



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE  
RELATIONS LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

WEDNESDAY, 2 JUNE 2010

# CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS****LEGISLATION COMMITTEE****Wednesday, 2 June 2010**

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

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

**Senators in attendance:** Senators Abetz, Back, Bilyk, Brandis, Cameron, Cash, Collins, Cormann, Crossin, Fifield, Fisher, Hanson-Young, Marshall, Mason, Parry, Payne, Ronaldson and Scullion

**Committee met at 9.00 am**

Consideration resumed from 1 June 2010.

**EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO****In Attendance**

Senator the Hon. Mark Arbib, Minister for Employment Participation, and Senator the Hon. Kim Carr, Minister for Innovation, Industry, Science and Research

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

Ms Lisa Paul, Secretary

Mr Robert Griew, Associate Secretary, Strategy

Mr Ewen McDonald, Deputy Secretary, Corporate

Mr Tony Cook, Deputy Secretary, OECECC

Dr Michele Bruniges, Deputy Secretary, Schools

Mr Michael Manthorpe, Deputy Secretary, BER

Ms Kathryn Campbell, Deputy Secretary, Tertiary Youth and International

Ms Sandra Parker, Deputy Secretary, Employment

Mr John Kovacic, Deputy Secretary, Workplace Relations

**Corporate and network**

Ms Lisa Paul, Secretary

Mr Ewen McDonald, Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Corporate, Finance Group

Mr George Kriz, Chief Legal Officer, Corporate, Legal, Investigations and Procurement

Mr Simon Gotzinger, Acting General Counsel, Corporate, Legal, Investigations and Procurement

Ms Helen Willoughby, Group Manager, Corporate, Communication  
Ms Susan Smith, Group Manager, Corporate, Delivery and Network  
Ms Paul McHugh, Acting Branch Manager, Corporate, Delivery and Network  
Ms Fiona MacDonald, Acting Branch Manager, Corporate, Delivery and Network  
Mr Benjamin Wyers, Acting Group Manager, Corporate, People Group  
Ms Christine Silk, Branch Manager, Corporate, People Group  
Ms Sue Saunders, Branch Manager, Corporate, People Group  
Ms Tina Daisley, Acting Branch Manager, Corporate, People Group  
Dr Alison Morehead, Group Manager, Social Policy Unit  
Ms Lynne Stevenson, Branch Manager, Indigenous Employment Program

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

Ms Lisa Paul, Secretary  
Mr Tony Cook, Deputy Secretary  
Ms Vicki Rundle, Group Manager, Outcome 1—OECECC, Early Childhood Development  
Ms Kathryn Shugg, Branch Manager, Outcome 1—OECECC, Early Childhood Development  
Ms Maddona Morton, Branch Manager, Outcome 1—OECECC, Early Childhood Development  
Ms Ngaire Hosking, Group Manager, Outcome 1—OECECC, Indigenous Pathways and Early Learning  
Mr Matthew Hardy, Branch Manager, Outcome 1—OECECC, Indigenous Pathways and Early Learning  
Mr Russell Ayres, Branch Manager, Outcome 1—OECECC, Indigenous Pathways and Early Learning  
Ms Robyn Calder, Branch Manager, Outcome 1—OECECC, Indigenous Pathways and Early Learning  
Ms Helen Lamming, Acting Branch Manager, Outcome 1—OECECC, Indigenous Pathways and Early Learning  
Mr Ben Johnson, Group Manager, Outcome 1—OECECC, Early Childhood Programs  
Mr Murray Kimber, Branch Manager, Outcome 1—OECECC, Early Childhood Programs  
Mr Mark Wright, Acting Branch Manager, Outcome 1—OECECC, Early Childhood Programs  
Ms Robyn Shannon, Branch Manager, Outcome 1—OECECC, Early Childhood Programs  
Ms Amanda Brown, Acting Branch Manager, Outcome 1—OECECC, Early Childhood Programs

**Outcome 2—Schools**

Ms Lisa Paul, Secretary  
Dr Michelle Bruniges, Deputy Secretary  
Dr Evan Arthur, Group Manager, Outcome 2—Schools, Digital Education and Youth Transitions  
Ms Rhyan Bloor, Branch Manager, Outcome 2—Schools, Digital Education and Youth Transitions  
Ms Helen McLaren, Branch Manager, Outcome 2—Schools, Digital Education and Youth Transitions  
Ms Catherine Wall, Group Manager, Outcome 2—Schools, Lifting Educational Outcomes

Ms Louise Hanlon, Branch Manager, Outcome 2—Schools, Lifting Educational Outcomes

Mr Matt Davies, Branch Manager, Outcome 2—Schools, Lifting Educational Outcomes

Ms Margaret Banks, Branch Manager, Outcome 2—Schools, Lifting Educational Outcomes

Ms Gabrielle Phillips, Branch Manager, Outcome 2—Schools, Lifting Educational Outcomes

Mr Stephen Goodwin, Branch Manager, Outcome 2—Schools, Lifting Educational Outcomes

Ms Janet Davy, Group Manager, Outcome 2—Schools, National Curriculum, Assessment and Reporting

Mr Tony Zanderigo, Branch Manager, Outcome 2—Schools, National Curriculum, Assessment and Reporting

Mr Craig Robertson, Group Manager, Outcome 2—Schools, Infrastructure and Funding

Ms Leonie Horrocks, Branch Manager, Outcome 2—Schools, Infrastructure and Funding

Mr David De Silva, Branch Manager, Outcome 2—Schools, Infrastructure and Funding

**Outcome 2—Building the Education Revolution**

Mr Michael Manthorpe, Deputy Secretary

Mr Anthony Parsons, Group Manager, Outcome 2—Schools, Building the Education Revolution, Program Management

Ms Gillian Mitchell, Branch Manager, Outcome 2—Schools, Building the Education Revolution, Program Management

Ms Kylie Emery, Acting Group Manager, Outcome 2—Schools, Building the Education Revolution, Strategic Management

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

Ms Lisa Paul, Secretary

Ms Kathryn Campbell, Deputy Secretary

Ms Nicky Govan, Branch Manager, Outcome 3—Tertiary Youth and International, National Resources Sector Employment Taskforce Secretariat

Ms Margaret McKinnon, Group Manager, Outcome 3—Tertiary Youth and International

Mr Michael Maynard, Group Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Mr Daniel Owen, Branch Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Ms Katy Balmaks, Branch Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Ms Jan Febey, Branch Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Ms Donna Griffin, Branch Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Ms Robyn Priddle, Branch Manager, Outcome 3—Tertiary Youth and International, Youth and Industry Skills

Mr David Hazlehurst, Group Manager, Outcome 3—Tertiary Youth and International, Higher Education Group

Ms Julie Randall, Branch Manager, Outcome 3—Tertiary Youth and International, Higher Education Group

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Ms Susan Bennett, Branch Manager, Outcome 3—Tertiary Youth and International, Higher Education Group  
Ms Jenny Chadwick, Branch Manager, Outcome 3—Tertiary Youth and International, Higher Education Group  
Mr Jason Coutts, Branch Manager, Outcome 3—Tertiary Youth and International, Higher Education Group  
Ms Catherine Vandermark, Branch Manager, Outcome 3—Tertiary Youth and International, Higher Education Group  
Ms Jennifer Taylor, Group Manager, Outcome 3—Tertiary Youth and International, Tertiary Skills and Productivity  
Mr Neil McAuslan, Branch Manager, Outcome 3—Tertiary Youth and International, Tertiary Skills and Productivity  
Ms Maryanne Quagliata, Branch Manager, Outcome 3—Tertiary Youth and International, Tertiary Skills and Productivity  
Mr Richard Millington, Acting Branch Manager, Outcome 3—Tertiary Youth and International, Tertiary Skills and Productivity  
Ms Linda White, Branch Manager, Outcome 3—Tertiary Youth and International, Tertiary Skills and Productivity  
Mr Colin Walters, Group Manager, Tertiary Youth and International, International  
Mr John Barbour, Acting Branch Manager, Outcome 3—Tertiary Youth and International, International  
Ms Tulip Chaudhury, Branch Manager, Outcome 3—Tertiary Youth and International, International  
Mr Jason Coutts, Branch Manager, Outcome 3—Tertiary Youth and International, International  
Mr Vipin Mahajan, Branch Manager, Outcome 3—Tertiary Youth and International, International  
Ms Di Weddell, Branch Manager, Outcome 3—Tertiary Youth and International, International

**Outcome 4—Strategy**

Ms Lisa Paul, Secretary  
Mr Robert Griew, Associate Secretary  
Ms Margaret Kidd, Group Manager, Outcome 4—Strategy, Job Strategies  
Mr Mark Roddam, Acting Group Manager, Outcome 4—Strategy, Economic Strategies  
Ms Sue Dawson, Group Manager, Outcome 4—Strategy, Strategic policy  
Ms Jo Wood, Group Manager, Outcome 4—Strategy, Indigenous Economic Strategies  
Dr Alison Morehea, Group Manager, Outcome 4—Strategy, Social Policy  
Ms Alex Gordon, Branch Manager, Outcome 4—Strategy, Social Policy  
Ms Rosemary Addis, Group Manager, Outcome 4—Strategy, Social Innovation  
Ms Jenny Harrison, Victorian State Manager  
Ms Helen McCormack, Branch Manager, Victorian State Office

**Outcome 4—Employment**

Ms Sandra Parker, Deputy Secretary  
Ms Dianne Fletcher, Group Manager, Outcome 4—Employment, Procurement and Business Partnerships



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Ms Margaret McKinnon, Group Manager, Outcome 4—Employment, General Employment Services  
Mr Stuart Watson, Branch Manager, Outcome 4—Employment, General Employment Services  
Mr John Manthey, Branch Manager, Outcome 4—Employment, General Employment Services  
Ms Ingrid Kemp, Branch Manager, Outcome 4—Employment, General Employment Services  
Ms Linda Laker, Branch Manager, Outcome 4—Employment, General Employment Services  
Ms Fiona Buffinton, Group Manager, Outcome 4—Employment, Specialist Employment Services  
Ms Alison Durbin, Branch Manager, Outcome 4—Employment, Specialist Employment Services  
Ms Sharon Stuart, Branch Manager, Outcome 4—Employment, Specialist Employment Services  
Mr Derek Pigram, Branch Manager, Outcome 4—Employment, Specialist Employment Services  
Ms Marsha Milliken, Group Manager, Outcome 4—Employment, Income Support  
Ms Margaret Sykes, Branch Manager, Outcome 4—Employment, Income Support  
Mr Stephen Moore, Group Manager, Outcome 4—Employment, Employment Systems and Relationships

**Outcome 5—Workplace Relations**

Ms Lisa Paul, Secretary  
Mr John Kovacic, Deputy Secretary  
Ms Michelle Baxter, Group Manager, Outcome 5—Workplace Relations, Safety and Entitlements  
Ms Helen Marshall, Federal Safety Commissioner, Outcome 5—Workplace Relations, Safety and Entitlements  
Mr James Hart, Branch Manager, Outcome 5—Workplace Relations, Safety and Entitlements  
Ms Flora Carapellucci, Branch Manager, Outcome 5—Workplace Relations, Safety and Entitlements  
Mr Derren Gillespie, Branch Manager, Outcome 5—Workplace Relations, Safety and Entitlements  
Mr Jeff Willing, Acting Group Manager, Outcome 5—Workplace Relations, Workplace Relations Implementation  
Ms Helen Bull, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Implementation  
Mr Matthew Gardiner, Acting Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Implementation  
Ms Kate Driver, Acting Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Implementation  
Ms Colette Shelley, Acting Group Manager, Outcome 5—Workplace Relations, Workplace Relations Policy

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Mr Paul Dwyer, Acting Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Policy  
Ms Rachel Livingston, Acting Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Policy  
Ms Jody Anderson, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Policy  
Ms Jan Rees, Acting Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Policy  
Mr Jeremy O’Sullivan, Chief Counsel, Outcome 5—Workplace Relations, Workplace Relations Legal  
Mr Peter Cully, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Legal  
Mr David Bohn, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Legal  
Ms Elen Perdikogiannis, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Legal  
Mr Henry Lis, Branch Manager, Outcome 5—Workplace Relations, Workplace Relations Legal

**Australian Curriculum, Assessment and Reporting Authority**

Dr Peter Hill, Chief Executive Officer, Australian Curriculum, Assessment and Reporting Authority  
Mr Robert Randall, General Manager, Curriculum, Australian Curriculum, Assessment and Reporting Authority  
Mr Peter Adams, Acting General Manager, Assessment, Australian Curriculum, Assessment and Reporting Authority  
Mr David Wasson, Acting General Manager, Reporting, Australian Curriculum, Assessment and Reporting Authority

**Australian Building and Construction Commission**

The Hon John Lloyd, Commissioner, Australian Building and Construction Commission  
Mr Ross Dalgleish, Deputy Commissioner, Australian Building and Construction Commission  
Ms Heather Hausler, Assistant Commissioner, Australian Building and Construction Commission  
Mr John Draffin, Assistant Commissioner, Australian Building and Construction Commission  
Mr John Casey, Chief Financial Officer, Australian Building and Construction Commission

**Australian Institute for Teaching and School Leadership**

Mr Tony Mackay, Chair, Australian Institute for Teaching and School Leadership  
Mr John McCarthy, Acting Chief Executive Officer, Australian Institute for Teaching and School Leadership

**Australian Learning and Teaching Council (ALTC)**

Dr Carol Nicoll, Chief Executive Officer, Australian Learning and Teaching Council

**Comcare**

Mr Paul O’Connor, CEO, Comcare  
Mr Steve Kibble, Deputy CEO, Comcare

**Fair Work Australia**

The Hon Geoff Giudice, President, Fair Work Australia

Mr Tim Lee, General Manager, Fair Work Australia

Mr Dennis Mihelyi, Director, Fair Work Australia

Ms Bernadette O'Neill, Director, Fair Work Australia

Mr Brendan Hower, Director, Fair Work Australia

Mr Terry Nassios, Director, Fair Work Australia

**Fair Work Ombudsman**

Mr Nicholas Wilson, Fair Work Ombudsman, Fair Work Ombudsman

Mr Alfred Bongi, Customer Service GM, Fair Work Ombudsman

Mr Michael Clark, Executive Director Contact Centre/AVR, Fair Work Ombudsman

Mr Leigh Johns, Chief Counsel, Fair Work Ombudsman

Mr Michael Campbell, Executive Director WR Policy and Education, Fair Work Ombudsman

Ms Ann Smith, Executive Director Knowledge Management, Fair Work Ombudsman

Mr Bill Loizides, Field Operations Group Manager, Fair Work Ombudsman

Ms Natalie James, Group Manager Fair Work Implementation Strategy, Fair Work Ombudsman

Mr Mark Scully, Finance and Reporting CFO, Fair Work Ombudsman

Mr Steven Ronson, Executive Director, Fair Work Ombudsman

**Safe Work Australia**

Mr Rex Hoy, CEO, Safe Work Australia

Ms Amanda Grey, Branch Manager, Safe Work Australia

Mr Wayne Creaser, Branch Manager, Safe Work Australia

Mr Drew Wagner, Branch Manager, Safe Work Australia

Ms Justine Ross, Branch Manager, Safe Work Australia

**Skills Australia**

Mr Robin Shreeve, CEO, Skills Australia

Ms Sue Beitz, Branch Manager, Skills Australia Secretariat

**CHAIR (Senator Marshall)**—I open this public hearing of the Education, Employment and Workplace Relations Legislation Committee. On behalf of the committee I wish to acknowledge the traditional owners and custodians of the land on which we meet today and pay my respects to their elders, both past and present. The Senate has referred to the committee the particulars of proposed expenditure for 2010-11 and related documents for the Education, Employment and Workplace Relations portfolio. The committee must report to the Senate on 22 June 2010 and has set Friday, 30 July 2010 as the date by which answers to questions on notice are to be returned.

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

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*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
  - (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
  - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
  - (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
  - (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
  - (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
  - (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
  - (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

[9.01 am]

**CHAIR**—The committee will begin today's proceedings with outcome 1 and then will follow the order as set out in the circulated program. Proceedings will be suspended for breaks as indicated on the program. I now welcome the Minister representing the Minister for Education, Employment and Workplace Relations, Senator the Hon. Kim Carr, and the departmental secretary, Ms Lisa Paul, and the other officers of the department. I now invite you, Minister, to make an opening statement if you so wish.

**Senator Carr**—Good morning. No opening statement.

**CHAIR**—Ms Paul, do you have an equally long opening statement for us?

**Ms Paul**—Yes.

**CHAIR**—Thank you. I think Senator Fifield wants to clarify a few areas where he might want to ask some questions first and then we will get on to questioning from other colleagues.

**Senator FIFIELD**—I think there are a number of colleagues who may have questions about the issue of the promised childcare centres and the decision to reduce the number of those that would be provided. Which outcome is that?

**Ms Paul**—The number of childcare what?

**Senator FIFIELD**—Centres?

**Ms Paul**—Centres; yes, that is here.

**Senator FIFIELD**—It was a matter of some public commentary.

**Ms Paul**—Yes, of course, that is here, Senator.

**Senator FIFIELD**—Is it in 1.1?

**CHAIR**—1.1?

**Ms Paul**—Yes, it would be.

**CHAIR**—It is 1.1? Do you want to start, then?

**Senator FIFIELD**—I think Senator Payne would like to.

**CHAIR**—Senator Payne.

**Senator PAYNE**—Thank you very much, Chair, Ms Paul and Minister. Can we start in that area in relation to the 2007 election commitment of the now government to build 260 childcare centres in the much-vaunted proposition of ending the double drop-off? Just over a month ago the Minister for Early Childhood Education, Childcare and Youth announced that the government had abandoned its plans to build 222 of those 260 childcare centres. When was the decision taken not to proceed with those?

**Mr Cook**—The government has consistently maintained that it would monitor the market and wait for the childcare market to settle before it determined the response to the remaining 222 early learning and care centres, or ELCCs, especially in the wake, as you would appreciate, of the ABC Learning collapse. The government continued to remain focused on this issue, particularly on supporting settlement of the childcare market following ABC and

the collapse of ABC Learning. This included, as you are aware, providing some assistance to GoodStart to progress the purchase of ABC Learning centres.

**Senator PAYNE**—‘Some assistance’—is that the terminology you use for the loan?

**Mr Cook**—That is right; that is correct. During this period the department continued to work closely with all parties in relation to particularly the ABC settlement. This resulted, as you are aware, this week in the settlement of about 570 centres through the GoodStart initiative. The announcement not to proceed with the 222 remaining ELCCs was taken in the knowledge that the settlement of that particular arrangement was pending, that it was close to finalisation, and also in consideration of the vacancy data that the minister released in April.

**Senator PAYNE**—When was that vacancy data from, Mr Cook?

**Mr Cook**—That vacancy data was released on 22 April.

**Senator PAYNE**—I understand when it was released; I asked when it was from.

**Mr Cook**—It was for the period of the September quarter 2009, I understand. That data indicated that 91 per cent of reporting long day care services across the country have vacancies. It included 90 per cent in major cities and 98 per cent in very remote and remote areas. What it indicated was that approximately three in 10 long day care places were available each day and that on average some 65,000 long day care vacancies were available each day. For the September quarter in 2009 it also showed that there were about 6,000 long day care services across the country, which was an increase of about 21 per cent since 2005. This equated to an average annual increase of about 250 centres every year between 2005 and 2009. Based on that evidence, on what was happening in relation to the support to have GoodStart purchase the 570 ABC Learning centres and on the data that the minister released on 22 April, the government decided that a large-scale supply in relation to early learning and care centres, the 222, would not be warranted based, at this stage, on the market and ensuring that we could have stability around the market and prevent further disruption to families.

**Senator PAYNE**—Was that decision taken in April or was it taken before that?

**Mr Cook**—Excuse me, Senator?

**Senator PAYNE**—Was that decision taken in April at the time of the press release or was it taken before that?

**Mr Cook**—I might have to take that on notice in terms of the government decision itself. Certainly the announcement based on this information was in consideration of the GoodStart activity and also in relation to the release of the data on 22 April.

**Ms Paul**—We can get the date for you, I think.

**Senator PAYNE**—Thank you, Ms Paul. Is a decision not to proceed with 222 childcare centres regarded as a significant announcement?

**Mr Cook**—I think that would be something that the government would need to answer rather than me. The situation is that the government has certainly analysed what is happening in terms of the market. Having quite comprehensive data in relation to vacancy rates and knowing what was happening in terms of the purchase of the ABC centres through GoodStart, I think the government has made a decision in relation to ensuring viability of the market,

knowing that there has been an increase around childcare centres, a 21 per cent increase over the last couple of years. Based on that information, the government obviously is considering what would happen in terms of the market and also in terms of disruption to families if there were new entries into the market.

**Senator PAYNE**—I asked a number of questions in February about the progress of the 260 childcare centres and I am very happy to acknowledge that I was told in February that monitoring of the circumstances and the situation was being done vis-a-vis some of the issues that Mr Cook has raised. I must say that during the time period between February and 22 April, if that is when the decision was made—let us give it the benefit of the doubt in that regard—it seems a very significant shift to go from continuing along with the policy to build 260 childcare centres to deciding to stop at 38 in April, given that we were discussing this in February. I would like the minister's view; Mr Cook said it might be a matter for government to answer as to whether this was regarded as a significant decision.

**Senator Carr**—I knew we would get to that sooner or later.

**Senator PAYNE**—I did not want you to feel left out, Senator. I would be keen on the minister's view.

**Senator Carr**—It is a problem, isn't it—the problem that officers offer you good advice and you take a while to follow it.

**Senator PAYNE**—Is it regarded as a significant decision?

**Senator Carr**—No, what occurred was that on 22 April, as has been indicated by the officers, the minister for early childhood education released two reports into the childcare market. What those reports showed was that some 91 per cent of reporting long day care services across the country have vacancies, including 90 per cent in major cities and 98 per cent in very remote and remote areas. Approximately three in 10 long day care places were available each day. In the September quarter of 2009 there were some 5,758 long day care services across the country, which is an increase of more than 1,000 services, or 21 per cent, since the September quarter 2005. This equates to an average annual increase of around 250 centres each year.

Based on that evidence the government decided that a large-scale boost in supply was not warranted when the market had only just started to settle after the collapse of the ABC Learning centres. I think you ask in specific terms about the government's commitment. The commitment of the government is that the establishment of a further 222 centres in that environment would threaten the viability of existing services and would risk further disruption to families. Given that there had been a 21 per cent increase in the long day care services over the past four years, it is apparent that the market is operating very well and that it was not appropriate to introduce additional demand into that context. That is the significance. It is a decision—

**Senator PAYNE**—It is not significant not to proceed?

**Senator Carr**—It was a decision that was based on the health of the childcare market.

**Senator PAYNE**—I think, Minister, that those participants in the sector who made their way through to paragraph 10 of the minister's press statement to find that the childcare

centres were not being proceeded with might have thought it was a significant statement that warranted perhaps marginally more attention than paragraph 10.

**Senator Carr**—I do not have your skills of literary criticism, so perhaps all I can suggest is that—

**Senator PAYNE**—Oh, give it a go.

**Senator Carr**—You may well comment on the structure of the press release, but I have outlined the government's position, and that is where it rests, I am afraid.

**Ms Paul**—You asked us what happened between the estimates where we discussed this before and we talked about the fact that we were still monitoring the market. Of course what happened in that time was the settlement, us knowing that the centres would settle with GoodStart, and that was a really positive outcome for ABC.

**Senator PAYNE**—The GoodStart negotiations were underway, were they not, Ms Paul, or at least initiated?

**Ms Paul**—Yes, they were, but there was quite a lot of uncertainty. There was a lot of uncertainty with the landlords in particular. It was not until April that we knew, and of course they only settled yesterday or the day before.

**Senator PAYNE**—We will come back to GoodStart.

**Ms Paul**—Of course.

**Mr Cook**—Senator, just to clarify my response in relation to the question you asked on when that vacancy data was for, where I indicated September quarter last year: I have been advised that the data was for vacancies for the week ending 19 March 2010.

**Senator PAYNE**—So it is not the September quarter; it is the March quarter?

**Mr Cook**—The data collection was made the week of 19 March 2010. That is right—a snapshot across the board.

**Senator FIFIELD**—Ms Paul and Minister, do you have a copy of the minister's press release in front of you dated 22 April?

**Senator PAYNE**—He does; he was just reading it out.

**Ms Paul**—I do not but I can get one.

**Senator PAYNE**—The minister does; he was reading it out or at least—

**Senator Carr**—I do not have a copy of the press release.

**Senator PAYNE**—Your briefing notes must be well taken from the press release then.

**Ms Paul**—Yes, thank you, we do.

**Senator FIFIELD**—Minister Ellis was asked on 23 April why the announcement was buried. She responded:

Well, look without getting into semantics about it. I have a copy of the press release in front of me as we speak where that announcement is very clearly on the first page.

I have a copy of the press release here. It is not on the first page of my version; is it on the first page of your version? The words 'in order to support continued stability'—



**Ms Paul**—Yes, it is.

**Senator FIFIELD**—Is it on the first page?

**Ms Paul**—Yes, it is.

**Senator FIFIELD**—Okay.

**Senator Carr**—Yes, in fact it says:

In order to support continued stability in the market, the Government has decided not to proceed with additional centres to the 38 centres already in train.

**Senator FIFIELD**—Could you table your version of the press release because—

**Senator Carr**—What, your press release is a different copy to that, is it?

**Senator FIFIELD**—No, I have the same words here, but on every version of the press release I have seen it is buried more than halfway through the length of the release.

**Senator PAYNE**—Paragraph 10.

**Senator FIFIELD**—On the second page. I do not know if there is some uniquely formatted version which has been produced so that the minister could say, ‘Oh, well, it’s on the first page of my press release.’

**Ms Paul**—It was just handed to me, so I do not think there is any plot there. But I am happy to show you what—

**Senator FIFIELD**—Could you table it anyway?

**Ms Paul**—Of course, that is fine.

**Senator FIFIELD**—Thank you. I guess that is—

**Senator Carr**—You are going to have to do a lot better than this. I trust we are not going to be here for two days with this standard. You will have to raise the bar a little higher than that.

**Senator FIFIELD**—Speaking of raising the bar a little higher—

**Senator Carr**—It is a quarter past nine.

**Senator FIFIELD**—In terms of raising the bar a little higher, I think that perhaps we should apply that to actually honouring election commitments. I think you have failed. I would not be talking about raising bars if I were you, Minister.

**Senator Carr**—So how would you fit with the article in the *Age* today, ‘Coalition backs cut childcare rebate’? Is that what you would be doing? Will you be raising the bar on that, will you?

**Senator FIFIELD**—Yes—

**Senator Carr**—Coalition backs childcare rebate—I am just assuming.

**Senator FIFIELD**—Minister, we are asking the questions, and I did not think you were into literary commentary anyway.

**Senator Carr**—No, I am just reading an article in the *Age* today. I just wondered whether or not it was true.

**Senator CASH**—Only when it suits them.

**CHAIR**—Let us get back to 1.1.

**Senator FIFIELD**—Obviously the substantive point here is that the significant announcement is not in the first line, is not in the first paragraph and is not in the heading of the press release; it is down about 10, 11 or 12 paragraphs.

**Senator Carr**—Dear, dear, dear. What is your complaint? The announcement was not made the way you wanted the government to make it; is that your complaint?

**Senator FIFIELD**—No, my complaint is that the government was deliberately seeking to deceive and mislead the Australian people and to bury the breaking of a solemn election commitment. That is my complaint, Minister.

**Senator Carr**—Well, you are mistaken.

**Senator FIFIELD**—Where am I mistaken, Minister?

**Senator Carr**—You have a different view to what I have as to what the government has announced. I have explained what the government's position is. It is clearly outlined and articulated in the minister's press release. We have tabled the press release. I do not see what else we can say on this matter.

**Senator FIFIELD**—Thank you for tabling the copy of this press release. I guess if I reduce the font size—

**Senator PAYNE**—To eight point or maybe six.

**Senator FIFIELD**—If I reduced the font size of the minister's press release, I could get that paragraph buried in paragraph 10 onto the front page. I commend those in the minister's office for reducing the font size so that when she went on radio she could say, 'Oh no, oh no, the announcement is on the front page of my release.'

**Senator Carr**—That is taken directly from the website.

**Senator PAYNE**—There is not enough space on the website, Minister.

**Senator Carr**—It is taken directly from the website.

**Senator FIFIELD**—Thank you. Could I ask who provided the original draft of the press release? Was it provided by the department?

**Ms Paul**—I do not know—unless you know?

**Mr Cook**—No.

**Ms Paul**—There may have been one from our communications area, but I am happy to take it on notice. Ultimately, of course, it is the minister's.

**Senator FIFIELD**—Surely, Ms Paul, there is someone here who would be able to assist with that?

**Ms Paul**—We will check that out. Ultimately it is the minister's press release. I imagine we probably did do a first draft.

**Senator FIFIELD**—Did the department do a first draft?

**Mr Cook**—I am not aware of that. I would have to take that issue on notice.

**Senator FIFIELD**—Is this your area, Mr Cook?

**Mr Cook**—Yes, it is.

**Senator FIFIELD**—This has been an area of great public interest. You would have been well aware that there would be significant questions going into details including the manner of announcement, the drafting of the press release. Are you saying that you do not know?

**Mr Cook**—That is correct.

**Ms Paul**—Senator, we may well have drafted it. We normally would do a first draft. I am quite happy to check that out and let you know.

**Senator FIFIELD**—If you could.

**Ms Paul**—Sure.

**Senator FIFIELD**—Let me ask this then: if you did not do a first draft, were any drafts of the press release passed backwards and forwards between the minister's office and the department?

**Ms Paul**—They could well have done. We may well have done that; it would be not uncommon.

**Senator FIFIELD**—Is there anyone at the table who saw a draft at any stage of the minister's press release? Let us ask a simpler question.

**Ms Paul**—That is fine.

**Ms Shannon**—I did see a draft of the release in the ordinary manner that departmental officers provide factual information or drafting corrections or comments. I certainly saw the press release in that context.

**Ms Paul**—Our processes are fairly standard, so I would expect that we would have dealt with the press release at some stage. Then finally it would be with the minister, and it is ultimately, of course, her press release.

**Senator FIFIELD**—Of course, I appreciate that. In your knowledge was a draft prepared by the department and provided to the minister's office?

**Ms Shannon**—I am not aware as to where the draft originated. I know that the department did provide some factual information, which is obviously fed into the drafting process.

**Senator FIFIELD**—If you are not aware of where the draft originated, who in the department would be aware?

**Ms Shannon**—I think, as Ms Paul has indicated, we would need to check with our colleagues in the communications area.

**Ms Paul**—I am happy to do so for you.

**Senator FIFIELD**—Yes, if you could.

**Ms Paul**—Normally with media releases our process is that we would do what Ms Shannon describes. We would offer factual information. It is the minister's press release. I am quite happy to check out how the process went and let you know.

**Senator FIFIELD**—Ms Shannon, you said you did see a draft at some stage?

**Mr Johnson**—As Ms Shannon has indicated, we would have provided some factual comments or clarification on information sought by the office. As Ms Paul has indicated, we would have to confirm whether the draft was generated within the minister's office or by our communications area.

**Senator FIFIELD**—Of course. That was not my question. It was—

**Senator Carr**—We said we were going to take it on notice.

**Senator FIFIELD**—If Ms Shannon saw a draft—I appreciate you are seeking advice as to how it originated. Assuming it originated somehow and some information was provided, did a draft at some point come back from the minister's office to the department?

**Ms Paul**—I think what we are saying is that we need to check how the iterations worked. I think that is what Ms Shannon is saying.

**Mr Johnson**—We certainly saw a draft, Senator. We will have to check how that draft came before Ms Shannon, whether it came directly within the department or whether it came from the minister's office.

**Senator FIFIELD**—Yes. Was there any instruction from the minister's office as to where to place in the press release the paragraph that says, 'In order to support continued stability in the market, the government has decided not to proceed with additional centres to the 38 centres already in train'?

**Ms Paul**—Any communication like that has probably been with our communications people; I can check that. I would be very surprised if there would be a direction about where to place a piece of information. Nonetheless I am happy to check it out for you.

**Senator FIFIELD**—Ministers' officers are forever scribbling on press releases with arrows saying, 'put here, move this up, move this down'.

**Ms Paul**—I have not seen that, but I am happy to check in this instance.

**Senator FIFIELD**—No, but you said 'probably'. That does not rule out that officers at the table may have some knowledge.

**Ms Paul**—Yes.

**Mr Johnson**—Not that we are aware. As Ms Paul has indicated, it would be in the ordinary course of business that the office would seek information and data from the department to clarify the framing of the release from the minister.

**Senator FIFIELD**—Thank you for that. Regarding the minister's capacity as the minister for sport; Minister, when did you first become aware of the issue that was to come into the public domain about the Melbourne Storm football team?

**Senator Carr**—Are we doing sport now?

**Ms Paul**—It is not in this portfolio.

**Senator FIFIELD**—I know we are in child care but this is—

**Senator Carr**—Yes, I know, and I know rugby league has got all that to it, but I am afraid that is not this portfolio.

**Senator FIFIELD**—This is an issue which has been connected in public commentary by commentators in relation to the minister's announcement. There has been speculation, I am sure you would be aware. The timing of the announcement of this decision by the government may have been a coincidence or it may not. That is why I am asking. Although it may seem on a tangent, it is not in terms of the public mind and public accountability. It is not a tangent.

**Ms Paul**—It has certainly never been raised with me and it was not something, I must admit, that had occurred to me either.

**Senator FIFIELD**—My question was: when did you first become aware of the issue regarding Melbourne Storm? Was it reading the newspaper, on the radio?

**Ms Paul**—Are you asking me?

**Senator FIFIELD**—I am asking you.

**Ms Paul**—I have no idea. I do not know. Really, I put all my work into following our own media and there is a lot of that.

**CHAIR**—Do you know what Melbourne Storm is, Ms Paul?

**Ms Paul**—I do, but I did grow up in Adelaide, so it is not really that important to me. It is the wrong code for me, I am afraid. But if you wanted to ask about AFL, we could—

**Senator FIFIELD**—Thank you.

**Senator HANSON-YOUNG**—We can beat Fremantle.

**Ms Paul**—Excuse me?

**Senator HANSON-YOUNG**—Is Adelaide going to beat Fremantle?

**Ms Paul**—I do not go for either of them.

**Senator CORMANN**—No chance.

**Senator PAYNE**—You are not really an Adelaide girl then?

**Ms Paul**—I will be safe.

**Senator CORMANN**—I see the chairman has got the Fremantle Dockers tie on.

**Senator FIFIELD**—Ms Paul, did you become aware through public media or did you become aware through other means about Melbourne Storm?

**Ms Paul**—Most definitely public media. I think I probably took some time to catch on given that (a) it is the wrong code and (b) it is not in my portfolio.

**Senator FIFIELD**—You can categorically say that you did not have any conversation with anyone in the minister's office or the Prime Minister's office about Melbourne Storm, whether it even be talking about the footy results at the weekend?

**Ms Paul**—Categorically.

**Senator FIFIELD**—Before the 22 April announcement.

**Ms Paul**—Yes, categorically.

**Senator FIFIELD**—Thank you. That clears something up.

**Ms Paul**—That is fine.

**Senator FIFIELD**—Would the same be true of officers in your department?

**Ms Paul**—I imagine so.

**Senator FIFIELD**—Could you take that on notice, Ms Paul?

**Ms Paul**—If you like.

**Senator Carr**—Have you discussed the football, is that the question?

**Senator HANSON-YOUNG**—Have you discussed the football with the Prime Minister's office.

**Senator Carr**—Really.

**Ms Paul**—I think you are asking—

**Senator FIFIELD**—Either results or impending demise of teams.

**Senator Carr**—Ms Paul is very generous taking questions like that on notice but really, it really is a bit much.

**Senator FIFIELD**—Ms Paul is always very generous. Senator Mason constantly tells me how generous Ms Paul is.

**Senator Carr**—He does not say that about me and he is right.

**Senator FIFIELD**—But you and he have a very special relationship, Senator Carr.

**CHAIR**—Yes that is right; I think you underestimate what he might say about you, Senator Carr.

**Senator FIFIELD**—Thank you for that, Ms Paul. Ms Paul, when were you first made aware that the minister would be making the announcement on 22 April?

**Ms Paul**—It would have been some time before then, but I do not know the date. I can get that for you, probably. It will be my best recollection.

**Senator FIFIELD**—Thank you. Could you take that on notice?

**Ms Paul**—Yes.

**Senator PAYNE**—Thank you very much. I wanted to go to some questions about the childcare centres that the government is proceeding to build out of its commitment to 260 childcare centres. As I understand, the figures which were made available before the election costings were around \$1 million to build each centre and half a million dollars on fit out. It was meant to be \$82.5 million spent over four years with the centres to be completed by 2012 to 2013. The minister in her two-page press release again restated the figures from last year's budget which had \$114.5 million to build the 38 centres. This equates to much closer to \$3 million per centre as I read it with my limited mathematical capacity. What part of the \$3 million of each centre is capital and can you tell us what other costs are included in that \$3 million? What is the breakdown of the \$3 million cost?

**Mr Cook**—I can certainly give you a breakdown of the total funding. We may have to take on notice the breakdown of the \$3 million. In terms of the breakdown: \$64.6 million of the total amount is in capital funding; \$48.3 million is for ongoing childcare related expenses such as childcare volunteer (CCV) and childcare rebate (CCR); \$16.4 million is for the

operation of the six autism specific centres; and there is an amount of about \$1.6 million for departmental resourcing.

*Senator Jacinta Collins interjecting—*

**Mr Cook**—It is \$1.6 million for departmental resourcing to support the implementation and rollout of the program, which makes a total of \$114.5 million.

**Senator PAYNE**—What is encompassed in the departmental resources?

**Mr Cook**—That is a small amount for DEEWR of about \$200,000 or \$0.2 million and \$1.3 million for FaHCSIA over four years. That is basically for the management of the program, the oversight and the rollout of the program.

**Mr Johnson**—The moneys for FaHCSIA relate to the operation and support of the specific autism centres.

**Senator PAYNE**—That is the \$16.4 million?

**Mr Cook**—Yes, \$16.4 million is the operation of the autism centres and the \$1.3 million for FaHCSIA over four years is to support FaHCSIA in terms of the operations of those centres.

**Senator PAYNE**—How many of the autism specific centres are open and operational?

**Mr Cook**—I understand three of them are open and operational.

**Senator PAYNE**—Is it three of six, is it?

**Mr Cook**—That is correct.

**Senator PAYNE**—When are the other three going to be open?

**Mr Cook**—I may ask Ms Shannon to make a comment on that.

**Ms Shannon**—Certainly they are on track for delivery by the end of the year. If you give me a moment I will try and get the—

**Mr Cook**—We are expecting—

**Senator PAYNE**—It is very difficult to hear clearly in here this morning. Could we have the volume turned up? Thank you.

**Mr Johnson**—Just to clarify, Senator, three of the specific autism centres are already operating.

**Senator PAYNE**—Three, that is correct.

**Mr Johnson**—Three already are. For a further two, the construction will be concluded towards the middle of this year, so within the next month or two, and operating shortly thereafter. The sixth will be operating towards the end of this year, potentially. We are continuing to work with all of the proponents in each of those centres to ensure their effective delivery over coming months.

**Senator PAYNE**—They are included in the 38 so that takes us to 32 regular childcare centres, regular in the broad sense of the word. How many of those 32 are open and how many are under construction?

**Mr Johnson**—There are five already open, Senator. The balance is largely all at various stages of construction. I think we have got 10 of those centres which are close to completion of the construction phase within the next couple of months. The balance of centres is in various stages of planning, development and pre-construction.

**Senator PAYNE**—Will all of the 38 centres be completed within the time frame that was originally stated, the 2012 time frame?

**Mr Cook**—That is our understanding; that is correct. We continue to work very closely with states and territories and those organisations responsible for the centres to ensure that we can meet that deadline.

**Senator PAYNE**—Are they all on school or community land?

**Mr Cook**—I think about 80 per cent of those are on school or community land.

**Ms Shannon**—That is correct.

**Senator PAYNE**—Are the other 20 per cent on private land?

**Ms Shannon**—It would be a mixture of sites but in the large they, for example, relate to integrated child and family centre sites so where the early learning and care centre might have been co-located with a range of other family services. They may be, for example, council property. It might be a site that is convenient to the community.

**Senator PAYNE**—That is not community land, you term that differently do you?

**Ms Shannon**—It is not a school site, it may be publicly owned land.

**Senator PAYNE**—I thought I said school or community land. If I did not I misspoke.

**Ms Shannon**—Excuse me. I think the distinction is between 80 per cent being on school, university or TAFE sites and the 20 per cent being on other sites. I would expect the majority of those are community land in one form or another.

**Senator PAYNE**—How many are on university sites?

**Ms Shannon**—I am aware that the La Trobe University Margot Prior autism specific early learning and care centre is on the La Trobe University site.

**Senator PAYNE**—Does that mean one?

**Mr Johnson**—We would have to probably take that on notice.

**Ms Shannon**—We would have to check, yes.

**Mr Johnson**—I do not have all of the site specific detail with me.

**Senator PAYNE**—Could you then, on notice, Mr Johnson, please provide a breakdown of how many are on school, how many are on university, if it is more than the one and how many are on TAFE land in the 80 per cent?

**Mr Johnson**—We are more than happy to do that.

**Senator PAYNE**—As well as the nature of the land in the other 20 per cent. Has there been a template used for the design of the centres or is each one individually designed?

**Mr Cook**—My understanding is that each of them is individually designed, as you would imagine, based on the range of needs and requirements of communities. For Victoria, for



example, a number of the centres are based on integrated centres so they have a number of family services included with those centres. The design of those centres may be significantly different to other centres where they are more of a stand-alone capacity or more of a stand-alone facility.

**Senator PAYNE**—Is each one tendered?

**Ms Shannon**—A variety of arrangements have been used. For example, in Victoria the government is working with local councils. In most of those cases the funding has been provided by the Victorian government working closely with the local council on the construction of the centre. There are a number of points at which tendering arrangements may be used. For example, there may be no tender in relation to the construction but there may be a tender in relation to selection of an operator. It will vary from site to site.

**Senator PAYNE**—Ms Shannon, do those sorts of arrangements apply to the autism specific centres as well?

**Ms Shannon**—I would have to confirm that with my colleagues in FaHCSIA because they are managing the rollout of the autism specific centres.

**Senator PAYNE**—I assume you are working closely with them on that?

**Ms Shannon**—Yes. My understanding is that a number of the autism specific centres are refurbishments and expansions of existing centres, so tender processes have not been required to select operators, for example. I will have to check around the construction. My understanding is the current operator has worked with FaHCSIA on the expansion of the existing centre in those cases.

**Senator FIFIELD**—It says in the budget, just on the autism specific centres—I think you indicated that some of those would not be ready for quite some months?

**Mr Johnson**—No, Senator, we are saying that half of those centres are already open.

**Senator FIFIELD**—I know half are already open.

**Mr Johnson**—The balance are shortly to complete construction and will move to operation we can anticipate in the next couple of months. I think it was—

**Senator FIFIELD**—Yes, you said within the next couple of months. FaHCSIA said they would all be open by 30 June.

**Mr Johnson**—Again I can try and find the detail for you for the ones that are concluding construction within the next month or so. Broadly my understanding is that two or three of those other centres will conclude their construction. They are also pursuing co-licensing and operating arrangements such that they will commence operation shortly after the construction phases have been achieved.

**Senator FIFIELD**—Yes, I just wanted to check that you were not saying something different to FaHCSIA.

**Senator PAYNE**—What do you mean by co-licensing?

**Mr Johnson**—In the context that centres are seeking approval for licensing to operate as a childcare provider. Again, senators may appreciate that licensing requirements vary across jurisdictions. We are trying to work, as Ms Shannon indicated, directly with proponents to

ensure that if there are new constructions or refurbishments of existing facilities, when certificates of occupancy are issued by a local council that those proponents are also well advanced on their licensing application arrangements with the relevant state licensing bodies.

**Senator PAYNE**—On notice, Mr Johnson, could you provide the committee with a brief description of the arrangements in relation to the tender processes, the contractors for the individual processes, these sorts of arrangements that we have been talking about, just a brief description for each of the 38?

**Mr Johnson**—We would be happy to do that, Senator.

**Senator PAYNE**—Thank you very much. When the centres were first being discussed the DEEWR website indicated that the new centres would be located in areas of unmet demand. That has been a matter which we have discussed across the past few estimates. For each of the sites for the 38 centres, can you indicate to the committee what factors were used for each of those and whether any review has been conducted since those original announcements to determine if those factors still exist in those locations?

**Mr Johnson**—The areas for the allocation of each of the centres, 36 of the 38 were announced by the government in the 2007 election. At that time the indication was to provide those centres in areas where there was significant demand or requirements to respond to the needs of particular communities. Beyond that I would probably have to take on notice any analysis around the particular demands of communities at this point in time in each of those 38 regions.

**Senator PAYNE**—Can you give us some more information on that?

**Mr Johnson**—Yes certainly we can take that on notice.

**Senator PAYNE**—Could I just get some guidance in relation to where questions around the National Quality Agenda—NQA—should be asked? Should they be asked here in 1.1?

**Mr Cook**—The NQA is probably more around 1.3.

**Senator JACINTA COLLINS**—Senator Payne, are you moving off this area right now? I just have one question if that is all right?

**Senator PAYNE**—Yes, go ahead.

**Senator JACINTA COLLINS**—As you indicated the role of the states and territories in these centres has been fairly significant as well. Can you tell me does the Commonwealth have any understanding of how many integrated services the states and territories have rolled out independently of the Commonwealth?

**Mr Cook**—We would have to take that on notice. I come from Victoria, and Victoria has a very strong commitment to integrated centres, with over 70 I understand, in terms of the government commitment in Victoria. All the work that has been done, and the Children's Capital Program in Victoria is based on integrated children's centres predominately providing support to local communities around ensuring that families have a range of services being provided through those centres. A number of other states and territories, such as South Australia, are also predominately focusing on integrated services. We would have to take that question on notice to be able to get that information back to you.

**Senator JACINTA COLLINS**—The reason I ask, in part, to inform that is the discussions around the double drop-off have been going on for many, many years, not just the 2007 election. Indeed, discussions with the states and the Commonwealth have been seeking to further those sorts of integrated services for quite a number of years as well. Rather than just solely the additional centres we are talking about here, I would be interested to put that in the broader perspective of how much shift there has been in the provision of services.

**Mr Cook**—Certainly. I understand there was a question on notice at the last estimates hearing around some of the interaction between BER and early learning as well. There was over \$300 million worth of facilities around early years on school sites through BER as at the end of last year, which is a significant investment in terms of early years and the double drop-off in terms of schooling as well. I am also aware that a number of systems, for example, in Victoria, are undertaking significant regeneration projects where in fact they are bringing a whole number of schools together at a particular site, and they may be reducing schools from 10 or 11 schools down to five or six schools, but they are integrating early childhood services onto school sites as part of their regeneration project. I know that a number in the ACT have certainly been doing that as well, so a number of state and territories are looking at both the school infrastructure as well as integrated structures for zero to five years of age around community land as well.

**Senator JACINTA COLLINS**—How difficult would it be to update that picture for the committee?

**Mr Cook**—I think we would be able to get that information from our state and territory counterparts.

**Senator JACINTA COLLINS**—Would outside school hours care be easily provided in that material as well? I refer to the impact of the BER.

**Mr Cook**—We would certainly investigate that as part of that, yes.

**Senator PAYNE**—I have some questions around the GoodStart arrangements. Is it appropriate that I ask them here or if Senator Hanson-Young wanted to jump in at this point?

**Senator HANSON-YOUNG**—I think it is probably a fair thing. Mine is still in 1.1.

**Senator PAYNE**—My questions only relate to GoodStart. In relation to yesterday's announcements by the ministers on the transfer of the 570 childcare centres from ABC Learning to GoodStart—

**Mr Cook**—On Monday, I understand, Senator.

**Senator PAYNE**—Monday, sorry; doesn't time fly! In terms of the \$15 million loan to which you referred earlier as support to GoodStart, what percentage of that loan represents the overall cost of the purchase price of the ABC childcare centres?

**Mr Kimber**—It represents a small portion of the overall purchase price. It is approximately 10 to 15 per cent.

**Senator PAYNE**—Has it been paid to the centres?

**Mr Kimber**—Settlement occurred on Monday afternoon, when the centres were transferred. Those moneys were paid to the appropriate account for distribution to the receivers.

**Senator PAYNE**—If settlement occurred on Monday, is the change in ownership now completed?

**Mr Kimber**—For those 570 centres, yes.

**Senator PAYNE**—I thought we had previously discussed 600 centres being transferred; that is my recollection. Now we are dealing with 570 in the press statement. What has happened to the other 30? What is the reason for that discrepancy?

**Mr Kimber**—I will just take you back. An expression of interest process was run in the second half of 2009. From that process, 700-odd centres were included in that. GoodStart put in a successful bid and is the preferred purchaser for up to 678 centres. They will be settled in different tranches. The first tranche of centres was 570, which was settled on Monday. The balance of those will settle over coming weeks as negotiations are completed with landlords and all interested parties.

**Senator PAYNE**—In what period of time do you expect the remainder to be transferred?

**Mr Kimber**—We expect them in the near future. The terms of the business sale agreement that GoodStart has signed with the receiver provides for settlement to occur up to September this year. We would expect that a number of centres will transfer in coming weeks and months as soon as those arrangements with landlords et cetera are settled.

**Senator PAYNE**—Can you indicate what the repayment arrangements are over what I understand to be a seven-year period for the loan?

**Mr Kimber**—It is a \$15 million loan over a seven-year repayment period. The repayments have been structured so that there is no cost to the government or to the taxpayer. The loan is covered by four trust deeds: a loan facility agreement between GoodStart and the Commonwealth; a common terms deed between GoodStart, National Australia Bank and the Commonwealth; a security trust deed with the same parties; and also an inter-creditor deed. It is quite a complex arrangement. It is a seven-year repayment period, and it uses the Commonwealth bond rate from time to time to calculate the interest that is payable on the loan. It is calculated quarterly, but the exact details of that will vary from time to time depending on the Treasury bond rate. Obviously it is a commercial loan. It was negotiated with a range of parties to be repaid over seven years.

**Senator PAYNE**—Can any of those documents be made available to the committee?

**Mr Kimber**—That is something I would have to take on notice. You would understand the commercial sensitivity of these arrangements for all parties.

**Senator PAYNE**—Would you do that, please?

**Mr Kimber**—I will take that on notice.

**Ms Paul**—I would want us to seek the parties' agreement if it is okay, because it is commercial-in-confidence.

**Senator PAYNE**—I understand that. Of the 570 centres that are in this tranche, are all of those ongoing centres up to date with their reporting and their claims for payment?

**Mr Kimber**—I am not sure the basis of your question in terms of claims for payment for—

**Senator PAYNE**—The processes that they undergo to work through the childcare rebate process and so on?

**Mr Kimber**—I would assume so. In terms of reporting of usage of child care, it is now a system that is undertaken through the childcare management system. Childcare usage is reported on a weekly or fortnightly basis, which calculates childcare benefit, and then on a quarterly basis, the childcare rebate. It is a requirement that services provide that information on a regular basis.

**Mr Johnson**—Essentially, the monitoring of utilisation and funding of those ABC Learning centres is no different from the department's management and monitoring of all other childcare providers.

**Senator PAYNE**—Thank you very much. In the press release of 31 May, there is a reference at the end of the release about:

... new regulatory measures to ensure the financial viability of large child care providers.

This includes financial checks for new child care centre operators to make sure they are viable from the outset and able to meet the Federal Government's national quality standards.

Exactly how will that operate?

**Mr Johnson**—The government committed I think \$1.9 million in the budget to establish a range of new measures to effectively pursue what you have just described—that is, to establish an enhanced financial viability assessment framework for large providers who are operating 25 or more services in the market, and also to provide additional powers to the minister to pursue reviews or investigations of particular large providers operating 25 or more services in a region where the department had concerns about their performance. In terms of how that will operate, we intend to consult with the sector around the development of that financial viability framework over coming months with a view to having the framework in place from 1 July next year.

**Senator PAYNE**—What do you envisage providers will have to provide to the government to address those new viability checks?

**Mr Kimber**—We want to make the processes as streamlined as possible and not place too much additional burden on providers. We need to remind ourselves that it is only for those large long-day care providers. We envisage it is only in the order of six to 12 providers who have to provide this information. They already have significant financial reporting and accounting arrangements. We would envisage that we would use much of that already existing reporting. However, the exact nature of what we will require we will develop in consultation over the next six months with the sector and also using the expertise of accountancy and insolvency firms to develop that framework.

**Senator PAYNE**—What consultation has been done with the sector to date before this initiative was announced in the budget?

**Mr Kimber**—There has been no consultation with the sector at this stage. That consultation will occur in the second half of this year for further consideration by the minister about the final framework. This also will be the subject of legislative changes required in 2011 for an introduction on 1 July next year.

**Senator PAYNE**—Have any concerns been raised by the sector about the announcement that was made in the budget without consultation?

**Mr Kimber**—Not that I am aware of.

**Senator PAYNE**—Could you take that on notice, please?

**Mr Kimber**—I will take that on notice, but I am not aware of any concerns.

**Mr Johnson**—As you would appreciate, this commitment is entirely consistent with the government's commitment to try to provide greater stability in the market, and to try to monitor the performance of large providers in that market. I am certainly not aware of any comments or concerns that have been raised by the sector with us, but we are happy to take that on notice.

*Senator Jacinta Collins interjecting—*

**Mr Cook**—Certainly a number of conferences at which I have spoken recently, the various sector groups, whether it be not-for-profit or profit, have welcomed an assurance around this in terms of the processes. There is a sense of comfort, I guess, in the sense that we can ensure that there would not be a repeat of something like ABC.

**Senator PAYNE**—I have some questions around three other areas that I wanted to go to before we perhaps go to the vacancy area in which Senator Hanson-Young was interested. However, I might not be in the right space. The family day care start-up payment, the Inclusion Support Program for child care, and in-home care—where is the right place to ask those questions?

**Ms Paul**—My feeling would be 1.2, but it is a little hard to tell, isn't it?

**Senator PAYNE**—That is why I was seeking your guidance, Ms Paul.

**Ms Paul**—Certainly childcare services support is 1.1, so I think we could probably start where we are.

**Senator JACINTA COLLINS**—Do you have a state-by-state breakdown of how many centres have transitioned to GoodStart?

**Mr Cook**—Yes. Of the 570 centres that transferred on Monday, 211 of those are in Queensland, 108 are in New South Wales, 137 in Victoria, five in the ACT, 42 in South Australia, 50 in Western Australia, eight in Tasmania, and nine in the Northern Territory.

**Senator JACINTA COLLINS**—How does that change the mix in the market between commercial operators and not-for-profits?

**Mr Cook**—Based on the data that we have available to us, in terms of 2008-09, I understand about 22 per cent of long-day care services were community managed or not-for-profit. With the GoodStart sale, we approximate it to be about 34 per cent. So, from 22 per cent community managed to 34 per cent, an increase of 12 per cent, and in terms of privately

managed, subsequently it was approximately 75 per cent and we anticipate it will now be approximately 64 per cent.

**Senator JACINTA COLLINS**—What other change to the service delivery market do you think this transition will mean?

**Mr Cook**—If you look at viability but also choice for families, there is certainly a strong support from the community managed sector in having these additional services, and particularly what can be done through the community managed sector in relation to supporting families most disadvantaged. I think it will have an impact on how that will support families, and also support the staff in those particular centres.

**Ms Paul**—GoodStart has been clear with us that they are committed to the national quality framework, in particular, both on the equity side, as Mr Cook describes, and also the quality framework and the commitment to early learning and so on is a focus of theirs.

**Senator PAYNE**—Ms Paul, of those three areas, did you say we could go to the Inclusion Support Program for child care now, or the in-home care questions?

**Ms Paul**—Childcare services support, including the Inclusion Support Program.

**Senator PAYNE**—As I understand it, that is essentially a diversity program. Is that right?

**Ms Paul**—Yes, that is right.

**Senator JACINTA COLLINS**—What is in-home care in?

**Senator PAYNE**—As I understand it, where an approved carer provides care in the child's home.

**Senator JACINTA COLLINS**—No, I mean in which program?

**Mr Johnson**—They all sit broadly under the childcare services support program, so 1.1. As you said, it is largely characterised, as you put it, as a diversity program to support the capability of providers in the sector either to meet particular needs of high-need children or responding to regional or thin markets.

**Senator PAYNE**—The Inclusion Support Program, as I understand it, pre-empts savings of \$31.3 million over four years through what are described as administrative efficiencies—is that right?

**Mr Kimber**—That is correct.

**Mr Johnson**—I think the savings are actually \$31.1 million over the forward estimates, but that is correct.

**Senator PAYNE**—When did KU Children's Services start operating as the single national provider?

**Mr Johnson**—They commenced in the current financial year, so in 2009-10. As you may be aware, we have moved from 28 providers across the country to KU now being our single national provider for that program.

**Senator PAYNE**—As I understand it, when it was announced in January 2009 by the then parliamentary secretary, I understood, and perhaps misunderstood, that KU Children's Services were taking over then, in January. Did they not take over until July 2009?

**Mr Johnson**—I might have to confirm that date while we are responding to your other questions. My understanding is the announcement was made early last year with effect for commencement in the full financial year 2009-10.

**Senator PAYNE**—It is not entirely clear to me from the press statement, I must say.

**Mr Johnson**—As part of the arrangements of obviously moving from 28 former providers operating in 2008-09, there may well have been a transition both in funding and contractual arrangements over the final two quarters of 2008-09 to a single national provider arrangement.

**Senator PAYNE**—In the 2010-11 budget we have the claim of the \$31.1 million in administrative efficiency savings in the next four years. What do we say has been saved in the last financial year?

**Mr Johnson**—I will have to take that on notice. I think I only have the savings figures for 2010-11 and the forward three years thereafter.

**Senator PAYNE**—If it has been in operation for almost a year, you would expect there to have been some savings already, I assume?

**Ms Shannon**—I do not believe that savings have been identified for the current financial year. The department has been able to analyse the performance of the program since we have moved to a single national provider. That has enabled us to undertake more effective tracking of committed funds. We have been able to put in place tighter payment controls requiring submissions of claims for payment within 60 days. We are now enforcing the requirement that those claims for payment are actually submitted within 60 days. Combined, those factors mean that less of the program funding is actually tied up as unrealised commitment. The department has been able to identify scope to return the difference between commitment and actual expenditure without compromising the level of assistance provided to services, to provide that difference back to the budget. In that context, I would note that the Inclusion Support Subsidy is in fact a demand driven program.

**Senator PAYNE**—I understand that. If it has been underway since an announcement on 13 January 2009, and we cannot identify any savings by 2 June 2010, I would have to say that that is slightly disappointing. I understand it is 10 o'clock, Chair, and I should indicate that I will put some questions on notice in 1.1 as well.

**CHAIR**—Thank you, Senator Payne. Senator Hanson-Young.

**Senator HANSON-YOUNG**—I have questions around the *Child Care Vacancies Quarterly Snapshot* and the various figures that are listed in there. First, I was just hoping that you could give us an overview of how you came up with the core claim within the report that suggests there are vacancies at 91 per cent of long day care services and that 30 per cent are actually not being used?

**Ms Hosking**—The methodology for the report in the vacancies report comes from vacancy data that we collect from services. We have a standard vacancy definition that services report against. They need to report when they have an ongoing full day vacancy for long day care, family day care and in-home care, a full day vacancy for occasional care and vacation care and an ongoing full session vacancy for before school and after school care. The 91 per cent



figure that you refer to is actually a figure that relates to the number of long day care services that report at least one vacancy. The 91 per cent figure is simply that proportion of all long day care services that actually reported at least one vacancy.

**Senator HANSON-YOUNG**—It does not actually give an accurate representation of how many vacancies there will be?

**Ms Hosking**—No. That particular figure is simply allowing you to get an understanding of the services that have vacancies at all. However, we also do have numbers of vacancies, as stated in the report. That gives the additional information about the number of vacancies. The actual figure of the 30 per cent capacity is based on an estimate of the approved number of child care places in long day care centres, and that is the number of vacancies against those approved.

**Senator HANSON-YOUNG**—For the minister to draw on the 91 per cent figure in part of the justification for not going ahead with building the remaining numbers of the 260 childcare centres was not really a genuine reflection of the vacancies out there, was it?

**Ms Hosking**—I think that figure is one of a number of figures in the report that provides a picture of vacancies. That one provides a picture of—

**Senator HANSON-YOUNG**—But it is not the most accurate figure, is it?

**Ms Hosking**—It is accurate in terms of what it actually endeavours to present, which is just the number of services that have at least one vacancy.

**Senator HANSON-YOUNG**—As they have reported.

**Ms Hosking**—Yes. We have done a number of validation exercises which have indicated that that data is accurate. Also, it is presented in the report in the context of the number of vacancies and the percentage of places used as well.

**Senator HANSON-YOUNG**—The report suggests that there is a 92 per cent vacancy rate in Victorian major cities. I draw your attention to the fact that, when you actually look at the metropolitan area of Melbourne, it is really only 28 per cent of centres that have few or some vacancies for zero to two years and only six per cent of those have vacancies every day. There is only a 12 per cent vacancy rate in community centres. They are actually more accurate figures around which parents are able to make judgments.

**Ms Hosking**—I am not sure what data you are referring to there.

**Senator HANSON-YOUNG**—That is based on your own data within your own report and the vacancies listed on the mychild website.

**Ms Hosking**—The data that we have in the report indicates that, in the major city of Victoria, there are 92 per cent reporting at least one vacancy and that 71 per cent of places are used. So almost 30 per cent of places are available in the major city of Victoria, Melbourne. I am not sure where those other—

**Senator HANSON-YOUNG**—They are figures that you have on the mychild website. You type in your area; it comes up with the childcare centres in your area and says whether there are vacancies, on which days and in which age groups. Is that the same information that

you have used in order to come up with your report and the figures around the 91 per cent and the 92 per cent?

**Ms Hosking**—Yes. There is a direct relationship between the figures on the mychild website and the figures that were used to make this report.

**Senator HANSON-YOUNG**—If you search in the federal seat of Melbourne for vacancy rates, it does not come up with a 91 per cent or a 92 per cent figure.

**Ms Hosking**—I think you are perhaps referring to the electoral seat of Melbourne. Do I understand you correctly?

**Senator HANSON-YOUNG**—Yes, I am.

**Ms Hosking**—This figure refers to the major city of Melbourne, which would include all of Melbourne and its suburbs, not just that particular area.

**Senator HANSON-YOUNG**—But it does not give parents a real sense of whether there are actually vacancies in their areas. You have to admit that the 91 per cent or the 92 per cent in the broad category of Victorian major cities is not really a true reflection for a parent who wants to try to find a place for their zero- to two-year-old?

**Ms Paul**—No, it is, Senator. I will take you back, and we have talked about this a bit before. I am not sure; perhaps we have not done so so much with you. This is the first time there have ever been standardised definitions for vacancies. The definition here is an ongoing full day vacancy for long day care, family day care and in-home care. The 91 per cent is actually very significant. It is saying that 91 per cent of reporting long day care services recorded vacancies—

**Senator HANSON-YOUNG**—Across all areas?

**Ms Paul**—That is right.

**Senator HANSON-YOUNG**—Across all age groups?

**Ms Paul**—But the 91 per cent—

**Senator HANSON-YOUNG**—Across all types of care?

**Ms Paul**—Sure, but the 91 per cent is quite an outstanding figure in terms of indicating to you that there are vacancies in 90 per cent of all services. Therefore, right across Australia, it is a very broad spread. If that figure had been that 30 per cent of services in Australia had heaps and heaps of vacancies, then you would have had a geographic problem. What the 91 per cent is telling you is that you have a spread of vacancies, a spread of availability. Say a parent in a very small area, which you are referring to now, looks at that and says, 'I cannot see a vacancy—'

**Senator HANSON-YOUNG**—You do not look for child care in Bendigo if you are in Carlton.

**Ms Paul**—But people will often look at journey to work, workplace and so on, and of course people make decisions on a range of bases. So, both the 91 per cent figure and the other figure that Ms Hosking gave about the overall number of vacancies and the 30 per cent availability are very significant, because the first one tells you that there is a good geographic

spread of availability; the second tells you that there is quite a deep amount of availability. Both figures are real, and both are significant.

**Senator HANSON-YOUNG**—Is the 91 per cent in relation to all age groups?

**Ms Hosking**—Yes.

**Senator HANSON-YOUNG**—It does not take into account the discrepancy between the tight numbers, which we know exist. All you need to do is go onto the mychild website and have a look. If you type in your particular suburb and the fact that your child is under two years of age, there will be a much tighter vacancy rate in the metropolitan areas in particular than if you are looking for a spot for an over-three-year-old. Yet you have averaged this 91 per cent and indicated, as the minister did as part of the justification for not building the 260 centres, that it does not matter because there is a 91 per cent vacancy rate. Well, that is just not a true reflection of the type of information and experiences that parents who are looking for a spot with the type of care that they need, in the place they need and for the age group that they need. I think you would have to be hard pressed to argue that it is not disingenuous.

**Ms Paul**—Absolutely. I entirely disagree with you on that, Senator. There is nothing disingenuous about it. The number of long day services has grown by 21 per cent over the last four years. That is a huge growth in the market. Extremely fortunately, with the ABC Learning disaster, closures were averted. The market has grown by 21 per cent. These are real figures. It is the first time ever that we have been able to actually get real figures. We have had numbers before, but the standard definition is a new thing. There is certainly nothing disingenuous about what is being done here.

**Senator HANSON-YOUNG**—What do you say to a parent who has a 12-month-old baby in the federal seat of Melbourne who, when they have looked on the mychild website, has seen the vacancy rate is extremely low, and they have called up their centres and found that in the zero to two category, in community centres, there is a zero per cent vacancy rate? They then go to the private sector and there are three vacancies in 19 of those private centres in the seat of Melbourne. How do you justify spruiking and advocating a 90 per cent vacancy rate to a parent who is looking for care for their 12-month-old baby?

**Ms Paul**—It is hard for us to comment on what we would say to a particular parent who is looking at a website in a particularly small area and on a particular day.

**Senator HANSON-YOUNG**—So why use the 91 per cent vacancy rate figure as the justification?

**Ms Paul**—Because we care about the whole market as well as caring about each family and their access. What I would be saying to that family is: ‘Have you had a look at other areas? When are you looking?’ And so on. It would be a conversation that you would have—

**Senator HANSON-YOUNG**—So, bad luck that you cannot find a vacancy in the suburbs near you or near your work. By virtue of these statistics, the government accepts that there is a 91 per cent vacancy rate and you will have to drive two hours to go and find the next closest childcare centre that suits you, that is affordable and that will take your child. ‘Bad luck.’ Is that the government’s response?

**Ms Paul**—No, of course it is not.

**Senator HANSON-YOUNG**—It sounds like that is the government's response.

**Senator Carr**—Two hours in Melbourne.

**Senator JACINTA COLLINS**—There are vacancies in Box Hill; that is half an hour.

**Senator HANSON-YOUNG**—Well, half an hour. Oh well, just travel half an hour in a certain direction, because we want to be able to justify our 91 per cent vacancy rate.

**Senator JACINTA COLLINS**—No, we are just saying two hours is a bit dramatic.

**Senator HANSON-YOUNG**—It is disingenuous to use that as the justification.

**Ms Paul**—It is just the fact.

**Mr Cook**—As Ms Paul said, the information is factual information. It is the first time that we are able to provide this national snapshot. As you have indicated, the government has gone even further than that and provided a range of much more detailed transparent information to communities and families regarding the market. Coming from Melbourne, I can comment to some degree on some of these things. We know there are parts, particularly with the baby boom around Melbourne, where this is an issue. The state government is certainly undertaking a lot of work in collaboration with not-for-profits and profit sectors around this particular issue. Similarly, there are many other parts of Melbourne, or a number of parts of Melbourne, where there are significant vacancies, as indicated by the data. It is difficult for us to bring out particular examples of particular families within the context—

**Senator HANSON-YOUNG**—That is how families make their decisions, though.

**Mr Cook**—I do understand that. But we can similarly talk about the fact that the data does indicate—

**Senator HANSON-YOUNG**—Hearing the Prime Minister and the minister justifying a backflip on an election promise based on the fact that it is okay, there is a 91 per cent vacancy rate across the country, does not reflect the realities that families are facing.

**Ms Paul**—Mr Cook has just described the reality of Melbourne, which sounds quite interesting to me. It is recognised that you have some issues in some places, yet there are a number of vacancies in other places. Of course, the My School website is a new thing too. So the capacity of families not to have to ring around and do all the stuff they had to do years ago, coupled with the 21 per cent increase in the market, does make a significant difference.

**Senator HANSON-YOUNG**—I understand that parents are able to find the information themselves, and that is fine. They are doing that, and that is why they know that, when they hear the Prime Minister say, 'There are huge vacancies out there; don't worry, we don't need to stick by our election promises—and by the way, we'll also cap the childcare rebate,' there is a little bit of a sting in the tail for those families who are using the government's own resources, the website, that says otherwise.

**Ms Paul**—Although, of course, the childcare rebate has gone up by 50 per cent from about \$4,300—

**Senator HANSON-YOUNG**—Not over the forward estimates.

**Ms Paul**—That is significant.

**Senator HANSON-YOUNG**—We can get to the childcare rebate further down the list. We have to be realistic and upfront with the types of difficulties that parents are finding.

[10.15 am]

**CHAIR**—In fact, you will be able to ask about the childcare rebate now, because we are now moving to program 1.2.

**Senator PAYNE**—I wish to put on notice questions in relation to the mychild website and aspects of the discussion that Senator Hanson-Young had as well.

**CHAIR**—Sure. The committee determined at the beginning of the estimates hearings that all questions on notice should be provided to the secretariat prior to the close of business on Friday.

**Senator PAYNE**—Thank you, Chair. Can we talk about the CCMS here, Ms Paul?

**Ms Paul**—Sure.

**Senator PAYNE**—What proportion of service providers are reporting through the CCMS?

**Mr Johnson**—All approved childcare providers report through CCMS since the transition to that system in 2008-09.

**Senator PAYNE**—All providers?

**Mr Johnson**—That is right.

**Senator PAYNE**—Are they all meeting the two-weekly reporting regime that is set up?

**Mr Wright**—We monitor the attendance and enrolments input into CCMS. Where services do not input, we conduct compliance activity and ensure that they do.

**Senator PAYNE**—I am not sure whether that was a yes or a no. I guess that was a no, they are not all meeting the two-weekly reporting regime, and you have a process in place for dealing with that when that does not happen?

**Mr Wright**—That is correct.

**Senator PAYNE**—Thank you. What proportion of service providers is not meeting the two-weekly reporting regime?

**Mr Wright**—I would have to take that on notice.

**Senator PAYNE**—Big, small?

**Mr Wright**—I would not have thought it would a very large proportion.

**Senator PAYNE**—But you will take it on notice and advise me?

**Mr Wright**—Yes.

**Senator PAYNE**—It is a statistic that is important to the committee because it goes to questions of how the government uses those figures reporting attendance to influence policy decisions that are taken in that space. If you have a number of providers not meeting the two-weekly reporting requirements through the CCMS, how does that absence of their reports impact on the policy decisions?

**Mr Wright**—There is a sort of vested interest in services inputting the data because the CCB will not flow through to them unless they report. I would still think that it would be quite a low proportion that we are talking about here.

**Senator PAYNE**—What cross-checking is there, if any, between the CCMS figures and the vacancy figures that are reported on the mychild website? Is the system set up in a way that you can use those helpfully in conjunction with each other?

**Mr Wright**—A lot of the vacancy data is trapped through the CCMS system.

**Senator PAYNE**—But it is not as timely, I assume, as the mychild website?

**Mr Johnson**—I would have to confirm where the administrative data from our compliance monitoring informs the vacancy data.

**Ms Paul**—I will try to do that for you quickly. I understand your question. It cannot be a hard question to answer. We will get it for you quickly.

**Senator PAYNE**—It is not something we are aware of? I would have hoped that we could get some sort of an idea of how it fits together and what sorts of links you have within the department's systems.

**Mr Hardy**—What actually happens is that when the providers enter the vacancy data, for example, onto CCMS, it is transferred on a Friday night or a Monday morning onto the mychild website. When they report their vacancy information in particular, they have to report by close of business each Friday within their jurisdiction. By the following Monday morning, the mychild website is updated. You will note on the mychild website that we do not actually put numbers of vacancies. It is only a yes or no, so you cannot actually aggregate information on the mychild website.

**Senator PAYNE**—If you now have all service providers reporting through the CCMS, give or take the odd failure to meet the two-weekly regime, which I understand in that process, what does it cost for childcare providers to provide you with the data? Has the sector done any assessments, of which you are aware, of what are the costs of the administrative process of meeting the department's requirements, which are growing, we have to say?

**Mr Wright**—As part of the transition over to the CCMS, assistance was provided to services—through transitional and additional assistance—to get the infrastructure for them to be able to report through the computer system. In terms of ongoing assistance, I guess the CCMS actually streamline the process for them, so they have gone away from needing to equip all of their usage on a quarterly basis, based on an advance that they received. The vast majority of feedback through the forums I have been in has been that this has actually been an ongoing saving for them, as opposed to an impost.

**Senator PAYNE**—Have you had any complaints about the administrative load?

**Mr Wright**—Certainly there is the odd complaint about the system itself, but like I said, the vast majority of feedback has been relatively positive.

**Senator PAYNE**—In terms of the change to the CCMS, and we have talked about this a couple of times in the past few meetings, is a debt currently owed by childcare centres to the government?

**Mr Johnson**—As you have indicated, we may well have covered this in previous conversations. Certainly a number of services have accumulated a CCB debt in the transition to the CCMS. The department is currently working through a process with providers to facilitate recovery of that debt, or what formerly was described as an over-advance of funds for projected CCB.

**Senator PAYNE**—Over-advance equals debt, does it not?

**Mr Johnson**—Essentially it does.

**Senator PAYNE**—What is the total amount of that?

**Mr Johnson**—The current debt recovery is about \$70 million.

**Senator PAYNE**—What proportion of that \$70 million do you put down to the change from the system that was previously operating to the introduction of the CCMS?

**Mr Wright**—At the same time that services moved across to the CCMS, they went from a quarterly payment in advance model to a payment in arrears model. Often a large proportion of their last quarterly advance would need to be recouped. The debts that are there are a result of that process, or any residual debts through the Centrelink childcare operator system. In terms of context, approximately \$2 billion a year is paid in childcare benefit. This would be less than two weeks of that amount.

**Senator PAYNE**—How many providers is the \$70 million spread across?

**Mr Cook**—Our estimates are about 6,000.

**Senator PAYNE**—Of those 6,000, how many are currently paying the department for those over-advances?

**Mr Wright**—Recovery action has only started in the past week or so. As at yesterday afternoon, we had received \$137,000.

**Senator PAYNE**—Was that recovery action for the whole \$70 million?

**Mr Wright**—That is correct.

**Senator PAYNE**—So, over one week, you have received \$137,000?

**Mr Johnson**—As Mr Wright has indicated, we have literally only just commenced the recovery process.

**Senator PAYNE**—I understand.

**Mr Johnson**—So, yes, that is correct. Although in communicating with providers, we intend to recover the majority of that debt over the course of the next three months.

**Mr Wright**—The starting point was recovering over 52 weeks, commencing on 21 June. So these are people who actually have it and started paying in advance of that.

**Senator PAYNE**—I appreciate that. I think that is an important initiative in that regard. What would be the largest individual debt that a centre would owe in terms of the over-advances?

**Mr Johnson**—The average level of debt is around \$11,000 per provider. There is obviously a fairly significant range in that debt level. I would have to take that on notice, but it would reflect the scale of business for individual operators.

**Mr Wright**—The average repayment over the 52 weeks is about \$200 to \$240. The average CCB for these services is about 10 times that amount.

**Senator PAYNE**—I am sorry, say that again please? What was the average repayment over 52 weeks?

**Mr Wright**—It is about \$200 to \$240, from memory. The average weekly CCB for the organisations concerned is about 10 to 12 times that.

**Senator PAYNE**—What sort of feedback have you had from providers as you have initiated the recovery program?

**Mr Wright**—We set up a special hotline to deal with any queries that came from that. We are receiving roughly 200 a day, most of whom are accepting of the process. A number of them want to talk about information that was covered in the letters. A number have asked for copies of their Family Assistance Office statement that they would have received at the time, because they could not find it. A number of people have been upset through the process, but mostly they are talked through, and we have not had any complaints that have escalated through that process to date.

**Mr Johnson**—You may be aware that the providers in the main anticipated that a recovery process was going to occur. I think the response that we have seen is that they are seeking to make those repayments as quickly as they can where their business circumstances afford. There was no real surprise. I think it was probably anticipated, as we communicated to the sector moving through the transition to CCMS, that the department would now move to facilitate a reasonable recovery period. We have not had any significant complaints at all.

**Senator PAYNE**—How have you publicised the hotline to providers?

**Mr Wright**—The hotline was covered off in the letter that went to each of the services, and is included on the fact sheets and questions and answers on the website.

**Senator PAYNE**—Given that you are working across 6,000 providers, I guess there is always the possibility of people not addressing these debts with the same alacrity as others. What mechanisms do you have in place to follow-up on that? What arrangements are in place for that sort of follow-up of the debt recovery process, which is never pleasant?

**Mr Wright**—The letters that go out talk about the 52 weeks commencing from 21 June. It would be automated that it would come out of their weekly CCB payments.

**Senator PAYNE**—So you take it from them; they do not give it to you?

**Mr Wright**—It is offset, yes, that is correct. If there are financial difficulties, we do allow for them to talk to our debt recovery hotline about extending that out beyond the 52 weeks. We have certainly had a couple of requests on that front. We ask them to demonstrate financial hardship through that process, and to date one has been approved.

**Senator PAYNE**—Are the 6,000 providers concentrated in any particular jurisdiction? Are there more in Victoria or more in New South Wales?



**Mr Johnson**—I do not think so. I think they are distributed right across the country. In terms of scale of the market, a significant proportion of those would be in Victoria, New South Wales and Queensland, but it is a fairly standard distribution as you would expect.

**Mr Wright**—I can read you through them if you want?

**Senator PAYNE**—That would be helpful, just to give us some indication of the locations and where people are dealing with this?

**Mr Wright**—There are 6,313, with 2,404 in New South Wales, 1,436 in Victoria, 1,280 in Queensland, 426 in South Australia, 419 in Western Australia, 141 in Tasmania, 137 in the ACT and 70 in the Northern Territory.

**CHAIR**—We will now take a short break for morning tea.

**Proceedings suspended from 10.30 am to 10.44 am**

**CHAIR**—We will resume the estimates hearing. We are questioning in program 1.2.

**Senator PAYNE**—Thank you. I wanted to go briefly to those family day questions that I flagged earlier. I think you said 1.2?

**Ms Paul**—Yes.

**Senator PAYNE**—The cessation of the family day care start up payment and the remote area family day care start up payment—what were the factors that were considered in that budget decision?

**Ms Paul**—Sure.

**Mr Cook**—My understanding in relation to that particular program was that the funding originally was particularly targeted at growing the sector around family day care. The data that we as a department have in relation to that showed that there was no evidence that there was growth in the family day care sector as a result of that particular funding source that was provided. Government obviously considered that particular data in making their decision.

**Ms Paul**—In addition, it was originally intended to be a retention measure, too, and the turnovers just remained as high. So basically it was a measure that did not work.

**Senator PAYNE**—Turnover through the programs?

**Ms Paul**—Turnover of family day carers.

**Senator PAYNE**—Okay. Can you put a figure on the numbers in years of new services starting up?

**Mr Johnson**—Broadly, as Mr Cook has outlined, from the period since this initiative commenced back on 1 July 2006, we have had around 6,900 carers out of a workforce of 10,500 that have received the payment in those three years, and a significant continuous movement of carers through the sector. So, as we have indicated, the sector itself has not grown significantly in size. The start-up payments themselves only in effect require carers to continue operating as a carer for a minimum period of six months. Again, we do not have strong information to indicate that that has stimulated a retention in the market in and of itself.

**Senator PAYNE**—I think it would be fair to say that we have had some concerns raised with us about the level of promotion of family day care service in the community that would

assist parents in considering it as a viable option anyhow. I wonder what you can tell us about the sorts of promotions that are available if you would let parents know. People are saying there is not enough promotion.

**Ms Paul**—That is interesting. I have not heard that.

**Senator PAYNE**—What promotion do we do to make people aware of family day care as an option?

**Mr Cook**—Certainly there is a range of information that we do provide on the website regarding the range of child care services that are available to parents and the community more generally. I have even got one here; *Information for families using child care*. There is a whole range of fact sheets, information sheets, and information lines in relation to those particular services, of which family day care would be part of.

**Ms Paul**—Are you particularly talking about promoting to parents?

**Senator PAYNE**—Yes.

**Ms Paul**—That is interesting, because I have not received any representations like that, but I am interested because we can always try to do more. For example, if it is not working enough, we could get out into doctors' surgeries and that sort of thing.

**Senator PAYNE**—Local newspapers, things like that, which people, particularly in regional communities, read from cover to cover—twice.

**Ms Paul**—Yes, that is worth thinking about. Thank you.

**Mr Cook**—Certainly, we provide—the national association, for example—the fact sheets that we provided to you. Here is an example talking about family day care, what family day care is about, letting them know they can be involved in family day care, and through the national association they certainly use that information to give that information out to parents as well.

**Senator PAYNE**—All right. Thank you.

**Senator HANSON-YOUNG**—Thank you. I would like to go to the decision in the budget to freeze the indexation of the child care rebate, and therefore rather than go to the next step in this financial year, as was to be the case based on last year's forward estimates, taking it back to the 2009-10 level and freezing it at that point. It has been reported by the Deputy Prime Minister, and the child care minister as well, that this decision is believed to only affect three per cent of families. How did you come up with that figure?

**Mr Kimber**—That figure is based a modelling of the usage of child care. It also takes into account fee growth, and also wage growth in terms of families. As you would appreciate, there is a relationship between the child care benefit and the child care rebate. As family income increases, assistance under child care benefit actually decreases, which actually then moves up child care rebates. So there is a whole range of underlying factors that are included in the modelling to come up with the three per cent of families that will be affected next financial year.

**Senator HANSON-YOUNG**—So the three per cent is in the next financial year?

**Mr Kimber**—It is, yes, 26,000.

**Senator HANSON-YOUNG**—And yet this decision has been made to affect the forward estimates? What is the modelling for the three subsequent financial years to follow?

**Mr Kimber**—I do not actually have those specific details with me, but I will take it on notice.

**Senator HANSON-YOUNG**—Has the department modelled for those forward estimates?

**Mr Kimber**—Yes, we have done some modelling around that.

**Senator HANSON-YOUNG**—Using the same methodology?

**Mr Kimber**—Yes.

**Senator HANSON-YOUNG**—Yet you do not have them in front of you?

**Mr Kimber**—No, I do not.

**Senator HANSON-YOUNG**—Okay, well this is Senate estimates, where we get to scrutinise the budget. The budget clearly says that this is what is foreshadowed for the forward years. I am surprised that if you do have that modelling, that you would not be able to provide that—

**Mr Kimber**—I do not have it here. I can ask one of my colleagues if they have it.

**Mr Johnson**—We have provided, Senator, the indication of savings year-on-year from that measure. It is certainly consistent with the information in the PBS, and as Mr Kimber has indicated, it does reflect modelling which comprehensively looks at actual utilisation.

**Ms Paul**—We are happy to get it for you.

**Senator HANSON-YOUNG**—If you have done the modelling, you are saying that three per cent of families will be affected by this for this financial year. I would like to know what the modelling shows for the forward estimates. Let us just take the figure that you do have in front of you: based on the three per cent, how many actual families are we talking about? There have been various different reported figures. The Deputy Prime Minister on the day after the budget, Thursday 13 May, suggested that it was only a few thousand. I am wondering what the actual figures are.

**Mr Kimber**—The affected number of families for 2010-11 is in the order of 26,000.

**Senator HANSON-YOUNG**—That is more than a few thousand, is it not?

**Mr Cook**—Out of the 788,000, Senator, that receive childcare benefit.

**Senator HANSON-YOUNG**—Right, so for this financial year, 26,000?

**Mr Cook**—That is correct: 26,000 out of 788,000.

**Senator HANSON-YOUNG**—Okay, which makes up the three per cent.

**Mr Cook**—That is correct.

**Senator HANSON-YOUNG**—It sounds like you have taken into consideration some of the questions I was going to ask about the modelling in terms of the reduction impact of their childcare benefit. If you go beyond that income bracket, then obviously you do not get access to that.

**Ms Paul**—Yes.

**Mr Johnson**—That is right.

**Mr Cook**—Yes.

**Senator HANSON-YOUNG**—Have we seen the amount claimed back under the rebate over the last three years change? Has it increased?

**Ms Paul**—Well of course, the government increases the rebate at any rate, so in the first instance the government increased the rebate from 30 to 50 per cent from the—

**Senator HANSON-YOUNG**—So since it was at 50 per cent, has the actual dollar amount claimed back by parents actually increased?

**Mr Cook**—I can give you some of that information for the last three years, if that would help you?

**Senator HANSON-YOUNG**—Yes, that would be great.

**Mr Cook**—So the estimated average claim around childcare rebate (CCR) per family in 2007-08 was \$681.

**Ms Paul**—For the year?

**Mr Cook**—That is right, for the year. For 2008-09 the estimated claim increased to \$1,766, obviously based on the notion that the 30 per cent to the 50 per cent increase and the cap increase there. In 2009-10, the estimated claim is \$1,837. You would appreciate, that is less than \$2,000 for what families can claim, which is a maximum amount of \$7,500.

**Senator HANSON-YOUNG**—I have got my calculator here—props. If you take into consideration a daily rate of \$80 for one child for full-time care, I work it out to be about just over \$19,200. That is a lot, and of course that is significantly higher than the maximum, based on the current rebate, let alone when freezing goes in. We can drop it down a bit, though, so at \$70 a day full-time it works out at \$16,800. Even though the government is suggesting that it is only 26,000 people this financial year—and I will wait until you can give me the modelling for the forward estimates, my assumption would be as you have suggested that as things rise, those numbers will rise as well—it is still a significant amount of money. For the finance minister to suggest that this is simply a haircut—perhaps Senator Carr would like to respond—seems to be a bit dismissive of the types of figures that we are actually talking about that parents are paying.

**Senator Carr**—I think this is a dilemma you always face between the effects over the entire government versus the effects of any particular individual; it is true. Across the program, as I understand it—and I am representing the minister here—the government is now spending \$8 billion more on this program than in the period 2003-04 to 2006-07. In terms of what is a very, very difficult budgetary situation, you have to look at this from a number of points of view. Under this proposal, a family earning \$80,000 with one child in full-time long day care, assuming a 50-hour week, \$64 a day for 52 weeks a year, would previously receive \$3,359, but with the increase to 50 per cent they would receive \$5,598. That is a difference of \$2,239.

**Ms Paul**—That is the difference between 30 per cent and 50 per cent.

**Senator HANSON-YOUNG**—We have all given you the credit for the 50 per cent. We are not talking about the 50 per cent; we are talking about—

**Senator Carr**—What you are not giving the government any credit for is the fact that the overall expenditure has increased by \$8 million.

**Senator HANSON-YOUNG**—My question relates directly to a budget measure that was handed down by your government, by the finance minister, by the education minister, by the minister for child care, relating to the cost to families in this financial year going forward. That is what this is about. We know the 50 per cent rebate is there, but you are freezing it, and that is effectively going to push up the cost for some families. You are saying that even just in this year it is 26,000 families based on your modelling; we do not know what it means for the next two, three or four years. I am suggesting that it is still a lot of money. If you are paying almost \$20,000 in child care—

**Senator Carr**—I come back to the point that the government is spending \$8 billion more than the previous government. Less than one per cent, that is 0.67 per cent—

**Senator HANSON-YOUNG**—The idea of being a good government is not based on the fact that you somehow are slightly better, perhaps, in some areas, than a previous government that was somehow worse. You have to justify your own policy decisions, and that is what I am asking you to do.

**Senator Carr**—I am in the process of doing that. I know that from the Greens' point of view spending \$8 billion does not really matter, but \$8 billion is a very significant sum of money and that is the increase of money that the government is spending now—

**Senator HANSON-YOUNG**—What figure are you actually saving by this measure?

**Senator Carr**—The officers will give you—

**Ms Paul**—This is of course to offset the National Quality Agenda, to introduce the new ratios, better teaching ratios, and so on, for quality care.

**Senator HANSON-YOUNG**—What is the budget saving measure?

**Mr Cook**—The total saving measure is regarding both the cap and also the return to the election commitment of \$7,500. It is \$86.3 million over the next four years.

**Senator HANSON-YOUNG**—How much, sorry?

**Mr Cook**—\$86.3 million.

**Senator HANSON-YOUNG**—If I say \$86.3 million take \$38.5 million, which is the government advertising, that is \$47.8 million. You are cutting financial support for families who desperately need it through the childcare rebate, and it is only going to save you \$86 million. Yet your government is more than happy to spend \$38.5 million on advertising for your mining tax, which has not even passed the parliament yet? Where are your priorities?

**Senator Carr**—You may well support the miners. I was not aware the Greens were supporting the mining industry.

**Senator HANSON-YOUNG**—I support the mining tax. I just wish you could sell it without spending taxpayer dollars on it.

**Senator Carr**—I was not aware you were suddenly discovering your commitment to supporting some of the richest companies in this country and in the world—

**CHAIR**—Notwithstanding any of this, we are now out of time for this program.

[11.00 am]

**CHAIR**—We are now going to progress to outcome 1.3, Early childhood education.

**Senator HANSON-YOUNG**—Can I get an indication of when the modelling for the forward estimates will be tabled?

**Ms Paul**—As I said before, we will try to do it for you as quickly as possible. We will have it—

**Senator HANSON-YOUNG**—By the end of today?

**Ms Paul**—I do not want to commit to that, but certainly we will try to do it as fast as possible.

**Senator PAYNE**—I flagged some questions earlier in relation to the national quality reform agenda and issues around that, which I understand to be in this program. Can we start on the qualifications aspect of the commitment? The budget papers tell us there is a commitment to \$73-odd million to address qualifications issues for childcare workers. Is that correct?

**Ms Paul**—That is correct.

**Senator PAYNE**—How many places are there for students in this area? How many university places are there and where they are located?

**Mr Cook**—There are a number of initiatives the government has announced in terms of workforce. In fact, it is \$126.6 million over four years. Part of this was previous government announcements as well, not necessarily this budget year. I am giving you a total of \$60.3 million in relation to the removal of TAFE fees for childcare diplomas, \$53.9 million to create additional university places for early childhood teachers, starting with 500 places last year in 2009 rising to 1,500 places by 2011, and \$12.4 million to reduce around half of the HECS-HELP debts for early childhood teachers who work in regional and disadvantaged areas. I might ask Ms Hosking if she has further information she would like to provide in relation to the university placements, particularly.

**Ms Hosking**—I understand that you wanted to know where the additional university places had been allocated. Is that correct?

**Senator PAYNE**—Yes, please.

**Ms Hosking**—Currently 1,280 places have been allocated. The other places coming up to 1,500 are still in the process of being allocated at the moment. Of those, 430 have been allocated in New South Wales, 320 in Victoria, 195 in Queensland, 125 in WA, 105 in South Australia, 25 in the ACT, and 80 in the Northern Territory.

**Mr Cook**—That information, particularly the 2009 information broken down by university, is available on our website.

**Senator PAYNE**—What proportion of those are regional versus metropolitan universities?

**Ms Hosking**—I think we would have to take that question on notice.

**Senator PAYNE**—That is not a very hard question, I do not think.

**Ms Hosking**—A total of 150 of the places were allocated to campuses in regional areas.

**Senator PAYNE**—A total of 150?

**Ms Hosking**—That is right.

**Senator PAYNE**—Across Australia?

**Ms Hosking**—Yes, that is my understanding.

**Senator PAYNE**—Where is the commitment to additional early childhood teacher training up to? What is happening in that area?

**Ms Calder**—There are a number of measures in relation to teacher training for workforce. The HECS-HELP benefit for early childhood education teachers was announced in the 2008 budget for \$12.4 million, to reduce by half the HECS-HELP debt of early childhood teachers. Eligible teachers were able to apply in the 2008-09 tax year through the Australian Taxation Office.

**Senator PAYNE**—Is there additional funding being made available to private and community based operators to assist with training of their staff?

**Ms Calder**—This particular benefit is for individuals who are applying to offset their HECS-HELP debt.

**Ms Hosking**—That would be available as long as they are working within the correct postcodes. It is available no matter what type of service, private or otherwise, that they are working for.

**Senator PAYNE**—Regarding the money which is in the budget papers for the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care, which is \$130 million, give or take, can you indicate specifically how that will support parents through the national partnership implementation, what it will be spent on and whether it will actually be paid directly to parents or to childcare providers? What is the plan there?

**Mr Cook**—I think you are referring to the funding that is being identified as being additional funding to go into CCR. That is what that \$130 million is.

**Senator PAYNE**—Just let me find the dollar amount.

**Mr Cook**—That would be added to the pool of CCR funding that is available through the government. Parents would be able to access that through that particular pool.

**Senator PAYNE**—Perhaps we might be talking at cross-purposes. The partnership implementation described as supporting parents with the introduction of new national standards is manifested through the CCR, is it?

**Mr Cook**—I can actually break that down for you. You are talking about the \$270 million or so which the government announced through the budget. Of that, \$130 million is for CCR rebate, \$49 million is in relation to funding to state and territory jurisdictions to support the implementation of the national partnership agreement—

**Senator PAYNE**—So that goes to the governments for—

**Mr Cook**—The work that they are doing around ratios et cetera. The ultimate impact is to families and children because it is about assisting those governments to reduce ratios, qualifications for teachers et cetera.

**Senator PAYNE**—For the families it gets paid through the CCR?

**Mr Cook**—Yes, direct to families.

**Senator PAYNE**—Is the transitional support indicated there what you were talking about before, Mr Cook—the money for the states and territories, the authority and the service providers? How will that vary from the implementation phase and how is that money to be spent?

**Mr Cook**—I might ask Ms Rundle to respond to that one.

**Ms Rundle**—The money, as Mr Cook has mentioned, is broken up across a range of factors. The one that you are talking about now, the transition money, is in addition to the money that he just talked about going to the states and territories. It is also money going to the states and territories, and it is primarily designed to help them make the transition, which could be any number of things depending upon each jurisdiction; things like training, support for staff, staff recruitment, et cetera.

**Senator PAYNE**—How is it accounted for by the states and territories? How does the Commonwealth expect them to account for the expenditure?

**Mr Cook**—There is an implementation plan that is being developed as part of the national partnership agreement, which states and territories which will be signing and which will indicate the range of activity they will be undertaking. Similarly, for universal access, which I know is a separate NP, but a similar notion around universal access for preschool or kindergarten age children, where states and territories have developed bilaterals which indicate how they will use that funding to meet the outcomes desired. For example, some states and territories around the national partnership agreement on quality agenda will be working with their current regulatory bodies to provide additional support to training staff around the new rating process that will come in place over the next several years.

**Senator PAYNE**—Does any of the money in the transition support package go to parents or to providers directly?

**Mr Cook**—I believe no. Certainly of the \$61 million, which is what we are talking about in terms of support to states and territories, that predominantly goes to states and territories to support them in their implementation of the new reforms.

**Ms Rundle**—I can add that there is some money that also goes to the Commonwealth to enable the transition, and part of that will be spent on sector training. So in one sense there will be some money flowing into the sector, but more in the sense of training and materials such as operations manuals, et cetera.

**Senator PAYNE**—Is that the \$7.8 million that is referred to in the budget papers that will provide assistance—and I am quoting—to transition and inform service providers, families and the broader community of the new, unified, national system of regulation?

**Mr Cook**—As well as the establishment of the new national body itself. From 1 January 2012 we will have—



**Senator PAYNE**—So that is kind of a PR, promotional—

**Mr Cook**—The new national body has a responsibility to report to the Ministerial Council for Education, Early Childhood Development and Youth Affairs to ensure that the ratios, the new reforms are being implemented across states and territories, and to monitor that. It also has a quality assurance role to ensure that states and territories are meeting those commitments. That national body also has a role providing policy advice around early childhood education and care to the ministerial council.

**Senator PAYNE**—You have referred I think to the authority, but as I understand it we already have an accreditation council.

**Mr Cook**—That is correct.

**Senator PAYNE**—Why do we need a new authority which is going to cost us about \$15 million, I think?

**Mr Cook**—The National Childcare Accreditation Council, as you would see in the papers, is being wound up towards the end of 2011, and it will be replaced by this new national body. The accreditation council only deals predominantly with child care at the moment. The new national reforms go much broader than that; they also include kindergarten and other areas of early childhood care. It is a broader perspective that the national body will have in terms of the types of care available but it will also have a new role to play in relation to providing policy direct advice to the ministerial council.

**Ms Rundle**—It is also a joint body. The current NCAC is a Commonwealth funded body and on behalf of the Commonwealth it manages the current national accreditation system. Because of the joint nature of the new system, the new national body is going to have representation from each of the states and territories and the Commonwealth. So it is different, and it arises out of a different piece of legislation as well, rather than Commonwealth or other legislation.

**Senator PAYNE**—When you say it is a joint body, the states and territories will contribute to its operation, will they?

**Mr Cook**—That is right.

**Senator PAYNE**—What proportion?

**Ms Rundle**—Half.

**Senator PAYNE**—When is it expected to be fully operative?

**Mr Cook**—We are certainly looking to have operation up as quickly as we can towards the end of 2011. In terms of the national partnership agreement, it will be operational from 1 January 2012, noting again that the functions of this particular body are significantly broader than the NCAC currently.

**Senator PAYNE**—It seems to be a very long timeframe to bring that together. I thought, given the much promoted operation of the Prime Minister's relationships through COAG, we would be able to do a little bit better than, what did you say, January 2012?

**Mr Cook**—That is the date that has been signed off on by all states and territories in the COAG agreement on 7 December last year. Part of that is about transition of existing staff and

part of it is about ensuring that states and territories are ready and prepared for their regulatory role on 1 January 2012. We have a new assessment ratings systems that we need to actually have finalised, and also for the sector to be fully aware of and trained in. That will happen in 2011. There are a range of areas. Note that that this is not just moving from a child care accreditation council to a similar body; it is actually quite a different body. We are bringing on thousands and thousands of more providers in relation to preschools and kindergartens, whether they be state owned in states like WA, or whether they are community based in states like Victoria. There is a significant piece of work to be done.

**Senator PAYNE**—The wheels grind exceedingly slow, I think.

**Ms Rundle**—There is also another factor which I think is very critical, which we mentioned earlier, and that is the legislation. Instead of having nine different pieces of legislation, this new system will bring together all of those into one. The host jurisdiction, which is Victoria, will need to pass its legislation this year, and then each of the other states and territories will need to pass that legislation by reference in their own jurisdictions, except WA, which will pass it by corresponding legislation. I would just hasten to add that the sector have given us a lot of feedback about the need to do this in an informed, considered manner, giving them time to be able to come to grips with the changes.

**Senator PAYNE**—Have they also given you feedback about giving them time to come to grips with increased costs?

**Ms Rundle**—The cost issue we have talked about before, and we have been very clear, I believe, about the cost to families in the new system. The costs are very modest, and they will grow gradually, with a very small cost in the next year of 57c per family, and that is a family with one child in 50 hours full-time care. That will grow for some families to a little over \$8 in 2014-15. There are a range of things there; for some families the cost will not grow very much at all because in some jurisdictions they already are at that standard. Again, though, I would hasten to add that this is about improving quality in outcomes for children and the DPM herself recently in the press club—

**Senator PAYNE**—I am sorry, the which?

**Ms Rundle**—The Deputy Prime Minister, herself, mentioned—

**Senator PAYNE**—She is an acronym now, wonderful.

**Ms Rundle**—that you would never send your car to an untrained mechanic. In terms of sending your children to a child care or early education centre, you want to be sure that they are being looked after properly, that the ratios are appropriate and that the training of the staff is appropriate.

**Senator PAYNE**—I would not have made a comparison between currently operating child care centres and untrained mechanics, but that is a matter for the DPM. Can you indicate to us with a little more detail how you actually expect the authority to operate, given that it is, as you say, jointly operating between the states and territories and the Commonwealth? Having spent some little time recently looking at some of the NPs and other matters around COAG, I have not been overwhelmed by the efficiencies associated with some of those. I am interested to know how you think this authority is going to operate effectively, particularly given you

have explained to us all the much more significant and broadly developed responsibilities it is going to have.

**Mr Cook**—The national body will have national oversight with a board of approximately 13 members.

**Senator PAYNE**—Appointed by whom?

**Mr Cook**—Appointed by the ministerial council on nomination by states and territories and the Commonwealth. The national body will obviously have an administrative staff to support them in their role but the regulatory function is predominantly going to be played by state and territory regulatory bodies. The national body has a role of oversight in relation to quality assurance, ensuring that we do actually have a true national approach. We will have a system, which is a system we have in place for many national bodies, where a board exists, it will have a range of responsibilities and function, a CEO will be appointed to the national body and that CEO will obviously have administrative and management functions of the administrative side of the particular areas of the body. State and territory regulatory authorities will play the actual role around the rating and assessment, the regulatory processes at a state and territory level.

**Senator PAYNE**—Who settles disputes and how are they settled?

**Mr Cook**—There is a range of things that we are considering around that at the moment. I will ask Ms Rundle to talk to that.

**Ms Rundle**—I will just seek a point of clarification. Are you talking about disputes between the states and territories and the ministerial council members or are you talking about disputes between child care centres and the regulator?

**Senator PAYNE**—Both.

**Ms Rundle**—For the disputes or appeals between the regulators and the child care services, as Mr Cook mentioned, we are currently working through the detail of that now. There will be a range of levels of appeal. There will be appeals at the state regulatory level but there may also be—and this is still being considered—a level of appeal at the national level, possibly through the national body. For any disagreement between the members of the board—and represented, of course, by states and territories and the Commonwealth—the national partnership agreement outlines some of those provisions. We are currently working through the new charter and the way that the new board will operate in relation to the ministerial council. The ministerial council will consider some of these things at their meeting in June.

**Senator PAYNE**—I just want to ask a couple more questions and then I will put the rest on notice. In relation to the impact of the new National Quality Agenda on the availability of childcare places, has the department done any modelling on any anticipated impact on reducing numbers of childcare places and, in particular, of baby places as a result of the new national quality standards group size requirements?

**Ms Rundle**—The department has not done any modelling just on the infrastructure implications of the National Quality Agenda, but we are aware of some of the issues that have been raised by providers—particularly in some jurisdictions. Queensland is one of those

jurisdictions. One of the things that we have become aware of in seeking to understand the problem more deeply is that there has been partly a misunderstanding about the provisions in the new system and the flexibility that services will have. For example, in Queensland they have a very rigid system where they have capped centre sizes; their centres are capped at 75, and they have very rigid rules around how many children they can have in each room.

When you remove some of the other regulatory requirements which do not have the same evidence base, it allows centres to think differently about how they will manage the new ratio requirements in their centres. They could do all sorts of things ranging from, of course, putting on more staff—because it is also about ratios and having more people—to refurbishment. When you go into child care centres you can see that there are walls that can be removed between rooms. There is some flexibility with baby rooms in all of the centres that I have visited, and I have visited quite a few now. While we have not actually modelled ourselves, we are well aware of some of the concerns that have been raised. We believe that the level of time that centres have to adjust is going to allow them to make those adjustments. As well as that, in some states where there have been particular issues, like Queensland, we have allowed for grandfathering arrangements. We have allowed a little more flexibility in those jurisdictions—for Queensland I think it is up until 2018.

**Senator PAYNE**—Are you saying that the childcare sector in Queensland is mistaken in their calculations and concerns about the loss of 8,000 places for babies? Are you saying they are wrong?

**Ms Rundle**—That does not concur at all with the modelling that we had done by Access Economics. I think I did say at an earlier estimates that we had Access Economics look at that modelling very closely, and it assumes worst case scenario in every single possible way: higher wage rates, higher replacement rates for staff, total lack of flexibility in deciding how you might manage your centre differently and on-costs that were a lot higher than any other on-costs that we were familiar with when we did our modelling in combination with the states. We believe that that modelling has very much looked at worst case scenario and we do not believe that that will be the outcome.

**Senator PAYNE**—I know that we have discussed this before, but I do not see the Queensland childcare sector representatives walking away from it. They are certainly continuing to express their very serious concerns.

**Senator MASON**—Can I just ask some questions about Indigenous early childhood education centres? I have pursued this, I think you would agree Minister, over the last few estimates. It is really just a progress report. Just to recap, I understand that the timetable for the rollout of Indigenous early childhood education centres is that 16 are to be opened in 2010-11, 14 in 2011-12, three in 2012-13 and two in 2013-14, and all the localities have been selected; is that right?

**Ms Hosking**—All the general localities have been selected.

**Senator MASON**—Yes, I understand that. In the past we had a bit of a chat about what that means. I think it was Ms Kathryn Shugg who gave evidence last time. She told the committee this: ‘An agreement has been reached for an additional centre bringing the total to 36’. She mentioned that last time?

**Ms Paul**—Yes.

**Senator MASON**—That ‘seven sites out of the 36 agreed locations have been identified and agreed to.’ That is right, is it not?

**Ms Hosking**—That is where it was on the last occasion.

**Senator MASON**—No construction has yet commenced on any of the sites; that is correct?

**Ms Hosking**—At the last estimates, yes.

**Senator MASON**—That is right, but two tender processes were underway; that is right?

**Ms Hosking**—Yes, as I understand it.

**Senator MASON**—How many sites have been identified and agreed to now in addition to the seven that were mentioned in February?

**Ms Hosking**—I might just say by way of starting that the actual number of children and family centres has increased from the last time; there have now been 38 agreed rather than 36.

**Senator MASON**—So there are two more?

**Ms Hosking**—That is right.

**Senator MASON**—It jumped from 35 to 36 to 38?

**Ms Hosking**—Fourteen sites have now been identified and agreed in consultation with communities.

**Mr Cook**—Would you like a break down by state?

**Senator MASON**—Sure.

**Mr Cook**—In relation to those 14, we have three for New South Wales, two from Victoria, one from Queensland, two from South Australia, two from Western Australia, two from Northern Territory, one in Tasmania and one in the ACT.

**Senator MASON**—Has construction commenced on any of the sites?

**Ms Hosking**—Yes, construction has commenced on one site.

**Senator MASON**—Which one is that?

**Ms Hosking**—That is the site in West Belconnen in the ACT.

**Senator MASON**—That is out of the entire country; only one has commenced and it is in West Belconnen here in the ACT?

**Ms Hosking**—That is correct.

**Mr Cook**—By the end of this year—

**Senator MASON**—This will seem like a technical question, but believe me it has implications throughout this portfolio: what do you mean by construction commenced? Ms Paul knows what I am on about, there are definitional issues. What do you mean by that?

**Ms Hosking**—I understand earthworks and various other things have commenced at the site, and it is underway.

**Senator MASON**—There is actually a building going up; is that right?

**Ms Hosking**—That is my understanding. I am not sure exactly where the situation is in terms of whether it is still a kind of earthworks going on or whether there is solid material on the site yet, but certainly the—

**Senator MASON**—My friend, Senator Ronaldson, just whispered in my ear, ‘Is there just a sign there?’ Because often we have had in the past ‘project commencement’ and all it needs to have is a sign.

**Ms Hosking**—No, it is more than a sign.

**Senator MASON**—Okay, that is fine.

**Mr Cook**—We understand there are work people on site.

**Senator MASON**—That is fine.

**Mr Cook**—Just to follow on from your query about construction, by the end of this year we expect a further 16 sites across the country to have begun construction.

**Senator MASON**—By the end of this year, 16?

**Mr Cook**—That is right.

**Senator MASON**—How many staff are currently employed in connection with the centres?

**Ms Hosking**—Nine staff are currently employed.

**Senator MASON**—Whereabouts are they employed?

**Ms Hosking**—Four staff are working across locations in New South Wales to improve linkages between existing services and begin groundwork. Two community development workers have been employed in Whyalla and Christies Beach-Noarlunga, in South Australia. One Aboriginal community development facilitator has been employed in Halls Creek in Western Australia. One childcare director and one children and family centre coordinator have been employed in Maningrida in the Northern Territory. In addition to those, nine staff in the ACT—existing staff from the other children and family centres in the ACT that already exist—are delivering outreach services to the families in West Belconnen.

**Senator MASON**—Mr Cook, you mentioned that construction will commence on 16 by the end of this year?

**Mr Cook**—That is correct.

**Senator MASON**—The commitment was that 16 centres will be opened by the end of the financial year 2010-11, so that is 30 June 2011?

**Mr Cook**—That is correct.

**Senator MASON**—I take your point that construction will have commenced by the end of this year but the committee would like to know whether you will make that deadline for those 16 to actually open?

**Ms Hosking**—We are expecting 16 sites to be operational by the end of 2010-11.

**Senator MASON**—You are still confident you will make that deadline?

**Ms Hosking**—We are working very closely with states and territories to ensure milestones are met within the national partnership.

**Senator MASON**—That is another part of the national partnerships program, is that right?

**Mr Cook**—That is correct.

**Ms Hosking**—That is right.

**Senator MASON**—I love the national partnerships program. Thank you.

**Ms Hosking**—I said before that 150 of the 1,280 places under the HECS-HELP program were in regional universities. In fact that was 150 out of the first 500 places. We just need to take on notice how many of the additional places there are. I apologise for that.

**Senator PAYNE**—Thank you. If you are doing that, would you mind indicating which regional universities those places are?

**Ms Hosking**—Yes.

**Senator PAYNE**—Thank you.

**Senator JACINTA COLLINS**—Under which program area does the Australian Early Development Index (AEDI) come?

**Ms Hosking**—I think it would be 1.1, because it is funded through the—

**Mr Cook**—It is funded out of CCS.

**Senator JACINTA COLLINS**—Humour me for coming in late on that. How has the rollout progressed nationally? Is the data being used to inform future planning?

**Mr Cook**—As you are aware, the national rollout occurred last year and we had a fantastic response from states and territories. 97.5 per cent of the total population of five-year-olds in Australia were surveyed. This is the first time this has ever happened in the world. We are the only country in the world to have a national rollout. Some countries such as Canada have done state or provincial rollouts but we are the only country in the world that has actually done this at a national level, which is good in terms of the data that we can provide. States and territories now have that data and, as you would be aware, Minister Ellis recently released the community profiles to provide much more detailed information to various communities across the country. States and territories are using this data to inform some of their own planning programs. I know some states and territories are considering how they might utilise the data to enhance the funding that they are allocating to disadvantaged communities, for example. They are analysing the data and finding that they might be surprised by some communities in terms of how well those communities might be doing or how challenging some of those circumstances are in communities that, based on the AEDI data, they might have thought were better off than they currently are. Within the Commonwealth—I will ask Ms Hosking and Mr Hardy to speak a little bit more about the Commonwealth—it is being used in a range of ways to inform our planning. It is also used by FaHCSIA because this is not just about learning; it is also about health and about early childhood development more broadly as well. I might ask Ms Hosking just to talk a little bit more about that data use.

**Senator JACINTA COLLINS**—Before you go on, where is the funding coming from for it?

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**Mr Cook**—The funding has come from the Commonwealth government.

**Senator JACINTA COLLINS**—Yes, where within the Commonwealth?

**Mr Cook**—It comes out of our department under the Child Care Services Support Program.

**Ms Hosking**—The data has been used in a number of ways by the Commonwealth and by states and territories. A recent example that we have used the data for is to assist with the identification of new sites for the Home Interaction Program for Parents and Youngsters. We are able to use that data to help identify the locations that would most benefit from that program. We are also exploring other ways to link the data—for example, looking for school data with NAPLAN and AEDI and how that can be looked at together or in the context of the universal access program, where some of the states and territories are using that data to help identify areas to prioritise in terms of the roll out of preschool funding. FaHCSIA in particular are looking at how the data can inform their policy development in relation to children that are vulnerable and at risk.

**Senator JACINTA COLLINS**—If I think about Victoria in terms of access to universal early education where they have had a reasonably high participation rate but we have known there are areas of disadvantage in terms of some children missing out, this data is helping the Victorian government identify exactly where they are and what strategies would best work in increasing their participation rate even higher?

**Mr Cook**—That is exactly right. Having a little bit of knowledge around Victoria, I know particularly in Victoria the government is rolling out a whole series of community workshops to work with the community with this data. The AEDI Local Champions that Minister Ellis announced several weeks ago will provide assistance to enable states and territories to do that, to really drill down in their data and to look at what they could be doing from a community, local government and also state perspective around the range of funding sources and programs that are in place there for those programs to work together effectively.

**CHAIR**—I am afraid we are going to have to leave it there. Thank you officers for appearing. We are now going to move to Skills Australia. Senator Bilyk has got a number of questions and I just want to confirm first that they are in fact in the right area. Then we will move to Senator Cormann for questions.

**Senator BILYK**—Is New Skills for Sustainable Growth in this outcome?

**Ms Paul**—That is not Skills Australia, so you would want to direct your questions on that to the department.

**Senator CORMANN**—At 5.30 pm, I think.

**Ms Paul**—Yes, thank you.

**Senator BILYK**—Apprentice Kickstart?

**Ms Paul**—Yes.

**Senator CORMANN**—At 7.30 pm.

**Ms Paul**—That is right.



**Senator BILYK**—Have you worked it all out? That is good. National Skills Needs List? That is to do with other apprentices so one would presume that is in—

**Ms Paul**—That may be Skills Australia.

**Senator BILYK**—Sorry, where was that, Ms Paul?

**Ms Paul**—I think that is probably with Skills Australia.

**Senator BILYK**—Good. General apprenticeship questions?

**Senator CORMANN**—At 7.30 pm.

**Senator BILYK**—Smarter Apprenticeships I presume is at 7.30 pm as well; is that right?

**Ms Paul**—That is right.

**Senator BILYK**—Great.

**CHAIR**—Senator Cormann, it looks like you will have a fair chunk of the time.

**Senator BILYK**—Sorry, after that I think I have just got a couple.

**Ms Paul**—I am not sure about the list you mentioned. Please just mention that again.

**Senator CORMANN**—I think you have talked—

**Senator BILYK**—The National Skills Needs List.

**Senator CORMANN**—I think you mean the Skilled Occupations List, do you not?

**Ms Paul**—It might be and that is for Skills Australia. Let us see how we go.

**CHAIR**—Senator Cormann.

**Senator CORMANN**—Good to see you, Mr Shreeve. Are you responsible for the late release of the Skilled Occupations List?

**Mr Shreeve**—We were asked to provide the list before the beginning of May and that is what we did. We sent our advice to the Minister for Immigration and Citizenship and the Deputy Prime Minister in mid to late April.

**Senator CORMANN**—When the model list was scrapped in February obviously it created a bit of uncertainty, quite a lot of uncertainty, that you would be aware of across the international education services sector. The government made the announcement that the new list, the Skilled Occupations List, would be released by April. It is a bit strange that you were given a deadline to provide the list by early May.

**Mr Shreeve**—Our understanding was that the list was due by 1 May, or was to be released on 1 May in the original letters, but we worked out the time line given that it was a fairly complex task.

**Senator CORMANN**—Sure.

**Mr Shreeve**—Which involved giving the list in late April and we made that timeline.

**Senator CORMANN**—What specific day did you provide the list to the Deputy Prime Minister and to the minister for immigration?

**Ms Beitz**—I will give you the date of the final letter.

**Senator CORMANN**—I might just keep going and Ms Beitz might look for it. You made a recommendation to the government but the government made the final decision, did they not?

**Mr Shreeve**—We made the recommendation but the minister made the final decision, yes.

**Senator CORMANN**—So which minister made the final decision?

**Mr Shreeve**—The minister for immigration.

**Senator CORMANN**—So the minister for immigration made the final decision?

**Mr Shreeve**—Yes, we provided advice to the minister of immigration.

**Senator CORMANN**—You provided the advice to both the Deputy Prime Minister and the minister?

**Mr Shreeve**—Yes.

**Senator CORMANN**—So presumably they made a joint decision?

**Mr Shreeve**—We received a letter in February from the Deputy Prime Minister directing us to develop on an annual basis the Skilled Occupations List which identified occupations that are of high value and which assist in meeting the medium- and long-term skill needs of the Australian economy. We got that in February.

**Senator CORMANN**—When did you provide that list to the government?

**Mr Shreeve**—The actual date of the letter?

**Senator CORMANN**—No, the actual date when you provided the list to the government; that is what I am interested in.

**Mr Shreeve**—The date we provided the final list was 4 May.

**Senator CORMANN**—So that was a bit late then. That was the date that you provided the final list. Did you provide a draft list to the government first?

**Mr Shreeve**—We had some discussions with the relevant departments. We were providing some information and we had a discussion because—

**Senator CORMANN**—You provided progress lists along the way?

**Mr Shreeve**—We had some discussions with both the Department of Immigration and Citizenship and DEEWR in terms of how our researchers were going and the types of occupations that were going to be on the list, and we also took their advice in terms of skill demand.

**Senator CORMANN**—You have consulted with the government departments who gave you their feedback as to what they thought was required and what was not required; who else did you consult with?

**Mr Shreeve**—We consulted with a wide range of professional associations and peak bodies and we also contacted all the industry skills councils.

**Senator CORMANN**—On notice, can you provide us a list of all the organisations that you have consulted with?

**Mr Shreeve**—Certainly.

**Senator CORMANN**—That would be great. In terms of the original list that you provided, the way you are describing it is essentially like a two-way street between Skills Australia and the departments, is that right?

**Mr Shreeve**—We sought from DEEWR, for example, because they do a lot of research into labour market information, advice from their research branches in terms of various aspects of the specialised occupations which were going to form the basis for the list. For example, we wanted to know whether primary teachers were in oversupply or undersupply and we needed to know what their latest vacancy information was on those types of occupations.

**Senator CORMANN**—You are an independent statutory organisation so you are supposed to do your work independently but it sounds to me as if you were having a running line of communication with the department about what occupations should and should not be on the list?

**Mr Shreeve**—Our advice was independent and only occupations that were approved by our board went on the advice that we gave to the minister.

**Senator CORMANN**—I understand that but did you put forward occupations where the department then said, ‘No, we don’t think that that is necessary’?

**Mr Shreeve**—It was more of the case that we sought information about certain occupations. In terms of DEEWR, we were seeking information from their extensive research into labour market needs for those specialised occupations.

**Senator CORMANN**—Let me ask the question very specifically. Were there occupations that you were planning to put on the list at any time of the process where you then received advice, feedback or commentary from government where they asked you to remove those occupations from the list?

**Mr Shreeve**—When we were seeking advice from government agencies there were certain occupations about which they expressed a view that that occupation might be in under or oversupply and that would impact on its appropriateness of being on the list. But, the final decision was made by the board and the board had the final say. If somebody had said, ‘We think this occupation is in undersupply’ and the board was not convinced by the evidence, it was the board that made the decision.

**Senator CORMANN**—The board made the final decision in terms of the final list you put forward. In the final list you put forward was that exactly the same list as what was released by the government on 17 May?

**Mr Shreeve**—Yes, it was.

**Senator CORMANN**—You essentially went through a process of negotiation between Skills Australia and the government as to what should and should not be on there?

**Mr Shreeve**—No, I would not portray it like that.

**Senator CORMANN**—It sounds like it.

**Mr Shreeve**—No, we were not dealing with the ministers; we were only dealing with bureaucrats. We never actually dealt with anybody besides departmental—

**Senator CORMANN**—You do not think that the bureaucrats are communicating with the ministers?

**Mr Shreeve**—Obviously I do not know but it was never communicated to us that that was the case. The situation was that we thought it relevant, even though our advice was our advice, that we would talk to professional associations and other people who might have relevant information, and those other people with relevant information were two other government agencies.

**Senator CORMANN**—Are all the industry skills councils satisfied with the final Skilled Occupations List that you put forward to the government?

**Mr Shreeve**—We had feedback. I went to a meeting with the industry skills council and service skills sector that covers the hospitality industry before the list was finalised. Attending were representatives from the hospitality industry and the hospitality industry certainly expressed a view about what should and should not be on the list. Service skills, clearly because they are associated with that industry, to a certain extent reflected that view.

**Senator CORMANN**—There is not a single hospitality or tourism related job on your Skilled Occupations List. Is that a reflection of no skills shortages in those industries?

**Mr Shreeve**—No, certainly not. We were asked to do a Skilled Occupations List which looked at medium- to long-term skill needs, not short-term skill shortages.

**Senator CORMANN**—You think that medium- to long-term we will not have any skill needs in hospitality and tourism?

**Mr Shreeve**—No, because the occupations in the hospitality industry at this particular point in time do not meet our criteria. Our criteria are based on our specialised occupations list that we did for our National Workforce Development Strategy. There are criteria based on the premise that there are certain occupations which have a long lead time, like dentists which might take seven years to train, and there is a strong fit between the training and the occupational usage. In terms of the hospitality industry, for example, at present, and it might change, their occupations do not meet those criteria.

**Senator CORMANN**—Because we do not have that much time, I am not meaning to be rude but I will cut you short there at times. What you are saying is hospitality and tourism related industries are able to train their workforce locally so there is no need to rely on skilled migration? Is that a simplified way of saying what you are just telling us?

**Mr Shreeve**—No, what I am saying is that clearly the priority is to train the domestic workforce but we do acknowledge there might be some short-term labour shortages and that is why there are 457 visas and other employer sponsored migration routes.

**Senator CORMANN**—The industry tells us there have been people and skills shortages in these industries for decades and that there is no expectation that it is going to change in the short-term future either.

**Mr Shreeve**—We did a lot of research and I have had lots of discussions with the industry. It has a very high churn rate and a very low completion rate for people going on the courses. It is more like a river than a pool of people because people within that industry seem to come in and go out over a period of time. If you look at the vocational education and training sector,

quite a lot of the public dollar is actually spent on training for that industry. If the industry retained a higher percentage of workers that might be a different strategy it could deploy.

**Senator CORMANN**—Did the industry skills council for the tourism and hospitality sector agree with your assessment on that?

**Mr Shreeve**—We have had some discussions.

**Senator CORMANN**—So that is no? Go on, be honest.

**Mr Shreeve**—I am being honest actually, Senator. I cannot recollect a time when any officer from the industry skills council said categorically to me, ‘We disagree with your analysis.’ They said the industry would have issues.

**Senator CORMANN**—Would have issues but they do not disagree with your analysis?

**Mr Shreeve**—All I am saying, Senator, is that I cannot remember where they actually said—

**Senator CORMANN**—Other than registered nurses there is not a single aged-care related job on your skills list either. The aged-care sector is telling us that they are crying out and that there are significant skills needs and significant skills shortages in the aged-care sector. How did you come to the conclusion that there was not?

**Mr Shreeve**—As the minister next to me said, there are other occupations that deal with the aged-care industry. Again, our criteria are to deal with these specialised occupations. We also have to take into account that there is, at any one time, a considerable number of unemployed and under employed people in Australia and we are trying to increase workforce participation. As part of our National Workforce Development Strategy, migration is a strategy but also training the domestic workforce is a higher priority.

**Senator CORMANN**—I guess it is a matter of having the right balance between both, for sure, but it has not been all that successful so far in addressing the skills needs of the aged-care sector, has it? I have got to rush through though. Ambulance officers are not on there. I have read articles about the minister’s home state of Victoria where the union over there, the Ambulance Employees Australia union, and Mr McGee keep talking about serious shortages in paramedics and ambulance officers. How come that was removed from the Skilled Occupations List?

**Mr Shreeve**—I would need to have a look at ambulance officers in detail on notice but it could be that in some cases some occupations are covered by other occupations. An ambulance officer’s qualifications might be based within some other medical professional, that is, a nurse, and they are still on the list.

**Senator CORMANN**—Have you assessed the skills needs in the context of the NBN rollout?

**Mr Shreeve**—We did not do it in association with any one particular project because we take a national view. We did consult in terms of the ICT and the other industries related to the NBN rollout. Competing and electrical engineers are clearly of high priority.

**Senator CORMANN**—Mr James Tinslay, the Secretary of the National Electrical and Communications Association, says that at least 10,000 properly trained electrical workers

would be needed for the NBN rollout, and that this would create a major skills shortage in Australia. Do you agree with his concerns?

**Mr Shreeve**—I have no reason to disagree with him, but there are electrical trades and electrical engineers on the list.

**Senator CORMANN**—So you expect that a significant proportion of the skills needs around the NBN rollout would be met from imported electrical engineers?

**Mr Shreeve**—It is a balancing factor, because it is a very fluid situation. We believe that we have provided a list that balances between training the domestic population and getting future skill needs.

**Senator CORMANN**—The problem is that the government is planning on a very rushed rollout as it did with the home insulation program. We see what sorts of safety issues arise when you do not get that domestic training side of it right, and you sort of rush people out to do certain jobs. Are you satisfied that we have the skill base to safely roll out the NBN?

**Mr Shreeve**—Our specialised occupations list is based on long lead time and people with high qualifications. There are assessing authorities in terms of migrants, and there are registration and licensing authorities able to do anything in terms of the electrical industry which would impact on that particular rollout.

**Senator CORMANN**—Have you assessed how many specialised workers in the broader telecommunications industry would have to be imported in the context of the NBN?

**Mr Shreeve**—In terms of Skills Australia's overall role, we work with the ISCs in industry outlooks. This list was looking at longer term and future skill needs, and it was against some generic criteria that migration had a look at and got a better outcome than the previous list.

**Senator CORMANN**—Have you had any specific discussions with NBN or the Department of Broadband Communications and Digital Economy around skills needs?

**Mr Shreeve**—We have had discussions with professional associations like Engineers Australia and EE-Oz who cover that area.

**Senator CORMANN**—That would not have enabled you to properly scope what the need is going to be in the context of the NBN rollout, would it?

**Mr Shreeve**—I am confident that we talked to a range of professional associations, industry associations and industry skills councils whose job it is to deal with specific projects, and they provided this advice.

**Senator CORMANN**—The Prime Minister went to Western Australia about a month ago and said that there was a need for this resources super profits tax in order to stop the mining sector from sucking out all the workers from other industries and addressed Australia's skill shortage challenges by putting on this tax. Were you involved in any way, shape or form in any discussions around the supertax on mining as a way of addressing skills shortages across Australia?

**Mr Shreeve**—We have had no discussions about the supertax in Skills Australia.

**Senator CORMANN**—Would you agree with the assessment that increasing a tax on mining will help make your job easier?

**Mr Shreeve**—I am afraid I cannot answer that.

**Senator CORMANN**—Do you not think there is a linkage between taxation on mining and—

**Senator Carr**—Senator, you know better than that.

**Senator CORMANN**—Minister, it is your government that is making that claim.

**Senator Carr**—If you want to ask political questions, ask me.

**CHAIR**—You can ask the minister that question, but not Mr Shreeve.

**Senator CORMANN**—Is Skills Australia concerned about the impacts of a two-speed economy on skilled labour supply? That is a very proper non-political question.

**Mr Shreeve**—We are very aware of differential growth rates in differential parts of the economy.

**Senator CORMANN**—Have you done some work on how this would be best addressed?

**Mr Shreeve**—We believe our overall analysis indicates where the skill needs and shortages are. The fact that certain areas actually have high levels of unemployment and some areas are experiencing difficulty in recruiting in the short term, we feel has been encompassed by the work and the projections that we have done.

**Senator CORMANN**—Where are the skill shortages most apparent right now, and what are the strategies that you are putting forward to address them?

**Mr Shreeve**—Sorry, I did not hear that.

**Senator CORMANN**—Let me ask a different question. Are there obvious skills shortages in Western Australia that are not apparent in New South Wales or Victoria, for example? Do you look at it on that basis?

**Mr Shreeve**—We certainly talk to the National Resources Sector Employment Taskforce and we are aware of some of the issues that they are dealing with.

**Senator CORMANN**—Are you aware, or do you also develop—

**Mr Shreeve**—The Chair of Skills Australia is on the National Resources Sector Employment Taskforce.

**CHAIR**—I think we are going to have to wind up.

**Senator Carr**—I think it is an opportunity for Senator Cormann to tell us how he is going to cope with the \$1 billion that the coalition wants to take out of training when he wants to discuss these questions of skills shortages.

**Senator CORMANN**—Minister, I am very happy to answer questions when you are back in opposition.

**Senator Carr**—There is plenty of time for you to explain that.

**Senator CORMANN**—I am asking Mr Shreeve if his organisation is involved at all in putting together a strategy on how these challenges of the two-speed economy, as far as they relate to skills needs and skills shortages, are to be addressed.

**Mr Shreeve**—We have put forward a National Workforce Development Strategy and we are talking to other people who are doing strategies for specific institutions.

**Senator CORMANN**—Does that include taxation?

**CHAIR**—Senator Cormann, you will have to put any further questions on notice.

**Senator CORMANN**—For the *Hansard*, he shook his head, which was a no.

**CHAIR**—Sure.

**Senator BILYK**—Does Skills Australia have any data on comparable countries with regard to demographic groups and workforce participation and education?

**Mr Shreeve**—We certainly had a look at some comparisons with the OECD. For example, one of the things that we were concerned about in terms of workforce participation was that, whilst we are not at the bottom, we are lower than we would have liked compared to other countries' workforce participation amongst the targeted groups, which included women of child bearing age, men of prime working age and older Australians. Our workforce participation rate—

**Senator BILYK**—Men of prime working age—what is that age group?

**Mr Shreeve**—It is an age group which goes from the mid-twenties to the mid-fifties. We have some comparative information on that. One of the other things we are very concerned about is language, literacy and numeracy at different levels. Many Australians are not functionally literate. They might need to improve literacy and numeracy skills in order to cope with some of the more complex jobs that are increasingly becoming common in the economy.

**Senator BILYK**—When was that data looked at?

**Mr Shreeve**—That data was looked over the last nine months as part of the development of *Australian workforce futures: a national workforce development strategy*.

**Senator BILYK**—You mentioned the concerns with language and literacy. What impact does New Skills for Sustainable Growth have on low literacy and numeracy levels?

**Mr Shreeve**—That is not our program.

**Ms Paul**—That is in 3.5.

**Senator BILYK**—We will come back to that later. I notice that we are interested in trying to increase our skill level by four per cent, to 69 per cent, by 2025. That is a pretty big ask. How might we be able to achieve this?

**Mr Shreeve**—Yes. It is the workforce participation level, and it means that we would have to bring more marginalised workers into the workforce. Some of those are people who have been affected by the global financial crisis and some of the fallout of industry restructuring—for example, people who might have worked in the car industry in Adelaide who have been affected by changes to the workforce profile there. People who have had dislocation might suffer from a lack of skills. It is really important that we increase our skill level domestically so that we can actually help these people into jobs. We also feel in Skills Australia that there probably needs to be more of a case management approach and working with Job Services Australia providers so that we can case manage people into new forms of employment. A



target of 69 per cent is ambitious but, if we achieve that target, it will be a huge multiplier effect both in terms of economic growth and social wellbeing among the community.

**Senator BILYK**—I presume it would have a pretty big impact if we could achieve it in the level of dependency of older Australians, for those remaining in the workforce?

**Mr Shreeve**—Absolutely.

**Senator BILYK**—Would you like to make any comments in regard to that?

**Mr Shreeve**—I think all OECD countries are encouraging people to work longer because they are living longer, and that has an impact in terms of social security and health support. When people stay in work longer they tend to remain healthy and they tend to be paying tax rather than being a cost on the social security system. They are some of the overall benefits we get from increasing the workforce participation of older workers.

**Senator BILYK**—You mentioned the language, literacy and numeracy issue in your previous answer. Does Skills Australia have a role in helping overcome some of those issues?

**Mr Shreeve**—We are an advisory body so our job is to provide advice to the government and to highlight an issue. We are really pleased to see, having highlighted the issue, that that particular issue was picked up in the recent budget where there were considerable increases to the budget for language, literacy and numeracy programs, both the overall LLN program and a program called Workplace English Language and Literacy, which has been highly successful, but we thought could be bigger.

**Senator BILYK**—Does your committee have a role with regard to apprenticeships and the development of apprenticeships?

**Mr Shreeve**—Given that they are part of our skilling system, we certainly have a look at apprenticeships. We are currently doing some work on apprenticeships. We are looking at the future of apprenticeships, as are many other people within the system, and clearly apprenticeship is a valued route into the workforce. That is not to say that there are no issues with completion rates—and there are a lot of opinions about whether apprenticeships could be fast-tracked et cetera. Again, work is being done to make sure that that happens. In meeting some of the skill challenges that we face, we see an increase in apprenticeships as one of the prime means that we will achieve that.

**Senator BILYK**—What about your committee's role with regard to tertiary education?

**Mr Shreeve**—We certainly look at higher education—and the Deputy Prime Minister has extended our role. We recommended a three per cent increase in enrolments in the tertiary education system, which covered both vocational education and training and higher education.

**Senator BILYK**—Can you say a bit more about your role there.

**Mr Shreeve**—We believe from our scenarios that there will be a shortfall in the number of qualifications that we need over the next 15 or so years. It will vary depending on a number of factors, including economic performance. But only in one scenario in the final out years will we actually have an oversupply of qualifications. We believe that we need to increase the supply of qualifications by about three per cent per year. This will be done mainly by skills

deepening, which means we will give more qualifications to existing workers and make sure that more entrants to the workforce are qualified or are qualified as part of their starting jobs.

**Senator BILYK**—Are you talking about certificate level, tertiary level or a mixture?

**Mr Shreeve**—We feel that there will be growth in graduate qualification levels as well as some growth at certificate III and certificate IV, which is normally the trade entry point.

**Senator BILYK**—Do you have links with state government skills sectors? I am a Tasmanian senator and I know that the Tasmanian state government has a pretty good skills sector in its economic development portfolio.

**Mr Shreeve**—We have literally just come from a strategic industry forum which includes all the chairs of the state training authorities, with whom we have MOUs, and the chairs of industry skills councils.

**Senator BILYK**—Basically you are all talking to each other and you get the big national picture?

**Mr Shreeve**—We have a regular forum of chairs. We have MOUs with chairs. The officers meet with the officers of the state training authorities on a regular basis and we meet with all the chief executives of the industry skills councils on a regular basis. There is good flow through. For example, I recently addressed the South Australian skills and employment board and we had a discussion over its strategy and our strategy, which are very much aligned.

**Senator BILYK**—Thank you very much.

**CHAIR**—We are going to have to leave it there. Thank you for your appearance before the committee today.

**Mr Shreeve**—Thank you.

[12.09 pm]

**CHAIR**—We will now move to program 3.1.

**Senator MASON**—I note that we have higher education until 4.30 pm in the program.

**CHAIR**—That includes the lunch break.

**Senator MASON**—Sure, but all up we have about three hours and 20 minutes on higher education. I am nearly certain that I will be less than an hour, and I suspect some of my colleagues will have—

**CHAIR**—I do not believe you, though, Senator.

**Senator MASON**—I am usually pretty quick. In fact, I can honestly say that generally, as you know, we have usually finished early on this committee. I think we would all acknowledge that. I just say this—and this is not a criticism of you or a veiled one, because you have always been very accommodating with me, always—I am worried that this new program does not reflect community concern with accountability of various areas. Whilst I always enjoy the company of the minister, Ms Paul and officers—

**Senator Carr**—More Ms Paul than me, I suspect.

**Senator MASON**—I always enjoy their company. I do not come for a tutorial, and I am usually pretty quick. My concern is that while we have three hours and 20 minutes on higher

education support, we have about two hours and 15 minutes or so on the Building the Education Revolution (BER), which is a huge area for attention, and the program does not reflect in any sense the community's concern. I am not blaming you, Chair, at all, because I suspect you are operating under directions.

**CHAIR**—No, there is no direction here.

**Senator MASON**—I just want to note—

**Senator Carr**—Excuse me, where—

**Senator MASON**—Minister, I just want to say this—and you have always been reasonable with me as well, and I do not mind saying that on the record.

**Senator Carr**—That is certainly true.

**Senator MASON**—You have been reasonable with me, but this program is not reasonable, and does not reflect community concern.

**Senator Carr**—Senator, this is a matter for the committee; it is not a matter for the government.

**Senator MASON**—As you know, Minister, the government has the numbers on the committee and it is not allowing appropriate scrutiny of very important government measures.

**Senator Carr**—That is very unfair; very, very unfair.

**Senator MASON**—No, that is not unfair.

**Senator JACINTA COLLINS**—I am a member of this committee, and I did not hear that you made that objection before now.

**Senator MASON**—I did not want to, and I will say—

**Senator Carr**—Are you a member of the committee, Senator?

**Senator JACINTA COLLINS**—You should not do it publicly if you have not done it within the committee first.

**Senator MASON**—I have raised this issue privately, but I do not want to criticise anyone specifically about it because that would be inappropriate and unfair. I will not do that.

**Senator Carr**—Are you a member of the committee?

**Senator MASON**—If I am not wrong, the opposition does not have the numbers on this committee. The bottom line is that this committee will not be able to examine in full issues that are very, very pertinent to the public purse and accountability. We are going to have three hours and 20 minutes on higher education. This is contentious this time; it was not contentious in the budget, and I acknowledge that. I am not arguing about it.

**Senator Carr**—That is because we are doing a very good job.

**Senator MASON**—But we have three hours and 20 minutes, and two hours and 15 minutes on the BER. If you can explain that, Minister—

**Senator Carr**—This is a matter for the committee. You have asked me to explain it. I am saying to you it is entirely a matter for the committee. There has been no communication with

the government on this matter. Ministers have not sought to influence the work of the committees. It is a matter for the chair of the committee.

**Senator MASON**—Minister, I am not suggesting you did.

**Senator Carr**—I thought you said something about direction.

**Senator MASON**—I suspect, given that more than half of the committees are now operating on a program like this that does not reflect community concern with oversight, clearly there are other issues at stake, and I do not blame the chairman for that.

**CHAIR**—Thank you. But I need to respond to a couple of those points.

**Senator MASON**—Please.

**CHAIR**—Certainly I am not operating under directions from anybody. In fact, people probably have problems with me that they know I do not take directions from anybody, and have not done so. In terms of the questioning for BER, I want to correct you on that. We have allocated two hours and 15 minutes for opposition questioning, after negotiations with you. The actual program in totality goes for longer than that.

**Senator MASON**—Two hours 45 minutes—I accept that.

**CHAIR**—There are other senators that have some questions too.

**Senator MASON**—But still, this area of higher education is still half an hour longer.

**CHAIR**—Yes.

**Senator MASON**—That does not reflect community concern.

**CHAIR**—Senator Mason, it is okay because you have a particular interest in a particular program and a particular outcome.

**Senator MASON**—Chair, come on.

**CHAIR**—But there are more senators—

**Senator MASON**—Chair, there is \$16 billion at stake, and the entire community is concerned with it.

**CHAIR**—You yourself have been allocated two hours and 15 minutes for questioning on that pet project that you have. The estimates are much broader, and the program—

**Senator MASON**—Chairman, do not—you do not deserve this; you should not be doing this. It is ridiculous. You know that. Come on.

**CHAIR**—I do not think it is ridiculous.

**Senator MASON**—You and I have been here long enough to know this is a farce.

**CHAIR**—Well, it is not a farce at all.

**Senator MASON**—Come on, Minister.

**Senator JACINTA COLLINS**—It does not compare with some that occurred a few years ago.

**CHAIR**—The other points I want to make are that, while you say you have raised these concerns privately, you have not raised them with me. We had a discussion about how much

time you needed for the BER. You did not raise any issues about these other matters, either saying there is too much or too little—well, not to my recollection. If you did, I stand corrected. I thought we had a discussion about how much time you needed on BER.

**Senator MASON**—We will have another private chat about it later.

**Senator Carr**—That is not the fact of the point, is it?

**CHAIR**—Let me also make the point, Senator Mason, that no one—and if you say you have raised these matters with me privately, we will have a private chat about that later—has raised it on the committee at all.

**Senator MASON**—I am not a member of the committee, and I accept that. I am a participating member; I know that.

**CHAIR**—When this program was approved by the committee, no objection was raised, and no concerns were raised.

**Senator MASON**—That is not my understanding.

**Senator CASH**—I noted my disapproval of the program at the private meeting.

**CHAIR**—You did?

**Senator CASH**—Yes, I did.

**Senator JACINTA COLLINS**—I do not recall that.

**Senator CASH**—I do not think you were at the private meeting on Monday morning.

**Senator JACINTA COLLINS**—Yes, on Monday morning I was here.

**Senator CASH**—I stood over there and I said, ‘This is approved with reservations and disapproval.’

**Senator JACINTA COLLINS**—I do not recall that.

**CHAIR**—This is a substantial program and appropriate time has been allocated. We can never get—

**Senator MASON**—It is not appropriate.

**CHAIR**—Well, it is.

**Senator MASON**—Chairman, you do accept that I have hardly ever taken the committee full term on this. The opposition has hardly ever gone full-time, and that is a fact. I have always been straight to the point. As much as I enjoy the committee and Senator Carr’s and Ms Paul’s company, I hardly ever come here for a tutorial or to dialogue, except on a couple of occasions. It is straight to the point and pretty quick. I have never wasted time, and yet we have three hours and 20 minutes on higher education, and I certainly will not be going anywhere near that. Perhaps other senators will, but who knows? It is not the best use of committee time.

**CHAIR**—Again, as I say, it cannot be an exact science, but it is based as much as we can on past performance, what we think the issues will be, and we try to get an appropriate split of the time. I also make the point that it is true, on this side of the portfolio, that historically we

have not used our full allocation of time for the estimates process. In fact, I think at the last budget estimates, we were finishing estimates around the dinner break.

**Senator MASON**—I accept that—or just after.

**CHAIR**—Or just after the dinner break. What I have actually done, too, by organising this program is to allocate the complete 14 hours. Never before have we actually programmed over the full 14 hours to maximise the use of the estimates. Never has that been done before. Not only have we made sure that all the estimates time is used appropriately and available to opposition and other senators; we have tried to divvy up the times accordingly. I think we have done a fair job. Again, the deputy chair has indicated that they noted they were unhappy with the program at the private meeting on Monday morning. I do not recall that but, if they say they did, they have simply done it on that basis. They have not raised any specifics. They have not talked about any—

**Senator CASH**—Would the committee like me to table the emails that I sent to the Secretariat advising them to ensure that the *Hansard* record is correct, because I will not sit here and be verbed by you, Chair.

**CHAIR**—All right. We will have a private meeting if you want to. I am talking about—

**Senator JACINTA COLLINS**—Point of order, Chair. This is a matter that should be discussed within the committee. Senator Mason raised it before the full committee when we were meant to be dealing with higher education. I said to Senator Cash that I did not recall. I did not dispute that she might have said it. I have subsequently said that Senator Bilyk does recall you raising reservations. But the point is we should not be discussing this here and now. We can have a private meeting and deal with it later.

**CHAIR**—We will do that now. We will not return before lunch, because it is not far from the lunch break. The officers can go and we will see you back here at 1.30 pm.

#### **Proceedings suspended from 12.20 pm to 1.30 pm**

**CHAIR**—We will reopen these estimates hearings. I just advise everybody there was some discussion prior to the lunch break about the program. I would like to make a couple of points, given that it was made on the public record. As chair I take full responsibility for the development and negotiation of the program. I believe that it is a fair, balanced and appropriate program. I now understand that some people have a different view. I would like to apologise to Senator Cash. I am now advised that some reservations were raised in a general sense at the private meeting when we approved the program. I apologise if I have misled or misrepresented her position.

We will maintain the program as agreed by the committee, even though I suspect there will be fewer questions than normal from the opposition in an attempt to now manufacture the evidence to support the contention that they have made in the argument.

**Senator Carr**—That is very fair and reasonable!

**Senator CASH**—I thought you were correcting the record.

**CHAIR**—I am a chair full of surprises. We will continue on with what I think is a good program and the committee will discuss, as we always do, the progress of estimates at the end

of estimates and there will no doubt be further discussions about the next round of estimates. We are going to Senator Scullion.

**Senator SCULLION**—DEEWR are responsible and committed, as are most departments, to the Australian government's target of reducing Indigenous disadvantage, closing the gap and all those sorts of process. I understand that you administer a number of programs that are aimed at closing that gap. Can you give me a breakdown of the current enrolment numbers for Indigenous students in higher education.

**Ms Paul**—Mr Coutts will help you.

**Mr Coutts**—The latest full-year enrolment figures are for 2008, and the total number of Indigenous students is 9,490.

**Senator SCULLION**—How does that compare with the last five years? What was the 2007 number? Do you have them year by year?

**Mr Coutts**—I have numbers back to 2001. Do you want me to read them into the record?

**Senator SCULLION**—That would be fantastic.

**Mr Coutts**—In 2001 the total number was 8,656; 2002, 8,860; 2003, 8,964; 2004, 8,865; 2005, 8,337; 2006, 8,816; 2007, 9,329; and the latest year of 2008, 9,490.

**Senator SCULLION**—You have a number of programs. Can you go through the programs that underpin the initiatives for further participation in higher education in terms of the Indigenous demographic?

**Mr Coutts**—There are quite a range of programs that support that. The principal one is the Indigenous Support Program, which is approximately \$34 million and distributed to universities on the basis of their number of Indigenous enrolments. We also have the Commonwealth Scholarships Program that provides funding for cost of living and relocation for Indigenous students. The universities are funded for the Indigenous students along with other low-SES students through the new Higher Education Participation and Partnerships Program.

**Senator SCULLION**—What was the cost for the Commonwealth Scholarships Program?

**Mr Coutts**—In 2010 there will be \$7.1 million provided for the Commonwealth Scholarships Program for new Indigenous Commonwealth scholarships. I do not have a figure for the continuing Commonwealth scholarships just for Indigenous students, but I can take that on notice.

**Senator SCULLION**—So is there an assumption that will continue? I have not looked at that in the budget. So is there an assumption that it will be around about the same figure?

**Mr Coutts**—Yes.

**Senator SCULLION**—Are there other programs? We have talked about the Indigenous Support Program and the Commonwealth scholarships.

**Mr Coutts**—In the higher education area?

**Senator SCULLION**—Yes, just in higher education.

**Mr Coutts**—Those are the major programs in higher education support.

**Mr Walters**—I might just mention that there is also an Indigenous Higher Education Advisory Council for Indigenous matters. They have been in existence for a number of years, take a general interest in the development of the programs and provide advice to us.

**Senator SCULLION**—What funding do we provide for that?

**Mr Coutts**—That is IHEAC, the Indigenous Higher Education Advisory Council. There is a line of funding that is for the administrative expenses of that council. From memory, it is in the order of \$500,000 per annum.

**Senator SCULLION**—So these higher education institutions that receive funding through DEEWR have to report back through an annual Indigenous Education Statement, an IES?

**Mr Coutts**—That is correct.

**Senator SCULLION**—Would you have an idea of how many institutions are currently receiving funding? How many institutions are there under each of these—not so much the Commonwealth scholarships as the Indigenous Support Program?

**Mr Coutts**—All table A institutions receive it.

**Senator SCULLION**—So all of them?

**Mr Coutts**—Yes.

**Senator SCULLION**—Have all of those institutions from table A submitted an IES for the last reporting year?

**Mr Coutts**—They have, to the best of my knowledge.

**Senator SCULLION**—Where would I go to find those reports? Are they on the net? Are they public reports?

**Mr Coutts**—The material in them is not of a nature that would not be able to be made public. I do not know if they are published.

**Ms Paul**—Would you like us to look at that for you?

**Senator SCULLION**—I would. It provides feedback on how the funding is being spent.

**Ms Paul**—Yes, that is right.

**Senator SCULLION**—We are talking about Indigenous support. I am sorry that I do not have an in-depth knowledge of the actual breakdown of the programs and how they are spending that money. I have made an assumption that the IES was to provide you with some accountability about how the \$34 million is being expended.

**Ms Paul**—Yes.

**Senator SCULLION**—If they are public then I will not worry you anymore about it; but, if they are not public, can you provide them.

**Ms Paul**—I think it is a fair thing to be able to do so. If they are not, I am quite happy to have a look at them and send them in.

**Senator SCULLION**—One of the challenges is the time of the year that it is and the process of taking something like that on notice. Would you be able to find that out for me this afternoon?



**Ms Paul**—Yes. No problem.

**Senator SCULLION**—Whether it is on the public record, where I can find it and if you have copies of it.

**Ms Paul**—Yes.

**Senator SCULLION**—I will keep in touch with the chair on that.

**Ms Paul**—No problem.

**Senator SCULLION**—That will be very useful.

**CHAIR**—Senator Mason.

**Senator MASON**—My first question in this outcome relates to the Education Investment Fund. I am not sure who is handling that.

**Ms Paul**—Ms Randall.

**Senator MASON**—What is the current balance of the fund?

**Ms Randall**—The value of the Education Investment Fund at 31 March was \$5.868 billion.

**Senator MASON**—Has there been any contribution to the fund's capital in addition to the two contributions of \$3 billion each, the last of which was on 22 January 2008?

**Ms Randall**—That is correct. The first deposit was in October 2007. The second deposit was in January 2008. There have been no subsequent deposits.

**Senator MASON**—No additional deposits?

**Ms Randall**—No.

**Senator MASON**—How much interest in total has the fund earned since it was first set up under the previous government as HEEF?

**Ms Randall**—That is a question I will need to take on notice and ask the Future Fund to calculate.

**Senator MASON**—Do you know how much interest has been earned under the current government since the fund has been known as the Education Investment Fund? Do you know how much that interest is?

**Ms Randall**—No. I will need to take that question on notice.

**Senator MASON**—Both of those questions for HEEF and the EIF.

**Ms Randall**—Indeed.

**Senator MASON**—What is the total of funding commitment that the government has made from the current EIF?

**Ms Randall**—It is \$3.95 billion.

**Senator MASON**—How much has been spent of that \$3.95 billion? How much is committed but still in the fund?

**Ms Randall**—As you know, the projects that are funded through the Education Investment Fund take a number of years for construction, so project payments are made on project

milestones. As of 31 March, \$0.941 billion had been debited from the Education Investment Fund for grants for infrastructure projects. Of that, \$0.739 billion was for grants for DEEWR managed projects, so that is higher education and VET projects. The remainder were for projects managed by Senator Carr's department.

**Senator MASON**—So that is actually debited from the fund?

**Ms Randall**—Correct.

**Senator MASON**—How much is committed but still sitting in the fund?

**Ms Randall**—The difference would be the difference between the \$3.95 billion and the \$0.941 billion, noting that some of those are specific project commitments and some of them are program commitments.

**Senator MASON**—So payments are every so often, when milestones are met; is that right?

**Ms Randall**—Correct.

**Senator MASON**—When was the last announcement made regarding a distribution from the fund?

**Ms Randall**—I am not sure I understand your question.

**Senator MASON**—When was the last time the government announced that they were distributing money from the fund?

**Ms Randall**—The last funding round in the education portfolio opened last year. There was also a funding round that is run from Senator Carr's department for the Clean Energy Initiative. I am afraid I do not know the dates that program opened. I think there are two components to that program and they opened on two separate dates. But I am sorry; I do not have that with me.

**Senator MASON**—Can you take that on notice? You cannot tell me the date the government last announced that it was distributing moneys from the fund?

**Ms Randall**—I can tell you when we opened the rounds in the education department.

**Senator MASON**—Sure.

**Ms Randall**—The Deputy Prime Minister and Senator Carr announced the opening of EIF round 3 and an EIF sustainability round on 4 August 2009. As I mentioned, there are also two rounds of the Clean Energy Initiative and I have undertaken to get you the dates that they were announced.

**Senator MASON**—As to that money announced for distribution on 4 August 2009, were the projects announced?

**Ms Randall**—One project has been announced so far. A project at Deakin University was recently announced. It is a research project managed by Senator Carr's department.

**Senator MASON**—Have any other projects been announced?

**Ms Randall**—No other projects in that round have been announced yet.

**Senator MASON**—No other projects have been announced?

**Ms Randall**—No.

**Senator MASON**—No other successful projects have been announced. Is that correct?

**Ms Randall**—Correct.

**Senator MASON**—The money that has been distributed is simply the money that you have mentioned before?

**Ms Randall**—Correct.

**Senator MASON**—When is the next funding round expected?

**Ms Randall**—Funding around the structural adjustment fund EIF component I would expect to open in the next month or two.

**Senator MASON**—Although I am not very good at reading these documents, I have to admit, I will do my very best. Every time I have to look at portfolio budget statements I shrivel up a bit, I am afraid, but let me do my very best. I do not know if you have this, Ms Paul and officers, but can I first refer to the 2009-10 DEEWR budget statements? Have you got that there?

**Ms Paul**—No, I have got this year's. Have you got a copy?

**Senator MASON**—I do. I have several. Does everyone have that? This is just a photocopy but I note that the 2009-10 budget committed to the EIF under—I think it says—'Ordinary annual services Appropriation Bill No. 1'. Has everyone got that?

**Ms Paul**—Yes.

**Senator MASON**—In 2009-10, it was \$608 million. Is that right?

**Ms Paul**—That is correct.

**Senator MASON**—Then it is \$304 million in 2010-11, 2011-12 and 2012-13. That is \$304 million in each of those years. Is that correct?

**Ms Randall**—That is correct on the paper that I am looking at.

**Senator MASON**—That is the 2009-10 DEEWR budget statements. It is a dry document but it is nonetheless interesting. Is that fair enough? Is that what it says?

**Ms Paul**—Yes.

**Senator MASON**—Has any of the \$608 million set aside in last year's budget been put into the fund?

**Ms Randall**—As I have said, there were two deposits to the fund of \$3 billion each.

**Senator MASON**—Is that the \$608 million?

**Ms Randall**—That \$608 million was a reference to potential spending from the fund.

**Senator MASON**—Potential spending?

**Ms Randall**—Notional spending.

**Senator MASON**—So the \$3 billion plus the \$3 billion is not that figure; that is a different figure? What does that \$608 million represent?

**Ms Randall**—That is a line that was in the estimates from the former Higher Education Endowment Fund. It was adjusted in a subsequent MYEFO to remove that line.

**Senator MASON**—As to the education investment fund, you have got \$608 million for the budget. Is that right?

**Ms Randall**—That is correct.

**Senator MASON**—For every year thereafter there is \$304 million. That was budgeted to go into the fund. Is that right? Where did the money go, Mr Storen? That is what I want to know, putting it bluntly.

**Mr Storen**—The line you are looking at there—and also you are looking at the 2009-10 budget, which was a bit of a transition budget year between the HEEF and EIF and so forth—

**Senator MASON**—I know that. I will compare them in a minute. I just want to understand what this document says before we go to the next one.

**Mr Storen**—The capital for the fund is actually reported in the Future Fund Management Agency, which is in the Department of Finance and Deregulation's portfolio, so the flows of capital into the fund are actually in a separate book in the budget. These are the estimated flows or the disbursements out of the fund which this portfolio is responsible for. That line there was an estimate at the time of transition of the payments from the department out of the fund, not anything to do about—

**Senator MASON**—So \$608 million would be paid out of the EIF during 2009-10? That was the estimate?

**Mr Storen**—That was the estimate at the budget time. That is correct. Because of the changing arrangements, the newest PBS, portfolio budget statements—

**Senator MASON**—I just want to ask, though, that that was the estimate. How much of that was paid out?

**Mr Storen**—During the current financial year?

**Senator MASON**—Yes.

**Mr Storen**—I have got the 2010-11 budget statement that has an up-to-date number for the 2009-10 financial year on page 88 against the Education Investment Fund, which from my understanding would include the higher education and the vocational education component of \$808,599—

**Senator MASON**—I am not an economist. I just want to take this slowly. Explain to me again: you are arguing that that \$608 million is money that is going to be distributed out of the fund. That was the estimate?

**Mr Storen**—That was the estimate in the 2009-10 budget.

**Senator MASON**—Then the estimate was \$304 million each year after for the next three years. Is that correct?

**Mr Storen**—That is correct—or was at the time.

**Senator MASON**—That was money that was estimated to be expended from the EIF?

**Mr Storen**—That is correct.

**Senator MASON**—I just want to make sure that is clear. If we look at the 2010-11 portfolio budget statements you have referred to on page 88—I have got it here—none of that appears. That line has been omitted, so what does that mean?

**Mr Storen**—The original establishment of the Higher Education Endowment Fund had the capital element of it sitting within the education portfolio. With the movement to the capital element within the finance and deregulation portfolio the actual disbursement of the money is now treated as a special account expense. On page 88 at the very bottom of the list of figures you have got a subheading called ‘Special Account Expense’—

**Senator MASON**—You are quite right.

**Mr Storen**—and the ‘Education Investment Fund’. My best understanding is that the amount of \$608 million is part of the \$808 million line of payments we are expecting in the current financial year as project payments.

**Senator MASON**—If that is right, I understand that is the \$608 million referred into the 2009-10 budget. Are you arguing that that is part of the \$808 million that appears on this year’s portfolio budget statements. In last year’s budget statement, 2009-10, the special account Education Investment Fund appears there as well, doesn’t it? So what has happened?

**Mr Storen**—Correct. What occurred during the 2009-10 estimates period was that we were working into the new framework for where the capital fits and where the money flows fit. At the time of presenting the budget we allocated the Education Investment Fund to both ordinary annual and special accounts. The appropriate treatment would have been to have it all under special account.

**Senator MASON**—So the 2009-10 budget statement was an inappropriate accounting mechanism?

**Mr Storen**—Correct. You have characterised it correctly.

**Senator MASON**—Believe me, I am no accountant.

**Mr Storen**—The presentation of it as both ordinary and special account was not the appropriate presentation.

**Senator MASON**—According to the 2009-10 budget statement we have \$608 million and \$304 million, \$304 million and \$304 million, which as you say is going to be paid out of the fund. That is the evidence you gave. When we look at the 2010-11 budget statement, what is to be paid out? This is the interesting bit. If you compare them, in 2009-10 the Education Investment Fund under ordinary annual expenses is \$608 million, so you would be adding that to this. Is that right?

**Mr Storen**—No.

**Senator MASON**—Or is this part of this? I do not understand how this works.

**Mr Storen**—At the time of putting the 2009-10 figures together we were in a transition period of—

**Senator MASON**—I understand that.

**Mr Storen**—We have presented the same money stream twice under ordinary annual and special accounts, which is not—

**Senator MASON**—The same money stream under both ordinary annual EIF services and also under special appropriation?

**Mr Storen**—That is how it was presented in—

**Senator MASON**—That is not sensible, is it?

**Mr Storen**—It has subsequently been amended, as you will see in the—

**Senator MASON**—I cannot follow that. It is very unusual and it is quite misleading; isn't it?

**Mr Storen**—It is not how we would present the information with the framework that we have got in place now. At the time of the 2009-10 budget when we were presenting the numbers we were in a state of changing the arrangement to a special account arrangement.

**Senator MASON**—But that was not made clear in the 2009-10 budget statement. That is not made clear at all. Is there any written explanation anywhere in the portfolio budget statements that I have missed that explains this more fully?

**Mr Storen**—The subsequent changes, from my memory, were made possibly in MYEFO. There may be a reference I can find for you—

**Senator MASON**—Could you take that on notice? Mr Storen, I might suggest that I could not find anything, or my staff could not find anything.

**Mr Storen**—I can take that on notice. If my memory is correct, there was a subsequent estimates variation and we can see if we can track down a reference to that for you.

**Senator MASON**—All right, because we are talking about proposed expenditure of hundreds of millions of dollars and the fact that it has been mischaracterised in an accounting context has not been explained anywhere. My staff just happened to pick it up.

**Mr Storen**—I am happy to see where we can find that.

**Senator MASON**—Let me ask some more questions about this, because I am not an accountant and I find it very difficult to follow. Do you have a copy of the 2009-10 budget? If you go to the 2009-10 budget, which is the dark line; have you got that? Yes. That \$608 million is part of the \$895 million.

**Mr Storen**—That would be a better presentation of the data, yes.

**Senator MASON**—Does that process follow anywhere else in this document?

**Mr Storen**—We do not have any other arrangements around investment funds and special accounts, no.

**Senator MASON**—I did not think so.

**Mr Storen**—They are a different funding mechanism for programs.

**Senator MASON**—I have now got you; now I understand what you are saying, I think. So the next line, the 2010-11, still looking at the 2009-10 budget—bear with me—the \$304 million would be part of the \$751 million; is that right?

**Mr Storen**—Yes, that is my understanding.

**Senator MASON**—Then the \$304 million would be part of the \$418 million and in the \$304 million—but, hold on, how does that work? \$304 million in 2012-13; you get \$155 million down at the bottom. How does that work?

**Mr Storen**—That is something that I will have to take away and look into for you.

**Senator MASON**—That does not make sense if it is part of it. Does anyone have an explanation?

**Ms Paul**—We need to go away and spell it out.

**Senator MASON**—Do you see my question?

**Mr Storen**—I can understand the question.

**Senator MASON**—Because if it is part of, how could it be part of something that is half as large? Can I just ask some more questions about this? If you look at the 2009-10 statements, the \$304 million for 2010-11, 2011-12 and 2012-13—that is right, is it not?

**Mr Storen**—That is what is on the statement.

**Senator MASON**—Under Ordinary Annual Services, but under Special Account, the sums are larger but the last one is smaller. What is the difference between those two accounts?

**Mr Storen**—That is something I can come back on.

**Senator MASON**—You do not know?

**Mr Storen**—I do not know right now, but once I come back we can explain the line at the top and the line at the bottom and the relationship between the two.

**Senator MASON**—Does anyone know? Mr Storen, it is the portfolio budget statements; it is a document produced by the department.

**Mr Storen**—I do not want to make speculations. I suspect the line at the top is the original decisions around the funding disbursements out of the fund.

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

**Mr Storen**—Then when the financial management arrangements around the capital, where it was kept, the special account flows, the accounting mechanism has changed and subsequent decisions to disbursements have changed the profile over the years, which is what you see reflected in the bottom line. There has most likely been a decision along the way to move the profile of funding from the original \$608 million and \$304 million to the profile that you see at the bottom. That is the bit that I would like to go away and provide you with an explanation on the link and the relationship between the two.

**Ms Paul**—At any rate, we think this was all corrected in MYEFO, so we will draw that link, too.

**Senator MASON**—Sure, but it is not good, Ms Paul, to have this. As I say, you know, my excellent staff picked this up.

**Ms Paul**—No, I am sorry it is confusing. I think we do need to go away and explain.

**Senator MASON**—Even Mr Storen finds it hard to explain. I mean particularly in relation to 2012-13.

**Ms Paul**—Sure.

**Senator MASON**—Your argument does not hold there, does it? It does not hold that it is part of?

**Ms Paul**—It probably, as Mr Storen is saying, is the transition from HEEF to EIF and so on, but we do need to go away and sort it out for you. I am sorry it is confusing on the papers.

**Senator MASON**—It might be internally inconsistent accounting documents within one table or assumptions.

**Ms Paul**—Sure, yes.

**Senator MASON**—Particularly for me, because I am not an accountant. The presumed disbursements of \$304 million, \$304 million and \$304 million; Mr Storen, if we look at this year's 2010-11 budget, do we know if that planned disbursement has changed?

**Ms Paul**—I think this one will be for Dr Randall.

**Senator MASON**—Do we know, Mr Storen?

**Mr Storen**—I might just go back and just for the assistance of you, draw your attention to the—

**Senator MASON**—All right, so, on previous questions?

**Mr Storen**—On the basis for the funding one I am talking about. The portfolio additional estimates statements of 2009-10 are produced as part of the MYEFO adjustments and so forth.

**Senator MASON**—I have got the table, yes. Is this 2009-10?

**Mr Storen**—Yes, this is portfolio additional estimates statements.

**Senator MASON**—Yes.

**Mr Storen**—Yes, this is the subsequent statements put through halfway through the year that support the MYEFO.

**Senator MASON**—So, this document predates that?

**Mr Storen**—That is correct. So, subsequent to that document—

**Senator MASON**—After this document came out, something else came out. What is that, Mr Storen?

**Mr Storen**—The portfolio additional estimates statements, which is the department's, if you like, supplement to the broader MYEFO—mid-year economic fiscal outlook statement—of the government, where mid-year estimates are adjusted and so forth. On page 26 of that document is an entry around, basically, an appropriation correction, which removes the \$608 million, \$304 million line. It removes that line from the appropriation table.

**Senator MASON**—So, it is a mistake?

**Mr Storen**—It is an appropriation line that should not be there.

**Senator MASON**—That is a mistake, is it not?

**Mr Storen**—And overtaken by the line at the bottom of the table.



**Senator MASON**—Okay.

**Senator Carr**—I think, Mr Storen, you have said you wanted to take this on notice. Maybe you could just come back to the committee when you have got it clear.

**Senator MASON**—Anything to add, Mr Storen?

**Mr Storen**—No. I am pretty sure that the Treasury document around MYEFO would have disclosed the same numbers, so the mid-year estimates adjustment accounted for that line.

**Senator MASON**—Can we just go to the previous question that I asked about? That line, the \$608 million and the \$304 million, \$304 million and \$304 million—had the planned disbursements changed by the time of that document, in other words, by the time of the supplementary report?

**Ms Paul**—I would probably imagine so. I am not sure; we may have to take that on notice, too.

**Ms Randall**—Our planned disbursements have changed in reflecting some changes to payments for grants.

**Senator MASON**—Right.

**Ms Paul**—It just depends how the payment schedules unfold.

**Senator MASON**—Yes, or how explicit they are. If we go to the most recent budget, 2010-11, I do not know whether it is you, Mr Storen, or Ms Paul, but could you look at, for example, 2010-11? Down the bottom the planned disbursement, to use your language, is what, \$621 million, and on the 2009-10 it is \$751 million. What does that indicate? Does that indicate that there is less of a disbursement than was originally estimated? You see, Minister, I am no accountant, am I? I was just putting it in layman's language, you see.

**Mr Walters**—I think the point that Ms Paul was trying to make is simply that the disbursements will vary over time because the projects proceed at different paces, so the numbers will go up and down. I think if we could take the question on notice, we can give you a detailed account of any changes that went into the numbers.

**Ms Paul**—We could probably actually almost give you a flow of projects to give you the concreteness of it.

**Senator MASON**—Let me just take them globally from 2009-10 and comparing it with 2010-11. In 2009-10 there was a plan for \$608 million expenditure and then \$304 million the year after, \$304 million the year after and \$304 million the year after, and now that line is gone. I understand what Mr Storen is saying. I still do not know how the figures are different; in other words I do not know what makes the difference between the two figures.

**Ms Paul**—I think one thing is that the \$608 million, \$304 million, \$304 million was probably originally for HEEF and now we are talking EIF, so it is a different basis, and then it probably—

**Senator MASON**—But we do not know that, do we? It is on notice; I understand that. In 2010-11 the projections are \$621 million for the current financial year, then \$397 million, \$155 million and \$225 million. Is that all to do with proposed expenditure from the EIF?

**Ms Randall**—That is.

**Mr Storen**—In addition, there was a little bit more for that expenditure in relation to the VET part on page 100.

**Senator MASON**—How much is that?

**Ms Randall**—It is \$28.724 million in—

**Senator MASON**—That is a lot smaller. Where it says ‘Special Account Expenses, Education Investment Fund’ on the 2010-11 document—those figures where it says \$621 million, current financial year, then \$397 million, \$155 million, \$225 million—all of those are proposed estimated expenditure in the future disbursements from the EIF; is that correct?

**Ms Randall**—It is a combination of payments we intend to make for projects that have already been determined and an estimation of when we will spend money from new funding rounds such as the Structural Adjustment Fund.

**Senator MASON**—Because the 2009-10 budget statement and the 2010-11 budget statement vary. If you just look at, again, the Education Investment Fund, Special Account, 2009-10; do those figures there also reflect disbursements from the EIF, Mr Storen? The 2009-10 budget statement where it says ‘Special Account, Education Investment Fund’ down the bottom—have you got that?

**Mr Storen**—Yes.

**Senator MASON**—The sum of \$895 million for the 2009-10 budget. Have you got that?

**Mr Storen**—Yes.

**Senator MASON**—The amounts of \$751 million, then \$418 million and then \$155 million; are they all to do with disbursements from the EIF?

**Mr Storen**—That is correct.

**Senator MASON**—Right. It is very interesting. Your question is a question on notice, because it just does not make sense. Last year’s budget estimated the expenditure for 2010-11 at \$895.9 million whereas this year’s budget gives only \$621 million. Why is that?

**Ms Randall**—Some projects have been recalibrated so that project payments can be made in line with project milestones. As Mr Storen mentioned, there is also a line on page 100 of the PBS for VET projects.

**Senator MASON**—Yes, but that is fairly minor, is it not? We are talking \$28 million and the difference here is roughly \$270 million.

**Mr Storen**—No.

**Senator MASON**—Isn’t it?

**Mr Storen**—You are comparing two different financial years.

**Senator MASON**—Sorry.

**Mr Storen**—Are you trying to compare the 2009-10 number to the 2009-10 number? Is that the purpose of—

**Senator MASON**—Hold on; I do not want to mislead you. I am sure you are dealing with the right number here.

**Mr Storen**—So, you start with the \$895.831 million.

**Senator MASON**—In 2010-11, are the proposed expenses \$751 million; is that correct?

**Mr Storen**—That is correct.

**Senator MASON**—Is it \$621 million in the current statement?

**Mr Storen**—Plus the \$9 million from the other page, which makes \$630 million.

**Senator MASON**—That is a difference of \$130 million; if you carry nine then there is still \$120 million.

**Mr Storen**—It is \$121 million.

**Senator MASON**—Why the difference? These are large sums of money.

**Ms Paul**—These are large projects. Ms Randall was talking about the way they were being phased to meet milestones.

**Ms Randall**—Yes.

**Ms Paul**—I can take this on notice, but would they be quite chunky in their profile?

**Ms Randall**—They are. Some of this is estimation of when we will spend funding for grants that have not been determined; when the grants are determined that also shifts money around in the forward estimates.

**Ms Paul**—We can give you examples of something that has been re-profiled.

**Senator MASON**—I am sure my staff are watching, so can you repeat the title of the document that you have? That might help us—I am sure it will help you.

**Mr Storen**—It is the Portfolio Additional Estimates Statements 2009-10, Education, Employment and Workplace Relations Portfolio. The page reference is 26. We have said that we will take it on notice, but we will also see what else we can do to provide further explanation of this.

**Senator MASON**—I do not like mistakes of this magnitude. It is a lot of money.

**Ms Paul**—To be fair to us, it was a transitional year. Not only bringing the department together was a challenge, in terms of financial statements and PBSs, but changing from HEEF to EIF was, too. I take your point entirely, and we will do our best to make it very clear.

**Senator MASON**—Thank you for that. Again, on the 2010-11 budget statements, I think there is a good explanation for the question that I am about to ask, but let me ask it. Do you have table 2.3.1 on page 89 of the DEEWR budget estimates?

**Ms Paul**—Yes.

**Senator MASON**—Outcome 3 lists key performance indicators for various higher education programs, including the Education Investment Fund. In this regard it is the number of projects supported by the Education Investment Fund. Under the revised 2009-10 budget the number is 23, but there are no projects mentioned in any further years. Why is that? Is that because there are no projects planned?

**Ms Randall**—That is because the projects have not been determined yet.

**Senator MASON**—So it is as simple as that?

**Ms Randall**—Yes, it is as simple as that.

**Senator MASON**—So this is not unusual, is it?

**Ms Randall**—No.

**Senator MASON**—I did not think it was.

**Ms Randall**—These are the 23 grants we are currently administering in the education portfolio.

**Ms Paul**—It is impossible to say because these grants are so huge, but variable. We could have footnoted that. We might think about that for the future.

**Senator MASON**—I thought that would be the answer. I found it far less challenging in that one than the previous one, which I could not follow. My next question relates to the Tertiary Education Quality and Standards Agency.

**CHAIR**—That is still in Program 3.1, so we will press on.

**Senator MASON**—In relation to TEQSA, the budget papers states:

... the new national regulatory and quality agency for higher education will have powers to regulate university and non-university higher education providers, monitor quality and set standards. It will register providers, evaluate standards and performance, protect and quality assure international education and streamline current regulatory arrangements through a nationally consistent process.

What is the progress thus far with the establishment of TEQSA? What is happening?

**Mr Walters**—There have been discussions with the sector. The government is considering when it is going to introduce legislation. It is hoped that the introduction will be in the near future and those proposals will obviously be put before parliament.

**Ms Paul**—If you need more detail, there was an expert working group set up. Do you want us to go into that? To date there has been quite a process with the sector. Would you like us to describe that?

**Senator MASON**—No. I know there is a lot of talk around the higher education sector about it. There is some concern, but let me get to that in a minute. Mr Walters, is there any time line for the introduction of the legislation? Do you have any idea on that?

**Mr Walters**—That is a matter for government. The government announces its plans for legislation in due course and at the appropriate time.

**Senator Carr**—Given that this is a responsibility shared between two departments, we are seeking to have this listed as T-category legislation for the spring session. Other matters that affect the parliamentary timetable will obviously affect it. It is the intention of the government to proceed with this legislation. As the secretary has indicated, there have been extensive consultations with the sector to date and they will go on. It is a matter that was subject to a joint ministerial statement between me and the Deputy Prime Minister, which we delivered in February this year. I think you will find some of the statements covered there that go to the question of the scope of the arrangements.

It is an important part of our overall education reforms. The Deputy Prime Minister and I have agreed the sharing of responsibilities in regard to TEQSA; they go to the appointment of a board, the CEO, the CEO's accountability, the standards panel, the approval of standards,

audit outcomes, annual charter letters and the finance and administration. We are in the process of following those things through. It has an important relationship with ERA because the overall responsibilities, in terms of my specific responsibilities, will go to the research component of TEQSA, the research standards and, obviously, ERA—the Excellent in Research for Australia initiative—remaining with the ARC. We are in the business of making sure we continue to talk to the system so that everyone appreciates who has responsibilities for what, what areas the new legislation will cover and what the responsibilities of the new body will be.

**Ms Paul**—The main consultation or formal processes have been, on the one hand, through the Ministerial Council for Tertiary Education and Employment and, on the other hand, through an expert reference group that has some vice-chancellors and other experts on it. As you said, it has been subject to broad debate across the sector.

**Senator MASON**—I think we all accept that universities hold tightly to their independence. They do not like superintending bodies very much. I think it is fair to say that. There has always been a tension with superintending governmental bodies. The budget papers, when talking about TEQSA among other things, mention setting standards. Maintaining standards has always been within the province of universities. There must be some tension, which I hope is creative tension, between the government and the universities on those sorts of issues. I have heard that is an issue that has to be resolved. Is that right?

**Ms Paul**—This is the way I would characterise it, and I hope I do justice to the sector. I have had quite a few discussions myself with the vice-chancellors, chancellors and others. I would characterise them by saying that there is support for standards. Some of the standards proposed are based on existing things like the protocols. The main set of standards that we have developed with this expert reference group and others so far are the standards which are based on the protocols. It is not something that universities have done for themselves. The way I would characterise it is that there is support for the concept. I think where the understandable concerns come in—and it is entirely to be expected—is, naturally, what the details will be.

There are five sets of standards proposed, and Ms Vandermark can go into what they are if you wish. Some of them go to research, others to quality, one is set on information and so on, and they each will play their own role. Each of them is being developed by the right people. The Australian Learning and Teaching Council is developing one set and so on. We can go into that if you like. I am not sure what you have heard.

**Senator MASON**—I am not saying that it has been violent criticism, it is more that there has been questioning about it and concern.

**Senator Carr**—You described it as creative tension. I think that is a fair description. You have a range of opinions being expressed by vice-chancellors on this matter, as you have on just about everything else. A number of vice-chancellors have indicated—

**Senator MASON**—Yes, they do express opinions on anything.

**Senator Carr**—It is published reports. We are not talking out of school here. We have extensive conversations with vice-chancellors directly, but for published comments you can look to the University of Sydney's vice-chancellor, who said:

... the focus of the federal government on improving Australian higher education and allowing each individual university to flourish.

Swinburne's vice-chancellor said:

... the changes that are being put in place by the federal government will significantly change the sector, ultimately for its benefit.

**Senator MASON**—Yes, the sector as a whole.

**Senator Carr**—In that context there are going to be legitimate discussions and points of view expressed about what the changes mean for individual institutions. Our overall aim, as a government, is to transform the system. It is to lift the quality of the education experience for students. Particularly, as far as my direct area of responsibility goes, it is to improve our research performance and to concentrate effort into areas of real national and international strengths. Through the compact process we have an opportunity to engage with each individual university about how they do it individually and how they do it collectively, that is, through the hub and spokes model that we have spoken of.

It is true that there are points of view being expressed. I say that should be a good thing. I do not see it as a problem. I think that generally the university system will say, 'Yes, change is sometimes a bit awkward because a lot of things are being done differently', but I see the overall response is positive. As Ms Paul has indicated, the department of education has had a series of conversations.

**Ms Paul**—Yes.

**Senator Carr**—I understand correspondence has been distributed by you?

**Ms Paul**—Yes, and reported in the Higher Ed supplement.

**Senator Carr**—All of that is there. I think you are going to get a legitimate conversation. That is how I see it. It is more of a conversation.

**Ms Paul**—The comfort that I have been able to offer the vice-chancellors, for example, on the provider registration standards—the one based on the protocols which we have had the most active discussion about recently because they have been out in draft—is that it is an early draft. To the extent that they have feedback, that is fantastic. We are able to take that into account and, indeed, we will do so. I have already given some assurances to vice-chancellors along those lines.

**Senator MASON**—Thank you.

**Mr Walters**—It is worth mentioning that the provider registration standards were an evolution of what was developed under the last government in an attempt to deal with what was the Greenwich University issue, where a private provider simply set up.

**Senator MASON**—I remember that.

**Mr Walters**—The protocols have been involved through two iterations through then and now. There has been a rewrite in terms of the provider registration standards, but that has been an important history in terms of raising the bar on higher education.

**Senator MASON**—I accept that. I must say that the minister did this when he was in opposition. The argument is that if any of our higher education providers or universities is

seen to be substandard, it affects the whole. I think that is a fair argument. Indeed, TEQSA tries to ensure that does not happen.

**Ms Paul**—Yes.

**Senator MASON**—I appreciate that, Mr Walters. You are quite right.

**Ms Paul**—That is a good point. TEQSA will deal with the 200 providers, not the 39 universities alone. That is something which is in the universities' considerations, too: how do we create an approach which is properly risk based, from their point of view. We have committed to doing that.

**Senator Carr**—The real question is that the protocols, as they were developed to deal with Greenwich University, are now in need of renovation. In my judgement that was a stop-gap measure at that time, but there needs to be a substantial acknowledgement that the world has moved on. If we are actually about trying to lift the standards, which is what I see this exercise being about—it is not about lowest common denominator; it is actually about trying to prove our international reputation—then invariably there are going to be discussions about what the implications are for individual institutions. I think the government as a whole welcomes that. That is the opportunity that is before us.

**Senator MASON**—I do not have any further questions on this outcome, but can I flag, if it is appropriate, that I have a question relating to program 3.3 about youth allowance, Rural Tertiary Hardship Fund. But I have no further questions on program 3.1, Higher Education Support.

**Senator JACINTA COLLINS**—I have some general questions I was going to ask about student support.

**Ms Paul**—Youth assistance I would suggest is under 3.3, as Senator Mason has identified for youth allowance, for example.

**Senator MASON**—I can come back at five o'clock. That is the only other question I have got.

**CHAIR**—We will deal with them at five o'clock. We will stick to the program. I remember the Greenwich University. Was there any benefit as a result of the alchemy courses that they ran? Have we actually struck gold anywhere?

**Senator Carr**—No. They closed down.

**CHAIR**—But did no-one actually do the course at the time who might be out there practising?

**Senator Carr**—No. I cannot find anybody.

**CHAIR**—It might be an appropriate area to apply a certain tax rate if we can make gold from lead.

**Senator Carr**—There are some changes being mooted by the government to affect the whole governance issue to really prevent that sort of thing from happening.

**CHAIR**—Was it a duke?

**Senator Carr**—Yes, there was a duke.

**CHAIR**—Is that still going well?

**Senator Carr**—I have met him in recent times. He is not as well as he was.

**Senator BILYK**—Can you outline the membership of the Indigenous Higher Education Advisory Council for me?

**Mr Coutts**—The council has nine members. The chair of the council is Steve Larkin. The deputy chair is Professor Aileen Moreton-Robinson. I do not know if I have a list of the full members but do you want me to run through them for you?

**Senator BILYK**—Could you tell me about the make-up of it?

**Mr Coutts**—The council has nine members. Six are nominees of the minister for education and three are nominees of the minister for research and innovation. They are nominated by the universities; they do not have to be academics, but in most cases they are. In terms of this year's council they are from universities across the country, but we also have a member from AIATSIS. Russell is from AIATSIS. Does that give you an idea?

**Senator BILYK**—That is good. So it is a fairly broadly based group of people but all with an interest obviously in Indigenous education.

**Ms Paul**—I have worked with them for many years now, actually. Basically their job is to try to identify barriers and how to overcome them. Naturally IHEAC was extremely pleased about the extension of significant new funding for equity of \$234 million in the last budget. It is going to be really interesting for us. The universities are going really well, in my view, at trying to maximise equity, in other words representation from low SES groups and disadvantaged groups of potential students, so it will be really interesting to start to get the figures about whether the proportion of Indigenous higher education students is going up following universities trying really hard to meet the equity challenge. There is significant extra funding for universities to take in students from lower socioeconomic status groups and disadvantaged groups and then to support them through outreach activities. We know that students from disadvantaged backgrounds need more support in the first year in particular from study skill centres and pastoral and other supports—

**Senator BILYK**—Was that funding in the recent budget?

**Ms Paul**—It was in the 2009 budget as part of the government's response to the Bradley review. The whole way of funding equity changed. It changed in two ways. One, the loading per student from a disadvantaged background went up dramatically from about \$100 per student to about \$1,000. Then there is a baseline of funding for these outreach and other activities—

**Senator JACINTA COLLINS**—Are any of those specifically Indigenous?

**Ms Paul**—I do not think specifically but, depending on which university we are talking about, they will of course have different target groups. The CDU, for example, in Darwin would naturally be focusing on increasing Indigenous student population. It is very, very interesting to watch the sector responding to this change in funding in a really positive way. Universities are doing a lot of partnering on this, too. So some universities which have not had high representation are partnering with universities that have and so on. It is quite interesting to see. I reckon the reason why Bradley made these recommendations, and no



doubt why they were responded to positively, is that representation from low SES groups had been absolutely flatlined for 20 years—

**Senator BILYK**—I do have some other questions on SES participation so I will come to them, but I just wanted to know about the Indigenous Higher Education Advisory Council. How often does the council meet?

**Mr Coutts**—It meets between two or three times per year.

**Senator BILYK**—Can you outline the work plan of the council for me?

**Mr Coutts**—The council's work plan is linked to the Australian Indigenous education goals. They focus across both the education space and the research space. They are working on access for Indigenous students, support for Indigenous students, increased representation of Indigenous Australians in decision making in the university sector and also employment programs for Indigenous staff. All of those are linked together in terms of building the circumstances to improve access, participation and outcomes for Indigenous students.

**Senator BILYK**—You just mentioned then improving the Indigenous input into university curriculum or processes?

**Mr Coutts**—Yes. There is a project that they are undertaking in cooperation with Universities Australia at the moment to build cultural competency into the curriculum across the university sector.

**Senator BILYK**—Has the council expanded under this government? Has it got extra funding?

**Mr Coutts**—The number of council members has actually been reduced in the third IHEAC and the nomination process has reflected the machinery of government changes that have divided research in education.

**Senator BILYK**—If we could just go back to the conversation I was having before with Ms Paul with regard to the low SES participation, is it appropriate to speak now about the Higher Education Participation and Partnerships Program, the HEPP Program? That replaces the Higher Education Equity Support Program; is that correct?

**Mr Coutts**—Yes, that is right.

**Senator BILYK**—Can you outline for us how the new program, the HEPP Program, improves on the previous program?

**Mr Coutts**—I guess the headline change between the equity support program and the participation and partnerships program is the very substantial increase in funding—

**Mr Walters**—Perhaps I could have a go to give Mr Coutts a rest for a second. It did indeed replace this year the previous Higher Education Equity Support Program and under it there is going to be \$325 million provided to universities as a financial incentive to expand enrolments of low SES students and to fund intensive support needed to improve their completion and retention rates. We estimate that the loading per student will increase from about \$100 per student, as Ms Paul mentioned, to about \$1,500 by 2012—

**Senator BILYK**—If I could just interrupt you there, how does that compare with previous years?

**Mr Walters**—In the previous years the funding was about \$100 per student, so it is increasing by a factor of 15 by 2012. In addition, there is going to be \$108 million provided for partnership programs to link universities with schools, state and territory governments, vocational education training providers, and community and other groups. This is really to encourage the universities to be proactive and get out into the schools and particularly try to reach out to students who would not otherwise necessarily think of university education and find innovative ways of doing that.

**Senator BILYK**—The government has a target of 20 per cent of domestic students being from low SES backgrounds by 2020; is that correct? Are you confident that we can meet that target?

**Mr Walters**—It is some way off but certainly this is a considerably expanded funding which will give universities a strong incentive to go after this target and to find innovative ways of doing it. They had very little incentive in a financial sense to go after it before; there was certainly the willpower around. Now they will have the incentive to do that.

**Ms Paul**—I think I said I thought the extra equity funding from the 2009 budget was \$234 million. It is actually \$325 million, so I beg your pardon.

**Senator BILYK**—What is the participation in higher education at the moment like?

**Mr Walters**—The low SES—so you are talking about the bottom quartile of students—account for about 15 per cent of the students and they have done that for a considerable number of years. I think Ms Paul mentioned earlier on it has really hardly shifted.

**Ms Paul**—The bottom quartile has been only 15 per cent of students for 20 years?

**Senator JACINTA COLLINS**—When you were discussing this earlier it occurred to me to ask because you were saying you are looking forward to when the data might demonstrate some shift. When can we reasonably expect to see an outcome of the new policies?

**Mr Walters**—This money has just come on stream. Therefore obviously you would not expect to see a significant impact before a while has passed, but it is worth making the point that enrolments overall are considerably increased this year. We have seen an increase in offers made by universities across the board. So they are starting to respond to the Bradley package. I do not think we have an SES breakdown of the numbers so far this year, but I might be corrected.

**Mr Coutts**—The actual data on enrolments will not be available for 2010 until 2011. We do have some information on applications and offers made to university students and that shows that there is a considerable increase in the number of low SES students applying to go to university and the number of offers being made to them by universities, but it will be some time before we have the enrolment data to bear that out. It is only when we have the enrolment data that we can estimate the change in the proportion of students.

**Senator JACINTA COLLINS**—When will we have enrolment data?

**Mr Coutts**—Enrolment data for the full year is not provided by universities until well into the following calendar year.

**Senator JACINTA COLLINS**—What about the half-year?

**Mr Coutts**—Half-year data is usually available in the second half of the year.

**Mr Walters**—But it is worth making the point that new students take the time to go through the system. For example, we have seen acceptances of places up 6.1 per cent this year. That is, of course, first year students, and so you will only see the big impact on enrolments with the passage of time.

The other thing that affects enrolment data is people bringing forward study loads. We are probably seeing some impact on that at the moment, as because that affects the existing student body that might be a slightly countervailing tendency when you look at the enrolment data to see the impact of the low SES measure in the short term.

**Senator JACINTA COLLINS**—What do you mean by people bringing them forward?

**Mr Walters**—As you can imagine, we have a large proportion of students who are part time in the system and when you have an economic downturn they tend to bring forward their study plans and they consume load, if you like, at a faster rate. The universities are projecting an increase in enrolments this year of 9.9 per cent, which is some way ahead of the increase in the acceptances of new students, and that suggests that they are expecting students to bring forward their load, which is what you would expect with the downturn.

**Senator JACINTA COLLINS**—I understand.

**Senator BILYK**—With the students from the low SES backgrounds are there any issues that we expect might come up regarding to literacy, numeracy and general standards of education?

**Mr Walters**—Some of the universities offer bridging courses and foundation courses of various descriptions, so there is provision in the funding mechanism for this to happen. It may well be that as they go out on outreach programs with the schools they identify otherwise promising students that need a bit of help. Obviously with the additional funding that they are getting there will be opportunities to do that.

**Senator BILYK**—You said that you thought the enrolment rate was up about nine per cent this year. Is that right?

**Mr Walters**—The estimated enrolments by universities are up to just under 10 per cent. That is right.

**Senator BILYK**—Is that for the low SES?

**Mr Walters**—No, that is overall.

**Senator BILYK**—I just wanted to clarify that. In some low SES areas I have come across there has been a lack of support for students that might want to further their education. Do you know if we are doing anything to encourage students? Overall, I know we are encouraging students to continue with their education, but in specific with regard to helping students in these areas?

**Mr Walters**—A good deal of thought has gone on around the university system. In fact, the government has funded a new centre. I have forgotten exactly what it is called, but the University of South Australia is looking at ways in which low SES students can be encouraged along. Beyond that, the whole point about providing all of this extra funding into

the system is to give the universities the ability and the impetus to try out new means of providing that kind of support.

**Senator BILYK**—It sounds like a great program. I hope it is really successful. It would be good for students from those areas to feel that they can achieve a higher education.

**Senator JACINTA COLLINS**—I would like to ask one further question on that issue.

**Senator BILYK**—Yes, just jump in.

**Senator JACINTA COLLINS**—With respect to the overall increase in student enrolments, you cannot say enrolments, you can only say ‘offers’ at this point; is that right?

**Mr Walters**—We can say ‘estimated number’.

**Senator JACINTA COLLINS**—I am trying to flesh out the difference between the increase in low SES as opposed to the overall increase. Can we aggregate that?

**Mr Walters**—Mr Coutts has numbers for the applications.

**Mr Coutts**—We have numbers for applications and offers. We are able to assess those against the socioeconomic status of the students. The applications and offers across the board have increased, but applications from low SES students have increased at a faster rate.

**Senator JACINTA COLLINS**—How much faster?

**Ms Randall**—That rate is 9.4 per cent. The medium SES is 7.6 per cent and high SES is 4.7 per cent.

**Senator JACINTA COLLINS**—The sound is playing up at the moment. What was the first one?

**Ms Randall**—Applications from low SES applicants increased at 9.4 per cent, from medium SES at 7.6 per cent and from high SES at 4.7 per cent.

**Senator JACINTA COLLINS**—Is that what you would be hoping to see at this stage?

**Ms Randall**—Indeed.

**Mr Walters**—It is also probably related to the fact that there has been more of an increase in applications from non-school leavers than from school leavers. The applications are up 3.7 per cent for school leavers and 10.9 per cent for non-year 12 applicants.

**Senator JACINTA COLLINS**—What other categories can you tell us apart from the SES and the school leavers?

**Ms Randall**—I thought that you might be interested to know about the growth in applications from non-metropolitan applicants, which was 8.4 per cent, and that was higher than the growth in metropolitan applicants, at 6.7 per cent.

**Senator JACINTA COLLINS**—As to the non-metropolitan, which is the 8.4 per cent, can you tell me how they sit in terms of school leavers, non-school leavers and also SES levels?

**Mr Coutts**—We do not have that data at the moment. We may be able to disaggregate to that level. We publish a report on applications and offers each year, and we may be able to disaggregate to that level in that report.

**Senator JACINTA COLLINS**—I would appreciate that.

**Mr Walters**—We can give you a state breakdown of school leavers and non-school leavers.

**Senator JACINTA COLLINS**—Yes. That would be very good.

**Mr Walters**—For current year 12 applicants, for New South Wales it 2.2 per cent; Victoria, 2.6 per cent; Queensland, 9.4 per cent; Western Australia, 7.1 per cent; a slight decrease for South Australia and the Northern Territory, where the applications are dealt with together, at 0.2 per cent; and a decrease in Tasmania, minus 1.7 per cent. For non-year 12 applicants, similarly for New South Wales and the ACT it is an increase of 2.8 per cent; Victoria, 12.6 per cent; Queensland, 18.7 per cent; Western Australia, 18.4 per cent; South Australia and the Northern Territory, 7.8 per cent; and Tasmania, 8.1 per cent. That makes the state totals into New South Wales and ACT, 2.5 per cent; Victoria, 6.7 per cent; Queensland, 14.3 per cent; Western Australia, 11.7 per cent; South Australia and the Northern Territory, 4.1 per cent; and Tasmania, 4.7 per cent.

**Senator JACINTA COLLINS**—Is that up from what our expectations would have been in moving to the more demand driven system?

**Mr Walters**—Applications have not risen by anything like this rate in recent years, and so it is a combination of the demand driven system and the impetus provided by the economic times.

**Ms Paul**—Interestingly, the universities still have their enrolments capped at 10 per cent until 2012. Some of it can be accounted for by the global recession, but it is extremely promising in terms of meeting the target of 40 per cent by 2025.

**Senator JACINTA COLLINS**—Thank you.

**Senator BILYK**—I would like to move on to the Education Investment Fund. Can you give me some examples of the projects funded under the Education Investment Fund?

**Ms Randall**—I can. I have lots of EIF briefs.

**Mr Walters**—Ms Randall has been living and breathing this program for two years, so she will not have too much difficulty.

**Ms Randall**—Would you like a sample?

**Senator BILYK**—Yes, just an example of some of the projects. Perhaps you could give me a couple of examples and tell me how they assist learning outcomes.

**Ms Randall**—I will just speak from memory. One of the really exciting projects that we looked at was for a new engineering school at Curtin University. Curtin had undertaken a pilot program introducing year-one engineering students into a new learning environment where they worked with researchers, including researchers from industry. Their ambition was to be able to expand a program throughout their engineering program so that students, industry and researchers could all work together in an open setting and using a problem based learning approach. The pilot that Curtin had undertaken was very successful in terms of the learning outcomes. As I said, that was a pilot on year-one students and that was very persuasive to the Education Investment Fund board about making an investment that expanded that program across all of the engineering degree.

**Senator BILYK**—How many universities receive capital funding under EIF? I think there are 38 universities in Australia; is that right?

**Ms Randall**—There are 41 eligible applicants for EIF. I do not know that I have a frequency count for the number of universities that have received EIF funding.

**Senator BILYK**—Could you take that on notice and get back to us on it?

**Ms Randall**—Indeed.

**Senator BILYK**—There have been other programs for capital investment in universities, such as the Education Investment Fund, the Capital Development Pool and the Better Universities Renewal Fund. What is the total investment in capital for universities now and over the forward estimates, and how does that compare with previous years?

**Ms Randall**—I do not know that I have a comparison with previous years. As I mentioned earlier, the commitment from the Education Investment Fund at the moment is \$3.95 billion. That is in addition to the half billion dollar investment from the Better Universities Renewal Fund and another half billion dollars from the Teaching and Learning Capital Fund, in addition to the Capital Development Pool Program.

**Mr Walters**—It is worth bearing in mind that included in the amount we pay per student is a roll-in of capital expenditure that occurred around 20 years ago. At that time it was around 10 per cent of the funding.

**Senator BILYK**—Was that 20 years ago?

**Mr Walters**—That was around 20 years ago. With every additional student recruited there is a component of capital expenditure that goes with the funding for the student. You will see at a time when the universities are estimating they are going to increase enrolments by just under 10 per cent this year, it is represented there, and I am afraid I do not have the number, but it is a considerable amount.

**Ms Randall**—We no longer calculate notional amount of capital roll-in in the grants to universities for their undergraduate education, but our rough estimation is that the capital roll-in would currently be worth about \$440 million.

**Senator BILYK**—So, \$440 million?

**Ms Randall**—That is correct.

**Mr Walters**—\$440 million a year. Of course, as enrolments increase, so does that capital roll-in component.

**Ms Randall**—You asked about projects. I would note that we had a project funded under the Better Universities Renewal Fund. It was for a new science library at the University of Western Australia, and the excitement the students have for it is played out in a song that is recorded and published on YouTube.

**Senator BILYK**—I will have to have a look at that. That is at the University of Western Australia?

**Ms Randall**—That is correct. The ‘new science library’ is the way to find it on YouTube.

**Ms Paul**—I have just been advised that we can answer something Senator Scullion raised about the Indigenous Education Statement. Senator Scullion asked whether we could make them public and the advice is as follows. Indigenous education statements are provided as part of the institutional assessment framework. The statements include qualitative and quantitative data. They are not published but information on outcomes from them is included in the national report to parliament on Indigenous education. Universities are encouraged to publish the statements and many do. We should continue to take it on notice for Senator Scullion, but just noting that we would seek agreement from universities, of course, and it may be that many of them are already on websites at any rate.

**Mr Walters**—We could add that most, if not all, of the universities would include quite a bit of information about their Indigenous policies in their annual reports. There would be plenty of information out there.

**Senator BILYK**—Senator Collins, do you want to ask any further questions?

**Senator JACINTA COLLINS**—Yes. Where do I ask questions about indexation? Am I in the right section here?

**Ms Paul**—Yes, you are.

**Senator JACINTA COLLINS**—Before I get to the indexation area, can you describe for me what the Centre for Finance and International Regulation does?

**Ms Bennett**—What was your question about the international centre?

**Senator JACINTA COLLINS**—Could you describe its role and what program it administers?

**Ms Bennett**—This is a budget initiative that will be run out of our portfolio. It was developed by Treasury and it is to pursue both education and research in relation to financial regulation. It is to have a very strong—

**Senator JACINTA COLLINS**—This is a post global financial crisis measure?

**Ms Bennett**—I think you could say that. It has come from Treasury in particular.

**Senator JACINTA COLLINS**—I am sorry; keep going.

**Ms Bennett**—I was just going to say that it is going to have a role in terms of both teaching and research regionally, and so whichever university or consortium is selected to undertake this centre will have a role in engaging regionally.

**Senator JACINTA COLLINS**—What is the budget?

**Ms Bennett**—It is around \$24 million over four years.

**Mr Walters**—I would just make the point that if you look at Budget Paper No. 2 on page 132 you will see the proposal set out in full there. In fact, there is \$5.1 million provided for the 2010-11 financial year, \$9 million in the following year, \$8 million in the year after that, and \$2 million in the year after that. It is \$21.4 million over four years, and it is described as:

... for the establishment of a Centre for International Finance and Regulation to deliver education and training for financial regulators from Australia and the Asia Pacific region and provide opportunities for research into developments in the global financial sector and into best practice financial regulation.

There is a little bit more detail set out in Budget Paper No. 2.

**Senator JACINTA COLLINS**—This might actually help in my campaign to have the Department of Finance and Deregulation change their name. We are now setting up programs to fund research and development in regulation. But on a more serious note, do you understand how the process is going to work as to who is going to be able to bid into it or seek projects to be funded? Is it Australian or is it regional?

**Mr Walters**—Again, in Budget Paper No. 2 it does say that:

The Centre will be established at a host university or consortium of universities selected through a competitive tender process and the host will be expected to make a contribution towards the costs of establishing the Centre.

**Senator JACINTA COLLINS**—Do we know the level of contribution?

**Mr Walters**—No, I do not think that has been specified at this stage.

**Senator JACINTA COLLINS**—So, it is still very early stages. When are we expecting the process to open?

**Ms Bennett**—In terms of opening for tenders we have not set a date yet. There is to be a working party established between Treasury and ourselves, and that is to have people from industry and also from the regulating agencies such as APRA. That will be the steering body that then steers the decisions around the precise specifications for the centre.

**Senator JACINTA COLLINS**—And the guidelines?

**Ms Bennett**—And the guidelines and everything that is required and then we will seek tenders.

**Senator JACINTA COLLINS**—How soon do you estimate that will be?

**Ms Bennett**—I think we could perhaps say we hope to at least have received tenders by September/October. I think it is intended to have quite a rapid implementation so that it can be up and running for the next academic year.

**Senator JACINTA COLLINS**—The government recently brought in a new rate of indexation in response to the Bradley review. So, this is another post Bradley issue. Can the department outline the new indexation rate and how it is calculated?

**Mr Walters**—Yes. Under the new indexation arrangements the safety net adjustment, which makes up 75 per cent of the current index, is going to be replaced by the professional, scientific and technical services labour price index, discounted by 10 per cent, which is published by the Australian Statistician. This is considered to be a best reflection of wage price increases in the higher ed sector and best replaces the discontinued labour price index, professional, proposed in the report of the Bradley review. The remaining 25 per cent will continue to be the consumer price index. From 2012 the revised index arrangements will apply to all amounts subject to indexation under parts 5 to 6 of the Higher Education Support Act 2003. So, that includes all the programs funded under the act, the maximum student contribution amounts, the AusHelp loan limit, the FEE-HELP loan limit and so on. Programs that will benefit from the improved indexation—and there are quite a few of them—are the Commonwealth Grants Scheme, the new equity programs, performance funding, the capital development pool, the Open Learning Initiative, the Structural Adjustment Fund, the JCU



Dental School, the Quality Initiatives Program, the Australian Learning and Teaching Council, the Indigenous Support Program, the Transitional Cost Program, the Joint Research Engagement Program, the Research Infrastructure Block Grants Scheme, the Research Training Scheme and the Australian Postgraduate Awards Program. So, that would apply from 2012. In 2011 universities will receive additional funding equivalent to the indexation increase, if they sign on to the government's new performance indicators. Student contributions, which make up an important part of university finance, will also be indexed at the new rate from 2011, delivering an increasing revenue to universities. Those are basically the arrangements.

**Senator JACINTA COLLINS**—What are the most significant aspects of the new performance indicators that the universities need to sign on to attract the additional funding—

**Mr Walters**—The new performance indicators have been the subject of consultations with the sector, and I think we are expecting to be able to go out with some revised guidelines fairly soon. I might ask Mr Coutts to explain in a bit more detail what is being proposed.

**Mr Coutts**—The new performance fund commences in terms of payments in 2012—\$135 million. Universities that agree to targets in relation to that fund will receive a form of facilitation payment in 2011. The department issued a discussion paper last year that canvassed a range of options for measuring performance in relation to a number of dimensions. They included attainment, participation, student engagement and quality of teaching and learning. There were over 60 submissions from the sector in relation to those matters. Guidelines in relation to the performance fund are currently being finalised and we expect to be releasing those to the sector in draft for comment shortly.

**Senator JACINTA COLLINS**—The guidelines will be issued in draft format. When do we anticipate they will be finalised?

**Mr Coutts**—I would say very shortly.

**Senator JACINTA COLLINS**—What proportion of the sector do we think will sign on to these performance indicators?

**Mr Coutts**—I think it is expected that the whole of the sector will.

**Senator JACINTA COLLINS**—Have we budgeted for all of the sector to receive the incentive payment one year early?

**Mr Coutts**—Absolutely.

**Ms Randall**—That incentive payment is \$94 million.

**Senator JACINTA COLLINS**—I was going to ask, could you indicate the level of resourcing these measures will provide the sector over the next few years? If the performance indicators are signed on to, the first year will be the \$94 million and then what into the further years?

**Mr Walters**—It will be \$2.6 billion over the five years from 2011 to 2015.

**Ms Randall**—In year 2 of the new performance funding arrangements the amount is \$135 million, and from then on it is indexed.

**Mr Walters**—That is the total amount available from the new indexation arrangements.

**Senator BILYK**—Are you able to indicate or outline the work that is occurring internationally on learning outcomes through the OECD for us? Is this part of this outcome?

**Mr Walters**—This is called the AHELO project.

**Senator JACINTA COLLINS**—Sorry, the what?

**Mr Walters**—One of my colleagues will remind me what the acronym stands for in a minute. The HELO bit stands for higher education learning outcomes.

**Senator JACINTA COLLINS**—Can you spell it for us?

**Mr Walters**—AHELO.

**Ms Randall**—The name is the Australian Higher Education Learning Outcomes project.

**Mr Walters**—This started with a ministerial meeting in Athens about three or four years ago I think and the concept was how far you could go to replicate what has been a considerable international success with the PISA program. As you know, the PISA program compares school ability at various different levels internationally, and it has been the springboard for a lot of people considering reforms to their systems, not just in Australia but all around the world. The minister has decided to have a look at what could be done to replicate this in a different form for higher education, because you do not have a similar system where you have a complete cohort that take compulsory tests. The concept came down to looking at piloting the exercise in certain subject areas and the OECD did some initial development work and it was agreed to provide for individual countries to bid in to become part of the exercise in certain subject areas. Australia has participated in this from the start, and Ms Vandermark can update us on where we have got to.

**Ms Vandermark**—It is a feasibility study of course in the first instance to see whether it would indeed be possible to test learning outcomes and make comparable information available between countries. As Mr Walters says, it is an OECD project.

**Senator BILYK**—You mentioned that there were different areas for different countries; is that right? What area is Australia actually doing? Can you elaborate on that?

**Ms Vandermark**—There are a number of areas being investigated. Australia is actually involved in the engineering stream of the project.

**Senator BILYK**—Can you tell me what we are actually doing?

**Ms Vandermark**—The OECD is managing this project. They have appointed a consortium to develop a test that can be administered in different countries to test the learning outcomes of engineering students in those countries. It is a feasibility study only at this stage, so the first and most important thing for us to test is whether indeed this is a feasible way to go.

**Senator BILYK**—Am I correct in that I heard there would be some announcement later this year about the result of the feasibility study or did I misconstrue those comments?

**Ms Vandermark**—The timing of the project has not yet been settled and the OECD bureau which is in charge of this project will be meeting later this year to consider in more detail the timing of the project, and when the announcements might be made. It will be a long-term exercise.

**Senator BILYK**—Could the department indicate how the work being undertaken by the Australian Learning and Teaching Council fits with the work occurring in the OECD and in DEEWR?

**Ms Vandermark**—The Australian Learning and Teaching Council is undertaking a project that has some equivalences with a project known as the Tunings project internationally. What the ALTC standards project is about is ascertaining what would be a reasonable learning outcome to expect in particular discipline groups. It brings discipline groupings together and they themselves—

**Senator BILYK**—Can you give me an example?

**Ms Vandermark**—Yes. An example would be accountancy. As recently as last week a steering committee involved in the ALTC project looked at the sorts of outcomes you would expect an accountant with a bachelor's degree to have achieved, and they are working together to see if they can identify what those outcomes might be. That is also happening in a range of disciplines through the ALTC.

**Senator JACINTA COLLINS**—Under the former government spending on higher education decreased. Does the department have a year that this stopped declining in real terms? What year do we go back to?

**Ms Randall**—In 2005 it started going up.

**Senator JACINTA COLLINS**—For how long had it been declining?

**Ms Randall**—About five years.

**Senator JACINTA COLLINS**—I am conscious of the fact that with the global financial crisis some countries have started decreasing their spending in higher education. I am interested in how Australia's situation compares internationally at the moment.

**Mr Walters**—I was in the UK recently and the talk there is that the funding decreases might amount to as much as 20 per cent to 25 per cent over a three- or four-year period. We also hear that in some of the US states where state budgets are particularly under pressure from declining tax revenues there have been significant increases. It is all done on a state-by-state basis.

**Senator JACINTA COLLINS**—Sorry, significant decreases?

**Mr Walters**—Significant decreases. For example, in California we hear that staff in some of the universities have been placed on day-a-week furlough. They are actually being asked to take days off unpaid. Measures like that are happening in a number of the American states. It depends really on which state you are in and how it has been affected by the downturn. With some of the resource rich states, for example, their tax base has been preserved more than others. Across Europe there are some countries that seem to be sustaining their investment in higher education, such as Germany, and there are others where we hear stories of considerable pressure, like Ireland, as you might expect. In general terms, our higher education system, as Australia in general, is very fortunate in having escaped the worst ravages of the downturn and, indeed, higher education here is benefiting from the considerable investment decided in last year's budget.

**Senator Carr**—The funding increase has been about 50 per cent.

**Senator JACINTA COLLINS**—I was going to say, what is the percentage in comparison with that figure? We were told about the level in dollar terms but not actually a percentage.

**Mr Walters**—We think the increase is about 17 per cent, I think, over the next four years.

**Senator Carr**—From the previous government to this government, how much is the increase?

**Mr Walters**—The figure I have is a 17 per cent increase as between 2007-08 and 2011-12. That is on our calculation. Obviously it depends which years you pick, but that is the number we have. Of course, some of the benefit of indexation, which compounds, carries on into the out years, but between 2007-08 and 2011-12, 17 per cent.

**Senator JACINTA COLLINS**—And then further increases into the out years as a result of the change in the indexation formula?

**Mr Walters**—Indexation.

**Senator JACINTA COLLINS**—Another area I am interested in exploring follows from Ms Paul's reference to the 40 per cent by—what year is it?—2025. As I understand it, the department has a range of targets in terms of increasing—let me get the actual definition right—the number of Australians who have a bachelor degree or higher to 40 per cent of 25- to 34-year-olds. There is a range of areas where policies have been put in place to try and achieve that outcome. Could we have an overall outline of those strategies?

**Mr Walters**—The overall funding package provided in last year's budget is intended to provide universities with the impetus to grow their numbers and meet demand. We now have a demand driven system. As from 2012 universities will have no limit; this year it is a 10 per cent limit on enrolments. Even there, universities have, if you like, moved ahead, and some universities are significantly increasing their enrolments over the 10 per cent limit. They can still pick up the student contribution, which is quite significant in some cases. They have got the incentive to do that, and that is the reason I mentioned earlier on that we have seen universities forecasting enrolments rising by 9.9 per cent this year overall. We have acceptances of new students up by 6.1 per cent, and in addition to all of that we have the additional money, which has already been described in terms of additional money for SES enrolments, and we have the additional indexation. So, a considerable investment of, I think we said, \$5.4 billion last year and the \$2.6 billion additional indexation money, which overlaps with that, which is from 2011 to 2015. All up, certainly numbers are increasing rapidly at the moment as we see them and we would anticipate that that target, at the moment, looks as if it will be met perhaps three or four years early.

**Senator JACINTA COLLINS**—Three or four years early?

**Mr Walters**—We are waiting to see, but we are living in hope. At the moment that is tracking well.

**Senator JACINTA COLLINS**—What is the current percentage?

**Mr Walters**—The current percentage is around 34 per cent, or it was I think the last time it was calculated.

**Senator JACINTA COLLINS**—Have we seen in the move to the demand driven system any significant changes in institutions in terms of their course offerings?

**Mr Walters**—Course offerings? That is pretty hard for us to judge centrally, because every university runs thousands of different courses. I do think we have some numbers for the differential rise in applications for this year, which we can probably find if you give us a moment or two, and that will tell you. There have been particularly strong rises in demand for courses around teaching and nursing, where there have been a number of additional budget measures introduced by the government to provide incentives around HECS-HELP reductions. I think we have also seen some significant rises around the natural and physical sciences—less so around engineering, where there has already been quite a steep increase in recent years.

**Mr Coutts**—Applications for nursing, 20 per cent; teacher education courses, 7.4 per cent; early childhood education, 15.7 per cent; and, as Mr Walters mentioned, natural and physical sciences grew very strongly by 12.6 per cent, following strong growth last year as well of 17 per cent. This is in an area where demand has been quite stagnant for a number of years.

**Senator JACINTA COLLINS**—Mr Walters, you referred to the 10 per cent cap and the capacity of some institutions to go beyond that cap. Can you just explain to me what are the interim arrangements in the move to the—

**Mr Walters**—The interim arrangements are that the government will pay up to 10 per cent above the baseline figure, which I think is from last year, but universities are free to enrol above that and still attract the student contribution. For every student, you know that they get the Commonwealth contribution and they get the student contribution, too. If they go above the 10 per cent they can still attract the student contribution.

**Senator JACINTA COLLINS**—Okay.

**Ms Randall**—The overenrolments are 10 per cent next year. That is part of a staged introduction to the demand driven funding system.

**Senator JACINTA COLLINS**—And then after next year it is gone?

**Ms Randall**—Allowed overenrolments from five per cent last year to 10 per cent this year and 10 per cent next year as a staged introduction towards the removal of any cap in 2012.

**Senator JACINTA COLLINS**—So, it is five, ten, ten and then nothing?

**Ms Randall**—That is correct.

**CHAIR**—I wanted to ask about Commonwealth scholarships. I understand there has been a change as a result of some recent changes, so I just want to get a picture of how many and where they are now targeted.

**Mr Walters**—We need the income support people to answer that.

**Senator JACINTA COLLINS**—They are going to be here at five.

**CHAIR**—Is this the wrong outcome? It is just that it is listed down here as Commonwealth scholarships.

**Mr Walters**—Yes, the Commonwealth scholarships program has been rolled in by the recent legislation to the new income support arrangements, and therefore it is best if our income support experts, who are here at five, can explain to you what has been happening around that.

**CHAIR**—We will wait until the appropriate outcome.

**Ms Paul**—I am sorry about that. That is probably a bit confusing now actually.

**CHAIR**—That probably cuts out quite a deal of my question.

**Senator JACINTA COLLINS**—Does it? I will go back to mine, then.

**CHAIR**—All right.

**Senator JACINTA COLLINS**—My University—am I in the right place for that? Senator Carr will like this; this is part of the government's broader transparency agenda.

**Senator Carr**—Very good.

**Senator JACINTA COLLINS**—To provide students with more information so they can make the best possible decision about where to study, and very similar to the My School website. Can I have an outline of the program, please?

**Ms Vandermark**—The My University website was announced earlier this year as an initiative which is part of the transparency agenda aimed at ensuring that all students are given a really good basis on which to make a choice about where to study. That will be important in our new student demand led system. The aim of the website is to provide opportunities for students to themselves identify the information that they are interested in, and have the website search and come back with an answer that answers their questions. It will be similar to the My Schools website in that all universities will be involved and you will be able to find them all on the website. The difference is that there will be a different set of information available and there is not a single indicator that will be on the website; there will be a combination of information and indicators there.

**Senator JACINTA COLLINS**—How is progress going? When do we anticipate going online?

**Ms Vandermark**—The website will go live in 2012, and so we are in the early developmental stages at the moment.

**Senator JACINTA COLLINS**—Who is involved? The background to that question is I am thinking of the process we have gone through with My Schools and how broad the input is to how different measures will be developed and implemented.

**Ms Vandermark**—It is very early days in terms of scoping the website and the project, but the government has made a commitment to working with the higher education sector and making sure that their expertise is utilised. At the moment it is anticipated that the sort of information that will be available will be things like student-staff ratios, measures of graduate outcomes, perhaps information about fees and so on. It is information which is currently available but is not available in one searchable place.

**Senator BILYK**—Are you finished with that area?

**Senator JACINTA COLLINS**—Yes, I have finished with My University; it is too early days.

**Senator BILYK**—Just in regard to structural adjustment funding, am I in the right area for that?

**Ms Randall**—Yes.

**Senator BILYK**—Can you outline the nature of the program for us?

**Ms Randall**—Could you repeat the question.

**Senator BILYK**—Can you just outline the nature of the structural adjustment funding program?

**Ms Randall**—The structural adjustment fund was part of the Australian government's response to the Bradley review. Perhaps I could just say a few words about it and hand over to our expert, who is sitting next to me. The aim of that program is to assist eligible higher education providers to make significant structural adjustments so that they are well prepared for the move to the student demand driven funding system.

**Senator BILYK**—Ms Chadwick, do you want to add anything to that and tell me about it?

**Ms Chadwick**—As Ms Randall said, the structural adjustment fund was announced as part of the 2009 budget package—our response to the Bradley review. It will provide \$400 million in initially a competitive tender round for universities that have proposals to make significant adjustments to the way their institutions are operating, so that they are well placed to respond and thrive in the new demand driven system. There has been a set of guidelines out for consultation, and we expect to release final guidelines and open around early in the second part of this year.

**Senator BILYK**—I think there is also a structural adjustment administered through Senator Carr's department; is that right? If so, can you tell me how the two programs line up?

**Ms Chadwick**—There is a complementary—you go.

**Senator BILYK**—Well, come on. Expand, Minister.

**Senator Carr**—We do have a complementary program operating in the department of innovation.

**Senator BILYK**—And?

**Senator Carr**—What else would you like to know?

**Senator BILYK**—It is complementary.

**Senator Carr**—What else would you like to know?

**Mr Walters**—It might help if I explain that around all of the reform proposals we have a regular meeting with officers from the department of innovation, and we talk about the implementation of our programs and they talk about the implementation of theirs. When things are being taken together, like compacts, then we have a discussion about how that is all going to work together, so there is very close—

**Senator BILYK**—So, we are not just doubling up? They are actually working together?

**Senator Carr**—The central difference is that the department of education concentrates on undergraduate education and the department of innovation, in terms of the university space, is developing research capabilities. That is particularly important in terms of research training programs, and it is about ensuring that universities that need to strengthen their performance are given assistance to do so.

**Senator BILYK**—That sounds very worth while. Can you indicate when we might expect the final guidelines to go out in regard to the Structural Adjustment Fund?

**Ms Chadwick**—No, they are currently being considered by the minister. We expect they will be released in the coming month.

**Senator BILYK**—You said ‘some universities’. Which universities would you suggest these guidelines are targeted at?

**Ms Chadwick**—The Structural Adjustment Fund is open to all universities, but it will be particularly beneficial for those universities that are currently quite small or in outer metropolitan or regional areas. The Deputy Prime Minister has made a couple of statements in a number of speeches that are consistent with that. It is not intended as a fund to enhance already strong universities.

**CHAIR**—I would like to ask about the regional loading. As I understand it, in response to the Bradley review the government has been committed to undertake a review of the regional loading. Can you outline the issues that the review is attempting to deal with?

**Ms Chadwick**—As part of the response to the Bradley review, the government has commissioned the department to review the regional loading. A lot of feedback to the Bradley review indicated that the way the loading is currently distributed and the way it is developed over time it was no longer effectively targeting regional universities. We are working with a small advisory group to see if we can identify a more effective way of distributing the regional loading. The review has included some broad consultations, the release of a discussion paper, and will result in some options being put to government later in the year.

**CHAIR**—Can you outline who is on the reference panel? Is it the reference panel that is doing the response for the whole review?

**Ms Chadwick**—No, the department has the responsibility for the review. This reference group is providing an external stakeholder perspective to help inform our work. The members include Professor Richard Larkins, former Vice-Chancellor of Monash University; Professor Ian Goulter, who is the Vice-Chancellor of Charles Sturt University; Professor Sandra Harding, Vice-Chancellor of James Cook University; Ms Paddi Creevey, who is the chair of Challenger Institute of TAFE in Western Australia, and Ms Virginia Simmons, who is the director and CEO of the Chisholm Institute of TAFE.

**CHAIR**—Have they been set a time frame to conduct the review?

**Ms Chadwick**—We have been asked to report to government by the end of the year.

**CHAIR**—Is that on track?

**Ms Chadwick**—Yes.

**CHAIR**—Have you called for submissions and received submissions?

**Ms Chadwick**—We have.

**CHAIR**—What are the issues that have been raised in the submissions that are now under serious consideration?

**Ms Chadwick**—They are very similar to the issues that came out in the first round of consultations that were reflected in the discussion paper. We received responses from a broad



range of stakeholders, not just universities. For example, some regional economic development groups and the TAFE directors association responded. Some of the issues go to the methodology for distributing the current loading, and there are some useful suggestions on how you might reconfigure that. Some stakeholders have taken the opportunity to discuss regional higher ed provision issues more broadly to highlight some of the important roles they believe regional higher education provides local communities. There is quite a range of issues.

**Senator JACINTA COLLINS**—I wanted to go back to the performance funding arrangements, just so that I have a better understanding. Mr Walters, we were talking about it in terms of the new indexation formula, but is that the total picture of what the government has allocated in terms of driving improvements in quality through tied funding arrangements in the last budget?

**Mr Walters**—It is important to remember that there is a total package around quality. The establishment of the Tertiary Education Quality and Standards Agency is going to be an important part of that as well. On the one hand, you have the agency that is going to be going along with the standards and making sure that the overall standards of the sector are raised, but there is also the performance funding money, which is intended to provide a direct financial inducement to the universities. Mr Coutts can explain a bit more about that, although we have covered that in some detail.

**Mr Coutts**—Yes. We have covered it in some detail.

**Mr Walters**—Is there anything in particular that you would like us to elaborate on?

**Senator JACINTA COLLINS**—Yes. You were saying the earlier discussion covered this funding, in particular?

**Mr Walters**—We discussed the mechanism by which we are going to agree performance indicators with the universities, and then there will be ensuing process around target setting, and then the evaluation down the track of whether they have actually reached those targets.

**Senator JACINTA COLLINS**—You also went through the various areas that you are looking at focusing on. You have indicated that some time soon we are looking at the draft guidelines.

**Mr Coutts**—Yes.

**Senator JACINTA COLLINS**—Can you outline the work that has been done internationally through the OECD? I think you covered some of it.

**Mr Coutts**—That was the AHELO.

**Senator JACINTA COLLINS**—That has covered that one. The other area I wanted to go to was the Capital Development Pool. Can the department outline the number of programs that have been funded under this round? Which universities will receive support and which items is that support directed to?

**Ms Randall**—With the most recent round of the Capital Development Pool the outcomes were announced on 15 October 2009. We received a total of 75 applications and of that 23 projects were successful. I can outline for you what the 23 successful projects were.

**Senator JACINTA COLLINS**—Can you give me the dollar amount?

**Ms Randall**—I can. A total of \$71.565 million split across two years—\$22.965 million in 2010 and \$48.6 million in 2011. Did you want to talk about the projects?

**Mr Walters**—I can talk about the projects for 2010 and 2011. There are quite a few of these. We have Charles Sturt University with a Regional Inter-Professional Clinical Simulation Centre at Bathurst, which is going to receive a total of \$1,600,000.

**Senator JACINTA COLLINS**—A clinical simulation centre?

**Mr Walters**—A clinical simulation centre at Bathurst, which will enhance the skills and work readiness of the university's graduates in its nursing and paramedic programs.

**Senator JACINTA COLLINS**—I wondered what we were simulating.

**Mr Walters**—At Macquarie University we have a chemistry lab refurbishment at North Ryde. That is going to receive \$1,155,000. Southern Cross University is going to have an extension to the education capability for nursing, teacher education and allied health. That will be at Lismore, and there is \$5 million for that. The University of Newcastle will have a media-rich technology supporting teaching and learning centre at Newcastle City and Ourimbah campuses, and that is \$1,150,000. The University of Sydney's Clinical Education Centre has \$3.5 million. The University of Sydney's Centre for Sustainable Land Futures at its Camden campus has \$4,540,000. The University of New England, for a project in fibre connectivity to the Australian Research and Education Network, which is a large IT project based at Armidale campus, has \$5 million. The University of New South Wales, in partnership with the University of Western Sydney, medical and nursing education network, Liverpool, has \$3,550,000. The University of Technology Sydney, nursing, midwifery and health teaching facilities at Sydney City campus has \$2.4 million. The University of Western Sydney, for an innovative science precinct building at Parramatta, has \$4 million. That totals for New South Wales \$31.8 million.

In Victoria, Deakin has a student amenities refurbishment project at Geelong and that is going to be \$5 million. La Trobe University, for developing innovative teaching and learning spaces at Bundoora, has \$2,017,700. That is \$7,017,700 for Victoria.

Queensland, at the Australian Catholic University we have the construction of a physiotherapy teaching space at Brisbane campus for \$2.103 million. At Griffith University we have a student support unit at the Gold Coast campus, and that is \$2 million. At James Cook University we have a student services precinct at the Douglas campus for \$2.95 million. QUT has a Nursing and Allied Health Skills Development Centre at Kelvin Grove for \$2.5 million. The University of Sunshine Coast has a science skills training facility at the Sippy Downs campus for \$2.5 million. That totals \$12,053,000 for Queensland.

In Western Australia, at the University of Western Australia, we have a community clinical school at the Joondalup health campus for \$5 million. That is the total for Western Australia.

For South Australia, at the University of South Australia, we have a clinical education and training centre at the City East campus for \$4,767,300. At Flinders we have a sports pavilion extension and upgrade for \$832,000. The total for South Australia is \$5,599,300.

In Tasmania there are two projects at the University of Tasmania. The first is the Launceston Clinical School development at Launceston General Hospital for \$3 million, and

then the Morris Miller Library redevelopment at Sandy Bay for \$2 million. There is a total of \$5 million for Tasmania.

Here in the ACT, the University of Canberra has an Innovative Sustainable Practical Interactive Research in Education Centre. It gets the prize for the longest name. That is \$5 million.

**Senator JACINTA COLLINS**—But what is it?

**Mr Walters**—That is a high-level education and professional development facility that focuses on teacher professional development.

**Senator JACINTA COLLINS**—That makes sense.

**Mr Walters**—That is \$5 million. That brings the total funding for the two years, 2010-11, to \$71,565,000.

**Senator JACINTA COLLINS**—Is that a fairly proportional break-up for the states? If you do not know the answer then do not worry about it.

**Mr Walters**—Offhand, given that New South Wales got \$31,895,000 this time and Victoria got \$7 million, I would say in this round it is skewed a bit, but over the years I dare say the states balance out according to the student population.

**Senator JACINTA COLLINS**—When is the next round?

**Ms Randall**—I would expect that we would open the next round later this year.

**Senator JACINTA COLLINS**—Finally on this issue, can you indicate how this program differs from the old EIF in its scope?

**Mr Walters**—The Capital Development Pool has been a longstanding program. The EIF, as you know, is a fairly recent program and much larger in scope. The Capital Development Pool goes back to the days when capital money was rolled into the base. We talked about that. It was about 20 years ago. I am not sure that it goes back 20 years, but it certainly goes back several years. The idea was always to keep back a certain amount of money that the Commonwealth government could allocate for strategic developments. It was never intended to replace the main capital development stream, which was always the money that went into the base. The EIF has come along recently initially because the government accumulated a surplus and decided to distribute that in special funding to boost the higher education sector and then the VET sector, of course.

#### **Proceedings suspended from 3.45 pm to 3.59 pm**

**CHAIR**—We will resume. I hope the minister is not far away. Senator Fisher, do you have a question?

**Senator FISHER**—Yes. I have an issue to raise arising out of yesterday's estimates hearing before this committee and I seek to table a document.

**CHAIR**—We are in outcome 3.1. Do you have any questions in outcome 3.1?

**Senator FISHER**—I seek to table a document. The secretariat has a copy of the document and can circulate it to the committee so that the committee can consider it. It is advice to me from the Clerk, which was obtained this morning in response to the opening statement that the

President of Fair Work Australia made to this committee yesterday. Indeed, Chair, given your public comments—I note, overnight—about the committee considering the issues raised and seeking advice, I thought that, as I have some advice for you, you might like the committee to consider it. I seek to table it; that is all.

**CHAIR**—The committee will consider whether to table that when it has a private meeting at an appropriate time soon, but it will be today. Now, do you have a question on 3.1?

**Senator FISHER**—Why is there the need for that, Chair? Why can the committee not—

**CHAIR**—My advice from the Clerk is that agreeing to the tabling of documents is a matter for the committee to determine.

**Senator BRANDIS**—Mr Chairman, are you saying that you are not prepared to accept, without a private meeting of the committee, a senator seeking to table advice, bearing upon the issues before the committee, from the Clerk of the Senate?

**CHAIR**—My advice is that it is a matter for the committee to determine whether to accept the tabling of documents.

**Senator BRANDIS**—Advice from the Clerk of the Senate?

**Senator FISHER**—Chair, you said overnight that you are seeking advice, and here is some.

**CHAIR**—Whether a document is tabled is a decision for the committee. That is my advice and it is advice that I have been given throughout the course of it.

**Senator BRANDIS**—With respect, Mr Chairman, the advice from the secretary of the committee to you can hardly prevail over the advice of the Clerk of the Senate. The practice of—

**CHAIR**—No—

**Senator BRANDIS**—If I may finish, please.

**CHAIR**—I have no problem that this may be advice from the Clerk of the Senate.

**Senator BRANDIS**—Okay. That is all it is.

**CHAIR**—The question is whether it should be tabled.

**Senator BRANDIS**—Hence the point—

**CHAIR**—I do not have an objection to it being tabled; but my advice is that, regarding the process of the tabling of documents, that is a decision for the committee.

**Senator JACINTA COLLINS**—I would like to read something before I decide on it.

**CHAIR**—Our normal arrangement generally has been that the deputy chair of the committee and I have had a quick consultation and, if there is no opposition, we have done it; but the deputy chair is not here at the moment. I am not suggesting that there will be any problem. I am not going to oppose the tabling of it. I am just saying to you that the process is that it is a matter for the committee. I have indicated that it will not be a problem.

**Senator BRANDIS**—That is good.

**CHAIR**—If the deputy chair comes back, we can do it in an informal but proper way—

**Senator FISHER**—Thank you, Chair.

**CHAIR**—or we will have a private meeting of the committee to determine it.

**Senator FISHER**—I understood that, Chair.

**CHAIR**—It does not seem that you did understand. I am saying that we will do it today. I am just indicating that I am not going to put off having a private meeting in order to avoid tabling it, but we will do it at an appropriate time.

**Senator FISHER**—Thank you, Chair. Thank you, Committee.

**CHAIR**—So you did not have a question in 3.1?

**Senator FISHER**—That was the issue that I wished to raise with you; thank you.

**CHAIR**—I thought you were signalling that you had a supplementary question to some of the questioning that was there.

**Senator FISHER**—That was what I wished to raise and I have just done it, Chair; thank you.

**CHAIR**—You could have raised that with me privately and we could have organised to do it.

**Senator FISHER**—I would like to do that sort of thing in the future, Chair.

**CHAIR**—You like to keep me on my toes; thank you very much, Senator Fisher.

**Senator FISHER**—As you do me, Chair.

**CHAIR**—You can be assured that I am on my toes. Senator Bilyk, you told me that you have some questions on compacts.

**Senator BILYK**—I do. Is this the right area in which to speak about compacts?

**Ms Paul**—Yes, it is.

**Senator BILYK**—Obviously a key part of the government's new agenda is the implementation of the compacts process. I understand that there is a range of consultations with the sector about the nature and form of the compacts; is that correct?

**Mr Walters**—Yes.

**Senator BILYK**—Can you elaborate on those consultations for me? Have any occurred?

**Ms Chadwick**—Yes, they have. Consultations on the compacts really commenced last year. Let me just check my notes. A discussion paper entitled 'Framework for mission-based compacts' was released in July 2009, and consultations were held with universities and other key stakeholders in major cities throughout July and August. Following that, the two departments—DEEWR and the department of innovation—negotiated interim agreements with each of the universities as an interim step to the formal compacts, of which will see the first this year. Currently, a draft framework for the final compact is being considered and that will be released to the sector for comment over the coming weeks.

**Senator BILYK**—What process was undertaken regarding these consultations?

**Ms Chadwick**—A discussion paper was released in July, following which there were face-to-face consultations held in every capital city during July and August last year.

**Senator BILYK**—Are you able to elaborate a bit on the current form of the compacts?

**Ms Chadwick**—No. The final form really has not been settled. A draft form is currently being considered for release for consultation with the sector. But, largely speaking, they will be mission-based agreements between the Commonwealth and each university. As such, they will recognise the differences between each university and then focus on drawing together the government's investment and the universities' individual missions; it will be a bringing of those together, with a focus on achieving the government's objectives for increased participation and attainment in higher ed.

**Senator BILYK**—That is great; thank you. Does anybody at the table want to add anything in that regard?

**Senator Carr**—What was the question?

**Senator BILYK**—The compact process.

**Senator Carr**—They are very important. As a policy instrument, it is the opportunity for the universities to get down to the nitty-gritty of how they achieve their stated claims. It is a way of ensuring that we encourage and assist them with diversity. Obviously, there will be the education component and the research component. As far as I am concerned, they will have real teeth and they will be a device by which we can ensure that there is significant structural change in the system. It is an opportunity for universities to talk through with us the things that they want to do. It is a genuine negotiation because there are things that the government feels need to be done in the national interest; so they are very, very important. As the officers have indicated, initial discussions are underway and there are interim agreements this year. We will see them, I think, improve in depth, as the universities respond to the challenges that we now have to deal with—and that is a fact of life. The universities are acknowledging that significant changes are underway. This is an important means by which they can work with the government to secure quite significant improvements.

**Senator BILYK**—Thank you, Minister. That is all I have in that regard.

**Senator JACINTA COLLINS**—I have some questions around Commonwealth scholarships. Can you give me an overview of what is being distributed where and how, please, under the scholarships?

**Mr Walters**—I think there are two things to say. Firstly, Commonwealth scholarships, in general terms, have been rolled into income support arrangements, and that has been the subject of legislation that has been passed this year. Income support arrangements will come along, I think, at half past, and you might want to ask some further questions there. Secondly, we can say that, following the recommendation of the Bradley review, from 1 January 2010, the Commonwealth Scholarships Program has been revised to support indigenous students from low socioeconomic status backgrounds. Under transitional arrangements, it will continue to support students who received a Commonwealth scholarship prior to 1 January 2010, until their scholarship entitlements are consumed. So, in 2010, \$7,149,026 has been provided to support 2,034 new Indigenous Commonwealth scholarships and \$110,808,894 has been provided to support 35,717 to continue getting scholarships. I can give you a breakdown of those, if you would like.

**Senator JACINTA COLLINS**—Just going to the 2,034, are they the Indigenous ones; is it the first year of focusing on Indigenous students?

**Mr Walters**—Yes. They are new Indigenous Commonwealth scholarships.

**Senator JACINTA COLLINS**—What is that scholarship generally worth per student?

**Mr Walters**—I am looking to Mr Coutts to see whether he can help us with that one.

**Mr Coutts**—There is a range of scholarships. They have education cost scholarships, which in 2010 are valued at \$2,254; and indigenous enabling scholarships, which in 2010 are also worth \$2,254. Those scholarships are for the upfront cost of attending university. Then there are accommodation scholarships for students who have to travel to study, and in 2010 they are valued at \$4,508.

**Senator JACINTA COLLINS**—Are these instead of or on top of student start-up scholarships?

**Mr Coutts**—Students are eligible for only one or the other of those scholarship streams.

**Senator JACINTA COLLINS**—What is the difference in amount?

**Mr Coutts**—You might have to ask the income support people about the new start-up scholarships. I think the education scholarships are similar in amount. The accommodation scholarships are similar in the first year but may differ over the duration of a student's study.

**Senator JACINTA COLLINS**—What is the point of doing them differently from the start-up scholarship in the other arrangements?

**Mr Coutts**—Previously all scholarships were administered by universities and, principally, the scholarships have now been moved to be administered by Centrelink through the income support system. But I think the Bradley report suggested that, because of the nature of the support Indigenous students need to be provided with and the assessment associated with that, it was better that they remain with the university.

**Senator JACINTA COLLINS**—So, apart from the accommodation area, it is not necessarily about the quantum but rather the process.

**Mr Coutts**—It is not principally about the quantum; that is right.

**Senator JACINTA COLLINS**—Under this program, once the other existing scholarship holders wash through the system, it will simply be the administration of the Indigenous scholarships, with some additional support for accommodation. Is that a fair characterisation?

**Mr Coutts**—That is correct.

**Senator JACINTA COLLINS**—So there are not other forms of Commonwealth scholarships that come in under this program.

**Mr Coutts**—Not at the undergraduate level.

**Senator JACINTA COLLINS**—I am interested in the graduate level too.

**Mr Coutts**—Graduate-level scholarships are administered by DIISR.

**Mr Walters**—You are talking about Australian Postgraduate Awards, which are administered by the innovation department.

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**Senator JACINTA COLLINS**—That is not under this program in 3.1, then.

**Mr Coutts**—No.

**Senator JACINTA COLLINS**—Senator Crossin, do you have questions?

**Senator CROSSIN**—I do not.

**Senator JACINTA COLLINS**—Okay. I am sorry; I saw that you were here now and I thought maybe you wanted to ask questions.

**CHAIR**—Senator Crossin, I did not see you come in.

**Senator JACINTA COLLINS**—What comes under the superannuation program?

**Mr Walters**—I might ask Ms Bennett to explain. From recollection, this is basically historical.

**Senator JACINTA COLLINS**—This was a point that I was going to raise with Ms Paul. When I was looking at where to deal with the start-up scholarship, I was in a bit of a quandary, because it is not specifically referred to in 3.3.

**Ms Paul**—That is true.

**Senator JACINTA COLLINS**—Then I find I am looking at some of these under higher education support.

**Ms Paul**—Yes.

**Senator JACINTA COLLINS**—I suppose it relates also to our reflection on some of outcome 5 that the expression of various programs—I think in terms of historical background—are starting to disappear.

**Ms Paul**—Yes, it is starting to date a bit; I think that is true. Now that there is legislation for the new form of scholarships that are attached to recipients of youth allowance, we should reconsider that heading ‘Commonwealth scholarships.’ I take your point: there is not a heading for the new scholarships as such. I agree with you in that I think outcome 5 was quite difficult the other night. I think outcome 4 has been the most straightforward so far. This one is not too bad. But I think we do need to clarify some things, so we will have a look at the headings.

**Senator JACINTA COLLINS**—I think partly, too, the history of outcome 4 reflects what has occurred mostly there. I am sorry; I have diverted a bit here. But I was thinking further in terms of your discussion about the life cycle and that freshening up the internal descriptions within the various outcomes might not be a bad idea either.

**Ms Paul**—Yes, that is a good point. We probably need to do something similar for early childhood. Even I could not pick it that easily this morning. I gave it my best shot, but we probably need to clarify that.

**Senator JACINTA COLLINS**—Yes. But that is the only part because, unlike Senator Mason, I am a strong believer in the value of the PPS and understanding what is happening in departments.

**Ms Paul**—Yes, obviously it has to line up; that is right.

**Senator JACINTA COLLINS**—I go now to the superannuation program; what is that?



**Mr Walters**—Mr Storen can update us on this.

**Mr Storen**—The superannuation program in the higher education stream relates to some quite historical arrangements with a number of universities in the country in that the Commonwealth and the states have, if you like, joint responsibility for the emerging superannuation costs of the employees of those schemes. So, on an annual basis, the department basically makes a contribution to those universities for the costs of employees retiring out of historical superannuation schemes. That is the largest component of that. In the financial statements, there is a liability that recognises the accrued nature of that.

**Senator JACINTA COLLINS**—What is the quantum of that?

**Mr Storen**—The liability in the statements gets revalued every year based on discount values and so forth; but, from recollection, it is in the order of \$3 billion.

**Senator JACINTA COLLINS**—And this is only some institutions and not set across all of them?

**Mr Storen**—Yes. It is not all institutions in the country. It is quite historical. From memory, New South Wales and Victoria are the states with the most elements in that.

**Senator JACINTA COLLINS**—What is the history of why this is so?

**Mr Storen**—Now you are stretching me. As I understand it, this goes back to quite a while ago, when the employees were part of the universities and the superannuation schemes were state schemes; but then the Commonwealth assumed a more fulsome funding responsibility.

**Senator JACINTA COLLINS**—This is obviously the result of an agreement with the states over the ongoing management of higher education institutions.

**Mr Storen**—That is correct.

**Senator JACINTA COLLINS**—I understand that. Mr Walters, as we have covered the Capital Development Pool, perhaps you can give me an overview of the Education Investment Fund—its last round.

**Ms Randall**—The last round has not been announced yet.

**Senator JACINTA COLLINS**—The last round that has occurred.

**Ms Randall**—Round 2; I can do that.

**Senator CASH**—Chair, if there are no further questions—

**Senator JACINTA COLLINS**—I am waiting for an answer.

**Senator CASH**—I am just saying that we are ready to move on to the next outcome, if that assists in any way at all in ensuring that we do move on.

**CHAIR**—We are pretty close. We will just get the answer to this and then change seats and keep proceeding.

**Senator JACINTA COLLINS**—I am happy to wind up now, Senator Cash.

**Ms Randall**—Senator, did you want us to take—

**Senator JACINTA COLLINS**—I do prefer to defer to opposition questions, but—

**CHAIR**—If you have the answer now, let us get it. We still have some time. I am just flagging that, unless there is any objection, that was the last question. We will get the answer and then shuffle ourselves around.

**Ms Randall**—The second round of the Education Investment Fund opened on 16 February 2009. The round 2 guidelines and application form were released the following day. We received applications from applicants across the three eligible sectors: the higher education, the research and the vocational education and training sectors. As you would know, EIF is targeted towards substantial infrastructure projects that have a transformative potential for the higher education, VET and research systems. Given that, only projects with a minimum total project value of \$15 million for higher education and research and \$5 million for VET were eligible for consideration. That round of the Education Investment Fund was fast-tracked in response to the global financial crisis. That was so that successful projects could be considered in the 2009-10 budget context. Applications closed on 2 March and the round was conducted as a single-stage process. The EIF Advisory Board, which is an independent advisory board, assessed the applications against the EIF evaluation criteria and advised the ministers of which projects satisfied those criteria. On 12 May, the government announced funding of \$934 million for 31 successful projects, and I have a full list of the projects.

**Senator JACINTA COLLINS**—Perhaps you could table that list rather than take up the committee's time with it. I appreciate that very much; thank you.

**CHAIR**—Just before we move on, I note that I now have had an opportunity to discuss with the deputy chair the document that Senator Fisher earlier asked to be tabled. We do not have any opposition to it being tabled. So, unless any other senator objects—which they do not—consider it tabled.

**Senator FISHER**—Thank you, Chair. Thank you, Committee.

[4.21 pm]

**CHAIR**—We will now move to outcome 3.2. Senator Cormann.

**Senator CORMANN**—Only a small part of this relates to me and that is the VET FEE-HELP component. Chair, I have a few questions; but, if we do finish this particular program quickly, perhaps we can spend a bit more time on program 3.4. Just as an initial question: if I look at Budget Paper No. 2, page 150—this is 'Skills for Sustainable Growth—A Training System for the Future—A National Entitlement to a Quality Training Place'—the third dot point says:

- the option to cash out funding available from 2011-12 for training under the National Partnership stream of the Productivity Places Program (PPP) providing States and Territories with greater flexibility—
- et cetera. Can you just talk me through what that means.

**Mr Walters**—This part of program 3.2 is particularly about HELP, so VET FEE-HELP comes into that. The rest of it really belongs later with VET National Support, at 3.4 and 3.5. Would you be happy if we dealt with the issue around FEE-HELP at this stage and came back to the rest of it later on?

**Senator CORMANN**—Sure. Are you saying that I have to ask again, later, what ‘cash out’ means?

**Mr Walters**—There are two issues around this particular budget measure. One is around cashing out the Productivity Places Program money and the other is the extension of VET FEE-HELP to states which are not beneficiaries of that at the moment. So it would be logical if we could deal with the extension of the VET FEE-HELP issue at this stage and perhaps come back to the generality of the budget measures later on.

**Senator CORMANN**—Sure. But this does relate to VET FEE-HELP, doesn’t it?

**Mr Walters**—If your question does not relate to VET FEE-HELP—

**Senator CORMANN**—It does.

**Mr Walters**—Right.

**Ms Paul**—Do you want us to explain the nature of this budget measure?

**Senator CORMANN**—Yes.

**Mr Walters**—Let us just do that.

**Ms Taylor**—The reference in that part to VET FEE-HELP is about the extension of VET FEE-HELP to the states for subsidised students. At the moment, it is part of the ‘better training system for the future’ measure. It is tied up with the negotiations that will go on with the states about the cashing out of the Productivity Places funding. It is a package of measures that make that up.

**Senator CORMANN**—I am trying to understand what you mean by ‘cashing out’. Do you just mean bringing forward spending from 2011-12 into 2010-11? What does ‘cashing out’ mean?

**Ms Taylor**—There are several elements to this. The cashing-out element of PPP is about the 2011-12 funding that is there in the budget at the moment and it is around flexibilities in negotiations with the states and territories in looking to have arrangements with them. So the funding that is there in PPP for 2011-12 can be cashed out, in a sense—

**Senator CORMANN**—What does that mean?

**Ms Taylor**—That means that, instead of being under the PPP, states and territories, in agreement with us, might want to use that in a more flexible way.

**Senator CORMANN**—So, essentially, you are saying that you are taking money out of the PPP for the states to use for other purposes. Is that right?

**Ms Taylor**—No, the states still have the money.

**Senator CORMANN**—I am not trying to be cute here; I am genuinely trying to understand.

**Ms Taylor**—No. The states still have the money. The money that is allocated to the states in 2011-12—

**Senator CORMANN**—Under the PPP.

**Ms Taylor**—Under the PPP we have allocated money to the states; that money remains with the states.

**Senator CORMANN**—But they will be able to use it for purposes other than those of the PPP. Is that what you are saying?

**Ms Paul**—They have to use it for training places, but they can use it more flexibly. At the moment, under the National Partnership Agreement on Productivity Places, we are reasonably prescriptive about the way those places can be used; they have to be targeted at certain groups of people and so on.

**Senator CORMANN**—Sure.

**Ms Paul**—Basically, this is an offer of a deal, if you like, with the states.

**Senator CORMANN**—It is a sweetener to get the states on board with some other things that you might want to get.

**Ms Paul**—Correct; and, in return for offering more flexibility, the Commonwealth is particularly interested in the states making training that is offered to an individual an entitlement. So that is the nature of the deal. This first arose in the Commonwealth-state or COAG work starting in 2008, I suppose. Victoria, in particular, led the way in wanting to reform its vocational education and training approach and was interested in these flexibilities. So, basically, the Commonwealth already has an arrangement with Victoria whereby Victoria guarantees an entitlement to a place to anyone, so it is not capped; in other words, they have uncapped it. In return, the Commonwealth has allowed Victoria a bit more flexibility with the PPP places and then, broadly, the Commonwealth offers this VET FEE-HELP for higher level qualifications. So, basically, this budget measure is an invitation, if you like, to all states and territories to consider whether they will reform their vocational education and training system to be better for students and better for the economy; in return, the Commonwealth will consider flexibilities. The Commonwealth's offer is made clear there, but we basically now need to enter into discussions with each of those jurisdictions. If jurisdictions do not wish to go down that path, that is fine, but we sense that there is a mood—

**Senator CORMANN**—To do a deal.

**Ms Paul**—for more reform.

**Senator CORMANN**—I guess that we are going to talk about the Productivity Places Program at program 3.5, are we?

**Ms Paul**—That is true.

**Senator CORMANN**—The Productivity Places Program seems to be up and down, with things coming out and going into other bits. It is very hard to follow it, but we will talk about that.

**Ms Paul**—We should probably go through that later on.

**Senator CORMANN**—We will go through that later, for sure.

**Ms Paul**—Yes.

**Senator CORMANN**—But, specifically on the VET FEE-HELP, it also says here:

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The Commonwealth would seek a partial contribution from the States and Territories for the cost of new VET loan arrangements.

How are you going with that? Do you have indications from states that they are prepared to make a partial contribution?

**Mr Walters**—We have had a couple of discussions with the states, and there is due to be a ministerial council meeting on—

**Senator CORMANN**—It is in the great state of Western Australia next week, isn't it?

**Ms Paul**—Indeed; that is right.

**Mr Walters**—It is. So far the discussions have been about explaining the proposal and where we have come to, and we have not had a substantive response yet.

**Senator CORMANN**—How much are you looking for from the states and territories?

**Ms Taylor**—That will be part of the negotiation that we have with them.

**Ms Paul**—It might differ, depending on the extent of reform being offered.

**Senator CORMANN**—So, depending on how the states behave, you might give them more or less? What are you aiming for? What do you want from them?

**Ms Paul**—Basically, we just want significant reform to make vocational education and training more attractive to potential students across every age group and so on, and more responsive to local economic needs and so on. So it has to be a bit localised.

**Senator CORMANN**—But this is not talking about reform; this is talking about money.

**Ms Paul**—Sure.

**Senator CORMANN**—You are not saying here that you want the states to reform, although I am sure that you do; here you are saying, 'We want a partial contribution from the states and territories.'

**Ms Paul**—Yes.

**Senator CORMANN**—Presumably you have an idea of what the overall budget is going to be, how much the Commonwealth is going to put on the table in terms of VET loan arrangements and how much you will want from the all of the states collectively or individually to complement what the Commonwealth is prepared to do. I guess I am trying to get a sense of the overall budget that you are looking at. How much is the Commonwealth putting on the table and how much are you looking for from the states and territories?

**Mr Walters**—This is a negotiation, so—

**Senator CORMANN**—So you do not want to play your hand too early.

**Mr Walters**—We cannot have the negotiation before we have had the negotiation. But it is worth bearing in mind that there is a precedent for this in the sense that Victoria already have an arrangement of this kind and they are already making a contribution. So there is a precedent.

**Senator CORMANN**—What contribution is Victoria making?

**Mr Walters**—I will ask Ms White to explain.

**Ms White**—The Victorians are making—they started last year with the VET FEE-HELP loans being extended—a contribution of \$22.4 million over four years.

**Senator CORMANN**—How much is that compared to what the Commonwealth puts into Victoria?

**Ms White**—I do not have the exact figure for loans to Victoria, but I think it is in the order of \$700 million.

**Senator CORMANN**—So it is a small contribution compared to—

**Ms White**—Yes.

**Senator CORMANN**—Do you have something like a percentage target in mind?

**Ms White**—The amount of contribution is based on the number of equivalent full-time students that may be eligible for the loans; so the discussions with the states and territories around how many students may eligible are yet to be had. The amount will be based on the number of students, basically.

**Mr Walters**—But this is the Victorian precedent and there is a negotiation to be had. For example, other states might want to be more generous.

**Senator CORMANN**—So are you going to take a different approach? When you say ‘might want to be more generous’, do you mean that you might be able to squeeze a better deal out of states other than Victoria?

**Mr Walters**—Well, you never know. But we had better not have the negotiation before we have had it.

**Senator CORMANN**—But surely there will be a set of objective criteria. You cannot just say, ‘We’re going to cut a deal,’ one by one—like, sit Western Australia, South Australia and Tasmania down one by one and see. It is not going to be a negotiation where you will say, ‘I will give you \$100 million if you give me \$20 million.’ There has to be something objective driving this, surely.

**Mr Walters**—I am sure that the states will be looking to the Victorian arrangement as a starting point for the discussions.

**Ms Paul**—We have worked it on an enrolment basis; so, yes, there is a clear basis for us. I think that is what Ms White was saying. So it would depend on how many of those higher level qualifications they wish to offer and so on.

**Senator CORMANN**—But you must have an indication—because that is what a budget is for—of what the Commonwealth component of this VET FEE-HELP is going to be, moving forward. You must have a forecast of how many students you expect to be eligible and, hence, what the overall cost will be. Presumably, you are looking for the states and territories to cover any shortfall, so you must have something that you are working on. We are looking at the performance and, I guess, the credibility of the budget here, so you have to give us something.

**Ms White**—Yes, we do. The forward projections are that, over the four years, nationally, this particular measure will put loans out for an additional 477,810 students. We do not have a break-up by state, but we will need to have the negotiations with the states. That is based on a

formula of looking at how many diplomas and advanced diplomas we have had in the system historically and forward projecting.

**Senator CORMANN**—Why do you not have that by state?

**Ms White**—We probably could take it on notice and break down how much we think it would be approximately per state.

**Senator CORMANN**—Yes, sure; okay.

**Ms White**—But, as for the negotiations on the contribution from each state towards the cost of the loans, it happened last time with Victoria between the two Treasury departments, in the two states.

**Senator CORMANN**—So, virtually, it is a bilateral negotiation and a bilateral deal, and you would expect to go from state to state—

**Ms Paul**—Yes.

**Senator CORMANN**—and from territory to territory.

**Ms White**—That is correct.

**Senator CORMANN**—How do we make sure that the great state of Western Australia, where you are going to be hosted next week, will get a fair deal compared to others? I do not mean to be parochial. How do we make sure that Queensland gets a fair deal compared to Victoria?

**Senator MASON**—Yes.

**Senator CORMANN**—Surely you cannot have different arrangements in terms of the fundamentals from state to state.

**Ms White**—My understanding is that it is based on a formula, so a formula will be applied to the number of equivalent full-time students expected in each state.

**Senator CORMANN**—So where is the room for negotiation there?

**Mr Walters**—We have not put this on the table yet. I think you are in danger of luring us into having the negotiation before we are actually having it.

**Senator CORMANN**—I want to make sure that you are putting a reasonable proposition on the table. You have clearly made some assumptions.

**Mr Walters**—We generally find that the states are pretty keen to make sure that they get a fair deal, so I would not worry too much—

**Senator CORMANN**—Yes, I am sure. What did Paul Keating say? ‘Never get between a Premier and a bucket of money.’ So I am sure that they are looking at a deal with the Commonwealth.

**Ms Paul**—I think the comfort here is not only the approach but also the fact that there will be both bilateral and multilateral attention given to this, so it will be the case that each state will understand what each of the other states is thinking of.

**Senator CORMANN**—So, whatever the deal is, it will be transparent?

**Ms Paul**—Yes.

**Senator CORMANN**—That might be a way of keeping—

**Ms Paul**—Exactly.

**Senator CORMANN**—Okay. Hopefully, we will be answering questions about that at the next estimates.

**Ms Paul**—Sure.

**Senator CORMANN**—I do not think the minister even got that gag. Why do RTOs that are getting VET FEE-HELP for their students need to be accredited by universities? Can you explain that for us?

**Ms White**—This is a legislative program—

**Senator CORMANN**—Sure.

**Ms White**—so registered training organisations must be approved through a parliamentary process under that legislation: the Higher Education Support Act. In terms of accreditation, one of the essential things is that the RTO is an approved registered training organisation under the state arrangements; that is certainly one of the criteria.

**Senator CORMANN**—I am not asking you to justify policy; I am just trying to get an explanation of policy. Now that we are going down the approach of having a national regulatory system for VET, wouldn't it be appropriate that being registered under that national system would be sufficient for somebody to qualify for VET FEE-HELP?

**Ms Paul**—I think the essence of what you are getting to—but, if necessary, I will ask the experts to clarify—is that the Commonwealth offer is contingent on the vocational education qualification having the ability to be articulated into higher education, because the policy intent is to promote easy articulation from sector to sector and to overcome some of the barriers that have existed historically. That is really important and it is a really good thing to do. That is why you end up, I think, dealing with both sectors. But I probably should seek clarification.

**Senator CORMANN**—Yes; okay.

**Ms White**—Certainly, under the legislation, the articulation arrangements are one of the criteria required for the approval of a course and for a provider. Is that where you are going?

**Senator CORMANN**—No. Obviously we have great universities across Australia but, to some degree, you can argue that they are in competition with VET training providers. However, we are making access to VET FEE-HELP for students who are going through these VET training organisations contingent on universities ticking off in this regard. Are you shaking your head? Have I got that wrong?

**Ms White**—The articulation arrangements can be in place with either a university or a private higher education provider; it is not just limited to articulation arrangements with a university.

**Senator CORMANN**—So what makes a private higher education provider eligible to provide that sort of, as you say, articulation arrangement?

**Mr Walters**—Private higher education providers are accredited by the states, so they are put through what are called the higher education protocols—and this is a process that is



changing in accordance with what we talked about earlier. But, at the moment, the states accredit higher education providers. Particular providers are in the VET sector but are also accredited to provide higher education qualifications, which can be master degrees, bachelor degrees or diplomas. Really, in connection with the policy intent—if that is what you are feeling behind here—because this is a very valuable benefit, it is conferred on the more serious types of qualifications. You have to bear in mind that there is a part of the VET market that is really about leisure activities, if you like: life enhancement and all the rest of it.

**Senator CORMANN**—Yes.

**Mr Walters**—That would not necessarily be something that you would be—

**Senator CORMANN**—Understood; that is reasonable.

**Mr Walters**—able to articulate into a serious higher education qualification. So it is one way of seeing that the benefit is focused on the areas of the main public benefit as opposed to a private benefit for the individual, which might lie in an origami course or something like that.

**Senator CORMANN**—But, if you go down a national regulatory approach, why wouldn't you do all of that in one location? You might say, 'Okay, you are a registered training organisation and you are only at that level,' and, 'You are at the level where you qualify for VET fee help.' Why would you have all these other processes?

**Mr Walters**—The purpose is to provide this benefit, which is the subsidy that is represented by the HELP loan, to a course that is of sufficient public benefit, being signified by the fact that it can articulate into a higher education qualification. In other words, you can take it further. It is something which is capable of higher—

**Senator CORMANN**—But, essentially, the principle is still right. You make the organisations who might want to qualify for access to this benefit subject to a tick of approval by potential competitors, whether they are universities or private higher education providers.

**Ms Paul**—What we look for in this concept of articulation, for example, is the amount of credit transfer that would be allowed. So, in this instance, it cannot be seen as competition, because the higher education provider must be able to make clear what sort of credit transfer would be recognised—and that is not uncommon. As you would imagine, that happens quite frequently.

**Senator CORMANN**—I do not want to overstate the competitive tension. However, given that this is essentially a taxpayer funded benefit, administered through the Commonwealth, why would we make the eligibility process contingent on a tick of approval from organisations that are in a certain competitive tension with the organisations applying for it? Why wouldn't we manage that process of whether they are appropriate under the national—

**Mr Walters**—I might just mention that we are describing the current system. Under the new arrangement, one of the things on the table is that access to HELP, which is what we are talking about here, will be extended to all VET students studying through private providers at diploma level and above. That is the more serious level of VET study, so this particular articulation requirement will be lifted. But just to come back to the point that you made a little while ago—

**Senator CORMANN**—That is the answer. That is beautiful. Great minds think alike. We have resolution.

**Mr Walters**—That is on the table. Just to answer your other point as to whether it could be done in one location: yes. At the moment, under the existing rules, if you have a provider that is accredited to do VET courses and higher education—

**Senator CORMANN**—You have just addressed my question. If it is going to be lifted, there is no need to go through the rest of it. My view was that it should be lifted and you have said that it will be lifted. I am very pleased to hear that. That completes my questions on VET FEE-HELP.

**CHAIR**—Have there been changes to OS-HELP?

**Mr Walters**—Yes.

**CHAIR**—Can you take me through what those changes are?

**Mr Walters**—The officer, Ms Bennett, is here. OS-HELP, just for the benefit of the committee, is the scheme that is provided to give loans to domestic students to enable them to undertake a semester, I think, of study overseas. Ms Bennett, can explain the changes.

**CHAIR**—So it is limited to a single semester.

**Mr Walters**—It can be a year.

**Ms Bennett**—It can be a year. Its significant element is that it must contribute to the qualification that the student is getting from an Australian university. So they cannot just go off and enrol in anything anywhere; it has to be where there is a credit transfer arrangement between the institutions.

**CHAIR**—Will you take us through the changes that have been made?

**Ms Bennett**—Changes have not been made to the eligibility; there are no changes there.

**CHAIR**—What has happened in terms of the loan fee?

**Ms Bennett**—The loan fee has been removed to encourage more people to participate and undertake overseas study as part of the Australian qualification.

**CHAIR**—What was the take-up of it and what is the expected—

**Ms Bennett**—I am not sure that I have those facts here.

**CHAIR**—What was the objective of removing the fee?

**Mr Walters**—The objective was to encourage the take-up. The take-up, since the inception of that particular scheme, has been a bit disappointing. I think this gets a mention in the Bradley report: Australian students tend not to study overseas as much as students from some other countries. So, as you know, countries benefited from a lot of overseas students coming here and the thought was that, for the benefit of enhancing our students' education, we should find ways of encouraging them to do some of their studies overseas. Therefore, this is a loan scheme that is intended to defray the costs of that. From the start—I do not have the figures here; we will have to take it on notice—the take-up was a bit disappointing. So I think the concept here was to find a means of encouraging people. There was a feeling that there was not quite enough money to make it work. So, by taking off the loan fee, I think that—

**CHAIR**—It made it cheaper. When did that take place? Also, are we able to see any tangible results yet, or is it too early to tell?

**Mr Walters**—We will have to search around for that. Before the end of the session, we will come back to you and let you know when that kicks in, as I am afraid that I do not know offhand.

**CHAIR**—All right then. I also have a question on SA-HELP—and I suspect that it is not help for SA. What is SA-HELP?

**Ms Bennett**—Student Amenities HELP.

**CHAIR**—Of course, it is. Can you just explain how the new amenities fee will work?

**Ms Bennett**—It means that, where a university chooses to charge this fee, a student will be able to take out a loan that will be added to their HELP debt. It is to be repaid once they enter the workforce and once they have the income level where the HELP debt kicks in—and, at the moment, that is at about \$43,000.

**CHAIR**—There was a process of consultation that occurred in the development of this.

**Ms Bennett**—There was a process of consultation.

**CHAIR**—Can you just outline what took place in terms of the consultation phase?

**Mr Walters**—The consultation was about the amenities fee in general. My recollection is that, when the current government came to power, the minister for youth, Ms Ellis, took on the responsibility for going around and having consultations. She had very extensive consultations all around the country, from recollection, on what the options were for filling the gap, as it were, between the abolition of the compulsory student fee and where the universities found themselves, because they were generally complaining quite widely that this left them without sufficient resources to develop student amenities. Therefore, the government introduced a bill to provide for that, as you know, and the ability of the universities to charge a fee and then for the students to attain a loan in order to defray that. The parliamentary history is something that I am sure you will be very familiar with.

**Ms Bennett**—Can I add to my response? I have just been given a supplementary bit of information, which is that the removal of the loan fee started from 1 January this year. So obviously it is too early to judge the take-up of that.

**CHAIR**—So that is OS-HELP; thank you. Just going back to SA-HELP: how many universities have indicated that they would like to apply a student amenities fee?

**Mr Walters**—I think this has been going around for such a while that we would not have any recent information on that. My recollection is that, during the consultations and from the period afterwards when the government announced its intention to introduce the legislation, we expected a pretty wide take-up.

**CHAIR**—So it has not happened yet. Do you have any indication from the universities about how they are suffering or what they have had to put off because they are unable to apply this fee?

**Mr Walters**—I think that many, if not most, of the universities would be very keen to continue to be able to draw on that extra source of income.

**Ms Bennett**—And to cover the sorts of services that are covered under that sort of fee. We do not have it scientifically in terms of which services they have had to cut; but certainly, anecdotally, we have heard that universities have had to cut services to students that they are hoping to be able to cover when there is an SA-HELP arrangement.

[4.51 pm]

**CHAIR**—Does anyone else have any questions on 3.2? No. All right then; thank you. We will now move on. We are running fairly close to the program, anyway, and we will now move to program 3.3.

**Senator MASON**—Ms Paul, I am just looking at the youth allowance and the Rural Tertiary Hardship Fund. You might recall that, as part of the government's negotiations last year over the youth allowance, the government agreed to set up a \$20 million Rural Tertiary Hardship Fund. I do not know whether you recall that.

**Ms Paul**—Yes.

**Senator MASON**—The minister, Ms Gillard, put out a press release, dated 1 December 2009, which states:

Ms Gillard said the Government has offered to set up a Rural Tertiary Hardship Fund worth \$20 million to help prevent the barriers to rural and regional students attending university.

... ..

The Rural Tertiary Hardship Fund would be in addition to the relocation scholarships worth \$4,000 in the first year of study, and \$1,000 every subsequent year for students who choose to move to study.

I suppose that I am really just asking for progress. What form will the Rural Tertiary Hardship Fund take?

**Ms Milliken**—The detail of the fund is still under development. You will have noted that in Budget Paper No. 2 of this year there is a specific provision.

**Senator MASON**—I always read budget papers; you know that, Ms Milliken! That is a lie; I do not always.

**Ms Milliken**—We can assure you that the funding has been set aside for the establishment of the Rural Tertiary Hardship Fund.

**Senator MASON**—So \$20 million has been set aside; that is your point.

**Ms Milliken**—Yes; \$20 million has been set aside with the intention of providing assistance to students under 25 years of age who are living in rural or regional locations. The detail of it is under development so that it can be implemented for 1 January 2011. So we are currently going through the arrangements—

**Senator MASON**—So it has to come into operation by 1 January next year.

**Ms Milliken**—Yes, next year, and operate for 2½ years, until 30 June 2013.

**Senator MASON**—Is that a legislative requirement?

**Ms Milliken**—Yes.

**Senator MASON**—Is that right?

**Ms Sykes**—I am not sure that it is a legislative requirement. But, to add to Ms Milliken's previous answer, the government also undertook to establish a task force which will provide advice to government on the administration of that fund.

**Senator MASON**—They should. Just going back to my question, I asked that because it can either be legislated for or, of course, be a policy. I understand that. There is a difference. Do you know whether its starting on 1 January 2011 has been legislated for?

**Ms Sykes**—The fund is established in the legislation.

**Senator MASON**—But what about the start-up and finish dates?

**Ms Paul**—It looks as though we might take on notice whether the start and finish are in the legislation.

**Senator MASON**—It is an important point.

**Ms Paul**—Yes; that is fine. We will check it out.

**Senator MASON**—What form will the fund take?

**Ms Sykes**—That is yet to be determined. As I have mentioned, the government is committed to establishing a task force that will provide advice on the fund itself, how it will be administered and the criteria that will be applied for those young people who are in financial hardship. That is yet to be established.

**Senator MASON**—It has not been established yet?

**Ms Sykes**—No. The task force has not been established yet, but it is in development.

**Senator MASON**—Do we have any idea about what the qualifications will be or what the government requires people to have done to be eligible to sit on that task force?

**Ms Sykes**—Broadly speaking, it would be people who have an understanding of the sorts of issues that might face—

**Senator MASON**—Rural students.

**Ms Sykes**—rural students and people who can bring with them that broader community understanding and who can provide some advice to government.

**Senator MASON**—So we have a timetable in that we know it has to start by 1 January next year; that is seven months away.

**Ms Milliken**—Yes.

**Ms Sykes**—Yes.

**Senator MASON**—Do we have any sort of timetable for progress? What do you hope to achieve?

**Ms Sykes**—We would expect the task force to be established shortly, in the next several months. It will meet over a short period to develop that sort of advice so that the administrative arrangements for the fund can be put in place in order to commence early in 2011.

**Senator MASON**—So you cannot tell me yet what the eligibility rules will be.

**Ms Sykes**—The finer detail of that has not been determined yet.

**Ms Paul**—Not until the task force has been formed.

**Senator MASON**—What form will it take? Is it secretary's regulations, Ms Paul? What form will it take?

**Ms Paul**—What, the task force?

**Senator MASON**—No; the guidelines as to who will be eligible and so forth. What form will they take?

**Ms Paul**—I imagine they would be normal administrative guidelines.

**Senator MASON**—More than guidelines? Do you think it will be regulations?

**Ms Paul**—No. I suspect it will not be regulations. I suspect it will be normal administrative guidelines; that is what I said.

**Senator MASON**—Secretary's guidelines.

**Ms Paul**—You can use that phrase; but, if you like, yes.

**Senator MASON**—I understand. I just wanted to know what form it would take. But you think it will be guidelines.

**Ms Paul**—I imagine it will be administrative guidelines. But I think that is still a matter for the Deputy Prime Minister to consider at some stage.

**Senator MASON**—We know that it is starting in seven months time and that a task force will be established very soon. We are not sure whether it is a legislative requirement that it start on 1 January next year, but we are going to find that out. We think it will be implemented by administrative guidelines. Can you tell the committee of any proposals regarding how it will work? It is \$20 million; it has to be at least \$20 million, I think.

**Ms Sykes**—It will be \$20 million over the 2½-year period.

**Senator MASON**—That is all that you can tell me for the moment, is it?

**Ms Paul**—I think we really want to hear from the task force when we get those experts on board. I do not think I would like to pre-empt their view, because they will be experts.

**Senator BACK**—Senator Mason, perhaps I can ask—through the chair—whether advertisements will be undertaken to invite people to nominate themselves or others for membership of the task force.

**Ms Milliken**—The form of the task force will be a matter for decision by the Deputy Prime Minister and Minister for Education, who will consider the types of people that she wants to have involved in the task force. At this stage, I am unable to say that people would be sought through advertisement to participate. We would want to make sure that there is a balance of expertise in terms of rural and regional Australia, financial hardship issues faced by students, and the higher education system.

**Senator MASON**—And potentially with some Indigenous input?

**Ms Sykes**—Potentially, yes.

**Senator MASON**—And Isolated Children's Parents' Association—that sort of group? I think Senator Back would be interested in that. I am sure that the Deputy Prime Minister will take note of this; I am sure that she listens to estimates.

**Ms Paul**—Yes. I think we would appreciate the input.

**Senator CROSSIN**—He might not be the only senator who has an interest in the ICPA.

**Senator MASON**—Indeed; I accept that. But this is an important issue. I think it is fair to say that it is \$20 million and a lot of people want to know how it is going to work. I know that it is still early and I understand this is still in gestation, but people have contacted my office and they are very interested in how it is going to work.

**Ms Paul**—Sure.

**Senator MASON**—I was going to say that I could tell them more at the next estimates, but I am not sure that we are going to have another estimates this year. I say that in a non-partisan way; but, anyway.

**Senator CROSSIN**—No; but you could ask some more questions—

**Senator Carr**—What, are you going to complain about that?

**Senator MASON**—You would not be complaining about that, Minister, would you? Neither would Ms Paul, I suspect.

**Senator CROSSIN**—No; but you will be able to ask more questions about this at the next estimates.

**Senator MASON**—I look forward to it.

**CHAIR**—I wanted to ask, in 3.1, about Commonwealth Scholarships and the changes that have been made to that as a result the youth allowance.

**Ms Paul**—Yes; the youth allowance changes.

**CHAIR**—Perhaps you could take me through those changes.

**Ms Paul**—Sure.

**Ms Milliken**—There are the new scholarships that have replaced the Commonwealth scholarships: the student start-up scholarship and the relocation scholarship. Both those scholarships commenced on 1 April, following the passage of legislation. They have already commenced being paid by Centrelink to recipients of eligible student payments. As you would know, eligibility is for students undertaking approved scholarship courses at higher education institutions, and they would be either a higher education course or a preparatory course. At the end of April—

**CHAIR**—There must be more eligibility requirements than that.

**Ms Milliken**—There are.

**CHAIR**—I actually want to understand the difference between the old eligibility and the new eligibility; can you give me some detail on that?

**Ms Milliken**—I will go through it in more detail for you. All university students receiving income support through youth allowance, student payment, Austudy or Abstudy living

allowance are entitled to the annual start-up scholarship. So, as long as they are receiving those income support payments, they will be eligible for the payment. The payment is paid by semester: in 2010, it is \$650 for each of the two semesters, making a total of \$1,300. That will increase in 2011 to \$1,064 each semester, or \$2,128 over the year, and it will be indexed annually thereafter. It is administered by Centrelink. The first payment, as I have indicated, was made from 1 April to students already receiving income support payments on that date. There are transitional arrangements for young people who qualify as dependent recipients of income support payments from 1 July, when the new Parental Income Test changes come into play. As long as before that date they have been students at university in an approved course, they will be able to receive the scholarship payment for the first half of the year as well. As at 30 April—so in the first month of operation—almost 121,000 students had received the student start-up scholarship.

**CHAIR**—In one month?

**Ms Milliken**—That would capture all of the eligible students at the start of the tertiary year this year.

**CHAIR**—Is that the total number that we are expecting this year?

**Ms Milliken**—We would expect there to be additional eligibility during the year. Of course, there are students who start their university careers at different times—some at second semester—so, once they are on student income support, undertaking an approved course, they will be eligible for the payment.

**CHAIR**—How does that compare with the previous number of scholarships?

**Ms Milliken**—I think the previous number of Commonwealth scholarships was around 25,000.

**CHAIR**—So it is an increase of nearly 100,000.

**Ms Milliken**—I will go to the relocation scholarships. To be eligible for a relocation scholarship, the young person must be a recipient of youth allowance as a student or Abstudy living allowance and be required to live away from home to undertake their study if they are a dependent recipient; or, in some circumstances, independent students may qualify for the relocation scholarship as well. Those students, in terms of being independent, would be those who are unable to live at home due to their family circumstances—for example, young people who are already parents and people in similar circumstances, such as wards of the state and those sorts of things, who are unable to live in their own home. The relocation scholarship is \$4,000 in the first year and \$1,000 each year thereafter and it would of course assist students with the cost of establishing accommodation when they move away from home, which is why it is higher in the first year. There are also rental bonds and the sorts of goods and chattels one needs when one first leaves home. As at the end of April, so similarly in the first month of operation, around 15,800 students had received a relocation scholarship. Of those, almost 10,000 had received the \$4,000 payment for their first year away from home and almost 6,000 had received the \$1,000 payment as a continuing student.

**CHAIR**—What did that scholarship replace?

**Ms Milliken**—It replaced the Commonwealth accommodation scholarship.



**CHAIR**—Which was how much, and how many of them were applied?

**Ms Milliken**—We will take that on notice and come back to you shortly.

**CHAIR**—The first one anyway is a substantial increase, shy of 100,000, but near 100,000. What is that in terms of dollars?

**Ms Milliken**—I do not think I have that figure of expenditure to date in this financial year to hand at this moment. I am sorry, I do not have the figure of how much has been spent so far in this financial year. The estimate for this year was \$163 million for the student start-up scholarships and almost \$25 million for the relocation scholarships.

**CHAIR**—What is that an increase of compared to the scheme that it has replaced?

**Ms Milliken**—It would be a substantial increase, given the broader reach and the number of students taking up the—

**CHAIR**—If you cannot give me that figure now, perhaps you could take that on notice.

**Ms Milliken**—We can take that on notice and we may be able to check quite quickly what the expenditure on Commonwealth scholarships was in the last year.

**CHAIR**—I guess it would be pointless to ask whether there has actually been any problems in rolling out the scholarships if 121,000 were delivered in a single month. I suspect that has gone smoothly.

**Ms Paul**—The old Commonwealth scholarship was offered on a university by university basis. They were not necessarily well known; the administrative arrangements were different according to universities. Because it is now attached to youth allowance it has taken the administration to Centrelink, so it is just automated. I am sure they had to go through a lot of development work and IT enhancements and all that, but basically now it is a much more automated approach; it is easier for the student and more transparent.

**CHAIR**—How do changed circumstances affect the scholarship?

**Ms Milliken**—If you are a youth allowance recipient, as long as you are on an eligible income support payment and continue to receive that, so if your personal circumstances change you would continue to be eligible for the start-up scholarship. If you are receiving a relocation scholarship, for example, and you mature, as you would understand, with the changes to income support come a change in the age of independence for student payments, so it reduced from 25 years to 24 years in April of this year—it will go down to 23 in January next year and to 22 the year after. If you merely by age change from having a dependent status as a student to an independent status as a student then you can continue to receive your relocation scholarship for the further years that you are on an eligible student income support payment.

**Mr Walters**—Senator, this may help with your earlier question—the number of scholarship holders under the existing arrangements are actually shown on page 89 of the PBS about half-way down. It gives the revised budget for 2009-10 as \$38,281.

**CHAIR**—That must have only been a projection, though.

**Mr Walters**—Yes, because we are not quite at the end of the year, so I do not know what the out-turn will be. But that was the revised budget. It should be close.

**Senator SCULLION**—I want to ask for some clarification on the answer given on notice on the IES and then I will move to a couple of quick questions of clarification on Abstudy. Would that be acceptable?

**CHAIR**—Yes.

**Senator SCULLION**—Thank you very much for getting back to me so quickly in regard to the IES. Whilst it is very useful to hunt through the national report to parliament, I was just interested in the reason why as a government you would not require something that would seem pretty innocuous, for example, ‘This is how we run our programs and this is how we put the money into the programs.’ It would not be a public document. What were the reasons given to you as to why you would not expect it to be a public document?

**Ms Paul**—There was no reason given to me. I think the thing is it is something which universities are putting up on their websites and then we are summarising it into the statement to parliament. As I said as I was reading from that advice that I had before, many universities have already put theirs up on their websites. I think Mr Walters might have a bit more information.

**Mr Walters**—This is part of a broader issue around performance information which has come out of the old institution assessment framework process. There have been discussions over the years about whether all of that should go up, so they report on a whole raft of different things. Those form the basis for discussions with the universities and that will now be transformed into the factual basis for discussions under the compact negotiations. But there is quite a lot of information and some of the universities have been more willing to make that information public than others. There has been a difference of opinion within the sector, if you like, as to the extent to which it should be made public. However, I did make the point that in my experience most universities report fairly extensively on their Indigenous policies in their annual reports. I think you would actually find most of the relevant information is already up there in the extensive reporting that the universities already do, whether or not it is in this particular format.

**Ms Paul**—Are you interested in us trying to draw that together, though? I got that feeling from what you were saying before.

**Senator SCULLION**—I would appreciate that. I can search for this and find it. I was just curious. It is normally something like ‘We do not want other universities to pinch our programs or it is commercial-in-confidence’ or it involves quotes or something. But the government should say, ‘We are providing \$34 million and we are obviously asking for annual Indigenous education statements that break down how you spend it so we can be satisfied that you are meeting the requirements of programs.’ Normally, from my experience with other departments and other programs, if it does not have the elements of commercial-in-confidence or something like that, then the normal thing would be that the reports provided to you—they have been provided, no doubt; I think that was indicated earlier—would just simply be made public. Why would you? I think it is an area that would have been of greater interest than many other reports we receive, to be honest.

**Ms Paul**—That is a good point. I have not really contemplated this before, but I assume that we thought it was sufficient to offer a summary from those things into the report to parliament but I am more than happy as I said before when you were not in the room—

**Senator SCULLION**—I am sorry, I wasn't.

**Ms Paul**—Not at all—to go out to universities and just ask them because, sure, it is probably in all of our interests for it to be as transparent as possible and I have no problem with it. If a university says to me that they have a problem with it, then I will report on that.

**Senator SCULLION**—I think it would be useful if we could just simply ask them. So when they all come in, if there is an annual statement of how we are going with these things, that they could be made public in the same place for comparative analysis and those sorts of things.

**Ms Paul**—It is important.

**Senator SCULLION**—Do you have to hand how many people receive Abstudy?

**Ms Milliken**—As at the end of March 2010 there were 11,095 recipients of the Abstudy living allowance and 23,756 recipients of other Abstudy payments.

**Senator SCULLION**—Could you talk to me about the conditionality of receiving, not the living allowance, but receiving other payments—I think it is the cohort of the 23,000. I am not sure exactly what the numbers are, but I think around \$7,000 is actually paid directly to the individual, as I was led to understand. I understand that the conditionality around this, as it is with many things, is that when you receive it if it is subsidised, for example by an aunty providing a \$5,000 grant to help you with your education or someone else or other government departments, then that amount is taken off, which sounds quite reasonable. I want to clarify that. Is it to all people and has that policy changed of late?

**Ms Milliken**—I am not aware of any changes to the detail of Abstudy beyond the provisions we were talking about earlier in terms of the youth allowance changes under the Bradley review—the parental income test and those sorts of things—but no changes of the kind that you are referring to as far as I am aware.

**Senator SCULLION**—Would you be able to give me a quick snapshot of the conditionality issues in terms of receiving other funds from elsewhere, whether they are gifts or from other sponsors?

**Ms Sykes**—Under the student income support reforms, merit and equity scholarships that were previously counted as income for the young person, as a result of the new measures they will not be subject to means testing until above the amount of \$6,762. Previously if a student received a scholarship categorised as a merit and equity scholarship from another foundation or some other organisation, it would have been counted towards their income. But as a result of the changes up to that amount of \$6,762 in 2010 will be exempt.

**Senator SCULLION**—I understand that. That was part of the changes that came about.

**Ms Paul**—That has been a beneficial change.

**Senator SCULLION**—Will some of the detail of that be available on your website?

**Ms Paul**—Yes.

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**Senator SCULLION**—Further detail I can put to people?

**Ms Paul**—On ours, and probably on Centrelink's as well.

[5.18 pm]

**CHAIR**—We will now move to 3.4.

**Senator ABETZ**—I understand that program 3.4 is the right place to ask the following questions. In relation to the government's Home Insulation Program, I understand a special package of training was developed. Who or what body was responsible for that?

**Ms Taylor**—The people who are responsible for the development of the training package are with the industry skills council, CPSISC, and they were contracted by DEWHA to develop the training package and subsequent amendments and packages.

**Senator ABETZ**—Does this department have any involvement in the development of that training package?

**Ms Taylor**—No, we do not.

**Senator ABETZ**—That is interesting because, when I was asking about this at DEWHA, I was told that I should be asking about this at exactly this area.

**Senator FISHER**—Should you have had involvement in it?

**Ms Taylor**—No. There are two things. Our role was to facilitate the arrangements between DEWHA and CPSISC, so that they could contract to develop the training package. All training packages are developed by the ISCs, the industry skills councils, and we facilitated that relationship. We also facilitated a relationship with the RTOs who, subsequently, were going to develop those training packages. That was identifying those RTOs that had that training within scope, putting them in contact with those, facilitating the relationship between DEWHA—

**Senator ABETZ**—But you were not only a matchmaking service?

**Ms Paul**—Yes, we basically were, I think. It is the ISCs that actually develop the training packages, which you are probably aware of—

**Senator ABETZ**—Sorry, the?

**Ms Paul**—The ISCs are the bodies that develop training packages.

**Senator ABETZ**—Yes, I know that, but they are paid by government departments to deliver certain things. How do we question these ISCs as to what they did and why they did it? Where do we ask those questions?

**Mr Griew**—Ms Taylor and I and other departmental officers have appeared a number of times now before the special references committee that Senator Fisher chairs where we have gone through in some length the nature of the role that our department played with DEWHA and with the Industry Skills Council to put the two together in a relationship to support the understanding of the skills council in what DEWHA was requiring and to support DEWHA in understanding the capacity of the skills council. We have given time lines, dates, and details of contracts; we have gone through at some length in questioning on that. I am sure we could rehearse it again today but the *Hansards* of the special references committee on this program

have really quite exhaustively gone through the nature of CPSISC's role, DEEWR's role and DEWHA's role.

**Senator ABETZ**—I am sorry; you might have to repeat some of that. Not all of us were on the references—

**Senator FISHER**—That may be a good idea.

**Senator ABETZ**—and the estimates are a different program. I will ask my questions, and let us see where we get to with them. Let us get right to the point with the particular package. I am told by the various state ITAB—and other organisations that I understand then have an input into, in this case, the CPSISC—that usually these packages are developed over a period of 18 or more months, whereas this one was developed in six months or less and, therefore, certain basic competencies were left out of the actual training.

**Ms Taylor**—The original package and the competencies that came to form that package were part of a training package that was already approved. As I understand it, the elements of a pre-existing training package were used to make up this new competency.

**Senator ABETZ**—Elements, you are quite right, but not all of it. As I understand it, with this particular skills council—it is called the Construction and Property Services Industry Skills Council—for whatever reason, insulation had always been under the construction side of that particular skills council; yet, for some inexplicable reason, insulation and this particular package were shoehorned into the property services section to develop this package. I am told that it was because the construction sector—those such as the MBA and indeed even the CFMEU—expressed very real concerns from the construction side that the limited amount of competencies that were being pulled out from other areas and put into this one would not be satisfactory. So we have got this miraculous move that insulation, which had always been on the construction side of this industry skills council, found itself in the property services industry skills section of this all-encompassing skills council. Are you able to shed any light as to how that happened or why that happened?

**Ms Taylor**—No, I cannot, because the development of the package was a contract between DEWHA and CPSISC, but I can tell you about the normal process that goes through in approving—

**Senator ABETZ**—Yes, please do.

**Ms Taylor**—But I will say that the competencies were part of the construction and installed ceiling competencies—or so I understand. So CPCCCM1006A, 'Work safely at heights', and also 'Install batt insulation products', 'Install acoustic and thermal environmental protection systems' and 'Apply OHS requirements, policies and procedures in the construction industry' were, as I understand it, the elements that made up those competencies that were required. As to the process for approving those, they were approved as part of the original package—I think in 2008, but I can check that—and that goes through the ISC process. It also then goes to the National Quality Council for endorsement of the training package and, in doing that, there is certification about consultation. It goes to every state and territory regulatory authority to agree. In the original package that had already been done, so those elements that made up the training package, as I understand, came from those

construction elements in the existing training package. But exactly who in CPSISC or what areas I have no knowledge of, and we would not because we were not the contracted parties.

**Senator ABETZ**—I am told that, in this particular situation—one that was rushed through—all the state ITABs, in fact, opposed the package. One of the reasons they opposed the package was that it had no hands-on training—so, in other words, there was no practice in roof cavities; there was only classroom type teaching. And guess what? The first casualty was somebody who clearly did not know how to deal with heat in a roof cavity and succumbed. I understand that no warnings were given about training regarding electrical wiring, stapling, covering downlights or things of that nature. It was just classroom training in theory, as opposed to getting the workers up into the roof cavities to show them what they might be actually experiencing in real life and the sorts of situations they might face. Are you able to shed any light on that, Ms Taylor?

**Ms Taylor**—No, I am not. We have not heard from the ITABs at all in this process. The issues about the quality of training and whether the training is of the right quality are matters for the state regulators; they are not matters for us. The appropriateness of the training is a matter really for the ISC in consultation with—

**Senator ABETZ**—As I am informed, each state ITAB in fact advised their state government to oppose it, but there were certain political imperatives that led the state governments to write in to say that this package was approved. Are you able to tell us anything about that?

**Mr Griew**—The first thing, as we said, is that in the department's records we are confident that we do not have correspondence or communication from ITABs to that effect.

**Senator ABETZ**—Normally, they would not have written to you; is that right? Because they go to their state body who then write—

**Mr Griew**—I think it is important to understand. Are you talking about the training standard that applied from the commencement of the program on 1 July 2009?

**Senator ABETZ**—Yes, and then later.

**Mr Griew**—It is in respect of that?

**Senator ABETZ**—We will get into the later part—

**Mr Griew**—And the change in this standard that was applied in February 2010?

**Senator ABETZ**—Yes.

**Mr Griew**—Yes. The package of these competencies applied in 2009 was applied as a condition of participation in the program by DEWHA. That is the nature of the requirement in the program post 1 July. The standard for 2010 went through the National Quality Council in the normal way, and if there had been objections from state governments I am fairly confident that we would have known about it.

**Senator ABETZ**—No, there were not objections from state governments. The local ITABs objected to their state governments, but when the state governments then communicated to the national body they all fell in line. I do not blame you for that; I am just wondering if you have any knowledge of that.

**Mr Griew**—No, we do not.

**Senator ABETZ**—Which is fair enough because in the normal course of events you would not be, so it would be more for state parliamentarians to pursue at the individual state levels as to what the ITABs did and to whether the then state governments ignored their ITABs' advice to pursue some other agenda. I suppose you would not be aware then whether the CFMEU itself opposed the training package. Was that ever drawn to your attention?

**Mr Griew**—Certainly not that the CFMEU opposed the training package. There were meetings that the CFMEU representatives attended, hosted by DEWHA, in the development of it, which were with all industry stakeholders, training bodies, industry skills councils and so on. I had no understanding of the CFMEU expressing opposition to the package then. Subsequent to the first unfortunate death in the program, there were meetings that Minister Garrett held with stakeholders, including the CFMEU—which we would not be the right people to ask about—where they will have expressed views about what needed to be done, for sure.

**Senator ABETZ**—As I understand it, Mr Lindsay Fraser of the CFMEU in fact met with Mr Garrett. And, of course, DEWHA did not know about it because everything had gone to climate change, and when we go to climate change we get, 'Sorry, you would have to ask DEWHA about that because Minister Garrett isn't our minister.' And we come along here and we are getting a similar situation, but that is—

**Senator Carr**—You cannot ask these officers about a meeting with Minister Garrett; I mean, that is not reasonable.

**Senator ABETZ**—No, only in the event that they got to hear about it through some interdepartmental memo or something of that nature, and if they have not, they have not. We move on. You do not know who decided that the training should go to the property services side as opposed to the construction side?

**Ms Paul**—We do not know whether it did, I think is what Ms Taylor said.

**Senator ABETZ**—Well, if you do not even know that, that is fair enough and I accept that.

**Ms Paul**—We know that the componentry in the training package came out of the construction side, in a technical sense, but we do not know who undertook it.

**Senator ABETZ**—Did any of the officers attend the first meeting where the package was starting to be developed? Was that held at the DEWHA offices?

**Ms Taylor**—That was organised by DEWHA, but we had some officers at that workshop.

**Senator ABETZ**—So a workshop?

**Ms Taylor**—Yes. As I understand it, it was a workshop in May.

**Senator ABETZ**—We are talking about the first one. At that first workshop the urgency of getting this out was highlighted, wasn't it?

**Mr Griew**—Can I add a bit of detail to what Ms Taylor said? The May workshop was, as I understand it, a discussion with stakeholders of the componentry that might go in the final package. That was the condition of participation. That would have been after meetings held by DEWHA, sometimes with our department's participation with the Industry Skills Council as

they started doing the preparatory work towards the range of options that could be considered. The May meeting would have been some way into the process.

**Senator ABETZ**—Thank you for that clarification. At any of the meetings was the issue of urgency pursued and raised by DEWHA officials?

**Mr Griew**—Not specifically to our knowledge. The issues that have been reported to us by the officers that we have spoken to have been about being concerned to make sure, against the background that this was a largely unregulated sector, that the training package was going to lift the standards to the right level and there was going to be the right mix of skills obtainable by the people that wanted to get into the program.

**Senator ABETZ**—Were there no reports to you at all as to the importance of rolling this program or package out in an urgent manner?

**Mr Griew**—Let us be clear, this was a stimulus package, so all of the development of the program was against a context that there was a tight time frame. I think that context is clearly on the record from the key officers at DEWHA who have given evidence.

**Senator ABETZ**—Not urgency, but a tight time frame. I will adopt that language. The tight time frame was mentioned by DEWHA at those meetings; is that correct?

**Mr Griew**—The accounts that I have had of those meetings were that it was not so much framed against a tight time frame as that the tight time frame was apparent to everybody in the work that had to be done. As I understand it, these meetings were focused in a pretty businesslike way with a wide range of stakeholders on getting the right balance in the packages.

**Senator ABETZ**—I am told these packages usually take a good 18 months or more to develop and this one was developed very quickly, but if you say there was the overarching tight time frame understood by everybody, then I suppose DEWHA did not need to say anything about that.

**Mr Griew**—Ms Taylor made the point that the package was put together from pre-existing components and it is the development and consulting of those components that usually accounts for the length of time in putting an entire package together, at least substantially.

**Senator ABETZ**—Is this your official advice to this committee, or is it just a supposition?

**Ms Paul**—We are advising that the componentry was drawn from existing components. It is the fact of the process that it is the development that takes the time.

**Senator ABETZ**—If you get a wheel or two and put it onto a body of some car, if it is a tractor wheel put on to a car, then the car might not go very well. You say, ‘This all should have worked perfectly because we got existing componentry,’ but the existing componentry clearly did not mix and match, because we have four deaths, serious injuries and certain house fires to prove that. Time is running out. I would like to ask if you were ever aware that some very reputable registered training organisations refused to be involved in this training because they thought it was substandard?

**Ms Taylor**—No, I am not aware of that.



**Senator ABETZ**—Even the local ACT Master Builders Association’s commentary in the local media at the time did not attract your attention?

**Ms Taylor**—No. I am not sure what specific time you are referring to, but that has never been raised with me or been in the considerations.

**Senator ABETZ**—When was the first request made for the skills set to be developed? Do we know the date of that?

**Ms Taylor**—I think that was in February 2009 when we had our first contact with DEWHA.

**Senator ABETZ**—When was the package finalised ready for delivery?

**Ms Taylor**—The elements of the package was in May, I think the end of May.

**Senator ABETZ**—We did this in a very tight time frame of three months, as opposed to the normal 18 months. In May 2009 it was finally approved.

**Mr Griew**—I would like to return to the clarification point I made before. The key decision for the 1 July 2009 training package was a decision that participation in the program would require that key staff involved in insulation installation had met specific requirements. Two out of three of those sets of requirements were based on prior qualification or experience and one out of the three was based on participation in a training package that consisted of prior training components. This is a very different process from what you are referring to, which would be characterised as the development of those components. That had already been done. This was the decision about how people could participate in the program.

**Senator ABETZ**—We can be agreed that this was a very different process. Can you tell me when this package was sent to the various state ITABs for their consultation and consideration?

**Ms Taylor**—There are two elements here. The second one that you are referring to has gone through the NQC process. That is the most recent development of the training package, which commenced towards the end of last year.

**Senator ABETZ**—I was given dates of February 2009 and May 2009 by Mr Griew.

**Mr Griew**—I will try to be clear because it relates to the answer that I just gave you. In the lead-up to the commencement of the program on 1 July 2009 DEWHA was seeking to get clearer a decision about what qualifications or experience key workers in companies would have to have for those companies to participate as a condition of funding, if you like, in the program. They did not seek to develop a new training package. They wanted to make clear that workers would either have to be tradespeople in the relevant trades, have worked in the industry for two years or have completed a combination of three elements of pre-existing training packages. There was no development of new training components here which would have required the involvement of the NQC or the whole consultation process, which is what normally takes the time.

**Senator ABETZ**—Who made the decision that these three components picked from wherever would be sufficient if the National Quality Council was not involved to vet it to say that was—

**Mr Griew**—The elements of the package had been parts of packages that had been approved previously. They were using prior construction industry standards.

**Ms Paul**—They had already been through the NQC process.

**Senator ABETZ**—They were taken out of other standards and put together—

**Ms Paul**—Yes, which would have been through the NQC process.

**Senator ABETZ**—which did not, as of necessity, make for a full training package. I trust we believe it was not a full training package, given what has occurred since, or are we saying that this was a wonderful way to develop a training package because we have only lost four people, injured a few others and burnt 150 houses down?

**Senator Carr**—That is a bit rich, even for you.

**Senator ABETZ**—Are we saying this is a normal way to go, just plucking these components out without checking them to make sure that the right components—how do we know that those three components were sufficient? Clearly they were not.

**Mr Griew**—Rather than go to questions of opinion, the questions of fact here are that the department of environment contracted the appropriate industry skills council who are the experts in training packages, who provided advice as to the existing construction training components that they would advise be put together. That was consulted at a major workshop in May that Ms Taylor has referred to, and subsequent to that the relevant senior DEWHA decision maker will have approved that those were the requirements that would be the subject of participation in the program. I do not think we can be any clearer than that. That was the process.

**Senator ABETZ**—It is startlingly clear.

**Mr Griew**—Subsequently, a new package, which is the development process to which you were referring previously, has come to a head, which brings together those packages and some other elements in a new package for consideration.

**Senator ABETZ**—And some other elements. Does it include elements apart from those three components that you previously referred to?

**Mr Griew**—Yes, and that is on the record.

**Senator ABETZ**—Is that because those three components were deemed to be insufficient and, therefore, it should never have been approved in the first place and that this department, like all the other departments, simply wants to wash its hands of the responsibility?

**Ms Paul**—No.

**Senator ABETZ**—They said it was a normal process; they plucked three components out and that was good enough.

**CHAIR**—The officers have taken you through the factual process.

**Senator ABETZ**—And there are many facts.

**CHAIR**—As I have always said on these committees, you can form any opinion that you like, but the *Hansard* evidence is the evidence of the committee. Senator Cormann.

**Senator CORMANN**—I would like to ask a series of questions around the National Agreement for Skills and Workforce Development. Is that the same officers? Can you confirm with us how much the value of this agreement is per year from the Commonwealth's point of view?

**Mr Walters**—Mr McAuslan will help us with this.

**Mr McAuslan**—The funding under the agreement annually is about \$1.35 billion.

**Senator CORMANN**—Is it fair to say that over the past decade the Commonwealth's contribution in this sector has progressively increased?

**Mr McAuslan**—Yes.

**Senator CORMANN**—You enter into these agreements with all of the states and territories in order to make sure that all parties are properly contributing their share to the overall objective of developing skills in the workforce for Australia's future needs; is that right?

**Mr McAuslan**—Yes, that is right.

**Senator CORMANN**—How do you make sure that, as the Commonwealth increases its share of funding, the states do not reduce their funding commitment to the vocational educational and training sector at the same time?

**Mr McAuslan**—It is probably worth while giving you a little bit of background to what is covered in our new skills and workforce development agreement.

**Senator CORMANN**—I have it here, so do not go through the agreement.

**Mr McAuslan**—I will not take you through the whole thing, but I think there are a couple of principles that are worth while taking you through. One is that there is agreement with states and territories, through this agreement, to a base level of funding that is provided by the Australian government. There is agreement that states and territories will deliver an agreed level of enrolments on an annual basis, and that is based on the average of 2005, 2006 and 2007 delivery under previous agreements. There is also agreement in relation to qualification completions. That is based on an average of 2004, 2005 and 2006.

**Senator CORMANN**—What you are saying is that there is an agreement around a range of outputs and I am going to go through those in a moment. But you do not have a specific agreement around the state and territory governments' share of funding, do you?

**Mr McAuslan**—That is correct. In this particular agreement there is not a specified amount for states and territories to contribute but, as I have said, there is a commitment from states and territories to continue to deliver training at a particular level. There is also under the agreement a requirement for states and territories to provide information for performance reporting purposes which is reported in the annual national report of the national training system. That will be provided or available around the end of the year, somewhere between October and November. There is also agreement with states and territories that they will continue to contribute to a financial report on contributions that are made by the various parties to the agreement.

**Senator CORMANN**—When you say that in this particular agreement there is no requirement for the states and territories to commit themselves to a particular share of funding, when did that change?

**Mr McAuslan**—That changed as part of the renegotiation of agreements across the board in the Commonwealth, including this agreement. You will actually find that there are not any figures for the Australian government contribution in this agreement, either.

**Senator CORMANN**—I am interested in this agreement that relates to the vocational education and training sector. I guess I am keen to understand whether increased contributions by the Commonwealth to vocational education and training actually mean increased resources for vocational education and training nationally, and that it is not just a shifting, I guess, of the Commonwealth putting more money in and the states taking it out. Nothing that you have told me so far gives me any comfort that the states are not doing exactly that and that the Commonwealth is not just putting in more resources and the states are taking their resources out. It may not be all states, but nothing that you have told me so far gives me any comfort. It really all turns on those outputs, doesn't it?

**Mr McAuslan**—It does turn on the outputs. Under the current agreement the growth in funding from the Commonwealth is purely by virtue of indexation that is provided by the Commonwealth under that agreement. The other thing I think you need to be aware of is that under the new arrangements for the states and territories we have funding under the national agreement. We also have related expenditure under a national partnership for the Productivity Places Program, which is where the growth in funding is, and is—

**Senator CORMANN**—This most recent agreement started from 1 January 2009—is that right?

**Mr McAuslan**—That is correct.

**Senator CORMANN**—That means we are 17 months in. How have you been monitoring compliance with the outputs that the states and territories committed themselves to under this agreement?

**Mr McAuslan**—Under this agreement and many agreements before it there has been agreement that states and territories will provide data to the Commonwealth by the NCVER on an annual basis. Part of that system—

**Senator CORMANN**—Now that you no longer require a certain commitment to a share of funding from the states, I guess it is fair to say that these output measures and compliance with these output measures have become much more important. Hasn't there been a change in the way you measure and ensure compliance with the outputs that the states and territories have signed up to?

**Mr McAuslan**—There has not been a change in that arrangement. The agreement is that we get information annually from the states and territories. We will get that information in July in relation to 2009 performance. That is the first opportunity for us to look at performance under the agreement. As I said earlier, we also get from states and territories under the current arrangements, which are also the arrangements that have applied previously, a report from each state and territory on their continuing investment in the national training system.

**Senator CORMANN**—What is the most current data you have in terms of numbers of enrolments in vocational education and training?

**Mr McAuslan**—The latest figures we have are for 2008.

**Senator CORMANN**—Is that up until 31 December 2008?

**Mr McAuslan**—Correct.

**Senator CORMANN**—There is no data yet at all under the agreement that has been entered into as part of this new arrangement?

**Mr McAuslan**—That is correct.

**Senator CORMANN**—You would not be able to tell me whether states have complied with the number of enrolments, the number of course completions or the number of unit model completions? You would not be able to tell me about that right now?

**Mr McAuslan**—I will not be able to tell you that right now, but certainly later on in the year we would be very happy to provide you with that information.

**Senator CORMANN**—That means that by the time you get the data we are sort of two years down the track?

**Mr McAuslan**—That is right.

**Senator CORMANN**—In practice what would happen? If states and territories have done what people in the industry are suggesting to me they are doing, which is taking resources out of vocational education and training as the Commonwealth puts more resources in, what would be the consequence if that leads to them not meeting the outputs that they are committed to? What would happen?

**Mr McAuslan**—As well as signing up to what is in the national agreement, states and territories have signed up to some fairly substantial targets under the COAG arrangements, so there are—

**Senator CORMANN**—They are targets to 2020, aren't they? They are targets for 2009 to 2020?

**Mr McAuslan**—There are targets to 2020—

**Senator CORMANN**—But under this agreement there are outputs against which states and territories should be measured for every single year; aren't there?

**Mr McAuslan**—There are. We will be monitoring those once we have actually got access to the information. But the other thing I think is worth mentioning is that, through the ministerial council which is now for tertiary education and employment, and through the National Senior Officials Committee, we regularly discuss with states and territories the approaches that they are using to try to contribute to the COAG targets to actually address the skills needs in their jurisdictions. It is an ongoing process, as it has been in the past. The arrangements have not changed substantially in terms of the availability of the data but—

**Senator CORMANN**—I have already said, and I think we have already established, that the Commonwealth commits itself to its fair share of funding; states no longer commit themselves to theirs. The only measure by which you can sort of say whether the states are

doing the right thing is by looking up how they are performing against the outputs they committed themselves to. You do not find out that information until well down the track. My question again is: what is the consequence if you find well down the track that states and territories have not come good on their side of the bargain?

**Mr McAuslan**—I think we will have to look at the consequence when the time comes. We do not have any punitive measures in the agreement. We have collaborative arrangements with states and territories to work towards the achievement of these long-term targets and, through negotiation and consultation with states and territories, we will basically work through the issues.

**Senator CORMANN**—What you are saying is that this is like an aspirational document; this is what you want to work towards. But if the states and territories do not come through with this, it is not a problem; you would try to do better next time.

**Ms Paul**—It is a partnership. To be clear, it has always been the case that outputs and outcomes are absolutely important. That is why Mr McAuslan is quite rightly saying the data requirements have not particularly shifted, because even when there were controls over the inputs—that is, as you point out the number of dollars the states had to put in—they could have been inefficient. One state might have had a very high unit cost, or whatever, or low efficiency. It has always been the case that we have been interested in outputs and outcomes. Under the current federal financial arrangements, if the Commonwealth were not satisfied on receipt of this data, then it is of course open to the Commonwealth through the government to consider renegotiating the partnership. What would happen if we see some really bad performance—which I cannot imagine we will, actually—is that we would have to think of the range of options to put to government for their consideration as to renegotiating the partnership, changing the financial—

**Senator CORMANN**—You have not thought about that up-front? You have entered into an agreement. There is \$1.35 billion of Commonwealth money attached to it each year. In exchange the states do not have to sign up to conditions. But you have not actually thought about what it is that you will do if the states and territories do not come good on what they signed up to?

**Ms Paul**—Essentially you would be renegotiating the partnership in some way. Whether that goes to funding or whether it goes to other requirements would be a matter for government and a matter for what the problem might be.

**Senator CORMANN**—If I wanted to know about the number of enrolments in vocational education and training, as to how many of them are user choice and contestable as opposed to the public and private split, would you be able to provide that data for me?

**Ms Paul**—Yes, we can do that.

**Senator CORMANN**—And the most recently available data to the end of 2009?

**Mr McAuslan**—We have provided that data to you already in relation to a previous question that you raised with us. We do not have any new data to add to that.

**Senator CORMANN**—Essentially the latest data up to 200.

**Mr McAuslan**—Our understanding is that the states and territories are still offering up funding on a contestable basis, and that is not likely to change.

**Proceedings suspended from 6.00 pm to 7.30 pm**

**CHAIR**—We will recommence the estimates hearings. We are now in Program 3.5. Do we have questions in 3.5?

**Senator CORMANN**—Yes.

**CHAIR**—Senator Cormann.

**Senator CORMANN**—The Productivity Places Program is not a very old program. It started on 1 April 2008, but it seems to have had things added and emphasis changed with money added and money taken away. You do not seem to be getting it quite right. Is that the reason? Can you talk us through all of the iterations and what has happened in its short history?

**Ms Paul**—Yes, we can. The short summary of what we have done is largely around trying to respond, as best we can, to the global recession, but the experts can take you through it step-by-step as to what has happened.

**Ms Taylor**—Yes, there have been some changes to the program. Early on it was to respond and change the focus from the greater proportion of existing workers to job seekers. We talked last time about this. We have provided more flexibility for the state delivery of PPP to be able to respond to those particular needs in each state. If there are priority regions or priority occupations we have worked with the states and territories to introduce some flexibility into PPP while maintaining the overall target of the training places.

**Senator CORMANN**—Was the original allocation for five years?

**Ms Taylor**—Yes. It was a five-year program from 2008 in calendar year, so that is 2008, 2009, 2010, 2011 and 2012.

**Senator CORMANN**—You are taking \$375.9 million away from it in 2013-14. How can you take money away that was not allocated?

**Ms Taylor**—There is an agreement for the five-year program. That agreement is with the states and territories. There was funding past that, but that would be subject to either a further agreement with the states or a decision of the government about what to do with the program at that time.

**Senator CORMANN**—So, the \$375.9 million is essentially money that you are taking out of the 2013-14 financial year and bringing it forward?

**Ms Taylor**—Yes.

**Senator CORMANN**—So, that is essentially what is happening?

**Ms Taylor**—Yes.

**Senator CORMANN**—What is going to happen in 2013-14?

**Ms Taylor**—That will be a matter for the government to decide as we get closer to that date.

**Senator CORMANN**—So, it is an accounting mechanism to boost your funding now, taking it out of your out years?

**Ms Taylor**—The funding is being directed towards programs that were announced as part of the budget with the Skills for Sustainable Growth package, which goes over several years. It is not just for 2010-11. That provides funding over a number of years for a number of initiatives.

**Mr Walters**—We would not describe it as an accounting mechanism.

**Senator CORMANN**—You have taken money.

**Mr Walters**—It provides for real money to be spent at a much earlier point in the cycle.

**Senator CORMANN**—You will not have any money for training down the track.

**Mr Walters**—As Ms Taylor said, that will be a matter for the government to decide nearer the time.

**Senator CORMANN**—If the government in 2013-14 wants to maintain the same level of service they would have to put that money back in.

**Mr Walters**—Or find it from somewhere else.

**Senator CORMANN**—That is what I am talking about with the accounting trick. You are spending money from three or four years away today to boost the next financial year.

**Ms Paul**—To address some high priorities now. That is right. That is exactly what has happened. If PPPs, as they are currently constituted, are to continue into that year, there will be a decision required.

**Senator CORMANN**—Do you expect the need for this type of training to reduce moving forward?

**Ms Paul**—It is hard to tell. This is subject to a national partnership, and the end of the national partnership comes within this period. We will need to work with the states and territories to work out what the next step should be, and of course we will need to look at the results of it as well. It is a bit hard to call.

**Senator CORMANN**—What I am hearing you say is probably not, but we need to figure out who is going to pay for it.

**Ms Paul**—I am sorry?

**Senator CORMANN**—What I am hearing you say is probably not, but we will need to figure out then who is going to pay for it.

**Ms Paul**—It would be a matter for government to consider.

**Mr Walters**—It also depends on the economic circumstances at the time, because some of these enrolments are for job seekers and it depends on the landscape around unemployment at the time and how many jobs are out there.

**Senator CORMANN**—How much is being spent in total on the PPP program with all of the additions and deletions? Can you give us a bottom line of what the PPP program's overall allocation is?



**Ms Paul**—Yes.

**Ms Taylor**—The five-year program is \$2 billion over five years.

**Senator CORMANN**—What was the original announcement?

**Ms Taylor**—\$2 billion over five years.

**Senator CORMANN**—Is it still \$2 billion over five years today?

**Ms Taylor**—Yes, \$2 billion over five years.

**Senator CORMANN**—When announcements have been made about additional training places under the PPP program is that still within the \$2 billion over five years envelope?

**Ms Taylor**—There is \$2 billion over five years, which is the PPP program. The 2013-14 funding is coming forward to be directed to other elements of the Skills for Sustainable Growth package.

**Senator CORMANN**—The Deputy Prime Minister announced some additional places for the mining and resources sector. Does that come out of that \$2 billion or is that on top of?

**Ms Taylor**—That is on top of. That is the Critical Skills Investment Fund that you are talking about?

**Senator CORMANN**—I do not know. The way it was announced was that it was part of the PPP program. Hence my question. I am getting very confused as to what is involved in all of this. There are pots of money being announced left, right and centre. Some of it appears to be shifts in emphasis from within the existing fund and some of it I am not sure.

**Ms Taylor**—There is \$2 billion in the PPP program. That is the 711,000 places and a five-year program. Within that a number of flexibilities have been introduced as part of the offer of cashing out the 2011-12 year to introduce more flexibilities.

**Senator CORMANN**—That is the sweetener to the states that we were talking about earlier?

**Ms Taylor**—That is right. That is what we were talking about earlier. You then have the funding that is being brought forward from 2013-14. That is directed at the Skills for Sustainable Growth package. There are a number of elements in that. One is the Critical Skills Investment Fund, which is \$200.2 million.

**Senator CORMANN**—So, are you saying that is still part of the \$2 billion?

**Ms Taylor**—No. That is not part of the \$2 billion. The \$2 billion is the PPP program. You then have the money that is brought forward.

**Senator CORMANN**—So, the money that has been brought forward is not part of the \$2 billion?

**Ms Taylor**—No.

**Senator CORMANN**—So, that is the \$375.9 million?

**Ms Paul**—In effect, the money brought forward is from year 6. The program was actually year 5.

**Senator CORMANN**—I am with you now. So, the announcement that the Deputy Prime Minister made about additional places for the mining and resources sector is part of the money brought forward?

**Ms Taylor**—Yes, it is part of the money brought forward.

**Senator CORMANN**—She announced that well before the budget.

**Ms Taylor**—Sorry, I am misleading you. You are talking about the Enterprise Based Productivity Places Program.

**Senator CORMANN**—Yes.

**Ms Taylor**—I was getting confused.

**Senator CORMANN**—Yes, it is the EBPPP.

**Ms Taylor**—Now I am with you. That is part of the overall \$2 billion. That comes from the allocation that the Commonwealth has.

**Senator CORMANN**—We are getting somewhere now. One of the criticisms was that there were not many places. Out of those 711,000 places, how many of them were for training in the resources sector under the original announcement? It was a small number, was it not?

**Ms Taylor**—They are not allocated per sector. It depends on demand. In the resources or mining sector to date more than 2,000 places have commenced for specific mining qualifications.

**Senator CORMANN**—Out of how many?

**Ms Taylor**—There have been 208,800 commencements to date.

**Senator CORMANN**—That is an incredibly small number, given that there are skills shortages in the mining and resources sector. That is less than one per cent.

**Ms Taylor**—That is for specific mining qualifications. However, there are around 10,000 commencements that are in occupations that could be used in the resources sector.

**Senator CORMANN**—The most recent research that I am aware of is the NCVER study, which put out a report in December 2009—and we have talked about this before—finding that less than half of the graduates found employment and out of those who did only one in five found employment in the area that they received the training in, which means that probably a lot of them would have found employment anyway. This goes to the question as to whether there is the right match up between the training that is being provided and the needs in the market. Are you satisfied that we have got that right, in terms of matching training under the PPP with the actual needs in the marketplace?

**Ms Taylor**—As we discussed last time, for the job seeker component that training is channelled or directed through a Job Services Australia member. They are operating in the local market and responding to local demand from employers. The training that they are directing job seekers to is in response to what is happening in their local market.

**Senator CORMANN**—Sometimes the job might not be in the local market. For somebody in Western Sydney, if they were trained in something that was actually required, even if it is in

another part of Australia, then it might be more useful. Do you have more recent data on the outcomes around the PPP?

**Ms Taylor**—No. We are collating the annual report, which will be made public on PPP. That is information that has come from all of the states and territories.

**Senator CORMANN**—When will that happen?

**Ms Taylor**—That will happen in the next few months. We are verifying some data. We have gone back for additional data and we are collating that at the moment.

**Senator CORMANN**—Was the money that was made available to deal with the fallout from the home insulation fiasco also part of the \$2 billion?

**Ms Taylor**—Yes. It is part of the structural adjustment places component of the PPP.

**Senator CORMANN**—That was a decision that was made two or three months ago. Presumably you are shifting funds from one part of PPP to this new need?

**Ms Taylor**—No. We have had a pool of funding available for structural adjustment places. It depends on the demand for those. We have not used all of those places that we had in the pool for structural adjustment places, so we were able to respond. There were sufficient places.

**Senator CORMANN**—You used or you had not used?

**Ms Taylor**—We had not used. We were able to respond to that situation.

**Senator CORMANN**—So, you predicted that something like this was going to happen, and you had enough spaces ready to go?

**Ms Paul**—In the context of the global recession, we predicted that there would be—

**Senator CORMANN**—But there has not been presumably, because you have been able to use them just for those workers who had lost their jobs.

**Ms Paul**—We have not used them all. That is correct.

**Mr Walters**—Unemployment is not as high as it was forecast.

**Senator CORMANN**—Have you conducted a review into the PPP?

**Ms Taylor**—The review is still continuing and we discussed this last time. Part of the review—

**Senator CORMANN**—I am looking at whether there have been some updates. You have discussed parts of this at a ministerial council meeting. Has there been an interim sort of report on this?

**Ms Taylor**—No. Part of the issue has been about the data, and I mentioned that just a while ago. We have been relying on data coming in from the states, which is part of the annual report but it is also going to informing the review. We have gone back to the states on several occasions to clarify some of that data, to verify it and to seek some additional granularity around that data, so that we can get a picture of what is happening in PPP. We are about to finalise that. NCVER are doing that work for us and they are about to finalise their report, I understand, to give to the review committee. Once that report is received, the committee will consider that and the work of the consultants.

**Senator CORMANN**—So you have got parts of the PPP funding now that are going to the states and then you have got parts that are going to industry skills councils as part of the EBPPP. Is there anybody else or are they the two sources?

**Ms Taylor**—They are the two sources. The Commonwealth also has the structural adjustment places. The EBPPP is controlled in the Commonwealth part; that was retained by the Commonwealth.

**Senator CORMANN**—Sorry; the EBPPP is controlled by whom?

**Ms Taylor**—The Commonwealth makes those allocations to the industry skills councils. They do not come from the component that is there by the states. There is also a component of PPP that is used for places in the NEIS, the New Enterprise Incentive Scheme, and I can get the figure for that number of places if you like.

**Senator CORMANN**—There are a lot of schemes going on everywhere, are there not?

**Ms Taylor**—It is a very flexible program.

**Senator CORMANN**—Very flexible or very complicated to find your way through it if you are trying to get access to the services. Out of the \$2 billion, how much is going to the states and territories and how much is going to industry skills councils?

**Ms White**—As to the national partnership agreement with the states and territories, the funding across the agreement is \$973.853 million. In terms of enterprise based PPP, we have released round 1 of that element, and I can get you that figure. The Commonwealth, through the ISCs, is funding \$37.892 million in round 1 of the enterprise based component, and industry has input into this. This is a co-investment part of the program.

**Senator CORMANN**—So at this stage we are up to \$1 billion. There is still \$1 billion to go.

**Ms White**—Yes, I can break the program down.

**Senator CORMANN**—No, what I am saying is there will be \$2 billion over five years. You have given me \$973 million to the states, \$37.8 million—

**Ms Taylor**—There was the Commonwealth delivery prior to it going to the states, so we have got those—

**Senator CORMANN**—How much was that?

**Ms White**—As to the break-up of the program, currently, following the budget, the total program funding is \$1.97870 billion, which is rounded to \$2 billion. The \$973.853 million to the states and territories, and the \$996.382 million are the Commonwealth components, one of which is that enterprise based PPP.

**Senator CORMANN**—Let us take them in parts. How much of the Commonwealth component is going to the industry skills councils and how much of it are you directly administering?

**Ms White**—As to the industry skills councils, the announcement from the Deputy Prime Minister was for \$50 million.

**Senator CORMANN**—When was that? I have got an announcement here for \$25 million.

**Ms White**—I think it was about 29 March.

**Senator CORMANN**—So that was another one.

**Ms White**—I do not have that date in front of me. She announced \$50 million. We have divided that into two rounds of funding. Round 1 is \$37.892 million. The submissions for round 2 closed on 14 May and a decision on successful submissions has not been made yet, but there is around \$10 million in funding left there to bring it up to the \$50 million.

**Senator CORMANN**—We have about \$980 million to the states and we have about \$50 million to the industry skills councils. There is still \$950 million that is sitting there somewhere.

**Ms White**—We have the NEIS, which Ms Taylor talked about—the New Enterprise Incentive Scheme. There is funding going into that scheme over several years of—

**Senator CORMANN**—How much?

**Ms White**—I will just look that up for you. It is \$98.5 million.

**Senator CORMANN**—So we are now at about \$860 million.

**Ms White**—Structural adjustment places, \$26.433 million.

**Senator CORMANN**—With the NEIS, who is actually providing the service? Are you contracting private providers for that?

**Ms White**—There are two parts to NEIS. One is registered training organisations who are contracted to DEEWR to deliver the training. There are two qualifications that they deliver, small business qualifications.

**Senator CORMANN**—This all comes under the PPP \$2 billion umbrella?

**Ms White**—Yes, it is does, as part of PPP. The other side of NEIS is that there is income support and so on for NEIS participants, which is not covered in our \$2 billion. That is covered in the employment part of the portfolio. For structural adjustment places, there is \$26.433 million. The Commonwealth also, before the states and territories came on board, was delivering job seeker places.

**Senator CORMANN**—How much did you spend on that?

**Ms White**—The budget is \$293.976 million.

**Senator CORMANN**—How much did you spend?

**Ms White**—I am not sure I actually have that figure with me. I know how many places.

**Ms Taylor**—Can we take that on notice?

**Senator CORMANN**—If you can provide that on notice, that is great. So there is still roughly a bit more than \$500 million to go.

**Ms White**—The Victorian state government is not under the national partnership agreement. It is under a Commonwealth own-purpose agreement, and there is \$337.317 million in that agreement.

**Senator CORMANN**—\$337 million. That comes on top of the \$978 million that is going to all the other states?

**Ms White**—That is right.

**Senator CORMANN**—The states are essentially getting \$1.2 billion?

**Ms White**—That is correct. It is counted under—

**Senator CORMANN**—What the state of Victoria is getting under a bilateral agreement is equivalent to what the other states are getting as part of the national partnership agreement, is it?

**Ms White**—More or less. All I have is that that is the figure for Victoria.

**Senator CORMANN**—How much more or how much less?

**Ms White**—The states get different amounts of the \$973 million. That is actually in the NP itself.

**Senator CORMANN**—In terms of unit cost for equivalent services, they are getting different—

**Ms White**—I am not sure. I would have to take that on notice. Those things were worked out before I came to this position, but it is a different—

**Senator CORMANN**—I would be interested to see whether there is a comparison—obviously, comparing apples with apples and oranges with oranges.

**Ms Taylor**—We will take that on notice, because it depends on population, the number of places and so on.

**Senator CORMANN**—These things can be okay as long as there is a proper explanation for it. Is all of the money that is being given to the industry skills councils and the states and territories to be deployed in actual services or is there an administration cost component to it?

**Ms White**—For the states and territories there is no administration funding. That is funding that is put into training places. For the enterprise based PPP, there is a component of that funding which is actually for the ISCs to administer that element of the program.

**Senator CORMANN**—How much is that?

**Ms White**—I can tell you that. Just wait one moment.

**Senator CORMANN**—Is it a percentage or is it a figure?

**Ms White**—It is a fixed cost based on how many contracts they will be managing.

**Senator CORMANN**—Under these, are you not already funding the industry skills councils? You have boosted their funding significantly in recent times. Are they not getting roughly \$120 million?

**Ms White**—\$118 million. This is a different function for the ISC from what we fund them for in terms of training packages.

**Senator CORMANN**—Let us just explore that, because doesn't that \$118 million include \$56 million to provide advice on workforce development and skills needs and to essentially refer people to PPP training?

**Ms Taylor**—It is for what you say, but it is not for referring people to PPP. The entire amount of money—

**Senator CORMANN**—It is to manage referrals, isn't it?

**Ms Taylor**—The entire amount of the funding that goes to the ISCs predominantly is for the development of training packages. That is their prime purpose.

**Senator CORMANN**—The \$118 million is 100 per cent for the development of training packages, is it?

**Ms Taylor**—No. Then there are those other elements that you read out, which include advising on workforce development and skill needs in an industry sector. It is for consulting with industry. They do environmental scans. They do a report every year on their industry and the various sectors within it, looking at current and future skill needs. They are increasingly expanding their workforce development role—

**Senator CORMANN**—I am sure they are. They are getting a lot of money.

**Ms Taylor**—as a key to doing that. But what they are doing with EBPPP is managing a large number of individual contracts for these places with individual employers and organisations. That is not a function that is covered under their initial base of funding. It is an additional cost to them because it is an additional effort for them.

**Senator CORMANN**—Not meaning to jump all over the place, but can we get a breakdown in detail on notice?

**Ms White**—I have those figures here if you would like them.

**Senator CORMANN**—Which ones are they?

**Ms White**—For the ISCs for this EB.

**Senator CORMANN**—I will get to that in a minute. Can I just quickly put on notice that I would like a detailed breakdown of the \$2 billion package in terms of all of its subcomponents and a list of what goes where for what purpose. Is that okay?

**Ms White**—Yes, we can do that.

**Senator CORMANN**—That would be great. Now, in terms of the ISCs, they are getting the \$118 million and then they are getting, of course, funding under the Productivity Places Program. How much—

**Ms White**—I have those figures here. In round 1 the ISCs, between the 11 of them, are being funded \$1.89 million, and that is to manage 2,355 enterprises that are participating in this program. The individual enterprises will have contracts with the ISCs.

**Senator CORMANN**—So these are people who go to the industry skills councils and say, 'We want to take part in this'?

**Ms White**—The businesses had to put forward a submission to the department. They came through the ISC. Some businesses may just be taking one or two people and others may be taking more people in training than that. The idea is that the industry skills councils will manage contracts with those individual employers within their industry sector.

**Senator CORMANN**—These industry skills councils are like private companies, aren't they?

**Ms White**—They are private companies.

**Senator CORMANN**—They are not subject to public scrutiny to the same extent that you are?

**Ms Paul**—It is not a government statutory authority, for example.

**Senator CORMANN**—Say I am a business in the retail sector and I have about 20 employees and I would like to upskill my workforce; talk me through the process. What do I do?

**Ms White**—Under this program you would have been required to put together a plan for how you would upskill those workers. There were a range of criteria that had to be met in terms of industry contributions.

**Senator CORMANN**—When you say ‘had to’, it is too late, is it?

**Ms White**—There were two rounds announced and round 2 closed on 14 May. Yes, it is too late.

**Senator CORMANN**—What would I have had to do? I would have had to make a submission?

**Ms White**—You would have had to make a submission through the ISC to the department, and the submissions were assessed by a panel in the department.

**Senator CORMANN**—How many small businesses with 20 employees or fewer would do that?

**Ms White**—As I said, we had 2,355 successful applicants.

**Senator CORMANN**—How many of them are small businesses?

**Ms White**—I have the number of students broken down by employee numbers. Would that be helpful?

**Senator CORMANN**—What?

**Ms White**—There are 10,922 training places in those 2,500 businesses.

**Senator CORMANN**—You are saying there are about, what, 3½ out of every business that are participating?

**Ms White**—Yes, although some may have only had one person and others had more.

**Senator CORMANN**—I have to make a submission to get one or two or three of my staff—

**Ms White**—That is correct.

**Senator CORMANN**—How much paperwork is that?

**Ms White**—There was a template that was completed.

**Senator CORMANN**—How many pages in the template?

**Ms White**—I do not know. We will have to take that on notice.

**Ms Taylor**—We will have a look at that, but it depends on the size of what you are looking to do. I mean, if it is a very detailed and involved project that you are putting forward, obviously we would be looking for you to describe that. If it is a relatively simple—



**Senator CORMANN**—How detailed or involved can it be for one or two employees?

**Ms Taylor**—There are a set of guidelines where you have to outline what it is you want to do.

**Senator CORMANN**—In this \$2 billion program we have had two rounds; presumably, there is going to be a third round?

**Ms Taylor**—That has not been decided as yet.

**Senator CORMANN**—But there is still money left out of the \$2 billion, isn't there? It could be spent on something else, could it?

**Ms Taylor**—As we went through that breakdown of allocation, that is the allocation for the EBPPP at this point in time.

**Senator CORMANN**—Out of that \$2 billion how much money right now is unspent?

**Ms Taylor**—There is a proportion of it, because it goes out in stages to the states and territories. I can find out that figure and take that on notice.

**Senator CORMANN**—If you could provide us on notice how much money is unspent right now and how much of that money even though it is unspent is firmly committed and how much of it is not yet firmly committed? You have just said that you had not made a decision yet on the round beyond 1 and 2 for the things we have just talked about. Presumably there is a pocket, for example, there that is not yet committed?

**Ms White**—That is correct.

**Senator CORMANN**—Unless I was one of the 2,085 or so businesses that put in a submission, really my chance right now is gone in terms of upskilling my staff under the PPP program?

**Ms Taylor**—No, because there is still the existing worker component of PPP, which is administered through the states and territories. This was over and above that which is delivered through the states and territories.

**Senator CORMANN**—Let us focus on that. I am a business with 20 existing workers and I want to upskill my existing workers. What do I do?

**Ms White**—My understanding is that, if this is being delivered by states, you will go the state government website and you would be given the details of how you would go about that. It may be different in each state and territory. Some may have an application process in some way similar to what we have had in the Commonwealth. Others may have something where you just book into training places with providers. It will be different in each state and territory.

**Senator CORMANN**—From your point of view, you are quite relaxed about how individual states manage that in practice?

**Ms White**—Under the national partnership agreement it is up to the states to make decisions about how they will actually manage delivering the outputs under the NP.

**Senator CORMANN**—Do you monitor whether they meet certain targets or performance measures?

**Ms White**—They do have targets in the NP.

**Senator CORMANN**—Are they targets in terms of how many people are to go through or are they targets in terms of upskilling existing workers? What sorts of targets are they?

**Ms White**—There certainly are targets for both existing workers and job seekers.

**Senator CORMANN**—But are they throughput targets or are they qualitative targets?

**Ms White**—There are targets around skill levels, qualification levels and numbers to be achieved.

**Ms Taylor**—It is numbers of enrolments, commencements, qualification levels. Some states have priority skills that in that state are a priority, so they might direct more to that. Can I also say that the national partnership agreement is subject to the review and this issue will be raised as part of that. So, does the national partnership agreement currently allow maximum efficiency in that delivery? That is something that the review will be considering.

**Senator CORMANN**—Just going back to the ISC part of the funding, how do you make sure you get value for money in terms of the funding that you allocate to ISCs under this EBPPP? How do you make sure you get value for money?

**Ms Taylor**—We look at the contract that we have with the ISCs. We look at what they are required to deliver. We look at the places. We look at the qualification level.

**Senator CORMANN**—But it is not contested, is it? They are very sure; they know that this funding is for them? They do not have to compete with anyone for it, do they?

**Ms Taylor**—Yes, they do because it is a competitive round. It is not guaranteed that as an ISC I will get a certain number of places.

**Senator CORMANN**—Do you mean the different industry skills councils compete with each other for a share?

**Ms Taylor**—We looked at all of the applications that came in. They come through the ISCs, but they come from the employers. We look at all of those that are coming through that process. We do not say Agri-Food has got a certain number of places. We will look at all of those proposals to see who is delivering the best outcomes.

**Senator CORMANN**—If I am the most efficient organisation, if I am the best at putting together a submission to the department, then I am more likely to get more places rather than perhaps if I have a sector of the economy that has a higher demand for more people?

**Ms Taylor**—I was just about to go on and say that also part of what we would look at are the priorities, and those priorities, skills and the occupations that we have looked at and assessed on the priorities, skills and occupations is the—

**Senator CORMANN**—You are saying that they compete with each, but they are all different sectors of the economy. If I am in hospitality—whatever the name of the industry skills council is in hospitality—I know that whatever funding is allocated to hospitality I am going to get it? I will not have to compete with anyone, will I?

**Ms Taylor**—We did not start with a decision that said there is X amount of funding for hospitality or there is X amount of funding for this or that. We assessed all of the applications that came in.

**Senator CORMANN**—But how did you prioritise how much training money would go in the individual sectors?

**Ms White**—I have the evaluation criteria that we evaluated the proposals against. Would you be interested in running through some of those?

**Senator CORMANN**—Yes. The evaluation criteria are very interesting, but I am also interested in how you prioritise.

**Ms White**—Whether the qualification to which the proposed project relates was included on the POPPL. The POPPL is our acronym for the priority skills list that is used for the PPP programs, so what qualifications are in demand. The level of the qualifications proposed to be delivered is consistent with the guidelines, because there is a set of public guidelines on EBPPP. The extent to which the application demonstrated that a proposed participating employer had undertaken a training needs analysis or has a workforce development plan in place—

**Senator CORMANN**—I get the flavour of this. Maybe you could table the document. If you are happy to table it, please table it. But how do you make a decision on how much of the available funding goes into training for one sector of the economy versus another?

**Ms Paul**—I think the basic point is that they already had to be occupations in demand. That is your basic filter—

**Senator CORMANN**—Occupations in demand. How many occupations in demand are there on that list—20, 50, 100? Do not give me an exact number, just give me roughly.

**Ms White**—There is roughly about 600 and something, I think.

**Senator CORMANN**—How do you decide? Presumably you have not funded training for all 600 of those occupations on that list, have you?

**Ms White**—No.

**Senator CORMANN**—Exactly. So how do you decide? Assuming there are 600 occupations that are all eligible, how do you decide how much money out of this PPP through industry skills councils goes into this or that sector of the economy? How do you prioritise your weighting of funding for PPP training?

**Ms Taylor**—Part of it is about demand, and the demand expressed coming through those applications. As Ms White has said, we would also look at the qualification level.

**Senator CORMANN**—Do you adjust funding then to individual industry skills councils depending on how much comes through the door?

**Ms Taylor**—No. This was part of what I was saying. It is about where is the demand. Where is that demand matching in terms of the economy? Where is the demand matching in terms of the skill level that we are looking for and the qualification level that we are looking for, if we are looking to, as we are, increase the skill level of the existing workers? Are they at the higher level skills? All of that goes to assess all of the proposals, and we look at that in total.

**Senator CORMANN**—In terms of the money that went to industry skills councils, can you give us the percentages of how much went into which skills?

**Ms White**—Yes, I can give you the exact figures.

**Senator CORMANN**—How many? Is that a long list or is it a short list?

**Ms White**—There are 11 industry skills councils.

**Senator CORMANN**—Perhaps just read it in.

**Ms White**—The maximum amount an industry skills council could get for administration was \$200,000, and it is based on the number of places. The total was the \$1.891 million—

**Senator CORMANN**—Do not just give me the admin side.

**Ms Taylor**—You want the training?

**Ms White**—Skills DMC, which is the resources sector, was funded a \$200,000 admin fee. There were 1,548 training places, at a value of \$4.999 million. Construction and property services, 1,389 places at \$6.045 million; Agri-Foods, 633 places, \$2.951 million; Community Services and Health, 805 places, \$3.463 million; Government Skills Australia, 1,244 places, \$3.856 million; ForestWorks, 40 places, \$180,000; EE-Oz, which is the electrical ISC, 1,285 places, \$4.451 million; Service Skills Australia, 1,020 places, \$3.334 million; IBSA, 1,317 places, \$4.013 million—that is the ISC that deals with business services and so on; Transport Logistics ISC, 440 places, \$1.079 million; MSA, which is manufacturing, 1,201 places, \$3.519 million. Those government funding figures represent the money that is going directly to the RTOs to pay for the training, and the industry sectors put in the balance, which in total is about \$17 million.

**Senator CORMANN**—It goes to the RTOs—

**Ms White**—To deliver the training.

**Senator CORMANN**—Through the skills—

**Ms White**—That is correct.

**Senator CORMANN**—So none of them sort of deliver the training themselves. They all do it through RTOs?

**Ms White**—That is correct, and the applications would have had to list the RTO and the arrangements with the RTOs.

**Senator CORMANN**—They are essentially administering the program on your behalf?

**Ms White**—That is correct. They are administering this program. The money is actually going to training places, but we are paying the ISCs to administer it.

**Senator CORMANN**—Are you confident that there is nobody out there that in all of these individual sectors could administer these programs on your behalf more efficiently?

**Ms Taylor**—No, I think we would say that this is the most efficient method for us to administer this program. In dealing with so many different employers across so many different industry sectors, this is the most efficient method.

**Senator CORMANN**—If you are not part of the industry skills council sort of boys and girls club you would find it more difficult to get access to the sorts of things that are made available through all of this?

**Ms Paul**—They have a very broad base, though.

**Senator CORMANN**—Do they?

**Ms Paul**—Yes, they have the employer base, the employee base, the public sector base and they reach out into their industries.

**Senator CORMANN**—We had this discussion last time and I am not going to go through it all again, but they are private companies. They are not representative bodies. There is no requirement for them to stay in touch with their industry base. They are not elected. They are not representative. They are private companies that are organised like private companies.

**Ms Taylor**—I do recall a bit of our discussion last time. Except that their fundamental role, their core role, is to develop training packages, and so they have to be entirely in touch with industry practice and professional standards, because they have to develop the competencies to train people to come into their industry. They really have to be in touch and up to date with what is going on in their industry.

**Senator CORMANN**—Just going back through the review which has taken place, where are we at in the process now? You have been receiving submission, have you?

**Ms Taylor**—We did receive submissions. They are being considered. As you may recall, last time we engaged a consultant. We engaged several. One to undertake a stakeholder survey, Allens to do the overall project of the review, and NCVET to do the data requirements. As I understand it, NCVET are about to deliver their final report on that. Allens will receive that report and do the further analysis that is needed to compile that into a report to go to the steering committee. The steering committee will consider that and then refer that to the ministerial council. As I said, we are at the end of the process.

**Senator CORMANN**—When did you receive those submissions? What was the deadline for the submissions?

**Ms Taylor**—To my recollection, the deadline for submissions was March or April. I will confirm that.

**Senator CORMANN**—So, that would have been too late to be considered as part of the budget process? So, the submissions and the feedback you received did not influence some of the budget decisions?

**Ms Taylor**—We received some of the submissions at various times. Allens have given a presentation to the steering committee on some of the themes that had emerged from the submissions that had been received at a point in time as an update for the steering committee and the department. There was some information that was available at that time.

**Senator CORMANN**—Are these submissions that you have received public?

**Ms Taylor**—No, not as yet.

**Senator CORMANN**—Will they be public?

**Ms Taylor**—That will be a decision for COAG. Because this report ultimately goes to COAG.

**Senator CORMANN**—So, COAG has to make a decision as to whether the submissions by industry skills councils, peak bodies and interested—

**Ms Taylor**—And states and territories. It will all be part of the report that goes to COAG, so I cannot undertake that.

**Senator CORMANN**—I suspect this is part of the \$375 million that was brought forward. In the budget paper there is Skills for Recovery at \$300 million?

**Ms Taylor**—It is \$299.5 million.

**Senator CORMANN**—I am sorry, \$299.5 million. I rounded it up. Does that include the \$200 million for the Critical Skills Investment Fund based on the EBPPP model? Is that right?

**Ms Taylor**—It is for the Critical Skills Investment Fund. When we say ‘based on that model’, it is elements of the funding arrangement. This is a co-funding arrangement with industry, and so the EBPPP provides a good model for the co-investment model in terms of how we get that co-investment into training, depending on the size of the firm—

**Senator CORMANN**—How do you know it provides a good model? The EBPPP model is a very new model. It was only recently announced, with \$50 million to start off with. The review into the PPP overall has not been finalised, so how do you assess that?

**Ms Paul**—It is because the co-investment aspect has worked well.

**Senator CORMANN**—How do you know?

**Ms Taylor**—That is what I was talking about. The co-investment model as a model for a joint investment in training, where industry makes a contribution, that component—

**Senator CORMANN**—How much of a contribution is industry expected to make under this?

**Ms Taylor**—It will depend on the size of the firm under this model. A larger firm would be expected to make a 50 per cent contribution. This is in general terms. Can I say that the guidelines for the Critical Skills Investment Fund are still being developed, and so this is initial thinking. Very small firms are expected to make less of a contribution.

**Senator CORMANN**—How much?

**Ms Taylor**—Probably around 10 per cent.

**Senator CORMANN**—What is a small firm?

**Ms Taylor**—Again, that will be part of the guidelines that are being developed.

**Ms Taylor**—What is a small firm in the EBPPP model?

**Ms White**—Less than 100.

**Senator CORMANN**—As long as you have fewer than 100 you are small and if you have more than 100 are you large?

**Ms White**—If you have more than 200 you are large in EBPPP.

**Senator CORMANN**—So, between 100 and 200, you are medium?

**Ms White**—Yes, but it could be different.

**Senator CORMANN**—How much do you pay if you are a medium firm? How much do you contribute?

**Ms White**—For a large firm it is fifty-fifty. For a medium firm the Commonwealth will pay 75 per cent and the employer 25 per cent. For a small firm, the Commonwealth pays 90 per cent and the business pays 10 per cent.

**Senator CORMANN**—So, this is another pool of funds that is going to go into the industry skills councils?

**Ms Taylor**—Not necessarily. This is why I have said that the guidelines for how the fund will operate are still being developed. That may be one avenue through which funding is provided, but not necessarily the only avenue. There may be other organisations that are better placed to deliver some of these in a specific sector, such as the resources sector, the renewable sector or the construction sector. There will be an advertised round.

**Ms Paul**—You might be aware that in the budget announcement the government announced that an advisory board would be set up to oversee the workings of the Critical Skills Investment Fund.

**Senator CORMANN**—When it says that the Critical Skills Investment Fund is based on the EBPPP model, that is a very loose basis. What you are essentially saying is that it is going to be based on a cost sharing with industry model—is that right?

**Ms Paul**—That is correct.

**Senator CORMANN**—That would be a better way of describing it?

**Ms Taylor**—Yes.

**Senator CORMANN**—You are not planning to do it the same as it has been done on an EBPPP?

**Ms Taylor**—No.

**Senator CORMANN**—That is good to know. Moving on to the national regulator, how is it going? What is happening?

**Ms Taylor**—The national regulator has progressed since we last spoke. There has been a series of consultations that we have undertaken with a range of stakeholders. There are obviously the states and territories; state and territory regulators; industry; providers and industry skills councils. We are in the process of finalising, through the negotiation process, the drafting instructions and the intergovernmental agreement.

**Senator CORMANN**—Are you confident that you will meet the 1 January 2011 deadline?

**Ms Taylor**—We have said the deadline is April 2011.

**Senator CORMANN**—Has that been put back or was it always April 2011?

**Ms Taylor**—No, it has been put back to April 2011.

**Senator CORMANN**—So, it was January, initially, was it?

**Ms Taylor**—In the early stages it was 1 January—yes.

**Senator CORMANN**—I have had approaches out of New South Wales where people are telling me that the state regulator is getting ready to wind down the operation in anticipation of the Commonwealth taking over at 1 January 2011. There have been some concerns expressed to me that there will be a no-man's land situation. Can you reassure people?

**Ms Taylor**—Absolutely. We are having discussions constantly with all of our state and territory colleagues. One of the issues to be discussed and finalised is transition plans, which have not been finalised as yet. That has been on the table in discussions with our New South Wales and state and territory colleagues. There is a system to keep in operation and they are aware of that.

**Senator CORMANN**—In the budget papers it states that the regulator will be a partial cost recovery at first and will be transitioned to full cost recovery by 2014-15. Who will be paying?

**Ms Taylor**—The providers pay to be registered and audited, as is the case at present, to the regulators.

**Senator CORMANN**—Is that to the state regulators?

**Ms Taylor**—Yes.

**Senator CORMANN**—Is that private providers?

**Ms Taylor**—It is all providers.

**Senator CORMANN**—So, the state governments will have to fund this or they will have to pay a fee? How will the cost recovery work? Is it per student?

**Ms Taylor**—It depends on the size of the organisation.

**Senator CORMANN**—Does it?

**Ms Taylor**—Yes, it will depend on the size of the organisation.

**Senator CORMANN**—So, it is not the same fee on a per student basis? Is there a different formula?

**Ms Paul**—No, that would be the size of the student population. By 'size' we normally mean the student population.

**Senator CORMANN**—So, it is essentially a fee per student?

**Ms Taylor**—There would be a base fee.

**Senator CORMANN**—Mr Walters is saying yes.

**Mr Walters**—Yes. You have a base fee per student.

**Senator CORMANN**—What is happening in Victoria and the great state of Western Australia? Are they staying out of it?

**Ms Taylor**—No.

**Senator CORMANN**—Has that changed?

**Ms Taylor**—No. They are not referring powers. They have agreed to mirror legislation. Also, the Commonwealth or the national regulator will cover those providers who operate across jurisdictions and those providers with international students. So, even in Victoria and Western Australia the national regulator will have coverage of those two groups. There will be some providers who are regulated by the national regulator in those states. Victoria and WA have agreed to mirror legislation.

**Senator CORMANN**—Is that 100 per cent mirror?



**Ms Taylor**—I cannot remember what the words say, but it will certainly be mirror legislation.

**Senator CORMANN**—The whole argument at COAG, as I recall it, was certainly about Western Australia wanting to maintain some flexibility around local conditions, particularly in relation to Indigenous people, and Victoria essentially felt that they did not want to be part of the lowest common denominator approach to things. If these statements stand true, then surely there must be some difference between what is going to happen in Western Australia and Victoria compared to—

**Ms Taylor**—Our discussions with all of the states and territories around the set of drafting instructions have seen us come to in general an agreement about the sort of drafting instructions that would go forward in both of those states. Victoria and all of the states were particularly concerned about strengthening some of the provisions from their existing legislation. On top of that, we have also had the strengthened AQTF, the Australian Quality Training Framework, which came out of a COAG decision, and that is the standards against which RTOs are measured and which regulators use now to measure against. Some states have additional requirements. Some states have additional requirements around things not associated with the regulator but around consumer protection or other functions of their state training agencies. WA and Victoria may choose to keep those elements.

**Senator CORMANN**—If I understand it, there is a national regulator that is going to be a base that everybody agrees to, including WA and Victoria through mirror legislation, but if they want to do other things beyond that they can?

**Ms Taylor**—As long as that does not bring them into conflict with the national legislation. It would have to be something that is not covered by the national legislation.

**Senator CORMANN**—Would they be stopped going further? Would they be stopped from imposing more stringent requirements?

**Ms Taylor**—If they have agreed to mirror legislation—

**Senator CORMANN**—That is my point. When you say ‘mirror’, is that mirror at a base level or a base benchmark? For example, ‘This is the minimum that you are going to do and you can do more if you want to’?

**Ms Taylor**—No. We are talking about a package of consistent legislation that we have across Australia, which is why it will be a national system. I make the point that there may be other things that are attached to the state legislation in Victoria and WA.

**Senator CORMANN**—What is the reason to make the Quality Skills Incentive only available to the largest 100 RTOs?

**Ms Paul**—This is a performance fund. The rationale is that the largest 100 cover 95 per cent of enrolments. There are about 4,000 RTOs, and it is not practical to measure performance in an administrative sense for all of those, although, if this is very successful, it might be extended. We can cover those RTOs that offer training to 95 per cent of students just in the top 100.

**Senator CORMANN**—You read this differently from how I looked at this. My thinking was that presumably the 100 largest are fairly big businesses and presumably they have good-

quality assurance systems in place already. Would it be that the less large RTOs need more incentives and support to get up to scratch with quality than the large RTOs? I might be getting this wrong.

**Ms Paul**—The distinction, though, is that you are probably thinking more about the regulation. When I hear the words that you just said, it sounds like we are talking about quality standards and the quality of provision. Every single RTO will have to meet those quality standards through the VET regulator, and those standards will be significant standards. The performance fund is separate and additional, and the performance fund is kind of a bonus, if you like. Everyone is going to have to meet standards.

**Senator CORMANN**—Yes, I understand, basic standards. What does the Quality Skills Incentive provide funding for?

**Ms Taylor**—It really is to drive improved outcomes across a range of areas and in line with government priorities. It could, for example, include significant improvements in identified benchmarks for people of low SES backgrounds or Indigenous backgrounds, improvements in teacher quality performance and improvements in other participation and quality measures.

**Mr Walters**—And outcomes such as completion rates.

**Senator CORMANN**—I am just looking at it now, where it says, ‘This is to drive quality improvements across the sector.’ My argument still stands. If you wanted to make significant inroads in terms of quality improvements, my perception is that the 100 largest organisations would already be operating at a pretty high level of quality performance compared to the sector overall.

**Ms Paul**—We want the market to be continually improving, of course, in terms of quality and so on. By giving a strong incentive and a reputational incentive, if you like, to the top 100, which cover 95 per cent of enrolments, not only will you be improving outcomes for—

**Senator CORMANN**—The top 100 are 95 per cent of enrolments?

**Ms Paul**—So, you will actually be delivering an incentive to improve things for 95 per cent of students, but also it is a market and my expectation would be that if you are driving performance up for 95 per cent of enrolments other RTOs would follow.

**Senator CORMANN**—My argument stands. If the 100 largest is 95 per cent of enrolments, if you did the 100—

**Ms Paul**—The five per cent?

**Senator CORMANN**—If you did 95 per cent from the bottom up, you would capture everybody that really needs incentives to improve. In terms of prioritising where the taxpayer dollar goes towards improvement of quality, I would have thought the top five per cent do not need it as much as the bottom five per cent. Ninety-five per cent is close to 100 per cent, so you are not that far away from funding everybody.

**Mr Walters**—The bottom five per cent are going to be a very small samples. If you are going to try and prove a methodology you are much better off starting with the bigger ones because you have a decent sample size and then you are going to start developing that.

**Senator CORMANN**—You are choosing so many big ones that you get to 95 per cent coverage.

**Ms Paul**—No. The money is distributed amongst those 100 according to their performance. It is not going to be evenly spread. So, the point is—

**Senator CORMANN**—So, the better you are the more money you get?

**Ms Paul**—Yes. That is the point.

**Mr Walters**—It is a bit like the performance funding for the universities and just because they are big—

**Senator CORMANN**—Why would you not open it up to everyone and say ‘best improved’. If you start from a lower base, obviously—but, anyway, I am not going to dwell on it. I think you get my point.

**Ms Paul**—I do, but I think there is an efficiency argument. It is 4,000 RTOs and yet 100 to cover 95 per cent of enrolments.

**Senator CORMANN**—Can we have a list of the 100 largest RTOs?

**Ms Paul**—Yes.

**Senator CORMANN**—This is interesting. ‘Performance benchmarks will be developed in consultation with key stakeholders, including industry skills councils, Skills Australia, state and territory governments.’ Industry skills councils are going to be very busy, are they not?

**Ms Taylor**—They are.

**Senator CORMANN**—Are they going to get specific funding to help you develop those performance benchmarks?

**Ms Taylor**—No, it is not envisaged as part of this.

**Senator CORMANN**—So they have to do that out of their existing resources? That is part of the \$118 million, is it?

**Ms Taylor**—It is part of the normal consultation process of industry skills councils. In that instance it is a consultation process. It is part of their normal business.

**Senator CORMANN**—Is there any chance, while I am thinking of it, to get the overall total figure that is going to industry skills councils from the Commonwealth government? Presumably all of that would be coming through your department, or would there be other departments?

**Ms Taylor**—There are other agencies that fund industry skills councils to do, say, specific workforce development initiatives in—

**Senator CORMANN**—I can only ask you about what goes through your department, but could you please provide me with everything that goes from your department to industry skills councils that is now committed and over the forward estimates?

**Ms Taylor**—We will take that on notice.

**Senator CORMANN**—That is good. Skills for Sustainable Growth, Skills for Recovery, Smarter Apprenticeships—the government provided \$19.9 million over four years to

implement a faster, more flexible competency based apprenticeship system. There is \$30.5 million in funding left over three years for the Fast Track Apprenticeships Program, which will be scrapped; is that right?

**Mr Maynard**—Yes, the Fast Track Apprenticeships Program will be scrapped, at a saving of approximately \$30 million.

**Senator CORMANN**—Yes, \$30.5 million. The Smarter Apprenticeships Program is receiving \$19.9 million. What is happening to the remaining \$10.6 million?

**Mr Maynard**—It will be reassigned to the broader Skills for Sustainable Growth package.

**Senator CORMANN**—What does that mean?

**Ms Paul**—It is part of the \$660 million. It has contributed to the rest of the package.

**Senator CORMANN**—Are there any commitments left under the Fast Track Apprenticeships Program that we still—

**Mr Maynard**—Yes, we currently have 40 projects underway and they will continue until their completion.

**Senator CORMANN**—When is that?

**Ms Griffin**—All of the current projects under the Fast Track Apprenticeships Program will conclude by 30 June 2011.

**Senator CORMANN**—Roughly in a year's time? How much money is going into it? There is still an allocation for it in 2010-11? The saving is in the out years, is it?

**Ms Griffin**—Yes.

**Senator CORMANN**—How much do you expect to spend on it in 2010-11?

**Ms Griffin**—Around \$1 million.

**Senator CORMANN**—Have you already wound it back, then?

**Ms Griffin**—No. While it was a good program, it was not highly subscribed. We have not wound it back.

**Senator CORMANN**—Sorry?

**Ms Griffin**—We have not wound it back.

**Senator CORMANN**—When you say 'not highly subscribed', how much money was allocated initially in the budget for 2010-11? When we look at last year's, can you remind me what the original budget allocation was for 2010-11?

**Ms Griffin**—It was around \$15 million for 2010-11.

**Senator CORMANN**—\$15 million, but only \$1 million of that was committed?

**Ms Griffin**—That is right.

**Senator CORMANN**—Why?

**Ms Griffin**—Fifteen.

**Senator CORMANN**—Fifteen, 1-5; yes, I know that.

**Ms Griffin**—It just was not taken up. The applications were available on a rolling basis for up to \$250,000 per project. The program did deliver some very good findings, but we found that projects coming through lacked innovation and were not really adding any new models.

**Senator CORMANN**—If nobody takes it up, presumably, nobody was worried about it being canned?

**Ms Paul**—No.

**Mr Maynard**—We have had five inquiries since the announcement of the response and one of those was a response saying ‘thank you’.

**Senator CORMANN**—So, five approaches and four of them unhappy and one of them happy?

**Mr Maynard**—That is correct.

**Senator CORMANN**—And the four of them that were unhappy were part of the 40 that are in the program now?

**Mr Maynard**—I do apologise. One was unhappy and three were asking for clarification of the policy.

**Senator CORMANN**—And then they were satisfied, were they?

**Mr Maynard**—Yes.

**Senator CORMANN**—Would the expectation be that people that currently in the fast track program would pick up funding from the Smarter Apprenticeships Program?

**Mr Maynard**—It would be open to organisations to seek funding under the new scheme, yes.

**Senator CORMANN**—Just moving on to Foundation Skills for a moment, how many workers are assessed as having insufficient foundation skills? Do you have a figure that you are working with?

**Ms Paul**—The population figure that we have worked with is 4.5 million Australian adults do not have sufficient literacy and numeracy skills to operate effectively in the global economy, particularly at a Cert III level and above.

**Senator CORMANN**—4.5 million?

**Ms Paul**—Yes. It is extraordinary. That is the OECD figure—I think it was OECD; I should clarify that, it might have been an Australian survey—but at any rate the findings were that 40 per cent of Australians of working age do not have literacy skills to a level that they should have to operate in the global economy.

**Senator CORMANN**—40 per cent?

**Ms Paul**—Yes, and 60 per cent if you are unemployed. It is a very big issue for Australia.

**Senator CORMANN**—So, 13,570 Foundation Skills places are not really going to make much of an inroad into 4.5 million?

**Ms Paul**—They are on top of what is already there. This package has a range of elements to it. One of the elements that I am particularly keen on myself is some sort of public way of

talking about literacy to remove the stigma—a bit like with beyondblue for depression—because that is part of the issue. Another part of this which is innovative, and I am personally very excited about, is that it will fund places in settings that are alternatives to formal classroom settings. You might call it the adult and community education sector, or things like the men's shed movement or whatever, where people who are really turned off by the thought of going back into a classroom can actually access learning foundation skills in a way that is supportive to them. I think it is a very good thing. It certainly reflects calls from, for example, Business Council of Australia and so on, who have been calling for this. It is important we give it our best shot.

**Mr Maynard**—You questioned the level of places. I would also note that state and territory governments provide training in this area, and one of the terrific things coming out of this particular package is the Commonwealth will be working with states and territories to develop a national coordinated strategy.

**Senator CORMANN**—That sounds exciting.

**Mr Maynard**—It is needed and it is—

**Senator CORMANN**—Coordinated strategy and working groups—music to my ears. It is very exciting. I am sure it is and I am sure a lot of good work is being done. I will move on to the Apprentice Kickstart program. It was announced on 16 October and it came into effect from 1 December. Is it true that a lot of employers delayed uptake of apprentices so they could qualify for the additional bonus?

**Mr Maynard**—I am sorry?

**Mr Walters**—Did employers delay taking on apprentices so that they fell within the time to be eligible for the additional bonus?

**Senator CORMANN**—There were seven or eight weeks between the announcement that there was going to be this \$3,350 bonus.

**Ms Griffin**—Yes, that is the case. The trends retrospectively showed that there was a decline in commencements.

**Senator CORMANN**—This is between 16 October and 1 December?

**Ms Griffin**—Between 16 October and 1 December, yes.

**Senator CORMANN**—Do you take any lessons from that?

**Ms Paul**—That is why it started the day after the budget.

**Senator CORMANN**—The most recent announcement?

**Ms Paul**—That is correct.

**Mr Maynard**—That is correct.

**Senator CORMANN**—So, that is as a result of the experience, then?

**Ms Paul**—Yes, that is right.

**Senator CORMANN**—It is always good when we learn from experience. How many apprentices were taken on under Kickstart?

**Ms Griffin**—In excess of 24,000.

**Ms Paul**—The target was exceeded. The target was, what, 20,000?

**Ms Griffin**—It was 21,000.

**Ms Paul**—That target was exceeded.

**Senator BILYK**—Who is eligible under the Kickstart program?

**Mr Maynard**—There are different criteria for Kickstart and Kickstart Extension. Both focus on young apprentices in skills trade shortage areas, both related to specific time periods.

**Senator BILYK**—Fifteen to—

**Ms Griffin**—Nineteen years and under.

**Senator CORMANN**—I was given specific time limits, so if we can go—

**Senator BILYK**—Sorry, okay. No, we will come back.

**Mr Maynard**—The cohort were Australian apprentices aged 19 or under who were undertaking a Cert III or IV level qualification, and within the National Skills Needs List trade occupations.

**Senator CORMANN**—We welcomed the Kickstart program, of course, at the time, but we were keen to see what was going to happen with retention moving forward. Have we any data yet in terms of the 24,000 commencements and how many of them are still in the program? Are all of them still in the program?

**Ms Griffin**—Yes.

**Senator CORMANN**—Not one of them has left? That seems odd.

**Ms Griffin**—Each of the 24,000 means the registration of a training contract. That is what we are reporting on currently. Because of the number of players in the apprenticeship system, it can take quite some time for it to get through approval by the state training authority and become an active record on the system.

**Senator CORMANN**—If you were at 80 or 85 per cent retention then I would have said you are doing great, but 100 per cent would seem very unrealistic. You do not know yet.

**Ms Griffin**—My point is that some do not get to approval and some are cancelled before they progress through the system.

**Senator CORMANN**—Out of the \$100 million that was announced, has all of it been expended?

**Ms Griffin**—No. No payments became payable until 1 March 2010 because the bonus was payable at the three-month point. That was to ensure that these apprentices were retained. The first payment is payable at three months and the second payment at nine months.

**Senator CORMANN**—Out of \$3,350, how much will they get at three months?

**Ms Griffin**—That is \$850 at the three-month mark.

**Senator CORMANN**—And then they get the remainder at the nine-month mark?

**Ms Griffin**—It is \$2,500 at the nine-month mark. That is a retention bonus.

**Mr Maynard**—These are in addition to the normal commencement.

**Senator CORMANN**—Of course, we have not reached the nine months?

**Ms Griffin**—No. That is right.

**Mr Maynard**—I feel the need to finish a point I was making for the benefit of the record. I mentioned there were distinctions between Apprentice Kickstart and apprentice Kickstart Extension. Apprentice Kickstart was not limited by the size of the employer or the number of employees that they had. Apprentice Kickstart Extension is; it is targeted at small and medium sized employers who have less than 200 employees.

**Senator CORMANN**—Are you able to provide us, perhaps on notice, with a breakdown of the number of the apprentices hired as part of Apprentice Kickstart on a state-by-state basis?

**Ms Griffin**—I have that.

**Senator CORMANN**—You do not need to read it out. You can provide that to us on notice.

**Ms Griffin**—Is it the registrations by jurisdiction?

**Senator CORMANN**—By jurisdiction, yes. Do you have an indication of the average age of the apprentices?

**Ms Griffin**—I do not have it with me, but we could determine that.

**Mr Maynard**—We can take that on notice.

**Ms Paul**—They had to be under 19.

**Senator CORMANN**—I know it is between 15 and 19, but I am wondering whether it is closer to the lower or the higher end.

**Mr Maynard**—We will take that on notice.

**Senator CORMANN**—Do you have a breakdown by industry in terms of where those apprentices were? Again, you can take that on notice.

**Mr Maynard**—We will take that one on notice.

**Senator CORMANN**—Would it be fair to say that the largest number was in construction?

**Ms Griffin**—I could not hazard a guess.

**Senator CORMANN**—You do not have a sense as to the largest number. Was there a particular sector of the economy that jumped out at you when you looked at the figures?

**Mr Maynard**—No.

**Mr Walters**—Are you asking for figures for Apprentice Kickstart round 1?

**Senator CORMANN**—Yes.

**Mr Walters**—We will take that on notice.

**Senator CORMANN**—The reason that I am asking what Apprentice Kickstart 1 is that that is finished now, isn't it?

**Mr Walters**—Yes.



**Senator CORMANN**—So I thought you might have a handle on that.

**Mr Maynard**—The period for commencement has completed and the three-month period, first of the two—

**Senator CORMANN**—I understand. As the commencement period has been completed you would know what the weighting is by industry, in terms of various commencements.

**Mr Maynard**—Yes. We took that on notice and we will get you that information.

**Senator CORMANN**—What was the reason for limiting it to 15- to 19-year-olds?

**Ms Paul**—It is part of the stimulus. It was to try to get in front of an expected significant decline in 2009 school leavers being able to access apprenticeships. What had happened in the previous recession was that the trade apprenticeships dropped off dramatically and that left school leavers out in the cold. It is very hard. In the last recession we saw a sudden decline in trade apprenticeships being taken up and then a long and slow recovery, which means that those young people may be unemployed for too long. This has literally given a 'kick-start' to smooth out that dip and that is indeed what it appears to have done. It was all about school leavers.

**Senator CORMANN**—Did you have a lot of employers that received more than one Apprentice Kickstart bonus or that are eligible for more than one Apprentice Kickstart bonus moving forward?

**Ms Griffin**—It would be the case that there would be lots of employers who employed more than one.

**Senator CORMANN**—I am sure there would be. What was the most number of bonuses that any one employer would have received? Is there an upper limit?

**Ms Griffin**—No.

**Senator CORMANN**—So if you wanted to take 1,000 hours at 24 you could?

**Ms Griffin**—Yes.

**Senator CORMANN**—The sky is the limit, like we had the other day.

**Ms Paul**—Perhaps not using that phrase, but we did not have a cap.

**Senator CORMANN**—I thought you did not like that phrase the other day.

**Ms Paul**—It was a fine phrase, but we did not have a cap on this one.

**Ms Griffin**—Bear in mind that they would have to meet the regulations of the jurisdiction that they could provide the appropriate supervision levels and so on.

**Senator CORMANN**—Yes, subject to capability to provide the training and all of that.

**Ms Griffin**—Yes.

**Senator CORMANN**—Can you provide us with the top five per cent of beneficiaries of this, on notice.

**Ms Griffin**—Do you want the names of the employers?

**Mr Maynard**—Are you looking for a frequency distribution?

**Senator CORMANN**—No, do not give me the names. I am keen to know what the top numbers are in terms of maximum numbers for an individual employer. Can you give me a bit of a sense of the spread?

**Ms Griffin**—Yes.

**Senator CORMANN**—How many employers do you expect to take up Apprentice Kickstart round 2?

**Mr Walters**—It is 22,500 new apprenticeship commencements.

**Mr Maynard**—It would be the apprentices and not the employers.

**Senator CORMANN**—So you do not care how many employers will take it up?

**Ms Paul**—No.

**Mr Maynard**—It comes back to the capability of the employer to take on the apprentices.

**Senator CORMANN**—We have talked about the Critical Skills Investment Fund.

**Ms Paul**—Yes, we have.

**Senator CORMANN**—I have some more questions on this, so I will quickly run through them. Is this where we talked about the guidelines still being developed on how it would be accessed?

**Ms Paul**—Yes.

**Senator CORMANN**—I have two questions that I did not cover before. Is the fund going to be run down or does it have a couple of components that will be preserved?

**Mr Walters**—I am not sure I totally understand.

**Senator CORMANN**—How much is it? Is it \$200 million?

**Mr Walters**—It is not a fixed fund. It is an appropriation over four years.

**Senator CORMANN**—So although it is called the Critical Skills Investment Fund it is not as fund as such; it is essentially a program?

**Ms Taylor**—It is the investment in training.

**Senator CORMANN**—But it is a program. Essentially you are going to spend the \$200 million and then it is down to zero. It is not a fund.

**Ms Paul**—That is right. It does not have a capital base.

**Senator CORMANN**—When it says ‘Critical Skills Investment Fund’ it gives the impression that it is something that you can draw on.

**Ms Paul**—In this case the fund is trying to get to the sense of co-investment and bringing together different players’ money in a really flexible way. I think that is what that is about, rather than our normal sequential programs. This one is aimed at being very responsive to industries that are in this situation.

**Senator CORMANN**—When do you expect the first expenditure from the fund to take place?

**Ms Taylor**—Obviously there is a process to go through, but I would say the first expenditure would be towards the end of the year.

**Senator CORMANN**—Towards the end of the calendar year, is it?

**Ms Taylor**—Yes.

**Senator CORMANN**—Like November or December 2010?

**Ms Taylor**—Yes. Having said that, there is the establishment of the advisory board, the consultation about the guidelines, the drafting and process for those guidelines, their being made public and then the call for submissions. So there would be a round of submissions. We hope to do that as soon as we possibly can. Once that process is in train then there is sufficient time for people to apply and for application assessment, and then the funding rounds will commence.

**Senator CORMANN**—While we are talking funds, there is also the Education Investment Fund—but that is actually a fund, is it not?

**Ms Paul**—Yes.

**Senator CORMANN**—It is not a program where you are going to run down the money, is it?

**Ms Paul**—The Education Investment Fund is a fund by way of having a capital component which can also be spent down according to the guidelines of the EIF.

**Senator CORMANN**—So the Critical Skills Investment Fund and the Education Investment Fund are different, even though they are both called funds?

**Ms Paul**—Correct.

**Senator CORMANN**—That may be something to bear in mind in terms of the nomenclature moving forward.

**Ms Paul**—‘Fund’ is—

**Senator CORMANN**—A multipurpose word, is it?

**Ms Paul**—That is true, but so is the word ‘program’. In this context the word ‘fund’ was useful by way of denoting the responsiveness to these critical industries.

**Senator CORMANN**—What is the status of the Education Investment Fund?

**Ms Paul**—We went through that under the higher education outcome.

**Senator CORMANN**—Does it relate to vocational education and training?

**Ms Paul**—We can talk about vocational education and training and EIF.

**Senator CORMANN**—I am looking here at \$11 billion from the Education Investment Fund to transform higher education and vocational education and training.

**Ms Paul**—Yes. That is fine. We can do that.

**Senator CORMANN**—How much money is in it at the moment?

**Mr Walters**—Ms Randall can help us with this.

**Ms Randall**—What was your question?

**Senator CORMANN**—How much money is in the fund overall? Is there a component that is earmarked for vocational education and training proposals; and, if so, how much?

**Ms Randall**—No, there is no component earmarked for the vocational education and training sector.

**Senator CORMANN**—But it is the Education Investment Fund to transform higher education and vocational education and training?

**Ms Randall**—It is indeed, but there are no notional allocations within the fund for the higher ed, VET or research sectors.

**Senator CORMANN**—How much is in the fund at present?

**Ms Randall**—At 31 March the balance was \$5.868 billion.

**Senator CORMANN**—How much have you spent in the last two financial years?

**Ms Randall**—At 31 March we had spent \$0.941 billion.

**Senator CORMANN**—How much have you allocated?

**Ms Randall**—The total commitments from the fund are \$3.95 billion. That includes commitments for projects that have been determined, projects that have not been determined and new funding rounds.

**Senator CORMANN**—How much do you expect to spend in the 2010-11 financial year?

**Ms Randall**—The breakdown that I have is not by financial year.

**Senator CORMANN**—Can you give me the breakdown overall.

**Ms Randall**—I can tell you that the Education Investment Fund round 2 was the first round that was open to the VET sector. Of the 31 projects that were successful in that round, 12 were for the VET sector. The total project funding for those 12 VET projects was \$132 million.

**Senator CORMANN**—That is moving forward; that is not yet spent. That is what you are expecting to spend?

**Ms Randall**—We are working towards spending that. These are for very large investments. The contracts for the construction take a number of years, so we would make payments—

**Senator CORMANN**—Do not assume that I am being critical. Honestly, I am not.

**Ms Randall**—I did not.

**Senator CORMANN**—I am trying to find out what is happening. So the \$0.9 billion that has been spent so far, none of it relates to the VET sector?

**Ms Randall**—We would have some payments to the VET sector so far.

**Senator CORMANN**—I just heard you say that the second round was the first round where the VET sector was—

**Ms Randall**—Unfortunately, I do not have a total, but for the projects that we are funding I can tell you the payments to date.

**Senator CORMANN**—Out of the \$0.9 billion, how much of it went to VET proposals?

**Ms Randall**—The \$0.9 billion is, of course, payments that we have made to date. I do not have a total for payments just for the VET sector.

**Senator CORMANN**—Can you provide that on notice.

**Ms Randall**—Yes.

**Senator CORMANN**—Do you know how many VET proposals are pending? How many proposals have you received?

**Ms Randall**—In the second round we received 154 applications that were eligible to be considered for funding, with 71 of them in the VET sector. There is a round underway at the moment.

**Senator CORMANN**—Is that the third round?

**Ms Randall**—Yes, it is. I am afraid I do not have a breakdown of the proposals we received by sector.

**Senator CORMANN**—Because round 2 and 3 are VET sector related, can you provide us with a breakdown of the number of proposals received, the number of proposals approved, how much funding has been allocated and how much has been spent.

**Ms Randall**—Yes.

**Senator CORMANN**—Out of those VET proposals that have received funding, how many of them are for the non-TAFE sector?

**Ms Randall**—Of the 12 successful VET projects, seven were from TAFEs, four were from private registered training organisations and one was from a university that was a dual-sector provider.

**Senator CORMANN**—The seven for TAFE: is one in each state or which states did they go to?

**Ms Randall**—I can tell you where they are.

**Senator CORMANN**—That would be good.

**Ms Randall**—Are you interested just in TAFEs?

**Senator CORMANN**—I am exceptionally interested in all of them.

**Ms Randall**—Are you happy for me to start from the top?

**Senator CORMANN**—Yes.

**Ms Randall**—There is a project called Skillsets. I have to look at two briefs to give you a full description. The full project title is Skillsets for a Low Carbon Economy Centre, and that was situated in Bathurst. The EIF funding for that was \$5 million. I have a description. Would you like me to table that?

**Senator CORMANN**—Yes. You can go through the list and then table the description for all of them.

**Ms Randall**—In Dubbo there is a project called the Heavy Vehicle Facilities at TAFE NSW Western Institute.

**Senator CORMANN**—So central-western New South Wales is doing very well so far.

**Ms Randall**—Macarthur Building Skills Centre at TAFE NSW South Western Sydney Institute, which is at Ingleburn. That is \$9.9 million. Rural VET Infrastructure to Ensure Social Inclusion, Sustainable Land Use, Lower Carbon Agriculture and Efficient Water Use at Tocal College, which is at Paterson in Yanco in New South Wales. That is \$5.5 million. Shellharbour Campus Children's Services Training Facility at TAFE NSW Illawarra Institute, which is at Shellharbour. That is six point—

**Senator CORMANN**—We are now halfway and we have not left New South Wales yet?

**Ms Randall**—That is true. They are organised by states. I just happened to start at the top, with New South Wales. There is the Learning Centre at Energy Australia, which is Silverwater.

**Senator CORMANN**—Where is that?

**Ms Randall**—That is in New South Wales.

**Senator CORMANN**—Is that number seven?

**Ms Randall**—Yes. There is the Sustainable Hydraulic Trade Centre at TAFE NSW Sydney Institute at Randwick.

**Senator CORMANN**—Yes. Keep going.

**Ms Randall**—Chadstone Campus Development at Central Gippsland Institute of TAFE.

**Senator CORMANN**—That is Victoria.

**Ms Randall**—Manufacturing Technology Training Centre at University of Ballarat.

**Senator CORMANN**—Victoria.

**Ms Randall**—New Facility for Childhood Development, Vocational College and Related Services at Holmesglen Institute of TAFE.

**Senator CORMANN**—Where is that—which state?

**Ms Randall**—Victoria. Training Facilities for the 'Traditional Trades' at Bendigo Regional Institute of TAFE, which is at Echuca.

**Senator CORMANN**—Victoria.

**Ms Randall**—Mobile Trades School Training Facilities at Industries Services Training Pty Ltd, which is in Darwin and provides mobile services across the Northern Territory.

**Senator CORMANN**—Is that the complete list of the 12?

**Ms Randall**—That is from round 2.

**Senator CORMANN**—So we have seven in New South Wales, four in Victoria and one in the Northern Territory?

**Ms Randall**—Yes.

**Senator CORMANN**—It does not seem very geographically spread.

**Ms Paul**—That was not the point. The point is the calibre of the proposal.

**Senator CORMANN**—So New South Wales and Victoria happen to have better—

**Ms Paul**—They did in round 2. It is a national program, so it is highly competitive.

**Senator CORMANN**—Those of us from Western Australia are always very suspicious about national programs because we feel that we do not get a fair share into Western Australia. The figures, in terms of spending out of the Education Investment Fund that you have read there, do not give me any comfort that we are wrong in our assumptions.

**Ms Paul**—You need to encourage them on their applications. Having sat in the board meetings myself, it is all about the calibre of the applications and it is across the nation.

**Senator CORMANN**—People in New South Wales and Victoria have got that eastern states big calibre of applications. They know how to speak to people in Canberra. I guess it is closer for them.

**Mr Walters**—There is one from the Northern Territory.

**Senator CORMANN**—Well done! Where is that, exactly?

**Ms Randall**—It is situated in Darwin, but they provide mobile training services across the Northern Territory.

**Senator CORMANN**—Let us hope that moving forward there is going to be better geographical balance. When do you expect announcements to be made in relation to funding from round 3?

**Ms Randall**—I would expect them to be very soon.

**Senator CORMANN**—I have heard that a bit. Do you have a more specific definition than that?

**Ms Randall**—I do not have a specific date.

**Senator CORMANN**—Does that depend on the minister making a decision as to when she wants to announce it?

**Ms Randall**—It depends on government making a decision and making an announcement.

**Senator CORMANN**—So essentially, from your point of view, you are ready, but it is up to the government to decide?

**Ms Paul**—It is a matter for government, yes.

**Senator CORMANN**—I think that Ms Randall nodded, so I take it that she is ready. Has the government received the report from the department about making recommendations?

**Ms Randall**—Correct.

**Senator CORMANN**—Not meaning to move all over the place, but I would like to go back to Smarter Apprenticeships for a moment. Before we talked about the Fast Track side of things. Who produced the fact sheet for Skills for Sustainable Growth, Smarter Apprenticeships? I think we had a discussion about fact sheets last time.

**Mr Walters**—The fact sheets would have been produced by the department.

**Senator CORMANN**—There is a reason I am asking. You have a question and answer section and there is a question: ‘What is Smarter Apprenticeships?’ The answer to that question is:

The Smarter Apprenticeships Program will provide industry with a means to adopt and foster support for accelerated training delivery and drive structural change to industry training delivery to embed true competency based training for apprentices.

What does that mean?

**Ms Paul**—That means it delivers a financial incentive to employers and others to work out how to do some apprenticeships faster on the basis of competencies and not on the basis of time served.

**Senator CORMANN**—I am a great supporter of doing it based on competency rather than time served. How will this accelerated training delivery be achieved? Can you talk me through it?

**Ms Griffin**—The difference between Fast Track apprenticeships and the Smarter Apprenticeships is the focus shifting from registered training organisations to industry bodies. The program will provide for industry bodies to work with employers and training providers in their sector to determine what the barriers to competency based progression are and to develop solutions to overcome them.

**Senator CORMANN**—Is it conceivable that an apprenticeship will take two years rather than four, depending on how quickly somebody progresses through the competency guides?

**Mr Maynard**—We will be seeking competitive bids from industry bodies to put forward ideas that would be able to be funded to trial and test. I cannot pre-empt how fast their most innovative approach will be.

**Senator CORMANN**—I am sorry, I was distracted. What was the end bit?

**Mr Maynard**—I cannot pre-empt whether or not they are going to deliver in two years.

**Senator CORMANN**—Let me ask the question in a different way. Is it going to be 100 per cent competency based under this program?

**Mr Maynard**—We are seeking advice from the industry bodies as to how they think it can be done.

**Senator CORMANN**—So you have not made the decision yet?

**Mr Maynard**—This is a competitive grants process where we are asking them to come back to us with means of being able to embed competency based training and remove the constraints that are currently in place to allow for faster—

**Ms Paul**—The preferred proposals will go to exactly what you say. A great proposal would be one which says, ‘Yes, we can move to a competency base in this industry, this qualification or this occupation; therefore we think, through these mechanisms and by removing these barriers—whatever they are—we can do it in less time,’ or whatever time it takes on a competency basis.

**Senator CORMANN**—I think this is a good way of looking at it. Some people could be competent—I am talking about a scenario now—within two years and somebody else is going to take six years.

**Ms Paul**—It could be so.

**Ms Griffin**—That is right.



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**Senator CORMANN**—It depends on the individual.

**Ms Paul**—Yes.

**Senator CORMANN**—So you are looking at that sort of flexibility?

**Mr Maynard**—Yes.

**Senator CORMANN**—Is there going to be a minimum requirement in terms of time?

**Mr Walters**—You have to look at this in an individual industry context and this is why it is quite a rich program that is going to look at particular context. For example, in terms of competency, some programs would be looking at exposing an apprentice to a range of situations to make sure that their skills have been worked out in practice, on the job for example. In a different industry, how long do you have to serve out there in the industry to experience the right range of activity to make sure that you are sufficiently competent across the board? You cannot generalise. It is going to vary a good deal according to the industry and the circumstances.

**Senator CORMANN**—Will the entire \$19.9 million over four years be provided to industry skills councils?

**Mr Maynard**—No. There is an additional element that needs to be funded, which is the hiring of industrial relations experts who will provide guidance on what industrial relations constraints currently limit the capacity to implement competency based training.

**Senator CORMANN**—So what you are saying is that if there are unions that might object to a move away from a time-served approach to a competency based approach then there are going to be some people who will give you advice where these problems might pop up?

**Mr Maynard**—If there were awards that mandated set time frames they would identify the trouble with the awards which have been created by both industry and employee representatives. The identification of things such as that would allow us to make submissions to Fair Work Australia, to make amendments to those awards and take that sort of action.

**Senator CORMANN**—So the idea is that to the extent that there are barriers in awards, then you would be working to remove those barriers to enable you to go down that path?

**Mr Maynard**—Yes. This particular measure includes funding for the engagement of industrial relations experts to help us with that process.

**Senator CORMANN**—How much of this \$19.9 million goes to industrial relations experts and how much of it goes to others?

**Mr Maynard**—The amount that has been set aside for industrial relations expert is approximately \$150,000. The \$19.9 million would include that and would also include a departmental allocation in the order of \$800,000.

**Senator CORMANN**—Where does the rest of it go? Is it to industry skills councils?

**Mr Maynard**—Into the competitive grant process, yes.

**Senator CORMANN**—So the 11 industry skills councils have to apply for it and you make a decision as to who gets how much?

**Mr Maynard**—It is not just industry skills councils, it is also industry bodies.

**Ms Paul**—Yes.

**Senator CORMANN**—Also industry bodies?

**Mr Maynard**—Yes.

**Senator CORMANN**—Is it totally competitive?

**Ms Paul**—Yes.

**Mr Maynard**—Yes.

**Senator CORMANN**—Is it entirely open, so anybody can apply?

**Mr Maynard**—Yes.

**Senator CORMANN**—Can unions apply?

**Mr Maynard**—They are an industry body. I would presume that they could. I say ‘I presume’ because this process is yet to have guidelines written and approved through the normal ERC processes.

**Senator CORMANN**—Have you identified the industrial relations experts which will ascertain the barriers and solutions?

**Mr Maynard**—Not as yet.

**Senator CORMANN**—When are you planning to do that?

**Mr Maynard**—I anticipate that will certainly be within the new year, probably within the first quarter.

**Senator CORMANN**—I might pass on to Senator Cash for five minutes of my time.

**Senator CASH**—I appreciate that. We were advised earlier on today that this was the appropriate program to bring up questions regarding the Insulation Workers Adjustment Package.

**Ms Paul**—Yes.

**Senator CASH**—Has the department received, or is the department aware of, any complaints in relation to the RTOs that provide the educational services under this package being unable to provide the services to a reasonable standard?

**Ms Paul**—Not that I am aware of.

**Ms Taylor**—No. We are not aware of that.

**Senator CASH**—Minister, is your office aware of any complaints in that regard?

**Senator Carr**—I am unlikely to get complaints.

**Senator CASH**—I am not saying your office specifically, I am asking if you are aware of any complaints in that regard?

**Senator Carr**—No.

**Senator CASH**—If the department was made aware that there was a complaint in relation to an RTO that was offering services paid for by the government under the Insulation Workers Adjustment Package, would there be an investigation and, if so, what would that process be?

**Ms Taylor**—Are you talking about the structural adjustment place or the federally funded part of the program?

**Senator CASH**—If I am an installation worker and my business has closed down because of the scheme and I therefore apply under the Insulation Workers' Adjustment Package to up-skill myself, I go onto your website and I click on and I find out the course I want to do and the provider that the federal government says is able to provide the course. Then I raise a complaint that I do not believe that that particular provider is providing the course to a reasonable standard.

**Ms White**—The training places under this are under a number of programs. I look after the structural adjustment component of the program. If the complaint was around an RTO and how they were delivering the training those sorts of complaints would actually go to state government authorities, and that is what we would advise an applicant to do. If it is around the delivery of training that you are referring to—

**Senator CASH**—Absolutely. More so that the training that is being undertaken—

**Ms Taylor**—Is not suitable.

**Senator CASH**—is not suitable for the particular course.

**Ms White**—That bit would go to the state.

**Senator CASH**—If, however, the complaint had been made to a state body but the state body had actually said, 'No, guess what, you get to go to the federal department', as is unfortunately often the case, what would the department do if you were actually made aware of such a complaint?

**Ms Paul**—We would pick it up with the state regulatory authority, and we know them all, of course. At any rate we are moving towards a single VET regulator. I would certainly make the invitation if you have particular—

**Senator CASH**—To actually forward the data?

**Ms Paul**—Yes.

**Senator CASH**—In relation to the organisations, if I went onto the Productivity Places Program website and I was to pull up, say, certificate IV in building construction, I can go to an organisation here that tells me that materials are included in the course at no extra cost. What is the expectation of that statement in relation to the materials that I would need for the course? Is it that they are at no extra cost?

**Ms White**—That is the expectation, yes.

**Senator CASH**—What would then happen therefore if for example I needed to actually refer to, as would be reasonable, Australian standards and then this particular organisation said, 'By the way, they are not covered. You need to go and purchase them', and there were five different standards that I needed to go and buy? What would actually occur there if that were brought to your attention?

**Ms White**—That would need to be brought to my attention. We have contracts in place with the registered training organisations who deliver in SAP. We would investigate that

complaint. We do monitor the RTOs and we would take that on board and investigate that fully.

**Senator CASH**—In relation to the particular RTOs that are delivering the services, how did the government actually ensure that they were qualified to deliver the service that they are providing?

**Ms White**—The providers who are delivering the SAP places are part of the 837 providers who are under contract to DEEWR to deliver PPP. They went through a request-to-participate process some while ago and they were checked with state training authorities and so on at that time. They would have to have the scope of registration of that course on their state scope of registration, so the state government would already have approved that organisation to deliver that particular course under the national training arrangements.

**Senator CASH**—In relation to these particular RTOs under the Productivity Places Program that I am able to go and actually undertake a course, how much is each RTO paid per person?

**Ms White**—They put forward a price in their request to participate.

**Senator CASH**—It is not a standard price that is paid?

**Ms White**—It is not the same price for every registered training organisation. They would have tendered a price.

**Senator CASH**—If you click on this course it actually says it is available for, I think it is, \$2,285, so if I wanted to go and do it right now I could click on and pay that price and then go and finish the course. Is that the price that the government is paying?

**Ms White**—The Commonwealth would pay that for the structural adjustment places, not the participant. It is a free training course.

**Senator CASH**—Yes, but you would pay the price that is advertised on the particular RTO's website.

**Ms White**—I am not sure whether they would advertise. We would pay the price that is in our contract with them.

**Senator CASH**—If I were to provide you with a list of RTOs and their websites that actually set out the prices for the courses, would you be able to take that on notice and compare them to the prices that the government is actually paying?

**Ms White**—Yes. I am surprised that they are advertising prices on their courses, unless they are delivering under the state government arrangements and this is a price for existing workers and not to do with the structural adjustment element to do with insulation workers.

**Senator CASH**—Are they paid in advance for the particular workers that you look after or are they paid at the end of the course?

**Ms White**—They are paid on commencement and on completion, so they are not paid in advance. They are paid on milestones.

**Senator CASH**—If a person who was undertaking the course decided during that course, 'Well, this is actually not good enough; I need to change RTO', are they able to do that? If so, is there any financial implication for them?

**Ms White**—No, they normally only have one go at a PPP place. To be allowed to change to a different course they would have to come through and we would have to look at a waiver under the guidelines.

**Senator CASH**—If the department receives a complaint from a person that they believe that the educational services that a particular RTO is providing is not to a reasonable standard, will they absolutely investigate that complaint?

**Ms White**—I would investigate that complaint if it came to me, yes.

**Senator CORMANN**—In relation to support for adult Australian apprentices, do you have a figure as to the average wage of all apprentices at the present time?

**Mr Walters**—I do not think we keep that figure, no.

**Ms Paul**—It is affected by awards and so on, so it is quite complex.

**Mr Walters**—Yes. Of course some employers would pay above awards anyway.

**Ms Paul**—And we would not know.

**Senator CORMANN**—Under your support for adult Australian apprentices payments you provide a series of direct payments to eligible Australian apprentices, or their employers do, don't you?

**Mr Maynard**—Yes.

**Senator CORMANN**—How does that differ to the payments that are available to other apprentices that do not fall into this category?

**Mr Maynard**—The support for adult Australian apprentices is for apprentices 25 years and over. During their first year full time they would be supplemented \$150 a week during their second year full time it is \$100 a week and part-timers would receive half of that.

**Senator CORMANN**—How does that compare to people under 21?

**Mr Maynard**—Under 25.

**Senator CORMANN**—Is it under 25?

**Mr Maynard**—The adult support is for 25 and over.

**Senator CORMANN**—So everybody under 25 is in the same boat, are they? I did not think they were.

**Mr Walters**—They are not eligible for this scheme. This is a scheme for over 25s.

**Senator CORMANN**—I know, but there are schemes for apprentices under 21, aren't there?

**Mr Maynard**—There are standard commencements, recommencement, completion—

**Senator CORMANN**—Which go up until when? Is it up until 25?

**Mr Walters**—Those are payments to the employer.

**Mr Maynard**—In terms of wage supplementation, we have two programs that are provided on this sort of basis.

**Senator CORMANN**—Yours are wage subsidies essentially. Do they go directly to the apprentice under the Adult Australian Apprenticeship Program or do they go to the employer who then passes—

**Ms Griffin**—It can go to either the apprentice or the employer depending on the pay rate, whether it is above or below the minimum wage rate.

**Senator CORMANN**—If the employer gets the subsidy, can he then lower his payments to the apprentice as long as he stays within the minimum required?

**Ms Griffin**—It depends what he is required to pay under the award.

**Senator CORMANN**—Does your subsidy essentially help the employer meet his award requirements or is it on top of the minimum?

**Ms Griffin**—If he is paying above minimum wage rates, he gets the assistance. That is the benchmark.

**Senator CORMANN**—So the employer always has to pay at least the minimum award—

**Ms Griffin**—To receive this entitlement if he has an apprentice who is eligible and is 25 years and older, otherwise it goes to the—

**Senator CORMANN**—But this will always be on top? It does not help make up?

**Mr Maynard**—Yes, that is right.

**Senator CORMANN**—What is your target in terms of how many older apprentices this scheme should attract?

**Ms Griffin**—The Australian Apprenticeships Incentive Program is a demand driven program, so there are no targets.

**Senator CORMANN**—If it is demand driven, the sky is the limit?

**Ms Griffin**—It is demand driven.

**Ms Paul**—It is not capped, in other words.

**Senator CORMANN**—You do not have a target like Kickstart where you say, ‘We want X’?

**Ms Paul**—Correct.

**Senator CORMANN**—So if 50,000 people come, that is fine?

**Ms Griffin**—So far this financial year we have paid around 5,000 employers and around 4,000 apprentices support under this component.

**Senator CORMANN**—Presumably the money is for, what, 9,000 apprentices, or could the money that goes to employers be for more than one?

**Ms Griffin**—Sorry?

**Senator CORMANN**—When you say 4,000—

**Ms Griffin**—Yes, they are separate; it goes to either or, so it is for 9,000—

**Senator CORMANN**—You are giving money to 4,000 apprentices directly and to 5,000 employers the money—

**Ms Griffin**—They are not related.

**Senator CORMANN**—I understand they are not related, but presumably the money that goes to employers ultimately goes to apprentices. It does not?

**Ms Griffin**—No. The subsidy is for the employer.

**Ms Paul**—In other words, could there be more than one apprentice per employer where the subsidy goes to the employer, thereby—

**Ms Griffin**—No, that is the number—9,000.

**Senator CORMANN**—So as to the 5,000, it could be fewer than 5,000 companies. It is money that goes to companies for 5,000 apprentices; is that what you are saying?

**Ms Griffin**—Yes.

**Senator CORMANN**—It is 9,000 apprentices in total?

**Ms Griffin**—Yes.

**Senator CORMANN**—And there is no upper limit to how many it could be?

**Ms Griffin**—No.

**Senator CORMANN**—That is interesting. Are apprentices with disability eligible then to receive additional assistance on top of this?

**Mr Maynard**—Yes, we have a special program of assistance for Australian apprentices with disability. They have two components, one of which is assistance for tutorial, mentoring and interpreter services which provides for up to \$5,500 per year paid out at an hourly rate of \$38.50, depending on the level of need.

**Senator CORMANN**—If I am 25 or older and I am an Australian apprentice with a disability, is it all cumulative?

**Ms Griffin**—Yes.

**Mr Maynard**—The second component of a disabled Australian apprentice has a wage support component.

**Senator CORMANN**—Which is?

**Mr Maynard**—To the employer, \$104.30 per week.

**Senator CORMANN**—Are the trades that are eligible for this specified? Is there a limit in terms of the trades that are eligible? I see you are nodding.

**Mr Maynard**—I am sorry, not for this one. All apprentices have entitlement to this.

**Senator CORMANN**—Irrespective of what trade, that is the adult Australian apprenticeship incentives and the disability incentives?

**Mr Maynard**—That is our understanding.

**Senator CORMANN**—Could you take it on notice and check?

**Mr Maynard**—Yes.

**Senator CORMANN**—It was Ms McKinnon who spoke to us about apprenticeship centres last time, I think. I am just looking at what we discussed in the *Hansard*. The contract

runs out in September next year, doesn't it? We are sort of in that 12 to 18 months window when there was going to be a review about what would happen with the Australian apprenticeship incentives contract moving forward. Where are we up to with that? Has there been a change in responsibility?

**Ms Paul**—That is right.

**Mr Maynard**—We have kept the MN but that is as far as it goes. The current contract for the Australian apprenticeship incentives expires on 30 September 2011.

**Senator CORMANN**—I just said that.

**Mr Maynard**—Yes, and as you know from the budget we are currently looking at an expert panel investigating the apprenticeships system as a whole. The role of the Australian apprenticeships centres would fall within the scope of the expert panel.

**Senator CORMANN**—When do you expect to make decisions on where this is going to go?

**Mr Maynard**—The budget announced that the expert panel would report to government at the end of this calendar year.

**Senator CORMANN**—Then you are going to have seven or eight months to go through the tender process and make a decision; is that enough time?

**Mr Maynard**—There would be an eight-month window then, yes.

**Senator CORMANN**—That is pretty tight, isn't it?

**Mr Maynard**—It depends on what the recommendations are from the expert panel and—

**Senator CORMANN**—It would make it easy if the recommendation is to discontinue. How long did the tender process take last time for the last contract?

**Mr Maynard**—I would have to take that on notice.

**Senator CORMANN**—Does anybody here know?

**Mr Walters**—I can recall that back in the days of the previous government I think we had one or two occasions when it did not take much more than that.

**Senator CORMANN**—One or two occasions?

**Mr Walters**—These have been tendered regularly over the years.

**Senator CORMANN**—The CSA Training Services Language, Literacy and Numeracy Program is under this outcome as well, is it?

**Mr Maynard**—Yes.

**Senator CORMANN**—What process are you going through in terms of awarding contracts to providers under this program?

**Mr Maynard**—There was a public request-for-tender process let. It was released on AusTender on 18 November 2009. The tender results were announced by the Deputy Prime Minister as recently as 26 May.

**Senator CORMANN**—Were existing, established providers given preferential loading in the tender process?



**Mr Maynard**—It was an open tender where everybody was assessed against the same criteria without weighting.

**Senator CORMANN**—There was no recognition of past performance per se?

**Mr Maynard**—No.

**Ms Priddle**—I would like to clarify that. There were a range of published criteria in the RFT and part of the RFT was obviously looking at the expertise and capability of the potential tenderers. Clearly those tenderers who have had past experience in the delivery of the Language, Literacy and Numeracy Program were certainly invited to put that forward as part of their tender responses, as were any other tenderers who might have undertaken similar kinds of programs.

**Senator CORMANN**—What sorts of criteria did you assess potential providers on then? Was it local experience or community involvement? Were there any weightings?

**Ms Priddle**—Yes, the evaluation criteria were set out in the request for tender. It was actually in schedule 4 of the request for tender. There are three key criteria. The first one was a capability criterion that really went to demonstrating experience and expertise in the provision of Language, Literacy and Numeracy Program services and/or in the provision of similar services, as I was discussing before. That had a weighting of 40 per cent. The second criterion was a capacity criterion which was about organisational infrastructure and operational capacity. That was about their capacity and infrastructure to deliver pretraining assessment, nominated language and/or literacy and numeracy training and assessment and associated administrative services. That was given a 20 per cent weighting. Then the final criteria were of proposals in terms of the kinds of training and delivery strategies that a tenderer would put in place to provide LLNP services across a tendered business service area. That was given a 40 per cent weighting.

**Senator CORMANN**—Do the department have a preference between not-for-profit or for-profit RTOs when you consider tenders?

**Mr Maynard**—No. Could I just note before we go on to any questions in relation to any specific tenderer that the tender process is not completed until such time as all the contracts have been signed. That is not yet complete, and we are not in a position to talk about the relative merits of one tenderer over any other.

**Senator CORMANN**—That is a pre-emptive strike.

**Mr Maynard**—I just wanted to make sure you were aware of that before you asked any questions that we could not answer.

**Senator CORMANN**—I was not entirely unaware but I am going to ask you a question anyway. You will comment to the extent that you can and I am sure that, to the extent that you cannot, you will tell me that you cannot. I do not often name people but these guys have approached us. CSA Training Services is a not-for-profit organisation that has operated in the local community for 13 years as a language, literacy and numeracy provider and it would have to lay off 25 to 30 staff. You would want to know that you were making the right decision when you are having that sort of impact, I guess, at a local community level, and you are just going to sit there and say nothing.

**CHAIR**—You might have to ask them to take that on notice. It is probably time to go to the break, unless you are able to answer it quickly.

**Mr Maynard**—The criteria are as outlined by Ms Priddle, and we take account of capacity and the ability of all organisations and compare them against an equal playing field.

**Senator CORMANN**—These guys were contacted, I am told, at 4.45 pm on Tuesday, 25 May, which is consistent with what you have just said—that the announcement was on 26 May—and essentially between now and September they will have to lay off 25 to 30 staff. It is an organisation that has worked there for 13 years. To the extent that you can provide us some details as to why that is justified, please do. What is the appropriate level of scrutiny on these sorts of decisions? For you to just sort of say, ‘Sorry, I can’t give you any response in terms of comparative performance’—

**Mr Maynard**—There was a public tender with published criteria, a published process. That process was followed. The tender has been—

**Senator CORMANN**—The process was followed. If somebody is aggrieved with the process or the outcomes, what are their options? What can they do?

**Ms Paul**—They normally seek feedback from us, and we will go out and give them feedback. If, for example, this organisation has not sought feedback, we would welcome it doing so. I am sure that is the case.

**Senator CORMANN**—Chair, thank you for your indulgence here. I am going to finish on this. We have had a conversation around Job Services Australia tenders where organisations lost business to somebody who was not able to provide the service. It all needed to be subcontracted by those who won the contract, which seems completely ridiculous and an inefficient way of handling it—to me, anyway. If I have genuine and sincere queries about whether the right decision has been made, how can I actually get reassured that you are making the right decisions based on the right reasons?

**Ms Paul**—If you are speaking for yourself, Senator, the way we can assure you is by talking about the processes for the tender rather than of course—

**Senator CORMANN**—But ultimately people make decisions.

**Ms Paul**—If you have a representation from a particular organisation that has not won at all or not won as much as they would like, I would invite them to contact us and we will offer feedback. We did that with JSA as well.

**Mr Walters**—It might just be worth making the point that we have developed the methods over the years on these things and we always have a probity adviser to make sure that due process is followed, and that was the case in the case of this one.

**Ms Priddle**—Could I add that in this particular case we have an internal probity adviser—that is the word we use.

**Senator CORMANN**—I guess there is proper process and there is sound decision making.

**Ms Priddle**—But we also engaged—

**Senator CORMANN**—You can have the best possible process and still not make a sound decision.

**Ms Priddle**—But we also engaged an external probity auditor to ensure the rigour of the process. That external probity auditor is still with us because, as Mr Maynard indicated, the process is not yet complete, but we did have an interim report which suggested that there were no substantive problems with the process.

**Proceedings suspended from 9.39 pm to 9.50 pm**

**CHAIR**—We will recommence. Senator Bilyk.

**Senator BILYK**—In regard to Apprentice Kickstart, what is the level of customer satisfaction with the program?

**Mr Maynard**—We have no measures of customer satisfaction other than the fact that we have had a higher than expected level of take-up.

**Senator BILYK**—Can you just tell me again what the level was.

**Mr Maynard**—We have exceeded 24,000 commencements in Apprentice Kickstart, and for Apprentice Kickstart Extension we do not yet have data but we anticipate we will have some towards the end of this month.

**Senator BILYK**—How many?

**Mr Maynard**—Over 24,000 for Kickstart. As to Kickstart Extension we do not yet have any data.

**Senator BILYK**—Is there a mentoring service for Kickstart?

**Mr Maynard**—There was an announcement by the DPM, Minister Arbib and Parliamentary Secretary Clare about enhanced mentoring arrangements. The announcement was made on 17 May that an additional \$10.3 million is made available under a competitive bidding process to Australian apprenticeship centres to provide innovative and enhanced mentoring and support arrangements for apprentices commencing under both Apprentice Kickstart and Apprentice Kickstart Extension. We are currently in the process of reviewing submissions to determine who will get additional funding.

**Senator BILYK**—Have there been any other new measures put in place over the last 12 months or so for apprentices, besides the two areas we have just mentioned?

**Mr Maynard**—There is enhanced funding available for our pre-apprenticeship initiative. A total of \$20 million was also announced by the Deputy Prime Minister, Minister Arbib and Parliamentary Secretary Clare to—

**Senator BILYK**—That is part of the VET program, is it?

**Mr Maynard**—That is correct, yes—to provide pre-apprenticeship training over the next 18 months. The funds will be provided to states and territories to deliver those services, and it is anticipated that there will be further advice coming out on that. Projects funded under that particular grants process will come out shortly.

**Ms Griffin**—As well, in February 2009 the government announced the Securing Australian Apprenticeships initiative, which was \$145 million to provide a bonus payment to employers who picked up an out-of-trade apprentice and recommenced them and also completed—

**Senator BILYK**—An out-of-trade apprentice?

**Ms Griffin**—It was in response to the economic downturn.

**Senator BILYK**—Can you tell me what an out-of-trade apprentice is?

**Ms Griffin**—Where they have been laid off by their employer because they did not have work—so if another employer picks them up.

**Senator BILYK**—So they have started an apprenticeship?

**Ms Griffin**—Yes.

**Senator BILYK**—What is Smarter Apprenticeships?

**Mr Maynard**—Smarter Apprenticeships is a program provided under the budget, and we touched on it a little earlier, where \$19.9 million is being made available for a number of initiatives. The funding will be made available through a competitive grants process to industry skills councils and industry bodies to seek to put forward the methods by which you could achieve the broad adoption and expansion of competency based training packages and qualifications for apprenticeships, and there is \$150,000 to hire some workplace relations experts to identify barriers and solutions to the broader take-up of competency based training.

**Senator BILYK**—Are these for people who are already in the workforce or are these for people coming into the workforce or wanting to return to the workforce?

**Mr Maynard**—This particular measure is to implement and manage projects that would achieve the adoption and expansion of competency based training. It is not a benefit to an individual employee; it is to the benefit of all apprentices by having industry embrace competency based training in a greater way.

**Senator BILYK**—Can you tell me quickly about the National Code of Good Practice for Australian Apprenticeships and how that works.

**Mr Maynard**—I think we would have to take that matter on notice. It is not a name that immediately—

**Mr Walters**—I think this is one with its origins several years back, to the best of my recollection.

**Senator BILYK**—Is it? Does it still apply?

**Mr Walters**—I assume it is still in place, and it has obviously not been across the desks of the officers currently dealing with it recently. But my recollection is that it goes back a few years to when people raised concerns about the way in which employers treat apprentices, and it was decided that there should be a national code. There were certainly consultations at the time, but we will take it on notice and update you on where that stands.

**Senator BILYK**—Senator Cormann mentioned before workers with disabilities in apprenticeships. Are there maybe any other areas that get special attention that we have not discussed tonight? I think there was some discussion about rural and regional but I am not sure whether it was in regard to apprentices or something else now.

**Mr Walters**—There is a rural and regional special incentive.

**Mr Maynard**—Yes, there is.

**Senator BILYK**—Is that for the apprentice or for the employer?

**Mr Walters**—The vast majority of the incentive program is paid to the employer.

**Mr Maynard**—The special Rural and Regional Skills Shortage Incentive—Special Commencement is \$1,000 for employers who take on apprentices undertaking certificate III or IV study.

**Senator BILYK**—In any area?

**Ms Griffin**—Yes.

**Mr Walters**—I think it is the identified skill shortage areas, from my recollection.

**Ms Griffin**—You are right, Mr Walters; it is for skill shortage areas identified on the National Skills Needs list.

**Senator BILYK**—Great. Thank you.

[9.58 pm]

**CHAIR**—We will now move to International Education Support, program 3.6.

**Senator CORMANN**—I think that last time we had a discussion about what the impact on the international education sector would be of the announced changes to things like the skills list and all the skilled migration changes that were announced in February. You were quite optimistic that it was not going to have much of an impact. However, since then all of the reports are that overseas student numbers into Australia have plummeted. Are you starting to be concerned yet?

**Ms Paul**—I think there are some areas for concern, certainly. At that time we were still seeing enrolments growing, and enrolments are still holding up, by the way—but of course there are many signs of decline for a range of reasons, and I might ask Mr Walters to go to that.

**Mr Walters**—For the year to date to April, enrolments were up 4.2 per cent. Commencements were down 3.3 per cent. You have to bear in mind this comes on the end of several years of very strong growth. If the rate of growth we have been seeing over the last three or four years had continued we would be looking at student numbers doubling every five or six years from really quite high levels. So it did not seem very likely that the trend would continue. We are seeing a number of factors at work, including the strength of the Australian dollar. Of course, that has come back 10 per cent over the last few days.

We have also seen a number of issues around migration. We are seeing in places like China quite strong competitive pressures from countries like the United States of America where institutions are under a lot more financial pressure than our own domestically for reasons we covered earlier in the day. So there are a number of factors combining there. I think what you have seen in the newspapers are some reports coming in from industry players that inquiries are significantly down and we have seen some results from DIAC suggesting that visa application numbers are down. These are for the first part of the year. There is still a lot of the year to go.

**Senator CORMANN**—The thing is you are giving me an assessment like nationally across the board, across the whole international education sector. You well know that it is not

one uniform sector that is receiving the impact of these changes uniformly. I think you know what I am talking about. There would be some sections of the industry that would be impacted worse than others. Universities presumably would not necessarily have much change. Are you concerned about further closures in the next few months for those international private training colleges that were already under pressure?

**Mr Walters**—For the figures on closures we are, of course, concerned. That is the reason why there is an arrangement to protect students and the government has an obligation to the students rather than the providers. Last year we saw 16 provider closures but we also saw 100 new providers registered on the system. This year the numbers are 15 closures and we have actually seen 59 new providers recommended by the states that have not got on the system yet because, in the meantime, the parliament has passed legislation tightening the registration criteria. So we are still recently seeing quite a strong interest in people coming into the system and I suppose you have to guess that, in any industry, there is a bit of turnover. Certainly, on the numbers we are seeing, we would have some concern about that. The strong growth we have seen in recent years is not continuing and it is not likely to continue next year. Institutions will, to some extent, be cushioned by the pipeline. If you take universities, students sign up for, say, a four-year period so it would be some time before they see the effects, if indeed the current trend continues. If the dollar, for example, having changed again in recent times, begins to make an effect in the second part of the year, it could pull things back a bit. But we will have to see—

**Senator CORMANN**—So you think the reasons for the drop for those providers that were particularly badly affected are everything but the way the changes to the skilled migration have been implemented?

**Mr Walters**—No, certainly that has had an impact.

**Senator CORMANN**—What sort of impact?

**Mr Walters**—Bear in mind that the government has said that it wants to refocus, if you like, the skilled migration program onto the skills that the nation needs and not be driven by the demands of the international education industry. That was an explicit objective of the policy change.

**Senator CORMANN**—Have you made an assessment on how much you expect to spend on protecting students from the impact of college closures over this next financial year?

**Mr Walters**—No, because it is not possible to make a precise estimate at all. Obviously, as you know, the assurance fund exists in order to provide that assurance for students. We have given the ministers a range of possibilities which they have taken into account in reaching their decisions.

**Senator CORMANN**—We had a discussion about the assurance fund and its financial viability at the last estimates, and I am sure you will recall that part of the estimates process. It took a while to get the information—we eventually got it—as to what the financial position of the assurance fund was. On 31 January 2010 we were told it was \$3.35 million. That of course was in the 2009 calendar year. Not only was there the regular fund contribution of \$2.3 million but also a special levy imposed of about \$1 million to cover the expenses that were coming its way as a result of successive college closures. What we have found out since then

is that the government has had advice from the ESOS Assurance Fund contributions review panel since February last year expressing concerns about the solvency of the ESOS Assurance Fund, and again in October 2009, stating ‘the fund continues to face substantial challenges which pose a material risk to its solvency in the short term to medium term’. Interrupt me if I am wrong, but the government as I understand it did two things: firstly, they imposed a special levy of \$1 million—that is right, isn’t it?

**Ms Chaudhury**—The government did not, the contributions review panel did.

**Senator CORMANN**—Did the minister have to provide an authorisation there?

**Ms Chaudhury**—No. The contributions review panel sets the special levy amount.

**Senator CORMANN**—So the minister just notes that that is what they are doing.

**Ms Chaudhury**—Yes.

**Senator CORMANN**—Why then does the contributions review panel have to write to the minister at all then? As they are flooded with more and more requests for repayments or whatever, why don’t they just keep imposing more contributions? What stops them from doing that?

**Ms Chaudhury**—I think the contributions review panel has a view about how much they can collect from the industry in any given year. Last year there was a special levy aimed at \$1 million.

**Senator CORMANN**—So the minister did not have to provide approval for that special levy. The minister was informed just as a courtesy and noted that that was done.

**Ms Chaudhury**—That is right.

**Senator CORMANN**—Interesting. Then, secondly, we had the announcement—I will read it from the press release:

The Minister for Education, Julia Gillard, today announced funding of \$5.1 million to further strengthen Australia’s international education industry.

This is in the context of the contributions review panel having expressed concerns about solvency. Funding was announced, but in the budget that has now become a loan. What has happened there?

**Mr Walters**—I do not think anything has happened. That was always the intention. It has not been drawn down at the moment so it still remains a facility which can be used.

**Senator CORMANN**—What do you mean by ‘it was always the intention’? I am reading the press release and I am quoting it.

The Minister for Education, Julia Gillard, today announced funding of \$5.1 million to further strengthen Australia’s international education industry.

**Mr Walters**—That is funding if it is drawn down as a loan.

**Senator CORMANN**—But a loan is not ‘funding’.

**Mr Walters**—This loan is funding—

**Senator CORMANN**—It is not.

**Mr Walters**—if it is drawn down, but it is not.

**Senator CORMANN**—Do you have to repay it?

**Mr Walters**—It would have to be repaid, yes.

**Senator CORMANN**—So you are not providing ‘funding’; you are providing a loan.

**Mr Walters**—Well, it is funding but it is in the form of a loan.

**Senator CORMANN**—What do you think the industry’s expectation was when they read the minister’s press release that \$5.1 million in ‘funding’ was provided to the ESOS Assurance Fund if required?

**Mr Walters**—The reaction I heard was that the industry was quite pleased that the government had moved to make funding available.

**Senator CORMANN**—They were very pleased because they thought that the fund had received \$5.1 million in ‘funding’ because that meant the money would not have to be raised through levies from the industry.

**Ms Paul**—I think they understand the basis of the funds. That is the way the fund works.

**Senator CORMANN**—They most definitely did not, Ms Paul. On this point I am very clear. I have spoken to the peak body and to a range of the very senior providers in this industry. The press release from the minister has her saying \$5.1 million in ‘funding’ to safeguard international student course fees. Funding is funding; funding is not a loan. Looking through the papers that were tabled as a result of the Senate order, it was a matter of discussion within government, wasn’t it, whether it was going to be repayable or whether it was going to be a grant?

**Mr Walters**—It amounts to the same thing. The discussion was whether it was going to be a loan or a repayable grant. But in both cases it is repayable.

**Senator CORMANN**—Who drafted the press release? Was it drafted in the department or in the minister’s office?

**Mr Walters**—I think we would have to take that on notice. We would not know—

**Senator CORMANN**—Who would usually draft these sorts of releases?

**Mr Walters**—There is an iteration usually. Sometimes words are produced in the ministers’ offices and sometimes in the department first, and usually they are exchanged for accuracy and changed along the way.

**Senator CORMANN**—If the government provides a \$5.1 million repayable grant, why wouldn’t the government say, ‘We are providing a \$5.1 million repayable grant, or a \$5.1 million loan?’ Why would you—

**Mr Walters**—I can see that you would have drafted it differently, Senator, but that is the way—

**Senator CORMANN**—I think it is a very misleading to suggest that the government is providing \$5.1 million in funding when clearly that is not what the government is doing at all.

**Ms Paul**—I do not think that we can take it any further, Senator. It is what it is and we have explained the basis of it. That is the word that was used.



**Senator CORMANN**—It does raise some more questions at this point. You have had advice that there are potential risks to the solvency of the fund. How does an additional loan, which essentially increases liability for the fund if it is accessed, improve the solvency?

**Mr Walters**—Because it provides funds which would enable the fund to meet its immediate liabilities. Of course then the government would have to consider a repayment range.

**Senator CORMANN**—It provides cash but it does not improve the solvency of the fund. If you are at risk of being insolvent and somebody gives you another \$5.1 million loan, that does not make you any more solvent than you were before the loan.

**Mr Walters**—I would question that interpretation. It depends entirely on your view of the likelihood of collecting the loan, and that depends itself on the terms on which that would be repaid. All of these things are to be determined.

**Senator CORMANN**—I am \$20 million in debt and I am struggling to pay my \$2 million interest bill, so I am going to take out another loan of \$2 million so that I cover that. So you, then, think that all of a sudden I am becoming solvent?

**Mr Walters**—The solvency of the fund is dependent on the backing it gets from the government and in this particular instance the government has agreed to put in additional funding—

**Senator CORMANN**—That is not quite right. Ultimately, the solvency of this fund will depend on the fees that you will be raising from industry. So essentially, to the extent that the \$5.1 million loan is going to be accessed and has to be repaid, you have to ultimately raise that again through fees from providers, don't you?

**Mr Walters**—I am not sure that we can help you much more, Senator. It seems to me a debate about terminology.

**Senator CORMANN**—The question is: ultimately, how is it going to be funded? If it is going to have to be repaid, where is the money going to come from?

**Mr Walters**—It will be repaid by the members of the industry who subscribe to the fund. But in what circumstances and over what timescale has not been determined because the loan has not been drawn down.

**Ms Paul**—This has allowed funding to be available immediately.

**Senator CORMANN**—If in the future there are going to be fees required to repay this loan and other liabilities that come the ESOS Assurance Fund's way, is it going to continue to be imposed on the current basis or is the government progressing changes to the way those fees are imposed on providers?

**Mr Walters**—That has not been determined, but you would have seen in the Baird report that there are suggested more fundamental changes to the whole ESOS Assurance Fund arrangements, and those will be the subject of consultations and decisions by the government in due course.

**Ms Paul**—It has not been decided yet, in other words.

**Senator CORMANN**—Where are we at with the recommendations in the Baird review?

**Mr Walters**—We can take you through those.

**Senator CORMANN**—Start off with ones relevant to the ESOS Assurance Fund so that we can then move into the other issues later.

**Mr Walters**—The government has divided the recommendations into three particular tranches of recommendations. It has simply made the point that there will be consultations around these issues around the fund. No timescale was set in the release about reaching decisions on that, but the DPM did say she would move immediately to support the recommendations to lift the bar on entry to the international education industry and recommendations relating to restricting unethical student recruitment practices.

**Senator CORMANN**—I was asking about the recommendations about the ESOS Assurance Fund.

**Mr Walters**—I do not think we have announced any timescale for resolving that.

**Senator CORMANN**—How difficult is it to make a decision there? It seems to be quite unreasonable that the low-risk providers have to carry the can for the costs that are caused by the shonky providers. How hard is it to make that decision?

**Ms Paul**—Those recommendations will be considered by government. We cannot take it any further because it is a matter for government. Obviously it is something that we will look at closely because the Baird review is very highly regarded and we will work our way through it.

**Senator CORMANN**—How long before you—

**Ms Paul**—I do not know because that will be a matter for government.

**Mr Walters**—It is a matter for government and it is quite a technical issue to organise this. So it will take time.

**Senator CORMANN**—In 2009 the regular contribution was \$2.3 million. How much of that \$2.3 million came from the five largest providers?

**Mr Walters**—I do not know if we would be able to tell you that offhand.

**Ms Chaudhury**—I would have to take that on notice.

**Senator CORMANN**—What is the single biggest contribution by one provider? Can you tell me that?

**Ms Chaudhury**—I would have to take that one on notice.

**Mr Walters**—We just have to have a look into what is right to provide in terms of commercial confidentiality but we will take that on notice.

**Senator CORMANN**—I think you will find that these providers are quite happy to volunteer to us how much they have to pay and how much they get hit again and again.

**Senator Carr**—The officers have said that they will take it on notice.

**Senator CORMANN**—One of the issues that we have been concerned about and asked questions about is the cost of administration. So \$2.3 million was raised by way of regular contributions and a staggering \$954,000 was spent on administration costs to manage the fund. That is like 41 per cent.

**Mr Walters**—Firstly, when looking at it as an administration task, it is quite time-consuming because all of the students have to be interviewed and dealt with on an individual basis; and secondly, the fund administrator is not in command of when the workflow is going to come along. So they have to be able to increase the number of people working on this and decrease them according to the unpredictable peaks and troughs. So it is quite an expensive exercise.

**Senator CORMANN**—So 41 per cent administration costs is reasonable?

**Ms Paul**—Did you say it was \$900,000?

**Senator CORMANN**—It is \$867,543 excluding GST.

**Ms Paul**—That is a small team of people; probably about eight people.

**Senator CORMANN**—And \$954,000? It is a contract with PwC or something, isn't it?

**Ms Paul**—Yes.

**Senator CORMANN**—And including GST, it is \$954,297.

**Senator Carr**—The fund will raise some \$4 million this current year, so I do not think the 40 per cent figure is right.

**Senator CORMANN**—I have not got the cost of managing the fund in 2010. I have got the figures for 2009 and the fund raised \$2.3 million in regular contributions.

**Ms Paul**—I do not think it is really useful to actually try to do it as a percentage because the amount of money in the fund is the amount that is going to pay tuition. Tuition costs what it costs.

**Senator CORMANN**—So where does the cost of administration come from?

**Ms Paul**—I presume it comes from the fund too, but what I am saying is that the cost of administration is not at all related. That is the fees. The cost of administering it is high—although to me that is a small team of people—because of that highly personalised attention. The cost of the fees is what it is. It does not really make much sense to think of it as a percentage. It is the nature of the activity.

**Senator CORMANN**—The thing is that 2009 was quite an active year, I guess.

**Ms Paul**—Yes.

**Senator CORMANN**—You don't think that 41 per cent of the fees that are collected being spent on administration costs is a large proportion?

**Ms Paul**—I do not think it makes any sense to say that a proportion is a meaningful figure because it is such an intensive activity. As numbers go up of course the administration amount will go up but the rest of the cost is for fees and fees just cost what they cost in the system.

**Mr Walters**—There is a base fee of around \$300,000. It is a call fee per students dealt with, so the variability is around the number of students. As I say, it is a very unpredictable business. It is not like a program where you can predict a throughput. They have to be ready to—

**Senator CORMANN**—No. There is a fee per call on the fund. And, of course, the more calls on the fund, the more expensive it gets.

**Ms Paul**—That is right.

**Senator CORMANN**—You are sort of defending it on the basis that you, obviously, are not concerned. Are you confident that you are getting the best possible value for money in terms of the way this is currently administered?

**Mr Walters**—The contract was tendered and won, and it will be tendered again. In the meantime, the contractor has moved to deal with quite a large volume of students from time to time. This is a facility which will be quite difficult for a government department, for example, to deal with because of the unpredictability of the number of calls coming along. So there is a lot to be said in defence of the way it is operating.

**Senator CORMANN**—Incidentally, in the advice to the Senate in response to Senate order 44 the minister again announced funding of \$5.1 million which would be made available to top up the ESOS Assurance Fund if required. Of course, there is no funding; there is just a loan. How long does it usually take for students who are impacted by a college collapse to get their reimbursements?

**Ms Chaudhury**—The students do not go directly to reimbursements.

**Senator CORMANN**—Of course.

**Ms Chaudhury**—They may be going to the Tuition Assurance Scheme to be placed. If that cannot be done, then they go to the fund. In the first instance the fund will try to place them. If they cannot, they will give them a refund. The fund makes every effort to try to place the students. Depending on what sort of information is available to the fund in terms of student records and whether students have to be assessed for placement and so on, once all the paperwork is there for the fund, the fund works very hard to place the students within two to three weeks.

**Senator CORMANN**—I have a case study here from some students from the Czech Republic. They are now back in the Czech Republic and pretty annoyed. They went to a college on the Gold Coast which has folded. They went through all of the preliminary processes and then submitted their paperwork on or about 25 March, yet they are back in the Czech Republic and have not heard a thing. Is that the normal sort of time frame?

**Ms Chaudhury**—I would have to look into the detail with that one, because it is not clear whether they submitted the paperwork to the Tuition Assurance Scheme or the fund. I am happy to take the details on notice.

**Senator CORMANN**—I guess what I am trying to get a handle on is this: from the beginning to the end of the process, how long does it take if you cannot be placed in another college?

**Ms Chaudhury**—If the students cannot be placed in another college—if the Tuition Assurance Scheme says that they cannot place the students—then they will be referred to the fund. The fund will try to place them, and if they cannot place them they will give them a refund. Often what happens is that while the Tuition Assurance Scheme is trying to place the students the fund is also alerted and is also looking at arrangements should students come to them.

**Senator CORMANN**—How many international students have we got in Australia at present with private training providers?

**Mr Walters**—For the vocational education and training sector, for non-government students in the year to date—April—we had 139,356 enrolments. The number of students will be some way shy of that, because you get multiple enrolments from some students. I would only be guessing, but it is probably closer to—

**Senator CORMANN**—And that number is four per cent higher than it was last time—the year before—is it?

**Mr Walters**—A year before it was 133,113.

**Senator CORMANN**—So it was more?

**Mr Walters**—Yes.

**Senator CORMANN**—Didn't you say before that it had gone up by four per cent?

**Mr Walters**—Overall student enrolments have gone up 4.2 per cent.

**Senator CORMANN**—That takes us to what I was trying to say before: there are different segments in the international education market. The numbers have gone down in the private bit. Is that right?

**Mr Walters**—Private vocational education and training enrolments have gone up from 133,113 to 139,356.

**Senator CORMANN**—Sorry—what were the numbers this year?

**Mr Walters**—139,356. That is for the year to date—April.

**Senator CORMANN**—So when people say that there has been a 40 per cent decline in enrolments this year and a prospective enrolment drop of 20 per cent next year, you dispute those figures?

**Mr Walters**—They are talking further down the pipeline. So enrolments are at a certain level but, before that, people will apply for a visa and, before that, people will make enquiries. The first step in the process will be somebody in one of the Indian provinces or something approaching an agent. The big agents count these inquiries and they have their own measures. We do not keep them but they do, and they are saying that the level of interest has dropped off. The next step along the process is that people apply for a visa. But, at the moment, looking at current enrolments—those are the figures I can give you—the numbers are up 4.2 per cent. Quite a bit of that is the pipeline effect, because people will enrol for more than one year. So it includes people who—

**Senator CORMANN**—So looking forward it looks quite a bit more grim?

**Mr Walters**—There has obviously been a dip in the first three or four months of this year. There is no question about that. In India, there was a dip at the end of last year—and you are aware of some of the factors around that. The question is how that carries on for the rest of the year. It certainly seems very prudent to assume that the rapid growth in recent years is not going to be continued and there will be some falling away. But you do have to bear in mind

that, in recent years, it has been double-digit growth, to such an extent that it would have produced a very, very big growth over, say, the next five years—something like a doubling. That is not going to happen.

**Senator CORMANN**—You make it sound as if it is very benign—and don't worry too much—but I have in front of me analysis from ACPET, the peak industry body, which talks about a potential economic impact of over 30,000 jobs and over \$3.6 million next financial year.

**Ms Paul**—That is interesting, though, because, as Mr Walters said, we are still having more colleges open than close. So that is intriguing, even—

**Senator CORMANN**—Have you seen that assessment from ACPET?

**Mr Walters**—We were aware of the industry's concern—and I would not want to belittle that. Of course, if you were in the industry, you would hope that it would continue growing at the spectacular rate that it has in recent years. All I would say is that there are not many areas of economic life where you continue to see double-digit growth year on year. It probably is not going to happen and there will come a point at which it is going to level off or start to fall away. Naturally, in those circumstances, you would have to say that you were going to lose something out of the economy. But, of course, the numbers have been growing extremely rapidly in recent years. I think it is worth bearing that in mind as you look at these numbers. In terms of individual proprietors of colleges and so on, of course, we share their concerns.

**Senator CORMANN**—Were you involved in framing the changes to the skilled occupations list?

**Mr Walters**—Skills Australia were asked to compile the skilled occupations list, as we discussed earlier today.

**Senator CORMANN**—Sure, but Skills Australia told us that they were in very close contact with you. In fact, I asked them whether there were any changes between the list I submitted and the list that was finally approved and they said, 'Not compared to the final list, but we had conversations with the department'—your department—'every step of the way and with Immigration every step of the way.' So were you involved?

**Mr Walters**—That is right. The part of the department that they were having regular contact with is the part of the department which deals with labour market forecasting, because it was all about skills, do not forget—the long-term needs of the economy.

**Senator CORMANN**—So the international education section of the department were not involved?

**Mr Walters**—This list was not based on the needs of the international education industry. So we were not consulted about the impacts on international providers. That was not part of the consideration that Skills Australia gave to the matters.

**Senator CORMANN**—Sure; it was not based on the needs of the international education sector but was there any consideration at all given to what impact this would have on the international education sector, even though you are not focused on their needs as such?

**Mr Walters**—I am sure that Skills Australia were conscious of the issue—not least because Mr Shreeve was the principal of a large college with a lot of international students.

**Senator CORMANN**—But he did not consult with you about it.

**Mr Walters**—No, not on that particular basis. Personally, I have to make a reservation there, simply because I was doing a different job at the time and I was also responsible for the vocational education people. So I did have conversations with him but I was not consulted about the impact on the education industry. That was not part of the remit that Skills Australia was given.

**Senator CORMANN**—Where is the re-registration process at?

**Mr Walters**—We can give you the stats.

**Ms Chaudhury**—As at 28 May, we had received 1,241 applications for re-registration.

**Senator CORMANN**—That is 1,241 out of how many in total?

**Ms Chaudhury**—That was 1,241 out of a total of 1,290 on 28 May.

**Senator CORMANN**—Sorry, was it 1,241 out of the 4,000 total that will eventually register?

**Ms Chaudhury**—No, 1,290.

**Senator CORMANN**—You will have done all of them?

**Ms Chaudhury**—One thousand, two hundred and ninety is the total number of CRICOS registered providers. Of those, 1,241 have applied for re-registration.

**Senator CORMANN**—But how many of them have actually gone through the process with you?

**Ms Chaudhury**—I can give you that. The application is lodged with the state, and the state regulatory body will do the first level of assessment and then make a recommendation to the Commonwealth. At this stage we have received 118 recommendations from the states. The states are at various stages of processing the applications, and so far we have received 118 applications.

**Senator CORMANN**—One hundred and eighteen out of the 1,241?

**Ms Chaudhury**—Yes.

**Senator CORMANN**—Are you on track to have all of them done by—is it 30 June?

**Ms Chaudhury**—They all have to be re-registered by 31 December this year.

**Senator CORMANN**—How many are you aiming to finish by 30 June?

**Ms Chaudhury**—We did not have a block number for 30 June, but we are monitoring progress to see how things are going.

**Senator CORMANN**—Correct me if I am wrong, but wasn't there a target? With the risk managed approach to it, didn't you identify the initial cohort that had to be done, as I understood it, by the middle of the year, and then the rest had to be done by the end of the year?

**Ms Chaudhury**—Yes. The Deputy Prime Minister had indicated a preference that higher risk providers should be considered by the end of June.

**Senator CORMANN**—How many higher risk providers were there?

**Ms Chaudhury**—It is difficult to put a block number on that, but when we did the initial assessments we thought that it would be between 200 and 300. The Deputy Prime Minister had indicated her preference last year—

**Senator CORMANN**—The parliament also amended the legislation to prescribe the risk managed approach to it, which had also been agreed to by the relevant ministerial council meeting in September last year.

**Ms Chaudhury**—That is right.

**Senator CORMANN**—Presumably, you have got some criteria, and you put the ruler over all of the providers who are out there; I am surprised that you have not got a firmer number of those who are in the top priority.

**Ms Chaudhury**—The way we have approached this is that we defined and agreed on risk factors, but we deliberately stayed away from having any sort of a check list so that in assessing individual providers the regulatory bodies—whether they were state or the Commonwealth—could use some discretion rather than simply check listing providers. That is the approach that we had agreed to on the risk based approach.

**Senator CORMANN**—If we could go back to the other recommendations in the Baird review—where are we up to with those? Maybe you could take me through all the major ones?

**Mr Walters**—Basically, I think the guts of it is that for the first tranche of recommendations—if you like, I will ask Ms Chaudhury to take you through those—the department is in the process of drafting legislation in the hope of introducing that later this year. In the case of the other tranches, it is commencing consultations with industry and the states and territories. That is the bare bones of it.

**Ms Chaudhury**—The Deputy Prime Minister had indicated in principle support for the recommendations, particularly for the ones to amend the legislation to lift the bar to entry. That work has commenced already. We are also moving to work on the recommendations that will require consultation with the states and territories, peak bodies and providers. In relation to the agents recommendations, for example, we have already written to the sector to seek its comments. Those comments will inform the government's position on the recommendations.

**Senator CORMANN**—So there is no expected time frame as to when we will see legislation in parliament, or any—

**Mr Walters**—Unfortunately we do not control the legislation timetable. But we are hoping to get the legislation prepared as soon as we can.

**Senator CORMANN**—I thought it was the Public Service that was running everything.

**Mr Walters**—I have been trying to do that for 41 years, but I have not succeeded yet.

**Senator CORMANN**—Make sure you keep trying.

**CHAIR**—Thank you, everyone. As there are no further questions on this program, we will adjourn until tomorrow.

**Committee adjourned at 10.35 pm**