

Mr Walters—The aggregate dollar amount is \$1.5 billion.

Senator CARR—That is your assessment, is it?

Mr Walters—No. It is the assessment which the universities give us.

Senator CARR—And what they are giving the press is a slightly different figure.

Mr Walters—That is the figure which they report to us as part of their mandated financial reporting. It is the figure which we use in their institutional assessment framework portfolios, which enables them to compare their performance against each other.

Senator CARR—Are you able to table that table?

Mr Walters—Yes, gladly.

Senator Brandis—I might make another point, if I may, about the Higher Education Endowment Fund. I am sure you would not make an error like this, but some of your political colleagues in the Labor Party have made this error. This \$5 billion is not spending. This \$5 billion is saving. Those of your political colleagues who have criticised this measure as a large spending measure in the budget completely misunderstand the nature of these funds. This is saving, as Ms Paul has said, in perpetuity. It is only the seed funding. It will be added to as the years go by.

Senator CARR—What is the research infrastructure backlog, Dr Arthur?

Dr Arthur—In terms of the question you are asking, the capital backlog reported by universities would essentially be the figure which Mr Walters has given.

Ms Paul—It would be the total figure.

Senator CARR—So you do not have a figure for the research backlog?

Ms Paul—No. We think it would be included in those figures.

Senator Brandis—Indeed.

Senator CARR—The ARC has reported to us today that there have been considerable numbers of grants for the research infrastructure fund that they have not been able to meet.

Dr Arthur—The program you are referring to, the Linkage Infrastructure, Equipment and Facilities program, is a competitive program. Like all such programs, it has merit based decisions. You would expect in a merit based decision process there to be decisions that some things are worthy of funding and some are not. That does not, in my understanding of the term, constitute a backlog. It constitutes a merit decision that some facilities are worth funding and some facilities are not so worthy of funding.

Senator CARR—So this capital backlog, in your judgement, includes research as well?

Dr Arthur—It includes research facilities which involve capital expenditure.

Senator CARR—And what percentage of that capital backlog would be for research facilities?

Dr Arthur—I am led to Mr Walters, but I doubt it would be identified separately.

Mr Walters—We do not have it separately broken down. It is just worth making the point when we talk about a backlog that the facilities manager at one of the universities made the point to me that the average house has probably got \$40,000 to \$60,000 worth of maintenance deferred around it in the sense that we all know there are jobs needing to be done which are waiting to be done. The question is keeping that within a reasonable level. In fact, a large number of the universities actually do that. In some cases, it seems to have got a bit out of hand. I know that a number of the universities have got programs in hand to try to catch up. But in any given building there is always some kind of maintenance waiting to be done. It is just in the nature of the fact that things start to deteriorate as soon as you put them up.

Senator CARR—Dr Arthur, in the quantum of infrastructure funding, does an infrastructure program exist?

Dr Arthur—RIF operates a number of programs, the funds under which can be used for purposes broadly under the term of research infrastructure. There are three programs which I referred to earlier as the performance driven block funds which in one way or another can support research facilities. One is the Research Infrastructure Block Grants Scheme, which, as the name suggests, tends to provide the infrastructure which supports research projects funded by the ARC and the NHMRC. There is the Institutional Grants Scheme, which can be used to provide for a range of purposes, including facilities to conduct research. The Research Training Scheme is intended to support the training of research students, but, clearly, where part of the requirements for supporting those research training facilities are physical facilities, as appropriately within the funds, some of those funds would be expended on something which you would normally call infrastructure. There are specific programs. One specific program is designed to support research infrastructure. Its name is the National Collaborative Research Infrastructure Strategy. I would have to add for that program, however, that it supports infrastructure more broadly than in universities. It supports infrastructure across the research sector.

Senator CARR—Yes. The NCRIS program. Is that where the minister gets the figures of \$460 million spent last year for research facilities?

Dr Arthur—That figure as an annual figure would contain not all the programs I have listed. There would be some NCRIS money in that. There definitely was some Research Infrastructure Block Grants money in that. I do not have in my mind exactly the components that were put in that figure, but we can get that very quickly.

Mr Cook—The minister may also have been referring to the significant infrastructure spend through the Health and Ageing portfolio on medical research facilities. But we will check.

Dr Arthur—Yes. Indeed.

Senator CARR—Could you check for me and see what she meant by the \$460 million. I take it that it is not a figure you have given her?

Ms Paul—We may have built it up.

Dr Arthur—We certainly contributed to it. I am saying—

Ms Paul—We do not have it here.

Dr Arthur—We were involved in the preparation of that figure. I cannot at this instant recall the exact components of it. But all the components are made up of programs which are on the public record. We will be able to come back to you, I should think, and provide supplementary advice in the course of tomorrow with the origin of those figures.

Ms Paul—It would have come from our advice. We just do not know the build-up of it here.

Dr Arthur—We should be able to provide the detail tomorrow in the course of the hearing.

Senator CARR—Thank you. I turn now to the funding that is under BAA2. It is question No. E763 from 2007.

Dr Arthur—Indeed.

Senator CARR—You have indicated there that you are not able to distinguish between BAA2 funding and other program funding.

Dr Arthur—Not in all instances. We are in some instances able to do so, and we did so in answering the question.

Senator CARR—I see. I was particularly interested, therefore, in how it was that you are able to argue that BAA2 funding was on track.

Dr Arthur—In that we cannot provide breakdowns. However, where that funding has contributed to an increase in an overall program, that overall program is on track. Therefore, it is reasonable to conclude that the BAA2 component of that funding is on track.

Senator CARR—I would like to go through some programs to establish what moneys have not been committed. The Regional Protection Scheme?

Dr Arthur—The Regional Protection Scheme is essentially a demand driven program whereby for a nominated list of universities that in any one year would otherwise lose funding due to the operation of our block grants programs, those universities' losses would be supplemented to a limit of \$3 million. So the concept of committed and not committed is rather difficult to answer. It is answered at the end of the year when you look at the actual result in terms of the success or otherwise of those universities under the formula. If those universities have a need for the fund, the funding is made available. So it is for a particular circumstance. I might also add that that funding terminates in 2008.

Senator CARR—How much of those program moneys are still available?

Dr Arthur—I believe I have answered that question. At the end of a funding period, which is on a calendar year basis, we will calculate the funds that will be made available to all the universities who receive training scheme funds and advise them of the funding that they will receive for the forthcoming calendar year. If the nominated set of regional universities as a result of that are going to receive less funding in the coming year than they received in the previous year, then up to a limit of \$3 million that loss will be made good.

Senator CARR—How much is it on an annual basis?

Dr Arthur—\$3 million is the cap that is there. We cannot expend more than \$3 million on making good their losses.

Senator CARR—That is per university or for the whole scheme?

Dr Arthur—For the whole scheme.

Senator CARR—For the International Science Linkages Program, you say 33 per cent of it remains uncommitted pending the finalisation of contracts. What date was that 33 per cent calculated?

Dr Arthur—As of the date of the question.

Senator CARR—So have there been any further contracts finalised?

Dr Arthur—That program is managed by Science Group. I do not have any information to enable me to answer that question.

Mr Walters—I am sorry, but I cannot give you that information.

Senator CARR—Can you come back to me with that?

Senator Brandis—Yes. We can try and get back to you.

Dr Arthur—I can make a general comment. That program is a very competitive program. It is always, much like the ARC programs, under intense pressure. The meritorious applications for funds, I understand from my colleagues in the Science Group, always greatly outweigh the funds available. It is clearly a question of whether a decision has been made, not that there will not be good projects on which they would normally expend those funds.

Senator CARR—Mr Cook, with regard to the science connection program, most of the funding for that remains uncommitted?

Mr Cook—There would be some funding committed through contracts extending beyond the current financial year. Again, I would have to ask the Science people to give me the current figures.

Senator CARR—With regard to the major national research infrastructure programs, will the Commonwealth be providing funding to support major research facilities which were initially funded under the MNRF program?

Dr Arthur—The MNRF program has now ceased. Some of the activities that were funded under the MNRF program were in areas which were identified in the NCRIS process as being high-priority capabilities. Some of the activities that were funded under MNRF in one form or another—in many cases, in a modified form—will be receiving funding under NCRIS.

Senator CARR—Which ones will not be?

Dr Arthur—I do not have that information available. I can certainly take that on notice. The MNRF operated by having a number of quite specific named projects. We certainly could come back with information on that. Ms Lansdown said we can provide information about projects that have received funding.

Ms Lansdown—I can give you information about major national research facilities that received interim funding. All but one of them actually became part of an NCRIS capability and can expect to get further funding.

Senator CARR—Thank you. Which one was not?

Ms Lansdown—I believe the National Neuroscience Facility was negotiating with one of the NCRIS capabilities in the early stage but decided not to proceed with that capability.

Senator CARR—There were 15 facilities announced by the government in 2001 under this program. Are they all continuing other than the neuroscience project?

Ms Lansdown—No. I am not certain about the status of all of them. I guess what I can tell you is the ones that will receive ongoing funding as part of an NCRIS capability. There are five of them that I am aware of. That is not to say that some of the other MNRFs are not continuing. It is just that they are not receiving ongoing Commonwealth funding.

Ms Paul—We need to offer that on notice.

Senator CARR—My concern is that we will not get these back in the life of this parliament, so, if possible, I would like that tomorrow, if a simple chart can be provided.

Dr Arthur—We will ask our colleagues in Science Group and see if that is possible.

Senator CARR—Thank you.

Senator Brandis—Senator Carr, I do not know what deadline the chair will announce for the return of answers to questions taken on notice but usually it is a few weeks beyond the adjournment of the committee. So I do not think you should assume that you will not get the answers before the expiry of the term of the parliament.

CHAIR—I can tell you that in my opening statement this morning I said that answers to questions on notice are to be lodged by Friday, 27 July 2007.

Senator Brandis—I do not think the term of the parliament is likely to have expired before 27 July 2007.

CHAIR—Indeed.

Senator CARR—Perhaps you are not familiar with the history of these things. It has taken us a while to get answers back.

Senator Brandis—All I can say, Senator Carr, is that I am familiar with the history of estimates committees. In the last fortnight I have sat as the minister at the table. In my own estimates, arts and sport, all answers to questions taken on notice were provided in a timely fashion.

Senator CARR—There is no point going over this. If I can have the table by tomorrow, I would appreciate it. Is the Airborne Research Australia facility being funded?

Mr Cook—I think that goes back to an even earlier MNRF, the one prior to the 2001 exercise. The last I heard, it was still continuing, albeit I think it was looking at some of its aircraft in terms of what they may be used for in the future.

Dr Arthur—Certainly it is not an area which was considered as one of the capabilities under NCRIS, no.

Senator CARR—It was put to me that there was initial funding—this is located at Flinders—of \$8.5 million for a plane and associated research instrumentation. The annual report for the facility in 2003 said that the plane was in hibernation for the year due to severe financial problems. Was that report ever sent to the department?

Mr Cook—I will have to take it on notice. I do not know. I am just purely going off a rather vague memory now.

Senator CARR—I wonder if you could find out what its current funding status is.

Dr Arthur—We certainly can establish whether or not it is receiving funding from this department. Its overall current funding status is not something we might—

Senator CARR—No. I appreciate that. Are you familiar with the National Seismic Imaging Resource?

Dr Arthur—No.

Senator CARR—This one goes back to 1995. It was jointly funded by the Geodynamics CRC and the Australian National University and was funded originally under the major

national research infrastructure program. I take it, since you are not familiar with it, that it does not currently attract Commonwealth funding?

Dr Arthur—That seems a safe assumption.

Senator BIRMINGHAM—Chair, are we meant to be asking questions about 1995 tonight?

CHAIR—I suspect not. That is more in the realms of—

Senator CARR—I guess since you have been here for three weeks you will be able to follow this pretty carefully.

Senator Brandis—I think, Senator Carr, unlike you, who has been here for perhaps more years than you would care to remember, Senator Birmingham has made the point, which the chair in fact ruled on earlier today, that the relevancy for the purpose of these proceedings is to the 2006-07 estimates. Perhaps when you were a bright young senator many years ago, Senator Carr, you might have been onto the point too.

Senator CARR—I have asked a simple question: is this organisation currently funded? I have made the point that it was originally funded in 1995. I was not asking about 1995 funding; I was asking about its current funding status.

CHAIR—I am sure we can find you an answer on that.

Senator CARR—Thank you.

Dr Arthur—I think we answered that question.

Senator CARR—This is a facility that was located at Mount Stromlo. Has there been any discussion with the ANU about its standing, given the status of the Stromlo facility?

Dr Arthur—I can perhaps comment in more general terms that we did not seek through the NCRIS process to do a trawl through all of the funding decisions that have been made at any particular time on research infrastructure. We conducted a forward-looking process which, in a very wide process of consultation, asked the sector itself to identify the areas which the sector thought were priority areas in terms of Australian excellence and areas in which an investment in research infrastructure would make a real difference. We then asked the sector within that particular set of capabilities what key things to fund to move those capabilities forward would be. If these facilities did not come forward in that process, it will be because the sector did not identify them as high priorities for the future.

Senator CARR—What is the standing of the NCRIS applications?

Dr Arthur—The minister has made decisions on the NCRIS funding. Ms Lansdown can provide details of those decisions.

Ms Lansdown—Senator Carr, the minister has actually made decisions regarding all but \$8 million of the \$526.7 million of administered funding in NCRIS.

Senator CARR—Do we have a list of those projects?

Ms Lansdown—Yes, we do.

Senator CARR—Can I have a look at that?

Dr Arthur—It is on the website. It was announced by the minister and the announcement was placed on the DEST website. It is still there.

Senator CARR—When was that announcement made?

Ms Lansdown—In November 2006.

Senator CARR—That accounts for it. Thank you. Are you able to indicate the total value of the unsuccessful bids?

Dr Arthur—The process did not work by having bids which were unsuccessful. The process, as I have indicated, was one whereby the sector, in the first instance, through a very exhaustive process, reached agreements on priority areas for investments. A decision was then made about the appropriate funding levels for those areas of investment and those capabilities. By a further process of consultation, the people within those areas reached agreements on what would be the best investments by way of preparing documents of investment plans for those capabilities. In the course of that, there were a large number of discussions about what was higher priority and lower priority, in many cases without ever a dollar value being placed on those lower priorities because it did not get to that particular stage. So in strict interpretation of your question, the answer would be zero. In a more general sense, there were a number of capabilities which were identified as being of lower priority by the sector itself.

Senator CARR—The minister announced in November last year provisional funding allocations for priority areas. Is that right?

Ms Lansdown—Yes. That is right.

Senator CARR—How does the provisional funding work?

Dr Arthur—It works in that some capabilities were at a sufficient stage of development whereby they were able to come up with quite concrete investment plans. Other capabilities, involving some quite complex issues, were not quite at that stage. The community had reached the view that these were high priority areas for investment. Therefore, funding envelopes were decided by the minister. But the precise detail of how those funding envelopes would be expended in terms of a firm investment plan had not yet been reached. Ms Lansdown can provide details of what those capabilities were.

Ms Lansdown—The four that I think you are referring to were named platforms for collaboration: the network infrastructure and data services, the Terrestrial Ecosystem Research Network, the population health and data linkages project and the biosecurity network framework.

Senator CARR—I am just reading through the notes here. There was a roadmap produced and investment framework produced. I take it this is the National Research Infrastructure Taskforce. Is that who undertook those works?

Dr Arthur—That group was involved at an early stage and provided the recommendations to government which led to the creation of the National Collaborative Research Infrastructure Strategy. But that was some time ago and that was in a process of providing policy advice which led to the government decisions in BAA which created NCRIS.

Senator CARR—So there was \$381 million announced in November. How much of that money is now being passed through to the universities?

Ms Lansdown—At this stage only about \$15 million of it. But we are at a very final stage of contract negotiation with a number of the capabilities. For example, the first payment of \$15 million in a \$55 million contract had 28 partners, so the contract negotiations of these various capabilities have been really quite complex.

Senator CARR—How did the minister determine these priority areas?

Ms Lansdown—The priority areas for capability investment?

Senator CARR—Yes.

Ms Lansdown—The minister was provided with advice by the NCRIS committee. The NCRIS committee came to their view through an extensive process of consultation with the sector, the use of expert subcommittees looking at the various propositions that had come forward using the national research priorities as a guide. We then developed the roadmap, put it out as an exposure draft to the community and said we had identified these capabilities as being the highest priority for investment in this program. We got an astounding amount of feedback from the sector but it was almost overwhelmingly positive. It was people helping to refine the propositions within the capabilities of the roadmap. The minister accepted the advice that came from the NCRIS committee without changing it.

Senator CARR—Are there any additional funds to be made available under this program, or is this the allocation of all of the funds?

Ms Lansdown—At this time it is not expected that additional funds will be made available. The task that we set, I guess, for the community was to say that we wanted to make significant investments that would make enduring change in the sector. So by their nature they have been quite large investments.

Dr Arthur—So the government decision was to provide \$500 million and a few more for this program over the five-year period.

Senator CARR—But it is a lapsing program, isn't it?

Dr Arthur—I think in fact technically it is a terminating program.

Senator CARR—Sorry?

Dr Arthur—All that terminology is changing anyway in the Department of Finance.

Ms Lansdown—Yes.

Dr Arthur—So it is a program which, whatever the exact terminology currently used by the Department of Finance, one would have to reargue for that funding at the end of the termination of the current program, like a large number of other government programs.

Senator CARR—That is in 2010-11. Is that right?

Dr Arthur—Correct.

Ms Lansdown—Yes.

Senator CARR—So if proponents have additional programs and they have not already been announced, they are not likely to receive any additional funding under this program?

Dr Arthur—The minister has already announced the decisions she has made about the allocation of funding under this particular program.

Senator CARR—And there is no more money?

Dr Arthur—I believe that is what I said. I should perhaps comment that a number of the things that we are funding deliberately cover a number of portfolios. For example, the capabilities that Ms Lansdown spoke of—the terrestrial ecosystem—obviously cover issues such as an observational network to look at things such as water and other phenomena on the Australian continent. Obviously other funding sources may be applied to those particular problems. But in terms of the funding available from this department, the situation is as I have described it.

Senator CARR—People from the ANU have been talking to me about the nuclear science facilities that they have, including the heavy ion research facility. Are you intending to fund that organisation?

Ms Lansdown—That was one of the capabilities that was identified but it was not deemed to be the highest priority in the short term. One of the questions that was asked of the expert committees and of the NCRIS committee was: what sort of investment would provide enough critical mass to make a difference in the particular area? They chose to take the advice of expert subcommittees in NCRIS in deciding what was absolutely essential to make a difference.

Senator CARR—So what options do the people involved in such a facility as I have just mentioned now have if they are not able to get funding through this source? What other source of funding is available for research infrastructure?

Dr Arthur—In general terms, they are part of the ANU. The ANU uniquely in Australian universities receives very large funding for the Institute of Advanced Studies to carry out a range of research activities. They clearly can seek funding to the extent that it is available within the ANU. I have no knowledge at all of the detail of how those funds are allocated, and nor should I. There are always a range of science projects that are funded under various decisions and then, because of priority decisions later on, are not funded. That is an extremely common phenomenon worldwide in science and research.

Senator CARR—With the RQF implementation expenditure, how much of the \$87 million announced by the minister has been now expended?

Dr Arthur—The \$87 million is appropriated from the next financial year.

Senator CARR—So none of it?

Dr Arthur—Correct.

Senator CARR—How were the chairs of the RQF assessment panel selected?

Ms Harvey—We took advice from a number of different agencies and learned academies with regard to a range of people, who were then put forward to be selected by the minister.

Senator CARR—Can I get an indication of what criteria was used for the selection process?

Ms Harvey—I think the minister, when she announced them, talked about them being held in very high esteem and of international standing in the various areas of research.

Dr Arthur—I might add that the feedback we have received since the announcement was made has been uniformly that those criteria were met.

Ms Harvey—Senator Carr, you asked earlier about the \$435 million that the minister referred to with regard to research infrastructure. That is with regard to the medical research institutes that were actually announced in the budget and that is part of the science and innovation budget tables.

Senator CARR—So it does not go to all the other research projects?

Ms Harvey—No. It actually says that the government has also made a further \$435 million investment in the current financial year in medical research infrastructure projects.

Ms Paul—That is additional funding in the health portfolio.

Dr Arthur—So it is a very modest component of the overall funding.

Senator CARR—Thank you. Is there a sitting fee for the panel members on the RQF?

Ms Harvey—Yes, there is.

Senator CARR—What are those?

Ms Harvey—We have had Remuneration Tribunal decisions with regard to both our reference committee and our panel chairs, not with regard to all of the members of the assessment panel.

Senator CARR—Sorry?

Ms Harvey—We have had a decision by the Remuneration Tribunal with regard to the chairs' sitting fees. We are waiting for a decision by the Remuneration Tribunal with regard to the members. I might have to take their daily sitting allowance on notice.

Senator CARR—Will panel members be paid for the days and weeks they spend reading the assessment documents?

Ms Harvey—In making the assessments, yes.

Senator CARR—Do you have a figure for the payment for those days?

Ms Harvey—It is per diem.

Senator CARR—The same as the sitting fee?

Ms Harvey—It is per diem, yes.

Senator CARR—Do you have an indication of the amount of time that will be allocated for each of the assessments?

Ms Harvey—It depends. As you can imagine, there are a number of variables with regard to what research groups have submitted for each panel and how big those research groups are with regard to how many research outputs are attributed to each of those groups. I cannot

make a generalisation about that, which is why we have gone forward asking for a per diem allowance for those members.

Senator CARR—Who are you asking to provide the advice as to what time it will take? How do you make the assessment of the variation in time it will take between the panels?

Ms Harvey—We will make that assessment once we have had the research groups that have been submitted through the various institutions and then have them allocated to the members.

Senator CARR—Have you had any discussion yet on the conflict of interest principles that will apply?

Ms Harvey—Yes, we have.

Senator CARR—What arrangements do you intend to follow?

Ms Harvey—We are actually developing a conflict of interest procedure as per what happens normally in these situations. We are working on that at the moment. We have had preliminary discussions with our panel chairs. We will finalise that prior to the appointment of all of the assessors and for any of them seeing any of the research.

Senator CARR—Are you expecting that there will be a need to make provision for the replacement of panel members on a temporary basis for any of these panels?

Ms Harvey—We would see that people would be what we call ‘conflicted out’ of making assessments with regard to people that they have a conflict of interest over, as in the normal procedure in these matters.

Senator CARR—So you will have reserve panel members?

Ms Harvey—No. We would see that they would not participate in the assessment of the research where they have a conflict of interest. They may or may not have to consider subsequent arrangements, depending on what is put forward for assessment.

Senator CARR—Given the broad nature of these panels, how are you going to accommodate absences where one member may in fact mean that the panel faces a serious lack of expertise in any particular discipline?

Ms Harvey—We will have a level of advisers that sit underneath them. So, once we have our panel members, we will look at whether we have significant gaps with regard to the disciplines that are covered by each panel. We will then look at having a support base underneath those advisers that provides advice—it will not actually do the ranking or the ratings—to the panel where there may not be sufficient expertise within the panel.

Senator CARR—Has the department been made aware of criticism that the panel is too broad?

Ms Harvey—There has been a range of work over the years since we first started this process with regard to how we would allocate underneath the panel structure. We took advice. I know in the previous Senate estimates Professor Hoj discussed how he had participated in it as well. The development advisory group made a decision—there were originally 12 panels suggested—to split one of those panels, and we now have 13 panels.

Senator CARR—There was criticism in terms of economics, commerce and management, which includes tourism. Has that panel been maintained?

Ms Harvey—Yes, it has.

Senator CARR—Has the law, education and professional practices panel been maintained as well?

Ms Harvey—Yes.

Senator CARR—Which is the panel that was divided?

Ms Harvey—Of the panels that were set out in the development advisory group advice, the humanities and the creative arts, design and the built environment was split into two. So panel 12 became panels 12 and 13. There was a bit of movement around to look at how we would balance what we expected the workload to be. We took advice from the learned academies with regard to that.

Senator CARR—What is the census date for staff?

Ms Harvey—It was 31 March 2007.

Senator CARR—Has it remained that date?

Ms Harvey—Yes, it has; that is the census date.

Senator CARR—It was not changed at all? That is the original date and it has not changed?

Ms Harvey—No. Are you referring to the in situ requirement?

Senator CARR—It is referred to as the staff census date. What other description has it been given?

Ms Harvey—The staff census date was 31 March 2007. We provided clarifying advice to the sector in December 2006 with regard to short-term appointments that are under three years that they needed to be in situ or employed by the institution as at 31 December 2006. But for ongoing appointments it is always going to be 31 March 2007.

Senator CARR—I see. So there have been two dates for different types of employees.

Ms Harvey—No. There is just an in situ requirement. They have to be employed where they are short-term appointments. The census date is 31 March 2007.

Senator CARR—And there are no plans to change that date?

Ms Harvey—No. That date has passed.

Senator CARR—Is there any discussion with the department with regard to the humanities school closure at QUT? Is that a question for Mr Walters? Can it wait until tomorrow? The problem, Mr Walters, is that it has an RQF implication. If you want to come to the table, I am only too happy to deal with it.

Ms Harvey—Before Mr Walters discusses that implication, the assessment that is being conducted for round 1 of the RQF is with regard to the period 2001 to 2006.

Dr Arthur—Which means that it can have no implication for the RQF that will be conducted. The effect of that decision is well after the census date so it has no effect whatsoever on QUT's contribution to the RQF.

Senator CARR—It is just that it has been said that the university made the decision because it was preparing for the RQF.

Dr Arthur—I cannot in any way speculate or go into what may or may not have been the motivation of QUT in making its decision. All I can state is that it was a matter of fact that QUT had that particular unit in operation at the time of the RQF census date and it is open to QUT, therefore, to submit persons working in that area for the RQF assessment.

CHAIR—Just before we start—you can expel breath, Mr Walters—it is about time for the tea break. Do you want to ask one question?

Senator CARR—Well, it may be the case that we can conclude these proceedings this evening in a few minutes, if that is possible.

CHAIR—Yes.

Senator CARR—The other officers are not required until tomorrow. So, if you want to delay the tea break for 10 minutes or so, I suspect we can conclude at that point.

Ms Paul—Can I just clarify, Chair, that you do not intend to proceed on to higher education tonight?

CHAIR—Is that the case, Senator Carr?

Senator CARR—I understood that it was not scheduled until tomorrow.

CHAIR—It is not. Are the officers here?

Dr Arthur—The officers are here.

CHAIR—I would be just as happy to go the full length tonight.

Senator CARR—I am not, altogether. Given it was not scheduled until tomorrow, I would prefer to wait until tomorrow.

CHAIR—All right. If that is what you want to do, we can do that. So anyone in those other sections can go home.

Senator CARR—That is right. That is the intention. Thank you.

Ms Paul—I should have clarified it earlier. I am sorry.

CHAIR—That is all right.

Senator CARR—Mr Walters was about to give us an answer.

CHAIR—Yes. You can breathe again, Mr Walters!

Mr Walters—You asked about whether we had had any discussions with QUT about the issue you referred to, which was the humanities school. Mr Manns and I were up there for a funding agreement meeting last week. Professor Coaldrake and his colleagues did run through where they had got to. To answer your other question to Dr Arthur, no, they did not say that they had taken this decision because of the RQF. They said that the grounds for the decision, as has been reported in the press, I think—and up on their website I notice there is quite a lot

of information about where they have got to in the decisions they have taken—was that it was a review generally of the contribution that that part of the university was making, the work it had done and the reflection of student demand in the way it was running for those services. So it was a rounded view of the future of that part of the university in its present form. But it certainly was not sheeted home to the RQF as such.

Senator CARR—Have you had discussions, Dr Arthur, with Deakin University about how they can concentrate their research effort?

Dr Arthur—We have discussions with universities regularly on their research activities in general. I do not recall offhand any discussions specifically with Deakin about the issue of concentrating their research efforts except insofar as all of my consultations with the sector on the subject of the RQF have made the point that a crucial element of the RQF is to provide information to universities on where their areas of research strength are so that they can make better decisions about how they manage their research funds.

Ms Harvey—Senator Carr, I would like to clarify. I have actually found the per diem rate with regard to the panel. For chairs it is \$667 per day.

Senator CARR—Thank you—\$667?

Ms Harvey—Yes, that is correct. It is set by the Remuneration Tribunal.

Senator CARR—This is on top of their university salaries?

Ms Harvey—That is with regard to the per diem that is to be paid to them for the assessments that they are going to make.

Senator CARR—But it is on top of their university salaries?

Dr Arthur—It is a matter for the universities as to how this intersects with their role within the university.

Ms Paul—Yes. I do not think we can comment on that. But that is the representation of the time commitment.

Senator CARR—Thank you. I am not certain if this question is for Mr Walters or Dr Arthur, but Deakin University are now advertising teaching-intensive academic positions, which is a departure from the normal arrangements. Again, I am led to believe that this is in response to their preparation for the RQF. Have you had any discussions with Deakin about the new classification that they are introducing? The appointment is at the associate professor range.

Dr Arthur—For my part, no.

Mr Walters—No.

Senator CARR—Are you advising universities on strategies to encourage research concentration, Dr Arthur?

Dr Arthur—I think that would be covered by my previous answer: the RQF is intended to provide information to universities, for the first time, of their comparative research performance at the discipline cluster level. The intention of that is to strengthen the ability of universities to make decisions about that. Beyond that, the clear government intention is that,

in doing that, they will make decisions which will overall increase the quality of research in Australia. That is the central rationale for the RQF, based on the clear evidence we have seen from both the UK and now increasingly New Zealand that the process of providing and publishing information on the comparative quality of research at either the department level or a discipline cluster level does have the effect that universities make management decisions and provide incentives which lead to an overall improvement in the quality of research.

Senator CARR—Dr Arthur, have you got a figure yet on what it is going to cost each of these panels to sit for a week?

Dr Arthur—I think that would be an arithmetical process by which you would look at the size of the panel, the per diem rate for the members and the per diem rate for the chair and multiply that out.

Senator CARR—What is the average size of a panel?

Ms Harvey—There are 13 panels, which have 12 members, one of which is the chair.

Ms Paul—I think we said before that the per diem rate for panel members has not yet been set by the Remuneration Tribunal.

Ms Harvey—That is right.

Senator CARR—We have \$660 for the chair.

Ms Paul—That is only for the one person.

Dr Arthur—So we cannot make the calculation at the moment.

Senator CARR—In terms of the Research Training Scheme, Dr Arthur, have you got a figure on the uncommitted funds for the forward estimates for the RTS?

Dr Arthur—Like the Regional Protection Scheme, it is a difficult question to answer in exactly the terms that you are asking, but I will do my best. The Research Training Scheme is a formula driven program whereby it looks at the performance of universities in the number of research students who have completed in a previous year, the number of research publications and the amount of their research income, compares all universities to each other and then produces a result ranking them, essentially, in that performance for the coming year and multiplies that fund and distributes it. In the terms in which you are asking, I guess in a technical legal sense none of the money is committed from one year to the next except insofar as the minister has made guidelines saying, ‘This is how the money will be distributed in the following year.’ Once that decision is made, that commits for that year 100 per cent of those funds. Clearly, at any one moment it is open to the minister to change the guidelines and decide to do something else with that—in a technical legal sense. In a more practical sense, universities have a very strong expectation that the moneys that are available for the Research Training Scheme will be made available to them according to the current guidelines and that there would be, as there always is, a process of consultation if those guidelines were to change.

Senator CARR—What date are the decisions made for the allocation of moneys for the next year?

Dr Arthur—They are made towards the end of the preceding calendar year. It is slightly dependent on the availability of data. But Ms Harvey, who used to run that program, can probably give me an indication of the normal times.

Ms Harvey—The normal time is about early to mid-December. That is when the calculations are made with regard to the allocations. The sector is then advised after that date.

Senator CARR—Prior to that date, the answer is 100 per cent of the funds—

Dr Arthur—Are then committed with that decision. To give you an idea of the pipeline effects that are in that, there is a provision that no university can have a more than five per cent downward change in an allocation year on year. This is supporting research training for students, so you have a certain number of students in place and the arrangements are carefully designed so that they will reward performance, but there will not be year on year such large changes of funding to any one university as would imperil the continuity of their operations.

Ms Harvey—The other complexity is that the money is allocated on a calendar basis but is committed as an appropriation on a financial year basis.

Senator CARR—So we have a performance based program that does not allow for variation above five per cent?

Dr Arthur—That is the policy.

Ms Harvey—No, sorry. Below five per cent.

Senator CARR—Below five per cent.

Mr Cook—Just to be clear, this money is used to support doctoral students and masters students by research. So the very nature of a doctorate means that universities require some certainty about taking that student through to completion. That is the rationale for not changing the amount of money too dramatically from year to year.

Dr Arthur—I can comment that that particular approach that we now have was the subject of quite extensive consultation which was carried out under the heading of a review of the knowledge and innovation reforms. The result, which was approved by Minister Nelson, was the culmination of that consultation process. I should also indicate that the research quality framework, when it becomes available, is intended to change the basis on which at least 50 per cent of those funds are allocated.

Senator CARR—How much—what percentage?

Dr Arthur—At least 50 per cent of the Research Training Scheme funds and 100 per cent of the Institutional Grants Scheme funds are intended to be driven by the results of the research quality framework.

Senator CARR—So you will abandon the five per cent variation?

Dr Arthur—No decision has been made on the fine detail of how that will occur, including decisions about whether or not there will be some form of year-on-year smoothing. They are matters which the government is—

Senator CARR—I just cannot see how you can do both—have 50 per cent of the funds driven by the new formula and yet maintain a five per cent variation.

Dr Arthur—Perfectly easily. As in the current approach, you do a calculation which produces a result; then you apply a further calculation which ensures that no-one loses by more than five per cent. Therefore, some people who would otherwise have won special amounts will lose some of those gains. It is simply two stages in an arithmetical calculation, which we do at the moment.

Senator CARR—In terms of the pipeline effect, what percentage of the forthcoming year of funds is committed? PhDs are still a two-year program, aren't they?

Dr Arthur—As I have indicated to you, all of the funds become committed for the following calendar year in about November or December of the preceding calendar year. In terms of the existence of those funds within universities and how universities manage those funds and how many students they have in particular stages of their degrees, we do not seek to micromanage to that level. We do not want to get into those particular issues. We have, as I say, as a matter of general consultation with the sector, settled on a position that a five per cent ceiling on losses provides adequate cover for pipeline effects.

Senator CARR—Are you able to give me a breakdown of what the current RTS distribution is?

Dr Arthur—Certainly.

Ms Harvey—It is actually on the website.

Senator CARR—For each university?

Ms Harvey—Yes, it is.

Dr Arthur—Indeed.

Ms Harvey—Yes.

Dr Arthur—I have it here, but I do not think you really want me to go through it.

Senator CARR—I want a copy of it. That is what I want.

Ms Harvey—It is on the website.

Senator CARR—I just want a printout of what each university is getting. Has that got historical data on it? Has it got the previous—

Ms Harvey—Yes.

Dr Arthur—Indeed.

Ms Harvey—We put all the information up on the web. In fact, the higher education funding report actually has that year on year. We publish all of our information.

Senator CARR—Thank you. That concludes my questions for the officers.

CHAIR—Excellent, Senator Carr. Thank you very much. Thank you, Ms Paul, and officers. We shall see you tomorrow. Thank you, Minister. Thank you, Hansard.

Committee adjourned at 9.15 pm