



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE
RELATIONS AND EDUCATION

ESTIMATES

(Budget Estimates)

THURSDAY, 31 MAY 2007

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

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

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

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

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

Thursday, 31 May 2007

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

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

Senators in attendance: Senators Barnett, Birmingham, George Campbell, Carr, Crossin, Fifield, Lightfoot, McEwen, Marshall and Troeth

Committee met at 9 am

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 30 May 2007

In Attendance

Senator Brandis, Minister for the Arts and Sport

Department of Education, Science and Training

Australian Research Council

Mr Greg Harper, Acting Chief Executive Officer

Mr Len Marsden, Chief Operating Officer

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

Mr Andrew Cameron, Director Resources

Australian Nuclear Science and Technology Organisation

Dr Ian Smith, Executive Director

Dr Ron Cameron, Chief of Operations

Mr Steven McIntosh, Senior Adviser, Government Liaison

Mr Andrew Humpherson, General Manager, Public Affairs

Australian Institute of Aboriginal and Torres Strait Islander Studies

Mr Steve Larkin, Principal

Ms Bronwyn Nimmo, Deputy Principal, Collections

Dr Luke Taylor, Deputy Principal, Research

Ms Di Hosking, Director, Audiovisual Archives

Mr Ray Gentle, Director, Corporate

Australian Institute of Marine Science

Dr Ian Poiner, Chief Executive Officer

Dr Peter Doherty, Research Director

Mr David Mead, General Manager

Mr Vic Bayer, Chief Financial Officer

Ms Sue English, Manager, Government Business

Commonwealth Scientific and Industrial Research Organisation

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

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

Dr David Brockway, Chief, Energy Technology

Dr Jack Steele, Chief of Staff, Business Services

Dr Stephen Morton, Group Executive, Sustainable Energy and Environment

Dr Alastair Robertson, Group Executive, Agribusiness

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

Cross portfolio

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

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

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

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

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

Mr Glen Archer, Chief Information Officer, Information Services Group

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

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

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

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

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

Science Group

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Ms Jessie Borthwick, Group Manager, Science Group

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

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

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

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

Innovation and Research Systems Group

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Dr Evan Arthur, Group Manager, Innovation and Research Systems Group
Ms Leanne Harvey, Branch Manager, Research Quality and Coordination Branch, Innovation and Research Systems Group

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

Higher Education Group

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Mr Colin Walters, Group Manager, Higher Education Group

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

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

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

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

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

Vocational Education and Training—Industry Skills Development Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Group Manager, Industry Skills Development Group

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

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

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

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

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

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

Vocational Education and Training—National Training Directions Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Ben Johnson, Group Manager, National Training Directions Group

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

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

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

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

Schools Resourcing Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Ms Margaret McKinnon, Group Manager, Schools Resourcing Group

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

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

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

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

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

Schools Outcomes Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Mr Ewen McDonald, Group Manager, Schools Outcomes Group

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

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

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

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

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

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

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

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

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

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

Indigenous and Transitions Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

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

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

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

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

Ms Robyn Calder, Branch Manager, Transitions Branch

Mr Gary Powell, Branch Manager, Indigenous Education Policy Branch

Strategic Analysis and Evaluation Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

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

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

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

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

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

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

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

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

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

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

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

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

International Education Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, International Education Group

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

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

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

CHAIR (Senator Troeth)—Good morning, everyone. The committee is continuing its examination of the Education, Science and Training portfolio, beginning with the Higher Education Group. Copies of yesterday's opening statement setting out the procedural requirements of the estimates process are available from the secretariat. I remind the

department that the committee has fixed Friday, 27 July 2007 as the date for the return of answers to questions on notice. Today's proceedings will be suspended for breaks as indicated on the agenda. I ask witnesses called upon for the first time to answer a question to state clearly their name and the capacity in which they appear for the *Hansard* record. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. I welcome back Ms Lisa Paul and officers of the Department of Education, Science and Training as well as observers to this public hearing. Senator Carr, I believe you are ready to proceed.

Senator CARR—I turn to the question of university places and the results of the review into cluster funding. Mr Walters, can you explain to me the reduction, as of 1 January, in the number of clusters funded under the Commonwealth Grant Scheme from 12 to seven, and the impact that will have on the disciplines of accounting, administration, economics and commerce?

Mr Walters—In that particular discipline, the Commonwealth contribution is going to be aligned with that for the law cluster. The maximum student contribution will also be aligned with the law cluster. Whether or not universities choose to go up to the new maximum depends on decisions made by those universities. The net effect is an increase of \$156. The new maximum resourcing for accounting et cetera is \$10,172 compared to \$10,016.

Senator CARR—How much is the funding from the Commonwealth per unit?

Mr Walters—It depends how you define funding from the Commonwealth. The overall maximum resourcing goes up by \$156 to \$10,172. The Commonwealth contribution changes to the same as law. So that will go from \$2,757 to \$1,674, and the maximum student contribution is raised from \$7,260 to \$8,499.

Senator CARR—The effect, though, is that the Commonwealth will now pay only \$1,674.

Mr Walters—The Commonwealth contribution will be the same as for law.

Senator CARR—But the effect of that is \$1,674 per place; is that right?

Mr Walters—Yes, the same as for law.

Senator CARR—How is that justified in terms of the cost of the provision?

Mr Walters—The overall cluster changes are designed to provide substantial extra resourcing for the sector. Looking at the clusters as a whole—and bearing in mind that this is a means of building up funding for the universities; within the funding they get they have discretion as to how to distribute it—there is increased funding of 49 per cent for maths and stats. There is 11.4 per cent extra for behavioural science and social studies; 23 per cent extra for allied health; 37 per cent extra for clinical psychology; five per cent extra for engineering, science and surveying; and 6.3 per cent extra for medicine, dentistry and veterinary science. So this has to be seen against the overall package, which will deliver \$557 million over four years. In terms of the impact on universities, the changes to the accounting cluster affect only new students. Therefore there will be a transition fund for the universities of \$83 million over four years to compensate providers for students who continue under the existing arrangements to the end of 2012.

Senator CARR—I will come back to the transition fund. However, there is something I would like a better understanding of. The claimed increases that you are making presume increased student contributions, don't they?

Mr Walters—No. For the clusters I just mentioned, there is an increase of Commonwealth funding of \$557 million over four years. That is the total extra that goes into the cluster funding arrangements from the Commonwealth.

Senator CARR—How much money did the Commonwealth previously provide for accounting courses?

Mr Walters—Until the change, the Commonwealth contribution is \$2,757.

Senator CARR—So it has gone from \$2,757 to \$1,674 for accounting students. How could you describe that as an increase?

Mr Walters—That is because the total resourcing for accounting and related units changes from \$7,260 to \$8,499 for students—

Senator CARR—Mr Walters, you have just said all that. I want to know if that total resourcing includes private contributions.

Mr Walters—The total resourcing, which increases by about 1.6 per cent, includes both the Commonwealth and the student contributions, if the universities raise those to the maximum.

Senator CARR—That is right. I am saying that your presumption of increased resources presumes an increase in private contributions.

Mr Walters—If the student contribution increases by the maximum, and that is up to the universities, there is a 1.6 per cent—

Senator CARR—I understand the line you are running on that. I would like to know how you can say that the Commonwealth has increased its contribution when it has in fact dropped the amount of money for accounting students, per student, from \$2,759 to \$1,674.

Ms Paul—I think Mr Walters is being clear. He was talking about the Commonwealth contribution and unpacking that for you and then he was talking about the overall impact on universities. I think he has distinguished those two things correctly.

Senator CARR—I want to be clear that we are talking about increased resources coming from students, not from the Commonwealth.

Ms Paul—We have talked about both elements there.

Senator CARR—How was the \$83 million in the transition fund that you spoke of calculated? What was the basis on which you came to the conclusion that \$83 million would be appropriate?

Mr Walters—I will ask Mr Manns to answer that in detail.

Mr Manns—In simple terms, it is calculated on the basis of the difference between the old Commonwealth contribution amount and the new, lower Commonwealth contribution amount, which Mr Walters has outlined, multiplied by the number of students that we expect will be covered by the grandfathering arrangement, as we call it: that is, those who will be

protected from the increase in maximum student contribution amounts—those for which the universities will not be able to make up that difference by increasing student contribution amounts.

Senator CARR—So the \$83 million is effectively gap funding; that is the compensation?

Mr Manns—That is right. For the students who will not be subject to the new higher student contribution amount, the universities will get the lower Commonwealth contribution amount and will not be able to make it up, so we will compensate them for the difference.

Senator CARR—What are the actual student numbers that make up that \$83 million?

Mr Manns—Around 41,500 in 2008.

Senator CARR—So 2008 is the base year, is it?

Mr Manns—Yes. It is the first year of the new arrangement. That will taper down, obviously, as those students—

Senator CARR—Can we have the year-on-year effect of that?

Mr Manns—Yes. In 2009 it will be 23,700 in rough terms, in 2010 it will be 10,200—these are calendar year figures—and the current estimate is that by 2011 there will be no need. Obviously those estimates will be subject to change in light of experience with the number of students who remain in the system. It is possible that that profile will change over time.

Senator CARR—Do I presume then that the allocation on a university basis will be in accordance with enrolments?

Mr Manns—Essentially, yes. We will get the data on the numbers of students who are covered by the grandfathering arrangements and pay the universities in respect of those.

Senator CARR—Do you have the number of students for 2008?

Mr Manns—They are our estimates.

Senator CARR—They are only estimates, aren't they?

Mr Manns—That is right, yes. Ultimately that will depend on the enrolment behaviour of individual students.

Senator CARR—Is it the case that universities will be required to fill their CGS quota before being permitted to enrol full fee paying students?

Mr Manns—Broadly, yes. The requirement is that the universities fill their allocation of Commonwealth supported places in a funding cluster before offering fee-paying places in that cluster.

Senator CARR—Has an additional five per cent been allocated to these quotas?

Mr Walters—The change that has been made is that universities can overenrol by five per cent—this is done in financial terms—and they will be reimbursed for that subsequently by the Commonwealth.

Senator CARR—At a marginal rate or a full rate?

Mr Walters—This will be at the full rate and according to the mix that they have. They can also enrol above five per cent, still collect the student contribution and not incur a penalty

as they are liable to do at present. They will not get the Commonwealth contribution above five per cent, but they are still able to get the student contribution.

Senator CARR—Does that mean that they have to fill that five per cent before they are able to charge full fees?

Mr Manns—No. It is the allocation of places that they have to fill.

Senator CARR—So they fill their base quota—

Mr Manns—Yes.

Senator CARR—and then they can go the full hog?

Mr Manns—Yes, that is right. They do not need to make use of the five per cent overenrolment provision.

Senator CARR—What will happen to the 41,500 students currently on the lower HECS funded courses? Will they be required to pay the same HECS rate of private contributions, or will they be required to pay the higher rate?

Mr Manns—They will remain under the current arrangements until the end of 2012. They will not be required to pay any increase that the university may choose to make.

Senator CARR—Given the logic that you are arguing—that to get additional resources you have to ask students to pay more—the University of Western Sydney, for instance, which has a large group of students enrolled in accountancy streams and associated groups, presumably will receive only the student contributions at the lower rate. Will the \$83 million also compensate it for the fact that it cannot charge the higher rate?

Mr Manns—That is precisely the purpose of the transitional funding—to compensate them.

Senator CARR—The \$83 million will be sufficient to cover both the base course contribution and compensation for not being able to charge the higher rate?

Mr Manns—It is—

Ms Paul—The latter.

Mr Manns—It is effectively the latter. With the taking down of the Commonwealth contribution amount, the universities are now able to make up that difference for new students by increasing the student contribution. For existing students they cannot do that, so we compensate them for the difference.

Senator CARR—Is the figure of 41,500 that you spoke about for 2008 for the whole cluster across accounting, administration and economics?

Mr Manns—Yes, that is right.

Senator CARR—Is that the only area that is affected?

Mr Manns—That is only area where there is to be a change in student contribution arrangements.

Senator CARR—Do you have a table with the number of domestic full fee paying students?

Mr Walters—When you ask for a table, do you mean broken down by—

Senator CARR—I am just going to that point. Do you have the figure for full fee paying students per institution?

Mr Walters—I think I have that.

Ms Paul—I think we gave that in an answer to a question on notice.

Mr Manns—It is also published in the student statistics.

Senator CARR—So we just look at the student statistics for that figure. Will that also provide me with a breakdown of undergraduate and domestic postgraduate FEE-HELP liable students by institution?

Mr Manns—I think it does. Dr Perkins is checking for me. There are detailed liability tables in the collection.

Senator CARR—Thank you. And also by broad discipline group—will it cover those as well?

Mr Manns—I think it is by broad discipline group as well. It is certainly by institution.

Senator CARR—Thank you. What page is that on?

Mr Manns—The liability tables start on page 115 of the student collection publication.

Senator CARR—Do you have a table with the number of students per institution who have moved from a full fee paying place to a Commonwealth supported place in the second or subsequent year?

Mr Manns—I think we have provided that in an answer to a question on notice. It is question on notice E795-07 from the last hearings.

Senator CARR—With regard to table A providers, are you able to tell me how they compare for domestic full fee paying students and Commonwealth supported places?

Mr Walters—We cannot provide that because it is not collected in that form. I also point out that a lot of those students would not necessarily have been admitted by enter score, bearing in mind that a majority of undergraduate students are not admitted on the basis of enter scores.

Senator CARR—How do you see them? What is the entrance requirement you are referring to?

Mr Walters—Many students at universities are admitted on the basis of other experience and qualifications and on the basis of portfolios and so on and so forth. Enter scores are not necessarily the method of entry for a lot of students, especially non-school leavers.

Senator CARR—What percentage enter universities through means other than the enter score?

Mr Walters—The last statistic I saw—and I think we will have to take this question on notice—was over 50 per cent.

Senator CARR—Fifty per cent?

Ms Paul—That would cover mature age students, for example.

Mr Walters—At some universities, such as the regionals, it would be well above that. They are not coming through the tertiary admissions centre.

Senator CARR—That is for undergraduate award courses, is it?

Mr Walters—No, it is for bachelor degrees too. They are often admitted through direct applications to the universities, and they take other factors into consideration.

Senator CARR—You are saying that the statistics now show that for a bachelor degree more than 50 per cent of students are entering university through a scheme other than the enter score?

Mr Walters—That is to the best of my recollection. We will take the question on notice. But it is a very high proportion.

Senator CARR—Do you have any statistics, where statistics are available, on the difference in enter scores for fee-paying and non-fee-paying students?

Mr Walters—No.

Senator CARR—Does the department have any projections on the increase in the number of domestic full fee paying students?

Mr Manns—The estimate behind the recent budget measure that removes what is commonly called the cap on fee-paying places is a 20 per cent increase in the number of domestic fee-paying places.

Senator CARR—Over what length of time?

Mr Manns—Potentially immediately. Provision has been made for that to happen.

Senator CARR—From 2008?

Mr Manns—For 2008. But I suspect that realistically it might take some time to flow through.

Senator CARR—Where would you fit the 20 per cent increase in fee-paying students?

Mr Manns—That is why I say I suspect it will be different from university to university and that it could take some time to reach that level, if at all.

Senator CARR—But you are working on the assumption of a 20 per cent increase?

Mr Manns—We have made an estimate of it for the purposes of, for example, the effect of that on FEE-HELP, which we need to do. Obviously it is only an estimate, and universities and students will make their own decisions. It is a 20 per cent increase in what is a relatively small number in any event.

Senator CARR—What is the total number of full fee paying students at the moment, in terms of the effective full-time load?

Mr Manns—According to 2005 full-year data, for table A providers—the public universities, for want of a better term—it is around three per cent of undergraduate students.

Senator CARR—So we are looking at a 20 per cent increase on the three per cent?

Mr Manns—That is right. There were around 15,630 students, some of whom were just in fee-paying summer semesters, in 2005. So potentially it would be a 20 per cent increase on

that sort of number. In the total number of undergraduate domestic students, over 500,000, it is a fairly small number.

Senator CARR—Is it possible for entire disciplines to be transferred to full fee paying programs?

Mr Manns—It will be possible under the new arrangements for a university to offer a particular course only on a full fee paying basis, provided, as we said earlier, that it offers all of those places that it has been allocated in the broad discipline cluster as Commonwealth supported places first. That rule will continue to apply. Within that, the current rule that applies course by course will no longer apply.

Senator CARR—I see. But because the clusters are so broad, is it not possible to transfer places in that cluster, say, from law to economics and then offer the law course at a full fee paying rate?

Mr Manns—Theoretically, if it is in the same cluster, yes. But I think a university would probably have significant difficulty shifting all of its Commonwealth supported law places, for example, into accounting or business and filling all of those places. That would probably require a discussion with us about the allocation of Commonwealth supported places to that cluster as a whole.

Senator CARR—But it could do it over a couple of years, couldn't it?

Mr Manns—As I said, because of the numbers involved, I think it is fairly unlikely that that could occur.

Senator Brandis—Senator Carr, I will make another observation. I tried to explain this to you when you asked me a question about this topic in the Senate a few weeks ago. Increasingly you will find—and I can say this, having taught in a law school—that the discipline of law and the disciplines of management and business, economics and commerce are being bracketed by universities in the same schools because of the complementarities between the disciplines. You also find that increasingly students, at least at the undergraduate level, who might be pursuing a course in law or commerce, for example, are choosing their subjects from commerce and law respectively. So law and commerce graduates increasingly—much more so than when I was a student—are being educated in the same organic entity within a university.

Senator CARR—So, Mr Manns, it is possible—although, you say, unlikely at this point—for universities to negotiate with the department in the foreseeable to allow for a funding agreement that will enable a shift in load between Commonwealth supported places within the broad cluster?

Mr Manns—I think I said 'theoretically' possible. I think I also said that if a university were to approach us effectively to relinquish a large number of Commonwealth supported places—for example, in law—because it was not able to shift them all into accounting and so on, we would have a discussion with them. I could not pre-empt the outcome of that discussion.

Mr Walters—I will add that this is not a mechanistic process. This is one where we have discussions with the universities through the funding agreement system. Normally they are

quite candid about their plans and what they are proposing to do. If there appeared to be something which was contrary to the government's policy intent in this area then obviously we would take that away. We might need to discuss it with the minister and decide whether or not to approve that change. It is not a mechanistic process; it is one where we have a thorough discussion with the universities.

I have the information you were asking for a little earlier about the basis for admissions to universities. Our statistics are for 2005 and they refer to domestic students commencing a course at bachelor level or below. Forty-two per cent are admitted on the basis of secondary education. Another 25 per cent are admitted on the basis of a previous higher education course, 6.2 per cent through the mature age special entry provision, 10 per cent on the basis of a TAFE award course, 15.6 per cent on another basis unspecified and one per cent on the basis of a professional qualification. So the figure for secondary education leading to a TER score is 42 per cent.

Senator CARR—Plus the other university entrants, who also would have been through secondary education?

Mr Walters—That is quite correct, but it would not necessarily mean there was a TER score that was relevant and taken into consideration.

Senator CARR—It would be very unusual, particularly if they have an established tertiary qualification, not to have a TER score or its equivalent.

Mr Walters—There would have been a TER score at an earlier stage, but that is not forming the basis of the entry to this course.

Senator CARR—That is sophistry, Mr Walters. If they already have a university degree, they would have had entry to that university on a TER score and then transferred to another program on the basis of it.

Ms Paul—But that would have been four or two years prior. This is just giving you the precise statistics for one year and one student cohort.

Mr Walters—It could have been 20 years before.

Ms Paul—That is true; it could have been 20 years before. These are correct. For example, a lot of universities are also using uniTEST or the student aptitude test entry, which indeed there is—

Senator CARR—The point of my inquiry was to establish whether there were lower standards of entry for full fee paying students as distinct from Commonwealth funded places. You cannot tell me the answer to that?

Mr Walters—We cannot tell you the answer, and I do not think there will ever be an answer purely on the basis of TER scores. As I have explained, secondary school entry directly related to TER scores accounts for only 42 per cent of those entering an undergraduate or below course.

Senator CARR—Is it possible for an institution's funding agreement to specify that it does not want HECS places in a certain discipline?

Mr Walters—The funding agreements relate to the clusters rather than to the disciplines. So it would need to be in terms of not having a place in a particular cluster. I think some universities do not have places in particular clusters at the moment—for example, if you did not have any education students you would not have anybody in that cluster. Without checking I could not say—

Senator CARR—But the education cluster is a very narrow cluster. Presumably you could say the same about nursing.

Mr Walters—That is right. Universities do vary in their provision; they do not all offer the same things.

Senator CARR—But it is unlikely that a university would have no maths at all.

Mr Walters—That is very unlikely. Bear in mind that the clusters feed into courses. So courses are often drawn from a number of different clusters. Quite a lot of the changes we look at relate to the detailed mix of what goes into a course rather than the course itself. We do not regulate courses; we regulate at the level of the cluster.

Senator CARR—That is right. So it is possible for a university not to offer Commonwealth funded places in one of the disciplines in the medicine, dentistry, veterinary science and agriculture cluster?

Mr Walters—Indeed. I would say that most universities do not have a dentistry school, so that obviously would be the case.

Senator CARR—Therefore they could offer entirely full fee paying places in that program if they had the facilities?

Mr Walters—If a university chose to set up a full-fee dentistry school and offer just full-fee dentistry places, it could.

Senator CARR—What is the percentage of domestic undergraduate students currently covered by the cluster of accounting, economics and commerce disciplines?

Mr Walters—From memory, it is around 15 or 16 per cent. We will look up the precise figure.

Senator CARR—That is fair enough. I accept that you will do that, but that is my understanding as well. It is in the mid-50s in terms of the number of students.

Mr Manns—In 2005, from the latest four-year data—this is on equivalent full-time student load—it was around 64,000 out of a total of just under 400,000.

Senator CARR—I take it that there was a calculation of income forgone by universities by changing that particular cluster?

Mr Manns—Yes. That is what we have talked about previously.

Senator CARR—That is right; that is where you got your \$81 million. Do you have a figure on the income forgone?

Ms Paul—That is the representation.

Senator CARR—That is the \$81 million? Is it precisely \$81 million?

Mr Manns—That is the amount of money that the universities would stand to lose by not being able to make up for the reduction in Commonwealth contributions by increasing student contributions. As I have explained, it is an estimate. It will be potentially adjusted as we roll through the years and find out how many actual students are affected. It is clearly the government's policy intention that the universities shall not be out of pocket as a result of this change.

Ms Paul—And, of course, it is in the context of this being a \$557 million measure over four years.

Senator CARR—If the universities choose not to pass on the HECS increase to students, by how much will they be out of pocket? It is a drop of about \$1,000 per student in the Commonwealth contribution for those clusters.

Mr Manns—That is effectively the difference between the old Commonwealth contribution and the new one that Mr Walters talked about earlier—the \$2,000-odd down to \$1,000 and something.

Mr Walters—It is \$2,757 down to \$1,674.

Mr Manns—If universities do not increase their student contributions to make up for that difference, that is the difference that will not be made up.

Senator CARR—What was the policy rationale for passing this cost shifting on to students?

Mr Walters—I think it was at two levels. At one level there was a desire to produce, in keeping with the representations made during the review of the Higher Education Support Act, a simplified funding scheme that brings the number of clusters down from 12 to seven, as you observed earlier. Obviously, in order to bring 12 down to seven, some adjustments had to be made. It was decided that the economics/accounting cluster had a lot of similarities with the law cluster in the considerable private return available to individuals studying in the fields over a lifetime and the commercial nature of the courses. Recent research indicates an average lifetime gain of over \$230,000 for business graduates compared with an average return for graduates of around \$150,000. Therefore, it was decided to align the accounting, economics et cetera cluster with the law cluster in both the government contribution and the maximum student contribution as part of the broader package. This has brought a considerable decrease in the number of clusters and over \$500 million of extra funding to the cluster funding model.

Ms Paul—Of course, all universities gain from the measure.

Senator CARR—If that is the rationale, why was there no real increase in support for humanities students, who are the largest single group? I think there are well over 100,000 now in the humanities, aren't there, Mr Manns?

Mr Manns—I do not have that figure in front of me.

Mr Walters—We can find you the figure. The reason for that is that the consideration was based on the outcomes of the review of the Higher Education Support Act. That largely showed that the main pressure points in the system seemed to be around the science and technology area and some of the other areas which were addressed in the budget measures.

The humanities area did not stand out strongly from the Higher Education Support Act review as one where there was significant pressure on the funding being provided.

Senator CARR—The real effect of this is to allow the universities to charge more for the commercial courses.

Mr Walters—No, the real effect is that it provides over \$500 million to the overall cluster funding model. That has been directed largely in line with the pressure points that came through from the Higher Education Support Act review. Within that—

Senator CARR—How do pressure points—

Mr Walters—If I might finish, Senator. Within that, the universities have discretion to direct funding internally as they wish. So they can cross-subsidise courses if they choose to do so, but this is the basis on which the overall funding for the universities is built up.

Senator CARR—How did you measure pressure points?

Mr Walters—It was really a judgement of the review of the Higher Education Support Act. All the submissions—I think something like 90 were made—are on the web. So is the report of the review, which contains the main points that have been drawn from the review of the Higher Education Support Act. As I said, they were mainly around the areas of science and engineering and some of the other issues which have been directly addressed in the budget measure.

Ms Paul—Many of the submissions reflected on, for example, the cost of delivering such courses with the changes in technology and so on.

Senator CARR—The humanities are expendable in that, aren't they? That is the truth of it.

Ms Paul—I am sorry?

Senator CARR—The humanities are expendable in this arrangement, aren't they?

Ms Paul—That certainly was not the consideration. It would be fair to say that perhaps the humanities do not face some of the cost increase pressures that some of the others do.

Mr Walters—The humanities are not in the lowest band for Commonwealth Grant Scheme support either. It is worth bearing that in mind.

Senator CARR—I refer to the \$208 million structural reform fund. Where does that money come from?

Ms Baly—The funding that will go into the Diversity and Structural Adjustment Fund is a combination of new funds that are provided through the PBS, \$30 million of which comes off the forward estimates from the Learning and Teaching Performance Fund and funding that is currently available through the Collaboration and Structural Reform Fund.

Ms Paul—The new funding for the diversity fund is \$66.8 million. Is that right, Ms Baly?

Ms Baly—The new funding is \$63 million.

Senator CARR—Of the \$208 million, \$63 million is new?

Ms Baly—Yes, that is correct.

Senator CARR—Will that allow for the development of teaching-only universities?

Ms Paul—Yes. The policy intent is to use the fund to allow universities to specialise and to become more diverse. We have not yet heard from any university which wishes to become teaching only, and at the moment the national protocols do not allow that. But the structural adjustment fund certainly goes to the notion of the need for increased diversity amongst universities to achieve world-class institutions which are able to be world class in their area of specialty. A teaching-only university would require a change to the national protocols, which are controlled by all ministers, state and federal. It would also require a university wanting to do that, which is not something they have expressed to us yet.

Senator CARR—I am surprised you say that. I thought the amendments to the protocols recently would have allowed for that interpretation.

Ms Paul—No, the changes to the protocols that the Ministerial Council on Employment, Education, Training and Youth Affairs, MCEETYA, signed up to most recently—which was probably about 18 months ago—go to the requirements around research. They do not eliminate the requirements around research; they change them. I am sure my colleagues can go into more detail.

Senator CARR—Can someone explain that to me? I thought that was precisely what they allowed for—specialisation to the point where research could effectively disappear.

Ms Paul—No.

Mr Cook—No, it reduced the number of areas in which a university needs to offer degrees up to PhD level, but it still requires that basic mix of research and teaching.

Senator CARR—So all universities must offer a PhD?

Mr Cook—Yes.

Ms Sparkes—The changes to the national protocols that were initially agreed by ministers in 2005 and the detail approved in July 2006 effectively allow for the creation of a comprehensive university that has to have teaching and research breadth across three broad fields as defined by the ASCED codes of education. They also allow for the creation of specialist universities that require teaching and research depth in respect of either one or two fields of education. In both cases the definition of a university requires research depth.

Senator CARR—So the research depth must be across three fields?

Ms Sparkes—For a comprehensive university, yes.

Senator CARR—But if you are not a comprehensive university, you can be—

Ms Sparkes—A specialist university. If you are a specialist university you would have to indicate you are—just as an example—‘the University of Mining Engineering, Western Australia’. You have to indicate the nature of your specialty in your university title. Both the title university and specialist university are protected under the new national protocols.

Senator CARR—Are those specialist universities able to undertake research only in that one area?

Ms Sparkes—In one or two broad fields.

Senator CARR—But is one sufficient?

Ms Sparkes—Correct. That is what the protocols say.

Senator CARR—What is the definition of research in that category?

Ms Sparkes—There is a definition of research and a definition of scholarship in the protocols. Unfortunately, I do not have them with me. I can get back to you on that.

Senator CARR—I would appreciate that. You say that there cannot be teaching-only institutions, but there can be institutions that do research in one area. My recollection is that the definition of research is not particularly rigorous.

Ms Sparkes—I do not have that with me. I will get back to you on the definition of research. As the protocols were developed, there was extensive consultation across the sector over two to 2½ years. The issue of teaching-only institutions was part of that dialogue at the time. Ministers rejected that concept, both at their meeting in November 2005 and in July 2006. The revised protocols clearly indicate that there has to be research activity and the offering of research higher degrees—in respect of specialist universities, in one or two broad fields of education.

Senator CARR—In the current distribution of research, how many universities would have only one or two fields at the moment?

Ms Sparkes—I have that information but I do not have it with me at the moment. I can get back to you on that.

Mr Walters—I will add that we do not have any specialist universities at the moment. This is a new pathway that has been opened up which people can apply for, but we do not have any specialist universities at the moment.

Ms Paul—I think, therefore, the answer is ‘none’. But we will check, because this is not a pathway that anyone has taken yet.

Senator CARR—Could the funding, however, provide for teaching-only institutions?

Ms Paul—No. We have just explained that.

Senator CARR—That is not what you said before. That was the point I was making. I was surprised when you said it is possible.

Ms Paul—No, I said that the fund will go to structural change but that no university has approached us on teaching-only and, in any case, that would be precluded by the national protocols. Yes, the fund does go to universities that wish to specialise their efforts, wish to make significant structural change and so on.

Senator CARR—Mr Walters, do you have a table that will give me the breakdown of teaching and research in each of the public universities?

Mr Walters—No, we cannot do that. The closest you would get to that are the figures published around the distribution of research funding to the universities against the general Commonwealth funding. But that is not necessarily a measure of research activity, because we know that academic staff do pursue research activity in accordance with their own local employment agreements to a greater or lesser degree. That is not something which is closely recorded. The ABS has attempted to do some survey work on this in the past, but it varies according to local practice and local employment conditions.

Senator CARR—Are you able to tell me the difference between, say, a research-intensive university and a university that is not research intensive?

Ms Sparkes—We would be able provide you with information in respect of research income by the various universities.

Senator CARR—By institution?

Ms Sparkes—By institution, which is one measure of research activity. We also have in our statistical publications information on the distribution of teaching and research staff, which is another measure.

Senator CARR—Could I have a look at those? If they have already been published, just give me the page numbers.

Ms Sparkes—The teaching and research staff numbers should be in our regular staffing and student publications, which are available on the web, but we can get that to you.

Senator CARR—Thank you. And research income as a percentage of total income? You used to produce that figure, but I have not seen it for a while.

Ms Sparkes—We do not have it with us, but we will take it on notice.

Mr Walters—It is not difficult to produce research income and total income, but, in those staff statistics, you have some staff who are teaching and researching—who cover both fields. So the precise allocation of that—

Senator CARR—But the income figure will tell you what the intensity is.

Ms Paul—Yes.

Ms Sparkes—We will take that question on notice and get back to you.

Mr Cook—The income figure will be a proxy but not accurate, because there will be research being undertaken which is not generating income and because the university can use its own funds to undertake research. Just to be clear, we will provide information which is a proxy but is not the full story.

Senator CARR—Do you have any time series figures that will tell me what the shift has been?

Mr Cook—We could do that by looking at the published stats on things like research income.

Senator CARR—Has there been a shift, for instance, to the Group of Eight over the last five years?

Mr Cook—My memory of research income is that most of it tends to be concentrated not just in the Group of Eight but in what are generally regarded as the research-intensive universities. You will see that in the tables.

Ms Paul—I am not sure whether there has been a significant shift over time. We need to take that question on notice.

Senator CARR—Does the department monitor staff changes within disciplines, or only in clusters?

Mr Walters—We do not monitor staff changes within clusters. We do collect annual staff statistics and publish them—or we have done up till now. There is a published collection, which is up on our website.

Dr Perkins—I do not think we publish staff data on the basis of discipline; I think it is just total numbers.

Mr Walters—I can, however, give you some figures from our staff collection for 2005, which show that staff engaged in a research-only function accounted for 12.1 per cent of total full-time staff in 2005. Staff engaged in a teaching and research function accounted for 26.8 per cent of total full-time equivalents.

Senator CARR—I am particularly interested in the location across the different types of universities. Do you have that figure?

Mr Walters—I will take that on notice, but I do not think we do.

Senator CARR—There has been considerable discussion in recent times about the shift away from mathematics teaching in universities. Have there been discussions with universities about the redundancies in mathematics?

Mr Walters—I am not aware of anybody coming to us to discuss the issue of redundancies in mathematics. The department has looked at the general issue of science skills and has promoted a study of that, which I think you would be aware of, a few months ago. The minister wrote to all the vice-chancellors to draw their attention to the issue and to invite their comments on strategies to address the need to improve the take-up of science and related courses in universities.

Mr Cook—As Mr Walters mentioned earlier, in the new cluster arrangements mathematics, from memory, gets the highest percentage increase in the new Commonwealth contribution.

Dr Perkins—That is correct; it has an increase of 49.7 per cent.

Senator CARR—What activities has the Carrick Institute undertaken this year?

Ms Baly—The Carrick Institute has undertaken a number of activities during the year. I do not have details of the specific activities, but at the broad level it has undertaken a grants scheme which is \$28 million over three years; it is undertaking discipline based activities which provide opportunities for dissemination and application of good practice within particular disciplines; it is establishing a resource identification network, which provides a central coordination repository to facilitate sharing and adoption of good practice in learning and teaching; it has a fellowship scheme worth \$7.5 million; and it has the Carrick Awards for Australian University Teaching, which replaced the Australian Awards for University Teaching that have been in the sector for some time.

Senator CARR—What are the uncommitted funds for the forward estimates period for the Carrick Institute and the Carrick Awards?

Ms Baly—I do not believe there will be any uncommitted funds for the Carrick Awards, other than what is yet to be committed for this year, which is \$4.7 million. I would have to take on notice how much of their budget is uncommitted.

Senator CARR—Is it possible to get that information quickly?

Ms Baly—I will try to get it quickly.

Senator CARR—That is, rather than on notice. Senator Brandis drew my attention to the rate of return. Four more answers from DEST from the previous round arrived today. I take it that is now all of them?

Ms Paul—The committee received all our answers yesterday before we started our evidence. I was able to tell you yesterday that there were none outstanding.

Senator CARR—It was considerably past the deadline, though.

Ms Paul—Considerably past. But our record against the deadline was considerably better than last time, I am pleased to say.

Senator CARR—I think that is the point Senator Brandis made.

Ms Paul—As usual, we took something like 258 questions of 950 parts.

Senator CARR—With regard to the forward estimates for the Carrick Institute, has the baseline funding been committed?

Ms Baly—We are going to get you the figures for uncommitted funds. There will be some commitment into the forward estimates because some of the activities I read out to you go over a three-year period. So there will be some commitment into future years.

Mr Walters—They also have premises, so I do not know what commitments they have to pay the rent and, of course, their forward commitments in respect of staff contracts.

Senator CARR—Where that is known, I would appreciate advice.

Ms Baly—Certainly.

Senator CARR—Do you still maintain discussions with universities concerning controlled entities?

Mr Walters—Not in any great detail. It is one of the issues covered in the governance protocols. If we have any concerns about controlled entities which have come to our attention, we raise them in the IAF discussions. It is worth making the point that the larger universities, in particular, often have many controlled entities. If we were to try to keep an eye on all of that, it would get us into a great deal of micromanagement. So we tend to have dialogue with the universities on an exception basis if a particular issue comes to our attention either because the university has raised it with us, or because someone else has raised it with us, or because we have noticed it in the documentation and it is something that we think we ought to raise with them. Basically, our starting point is to look at issues that might affect the long-term viability of an institution. We do not seek to ask questions or to make an intervention in something that is part of the normal, day-to-day business of the university. Obviously, if it affects the long-term viability of the institution, or it might do, that is a legitimate Commonwealth concern in view of our funding responsibilities.

Senator CARR—In the circumstances where a university has very large numbers of controlled entities—and you have identified that some do—and does not submit audited financial statements, would the Commonwealth be concerned about that?

Mr Walters—I think the Commonwealth would be concerned if it were drawn to our attention. At the moment, as you know, the audit function is supervised at state level, apart from in the case of the Australian National University. If it were something picked out in an auditor's report or otherwise drawn to our attention as a matter of concern then we would draw it to the university's attention.

Senator CARR—I ask this because I noticed in the *Australian Financial Review* on 28 May a reference to the New South Wales Auditor-General's annual review of universities, which criticised the University of New South Wales' control of its 28 controlled entities. It indicated that five new bodies were formed in 2007 alone, including one in Singapore, and that, of the 27 state entities that did not lodge audited financial statements by the 4 May deadline, 20 belonged to the University of New South Wales. Do you read the New South Wales Auditor-General's reports?

Mr Walters—Yes, we do. The way we pick up things like this is in the round of institutional assessment framework visits. In fact, we are due to make one to the University of New South Wales later this year. In the normal course of events in preparing ourselves for that visit, we would have a look at the Auditor-General's report and any response that the university has made and we would almost certainly make a note to raise the issue with them. In this case we will raise the issue with them.

Senator CARR—I noticed that in that particular case the university's Singapore operation—and I understand there is some dispute about whether it is a controlled entity or otherwise—was established only in 2007 and is closing this year. Have you had discussions with the University of New South Wales about that?

Mr Walters—Yes, the University of New South Wales have kept us briefed on the current position and gave us notice of the decision. I think it was announced in the past few days that they were going to discontinue that operation.

Senator CARR—Are you satisfied with the financial reports that have come from the University of New South Wales about these matters?

Mr Walters—We have not seen any detailed financial reports, and we do not ask them to report in detail on an issue like that. The issue has, however, been explained to us by the university, and we understand that the decision not to continue with that operation was based on an assessment of the risk to the university against the initial results of the operation in Singapore. As such, the decision not to carry on seems to have been a prudential decision to protect the long-term interests—and perhaps even the short-term interests—of the university financially. In other words, from all the information we have, they made a sober assessment of the facts and made a sensible decision. I hasten to add that our interest is in the long-term viability of the university rather than in the detailed management of something which is legitimately a matter for the vice-chancellor and the governing council of that university. That is the basis on which we have been briefed on the issue, and we do not at this stage have any concerns that anything about the decision that has been taken is wrong.

Senator CARR—The press report I referred to speaks of a \$4 million grant from the department of education a year ago. Is that the Commonwealth department of education?

Mr Walters—I am not aware that we have made any grants in respect of the Singapore operation, if that is the context.

Senator CARR—No. The report says there was a grant:

... a year ago for a new financial control system.

Mr Walters—That is a different issue. I think that will be a grant under the Workplace Productivity Program in respect of the overall financial system at the university. I see Ms Baly is looking down the list of WPP projects to see if we can give you any information about that one. That would be related not specifically to Singapore but to the overall management of the university, and that will be in line with a series of other grants we have given to different institutions to try and improve their management, financial systems and other aspects of the way they operate.

Ms Baly—Senator, the University of New South Wales received a grant of \$3.7 million for a project entitled the finance, productivity and performance program. Does that sound like the one you are referring to?

Senator CARR—I am referring to a report in a paper. I wondered whether it was the department of education of New South Wales. Presumably it is this amount.

Ms Paul—It could be. The figure does not match, so it is a bit hard to tell.

Senator CARR—What is the current financial health of the University of New South Wales?

Mr Manns—We have seen the New South Wales Auditor-General's report on the University of New South Wales. The universities submit to us by 30 June financial statements which have a bit more detail in them. We have not analysed those at this stage. On the basis of the tabled New South Wales Auditor-General's report, the university reported an operating surplus of just over \$16.9 million in the most recent reporting period, 2006.

Senator CARR—And you do not have the figures at this point to confirm that report?

Mr Manns—The figure will be the same. We potentially do some adjustments to put them into our reporting framework, but I have no reason to believe that there is a different source to the figures.

Senator CARR—Do you have the figure for the uncommitted funds for the forward estimates to 2010-11 for the Workplace Productivity Program?

Ms Baly—In 2008 it is \$18 million. In 2009 it is \$28 million, which is the full allocation for 2009, and it is the same in 2010.

Senator CARR—We were discussing the capital development program last night. Are there any uncommitted funds in that program?

Mr Manns—I heard part of your discussion with Mr Storen about what is committed and what is not committed. I suppose you could look at CDP in two different ways. In a technical legal sense the funds are committed in the relevant year, when an actual determination is made under the act. But for all practical purposes the funds are committed when the minister approves projects in forward years. I think there is a very strong expectation among the universities that those funds will ultimately—

Ms Paul—Because it is for infrastructure, obviously.

Mr Manns—flow. I will answer the question in the practical sense of how much money is yet to be approved as allocated to the universities. For 2008, all of the funds have been allocated. For 2009—and these are calendar years—we have around \$22.5 million that has not yet been allocated. These figures will change as indexation rolls through in the years. In 2010, no funds have yet been allocated, but we will be running a selection round for CDP this year, which we expect will commit around \$47.6 million of those funds for 2010. There are no commitments beyond that period at this stage.

Senator CARR—Thank you. In terms of the finances, what percentage of the Central Queensland University's revenue is dependent on international education?

Mr Manns—I only have the data for 2005. I think we may well have talked about these in the past. As I have just mentioned, the universities' financial statements for 2006 are coming through over the next month or so. For 2005, Central Queensland University had 45.7 per cent of its total revenue from overseas student fees. That is for its higher education operations.

Senator CARR—Has the higher education division had its attention drawn to the operations of the C Management Services, which is, as I understand it, the company contracted to run the international education program at Central Queensland University.

Mr Walters—The operation of C Management Services was the subject of some comment in a report by the Australian Universities Quality Agency a few months ago. Since then we have had a number of discussions with the university about its follow-up to the recommendations in that report.

Senator CARR—What has been the product of those discussions?

Mr Walters—I might ask Ms Sparkes to update you on that.

Ms Sparkes—Senator, I would imagine you would be aware that the university is looking at doing some restructuring, and the issue of CMS is under discussion. Currently that proposed restructure, as I understand it, is with the Queensland government for consideration. I am unable to provide you any detail on that. The nature of the discussions that we have had with Central Queensland University have in general been about a number of aspects of their audit report. We first raised the issues with them during their IAF visit last year. Following that visit we requested them to provide us with a report on how they proposed to address the recommendations in the audit report. I met with the representatives of the university along with an officer from the Queensland Office of Higher Education in January and had a further discussion with them. We agreed that they would come back to us with a further report which would provide some greater detail of the overall strategic direction of the university and how they were proposing to progress particular recommendations. That came to us in March.

I have recently been in discussions with the university and intend to have another meeting with them in June. I understand that the university is having a major planning process at the moment, during May, and we agreed to have further discussions with them in June. My discussions with them have in the main focused on some of the recommendations in the audit report related to matters around teaching, research, student assessment and support services—not specifically on the issue around CMS, which really is an issue for consideration by the

Queensland government in terms of the university's proposed restructure of that element of their operations.

Senator CARR—Why isn't that a matter for the Commonwealth department?

Ms Sparkes—As I understand it, what they are actually proposing is a major restructure of their business operations and, under the Office of Higher Education's legislation, there is a requirement for them to talk to that organisation and to the Treasury in that state. It goes to the heart of how they organise their business practices, and we, of course, do not have the power to regulate that. That is a basis under the university establishment acts and other acts that relate to the university's establishment in Queensland.

Senator CARR—So questions of governance and conflict of interest, in terms of the university and the board of the company, are not matters that the Commonwealth can pursue.

Ms Sparkes—We look at issues around their governance arrangements and their compliance with the national governance protocols. That is something that we would monitor on a regular basis.

Senator CARR—Is that not the issue that was raised by the AUQA?

Ms Sparkes—I do not actually have that audit report with me to look at the precise detail around that. They did raise a number of issues around CMS, but I think the university is trying to address that through its restructure proposal.

Senator CARR—So how do you know when to intervene in circumstances such as these?

Ms Sparkes—The university is keeping us apprised of developments there, and the university is also liaising closely with the Office of Higher Education. So I do think that we have a strong dialogue with the institution around their plans.

Senator CARR—Have you told the university to stop enrolling domestic undergraduate fee paying students?

Mr Manns—The university has advised the minister that initially in 2005 and then again in 2006 it took on domestic fee paying students without having filled all of its Commonwealth supported places. In respect of 2005, the then minister decided not to take any action against CQU because, as you probably recall, it had been confronted with a relatively unexpected decline in enrolments of Commonwealth supported places and it was going to take it some time to work its way through that position—and, as you probably recall, it gave us back some Commonwealth supported places at that time.

The university wrote to the current minister saying they thought that they would be in a similar though not quite so dramatic position in 2006. The minister responded by saying she basically had no intention of letting CQU carry on with this practice and asked them to advise her of their plan for coming into compliance with the arrangements. In response to that, CQU basically indicated that they would not take on any fee paying domestic students, to ensure that they did not run foul of the requirements in future.

Senator CARR—When was that letter sent by the minister?

Mr Manns—On 24 January 2007. That is the date of the minister's letter to—

Senator CARR—That is Minister Bishop?

Mr Manns—That is correct.

Senator CARR—How many years has the university been in breach of the Commonwealth's guidelines with regard to the filling of—

Mr Manns—The current arrangements are under the Higher Education Support Act, which came into effect for 2005, so I have mentioned 2005, 2006 and what we understand to be the position for 2007.

Senator CARR—Were they also in breach of the HEFA Act in the previous period?

Mr Manns—That is well before my time. I would have to take that on notice to see what the arrangements were at the time.

Senator CARR—Can you?

Mr Manns—I do not think there was an exactly parallel provision under HEFA, because there was not quite the same concept of Commonwealth supported places that there is in HESA, but I will take it on notice and do a bit of archaeology.

Senator CARR—When did the university right back to the minister and indicate that they would comply with the law?

Mr Manns—On 28 February 2007.

Senator CARR—So, in your judgement, Mr Manns, in what period was there a breach?

Mr Manns—As I say, there was clearly one in 2005, and then the university—

Senator CARR—That is all of 2005?

Mr Manns—This operates on a calendar-year basis. The rule is you fill your places for the year and so on. That was the exchange of correspondence, as I mentioned, with the former minister.

Senator CARR—That was Minister Nelson?

Mr Manns—That is right. Then in December 2006 the university wrote to the minister indicating what had happened in that year—2006. That triggered the minister's letter of 24 January and then the subsequent response from the university.

Senator CARR—I read in the newspaper that the vice-chancellor was quoted as saying that he has pleaded with DEST every year to relax its rules about this. I take it that 'every year' refers to the two previous years.

Mr Manns—I assume so. I do not know what the vice-chancellor might have meant by that.

Senator CARR—There would be no other years that you are aware of where this breach has occurred.

Mr Manns—Not that I am aware of, no.

Senator CARR—Are there any other universities that are in a similar position?

Mr Manns—We have been through the data for 2005 and, with the exception of Central Queensland University and one or two others that also had that unexpected underenrolment—

Senator CARR—What are the one or two others?

Mr Manns—For example, Charles Darwin University had a bit of an underenrolment problem. That was the next nearest one to Central Queensland University.

Senator CARR—Which years?

Mr Manns—We are talking 2005

Senator CARR—That was rectified in 2006, was it?

Mr Manns—We do not have any data for 2006 yet to do the compliance checking, but, in relation to those universities that show up on the data as having taken on fee paying places while having unfilled Commonwealth supported places, as I say, the pattern is most generally those that had an unexpected underenrolment problem in 2005. Consistent with Minister Nelson's treatment of Central Queensland University, it may be reasonable to treat the others in the same way. Overall the numbers are really quite small.

Senator CARR—You mentioned two universities other than Central Queensland University. Charles Darwin was one. What was the other?

Mr Manns—The ones that have had smaller percentages of unfilled Commonwealth supported places are the University of New South Wales—I hasten to add that this is a run of the data at the moment; we have not gone back to the universities to check this at this stage—and the University of Technology Sydney. Then we are getting into fairly trivial numbers like 0.02 per cent for Monash University. There are a small number of other universities below the one per cent mark. Central Queensland, I have mentioned.

Senator CARR—So if it is less than one per cent you basically do not—

Mr Manns—We always apply these rules with a degree of reasonableness.

Senator CARR—But less than one per cent is a different category. What was the level at Central Queensland University?

Mr Manns—Central Queensland University had around 6.3 per cent of its Commonwealth supported places unfilled. That was around 444 EFTSL. It took on around 208 EFTSL undergraduate fee payers.

Senator CARR—How many in Charles Darwin University?

Mr Manns—Charles Darwin University had around 295 unfilled Commonwealth supported places but it took in no undergraduate fee payers. It took in 173 postgraduate fee payers, but I assume that a number of those would have been clusters in which the university did not have any postgraduate Commonwealth supported places allocated. So, again, for them it is not a serious issue.

Senator CARR—Are you saying that they enrolled postgraduate students where they had not been allocated places?

Mr Manns—Most postgraduate places are not Commonwealth supported places.

Senator CARR—I understand that.

Mr Manns—They are fee-paying places, but I think all universities have relatively small numbers of Commonwealth supported postgraduate places. The vast bulk of those are in the education cluster—the grad. dips and so on.

Senator CARR—Masters in Education and those sorts of things?

Mr Manns—It could be, yes. And there is a smattering across other clusters, as well. But the bulk of them are in education.

Senator CARR—What was the percentage at Charles Darwin University. If Central Queensland University was 6.3 per cent, what was Charles Darwin University?

Mr Manns—Around 10.6 under-enrolment.

Mr Walters—That is the percentage of under-enrolment, not the percentage of full fee payers who have been enrolled.

Mr Manns—No.

Senator CARR—No. You said that you do not have the 2006 figures for Charles Darwin University but you had them for Central Queensland University. How come there is a discrepancy?

Mr Manns—Central Queensland wrote to the minister about the issue—you have quoted the Vice-Chancellor—looking for some sort of relief from the application of the rule. So that information was volunteered by them, in that sense.

Ms Baly—I have some figures for the Carrick Institute. For the 2007-08 financial year there is 22.678 uncommitted; for the 2008-09 financial year, 23.11; for the 2009-10 financial year, 23.549; and for 2010-11, 23.996.

CHAIR—As we are very close to morning tea we will take a 15 minute break now.

Proceedings suspended from 10.24 am to 10.43 am

CHAIR—The committee will reconvene. Senator Carr would like to ask questions about vocational education and training.

Senator CARR—I return to the question of market research that the division has been undertaking. At whose request was the polling or telephone canvassing undertaken in January 2007?

Ms Paul—Can you remind me?

Senator CARR—This is the telephone polling that I spoke of yesterday.

Ms Paul—The relevant people will be coming in. It is not a vocational education issue; it is a schools issue.

Senator CARR—It is under schools, is it?

Ms Paul—It is actually to be dealt with under strategic analysis and evaluation because they are the relevant people. They will be coming in after Indigenous and transitions.

Senator CARR—The schools division people cannot deal with it?

Ms Paul—No. They are not the relevant people. I have a research area in the department that has the relevant people. Would you like me to try to get those people up earlier?

Senator CARR—That would be good, if they could. Clearly, that matter is related to the schools. I am happy if they could come early. I do not think I have anything for them other than this.

Ms Paul—For the strategic analysis people?

Senator CARR—Yes, the strategic people.

Ms Paul—The strategic analysis area covers income support.

Senator CARR—We could do the income support at the same time, I suppose.

Ms Paul—The agenda currently goes schools, Indigenous and then—

Senator CARR—I thought we were going to do Indigenous last. Senator Crossin is going to be dealing with that.

CHAIR—What would you like to do now?

Senator CARR—When the schools people come along, could we have the strategic research people.

CHAIR—So the questions that you wish to ask about vocational education are in the schools group?

Senator CARR—No, I have some questions regarding market research telephone polling, which is related to the schools program but is being undertaken by a different group within the department. I am wondering whether they could appear at the same time.

CHAIR—Is that feasible, Ms Paul?

Ms Paul—It probably is feasible. What I was saying was that the people who know about the study the senator is referring to will be coming in under strategic analysis and evaluation. They are also the people to talk about income support et cetera.

Senator CARR—I have just a couple of questions on income support, so we could do it at the same time if it would be easier for you.

Ms Paul—What you are suggesting is to reverse the order of strategic analysis and Indigenous, if you like?

Senator CARR—Yes.

CHAIR—Yes, that is correct.

Senator CARR—We cannot get them at the same time as schools?

Ms Paul—In effect, that would achieve that.

CHAIR—Yes. So we will have schools resources and schools outcomes groups combined with strategic analysis and evaluation.

Senator CARR—Thank you.

CHAIR—And that will be on after the section that we are about to look at now.

Ms Paul—That is correct. I will let those people know. If there are any issues, I will let you know, of course.

CHAIR—Thank you.

Mr Cook—Madam Chair, Senator Carr asked me a couple of questions. I will just give him that information. Senator Carr, last night you asked about uncommitted funds for the Science Connections Program and the International Science Linkages program. I will give you them across the forward estimates, so starting in 2007-08 and going through to 2010-11. For the Science Connections Program the uncommitted funds are \$1.9 million, \$1.9 million, \$3.5 million and \$3.9 million across those four years. In coming to the uncommitted funds for the International Science Linkages program, I have taken off the amount of money we have committed to spend with China and France through bilateral funds on the basis of an international agreement around that. Once you net that off, the remaining uncommitted funds are \$2.7 million, \$5.3 million, \$7.7 million and \$11.6 million.

Senator CARR—I might ask a similar question for the Australian technical colleges. Are you able to give me a figure for the funding for the out years for this program?

Ms Wall—I will just need to check another PBS. I think we said in response to a question on notice that it was in appendix 1. I will just need to get that.

Senator CARR—If you just give me the question on notice number, that will be enough.

Ms Wall—I can probably get it to you this morning.

Senator CARR—Thank you. That is fine. How much of that money is uncommitted? Would you be able to provide that as well?

Ms Wall—I can tell you that, of the current appropriation of \$456.2 million, we have committed to date \$324.4 million.

Senator CARR—So in the forward estimates the balance is uncommitted? You said ‘committed to date’, and that is the date as of today?

Ms Wall—That is correct.

Senator CARR—So for the next calendar year are you able to give me a figure for uncommitted funds?

Ms Wall—I will be able to.

Senator CARR—Are you responsible for the Skills for the Future package?

Ms Paul—Yes, we are.

Senator CARR—What is the level of funding for the Skills for the Future package?

Ms Cross—The total package was \$837 million over five years.

Senator CARR—How much of those funds are uncommitted?

Ms Cross—There are a number of different measures within the Skills for the Future package.

Senator CARR—Can you give me a table that shows me what the funds are and how much of that money is uncommitted for the out years?

Ms Cross—We can certainly provide that to you, but I do not have it here at the moment.

Senator CARR—Is it possible to have that today?

Ms Cross—We will check for you. If it is possible then we will provide it; otherwise we will take it on notice.

Senator CARR—That will go to mid-career apprentices, business skills vouchers for apprentices, incentives for the higher technical skills and more engineering places at university. Does that cover it all?

Ms Cross—There are also work skills vouchers.

Senator CARR—If we could have all of that, that would be appreciated. I would like to ask about the Australian technical colleges. Has the location of the three new colleges been determined yet?

Ms Wall—The region in which the colleges will be established was announced by the government. The exact location of campus sites will not be known until the expression of interest process has ended and a decision is made by the government.

Senator CARR—It has been brought to my attention that Mr Hardgrave indicated in his local paper that he was more than certain that a college will be located in the seat of Moreton. Is that the case? Is that your understanding?

Ms Paul—I have not seen that report.

Senator CARR—Putting aside the report, will there be a college in the electorate of Moreton?

Ms Paul—We have just explained the process, which is that the announcement by government was for southern Brisbane. We now go through an expression of interest process. So the government has not yet taken a decision on the precise location.

Senator CARR—Have there been any contracts issued with regard to these three new colleges.

Ms Wall—No, we only placed an ad a couple of weeks ago for expressions of interest so we would not be in a position to enter into any contract for several months.

Senator CARR—When do you expect contracts to be signed?

Ms Wall—I would expect that we would be in a position to enter into agreements later in the year, around September or October.

Senator CARR—When will the Lismore-Ballina ATC open?

Ms Wall—It is expected that a college will open there in 2008.

Senator CARR—What are the projected student numbers?

Ms Wall—We have not reached that level detail yet. A proposal is currently being analysed by the department. That college has not been announced as yet.

Senator CARR—So you do not have any projections?

Ms Wall—Not at this point.

Senator CARR—In answer to question on notice No. E872 you say that there has been no relationship with the trade school in the same town established by the New South Wales

government. Is it expected that there will be a relationship in the future? Have there been any discussions to that effect?

Ms Wall—There would not be any discussions until the government announced a suitable proponent. From that point, that proponent would be expected to liaise with relevant education or training industry people in the area. It is a little premature to comment on that.

Senator CARR—Given that you say in answer to question on notice No. E822 that the ATCs will not duplicate existing educational services in an area, how do you reconcile that view with the situation in Ballina?

Mr Johnson—As Ms Wall has indicated, the intention would be, in taking forward negotiations with consortium members in the Ballina-Lismore region, that they would then, as part of developing their broader proposal, consult and engage with other training organisations and providers within that region. In that context, they would seek to coordinate with other services, including the ones you have referred to.

Senator CARR—What is the situation with regard to the Western Sydney ATC? When will that open?

Ms Wall—The Western Sydney college opened at the beginning of this year under an interim arrangement. It is currently finalising a business plan that will see it move to a permanent model operating as a stand-alone school at the beginning of next year.

Senator CARR—How many students will it have?

Ms Wall—Do you mean for next year?

Senator CARR—Yes.

Mr Johnson—In response to question on notice No. 991, we indicated that the target for 2007 for that college is 25 students for the current calendar year.

Senator CARR—When will the Dubbo ATC open?

Ms Wall—Dubbo will open next year as well.

Senator CARR—What are the projected numbers?

Ms Wall—The projected number of students for Dubbo next year is 70.

Senator CARR—Do you have a unit price yet for these colleges—that is, a unit price per student?

Ms Wall—The funding is not arranged on a per capita basis.

Senator CARR—No, but you can work out how much you have spent and how many students they have, surely?

Ms Paul—But it does not mean anything because much of the expenditure is capital.

Senator CARR—A great deal of it.

Ms Paul—So in other words it does not represent a recurrent amount.

Senator CARR—So at Queanbeyan there will be 25 students. How much money have you spent on Queanbeyan?

Ms Wall—None as yet because they are still developing their business plan and budget. We are yet to enter into a funding agreement with them to open next year.

Senator CARR—So this is for next year and you still have not started. So they do not have premises?

Ms Wall—They certainly have a number of options. We are very close to finalising that.

Senator CARR—How much money has been spent on Dubbo?

Ms Wall—Dubbo is in a similar position to Queanbeyan. We are in the process of finalising a funding agreement. To go back to your earlier question about enrolments at Western Sydney next year, there are projected to be 175 students.

Senator CARR—So that is a larger one. Presumably they have some buildings. Are they ready to go?

Ms Wall—No, they are operating under an interim model with an existing Anglican school. They are in the process of identifying a site and will either renovate or construct on that site for an opening next year.

Senator CARR—When is that going to start?

Ms Wall—The beginning of next year.

Senator CARR—So they are going to build a facility in the next six months for 175 apprentices.

Ms Wall—They may not necessarily build. I understand that the site they are looking at has existing buildings. A number of the colleges to date have either renovated or combined renovation of an existing building with the use of temporary buildings, demountables et cetera, until more permanent construction takes place.

Senator CARR—Do they have capital moneys at the Western Sydney college? How much money has been spent on capital there?

Ms Wall—Very little to date. Because they are operating under an interim model for one year, we have only negotiated a funding agreement to cover that one year. So that is the relatively small amount of just over \$1 million. There is only \$55,000 of that allocated to capital; the rest is operating.

Senator CARR—Let us take the Darwin one. Is that an RTO yet?

Ms Wall—Darwin is not an RTO.

Senator CARR—Can you explain to me how you run a trade college that is not an RTO.

Ms Paul—These are schools.

Ms Wall—The delivery models vary significantly across the colleges. Some of them are stand alone, which means that they are providing all the academic and trade training in the school or in the college. Others are partnering with existing organisations and using existing infrastructure. So some of those are purchasing or outsourcing their trade training to existing RTOs. Darwin is operating under that model.

Senator CARR—They are outsourcing the training?

Ms Wall—They are outsourcing the trade training; that is correct.

Ms Paul—For example, a TAFE might be delivering the trade element of training.

Senator CARR—You have a trade college that outsources its training?

Ms Wall—These are senior secondary schools which are delivering both academic and trade training.

Ms Paul—Part of the intent of these schools was to be well linked into local industry. So there are all sorts of partnerships in each of the Australian technical colleges, including with local councils, universities, TAFEs, local businesses and so on. That is a positive thing. The point is that the young people are getting a qualification in a trade in the priority areas in a way that is relevant to local business needs.

Senator CARR—Yes. Is this another interim model?

Ms Paul—Is the Darwin one another interim model?

Ms Wall—No, that is not an interim model.

Senator CARR—What is the difference between an interim model and a permanent model?

Ms Wall—An interim model would be, for example, Western Sydney, which has needed to open at fairly short notice and has not had time to meet the deadlines required by the states for school registration or for RTO recognition.

Senator CARR—So they are not registered?

Ms Wall—In the interim they are partnering with other organisations.

Senator CARR—This sounds awfully bodgie to me.

Ms Wall—No, it is about partnering and drawing on existing infrastructure. As I said, there is a wide variety of models.

Senator CARR—They are not registered! This is pretty basic stuff.

Ms Paul—They have partnered with a registered school. Obviously there has to be a registered school in the mix here.

Senator CARR—They use someone else's name.

Mr Davidson—If we go to the Darwin model, we find an incredibly collaborative model with all the key parties in the Northern Territory involved in the provision, including the Northern Territory education department, the Group Training Association and local industry associations. It is an excellent example of the various parties coming together to provide the kind of training and schooling that is required. All the parties are part of that. We have negotiated an agreement with the Northern Territory government. We have met with the Northern Territory government and we have met with the principals of different schools in the area. It is probably a showpiece.

Senator CARR—A showpiece!

CHAIR—Mr Davidson, given that Darwin has a much smaller population relative to the other capital cities, you would need to get all those partnerships in, in a relatively isolated community, to make it work, wouldn't you?

Mr Davidson—Yes, we do. We are working with five secondary colleges, the Northern Territory Department of Employment Education and Training and the other parties I mentioned.

Senator CARR—Are you saying that they are not doubling up on resources; there is no duplication?

Mr Davidson—No, it is a very well worked-through model in the way in which the funds for the technical college are allocated to get the best possible outcome.

Ms Paul—They are doing something which has not been done before, which is to deliver a qualification in these areas to students in their final years of school in a partnership with the local needs.

Senator CARR—They are virtual colleges, aren't they?

Ms Paul—No.

Senator CARR—They are not registered. In the case of Western Sydney, how can you do trade training if you are not a registered RTO? You are not even a registered school, by the looks of it.

Ms Wall—The vast majority of the colleges are registered schools. It is only those which, as I said, needed to open quickly that partnered with other schools. By next year they will all be registered schools.

Ms Paul—If they have had so much demand that they can partner with others to start delivering to students in these final years these trade qualifications which have not been delivered before in the area, then we would regard that as a positive thing. But of course they are being taught by registered teachers in registered schools.

Mr Johnson—More than a third of the existing colleges are already registered training organisations in their own right, additional to being registered as schools. The others are actively in a range of partnering models with industry, TAFE and other training providers.

Senator CARR—So you have qualified staff in all of these, have you?

Mr Johnson—To meet the existing state requirements for RTO registration.

Senator CARR—Is there a chance I can get a full list of the funding agreements—the amounts for each of these colleges?

Mr Johnson—In response to question 991 we have provided the committee with an outline of the funding agreements for each of the colleges.

Senator CARR—Do you need to update that?

Mr Johnson—That was provided as at February. We could certainly update that information for the committee.

Ms Paul—We will update that for you.

Senator CARR—Will that tell me the number of projected enrolments for each of these colleges?

Ms Paul—We have said that, yes.

Senator CARR—When is the KPMG audit expected to report?

Ms Wall—It is not an audit; it is a compliance monitoring project. It is due to report to the department around the end of June.

Senator CARR—Do you have a cost for that compliance report.

Mr Johnson—The services provided by KPMG were sought through an open tender process and the current contract amount for that work is \$321,420.

Senator CARR—Has there been any advice to the ATCs to withhold information on enrolments until that compliance work is completed?

Mr Johnson—The information on enrolments is determined by two censuses undertaken across all of the colleges registered at schools at March and October each year. In that context we would be assessing at a particular date—I think it is 31 March this year—the enrolment figures for all of the colleges across the country.

Mr Davidson—The minister did indicate to the House—I think it was last week—the number of general enrolments.

Senator CARR—I would like it by college. Do you have it by college?

Ms Paul—Yes, we have just said we will update that. That is an update of question 991.

Senator CARR—Thank you.

Mr Johnson—In terms of 991, as Ms Paul has indicated, those figures for actual enrolments reflect the enrolment figures at census date, at the end of March. So those figures will not be changing until the further census in October this year.

Senator CARR—Is it true that five of the six ATCs in Victoria are using existing TAFE facilities?

Mr Johnson—In Victoria we have a range of models. It is correct to say that five out of six Australian technical colleges are operating in Victoria under current partnering arrangements with a range of different TAFE institutes in Victoria, initially, to assist in training delivery to their students.

Senator CARR—And that is not duplication?

Mr Johnson—As we have covered previously, the intent of the colleges is to seek partnerships with other employers, industry organisations, representative bodies and training organisations. The colleges determine their best capability to meet the needs of the students and the industries within the regions where they are operating. In many of those instances those colleges will be transiting to seek direct registration as a training organisation or continue more innovative partnership models.

Mr Davidson—I think the Sunshine ATC is a very good example. It is a situation where Victoria University, which is a dual sector university that offers TAFE, is totally integrated into the operation of the Sunshine Australian technical college, as is the Toyota motor

company and other significant industries. I think we are seeing this as a positive rather than, by implication, a negative, as you seem to be.

Ms Paul—It is positive because the intent of the colleges is, as I said before, to bring together players that have not been brought together before. So there are schools and school delivery; TAFEs, if that is relevant in that particular area; universities; local councils; employers; and the local businesses like Toyota. That is the intent of it.

Senator CARR—I have looked at question 991 and I see actual enrolments, target enrolments and the funding for that college. It does not tell me whether or not they are interim agreements. Have I read that correctly?

Ms Wall—That is correct. The only interim agreement would be for Western Sydney.

Senator CARR—That is where you spent \$1.3 million for 20 students.

Ms Wall—A proportion of that money is not just for supporting the students this year; it is the start-up costs that the college will be spending for when they are a stand-alone school. That would be for things like curriculum development.

Senator CARR—The member for Bendigo has told me what a terrific job is being done in Bendigo. I appreciate the point he makes now that I see that there has been nearly \$13 million spent on 68 students.

Mr Johnson—Again, in commencing these new colleges as fully operating registered schools, in the majority of cases, consistent with the establishment of other existing colleges, there is going to be a significant capital outlay in the early years of those schools

Ms Paul—It comes back to the point I was making before that you cannot divide the amount by the number of students and draw particular conclusions. Every case is different and many of them have a significant capital and set-up cost component which will be a one-off.

Senator CARR—Let us look at the one in the Pilbara. How many enrolments does it have?

Mr Davidson—It has not opened.

Senator CARR—But you have spent \$23 million there.

Ms Wall—It has not spent that money.

Ms Paul—We should clarify this. You are using the word ‘spent’, but that is not the case at all. The last column goes to the value of our funding agreement; it does not go to what has been spent. Ms Wall or Mr Johnson can go into the details of that, but you will appreciate that we have entered into an agreement to cover a period of time—like we do with universities, for example. The actual expenditure to date, the amount expended, would be considerably less.

Senator CARR—I must say that that seems an extraordinary amount of money for so few students.

Mr Johnson—Again, the college is yet to commence operation. That is just an indicative target for enrolment when the college opens later this year.

Ms Paul—In other words, that is a target for this year. Each of the schools is able to enrol up to 300 students over time. So naturally what you are going to have, as with any school, is

up-front costs in terms of construction, set-up, curriculum and so on. But your student numbers will grow over time. It is exactly the same as for any new school anywhere: you start with one year, you add the next year and so on. So enrolments naturally grow over time.

Senator CARR—How many staff have been recruited to the Pilbara facility?

Ms Wall—I cannot tell you how many staff there are. Certainly the principal commenced some months ago. I know the principal has been in the process of recruiting staff.

Senator CARR—But you have no report on how many have been recruited?

Ms Wall—I could not tell you that today.

Senator CARR—Do you know how many have been advertised for—how many they sought?

Ms Wall—I could not tell you. I can get back to you on that. I make the point with the Pilbara one that the costs do reflect the very high cost of everything in that region.

Senator CARR—Absolutely. But \$23½ million is a lot of money. What is it made of?

Mr Johnson—As Ms Wall was indicating, the enormous pressures on infrastructure construction in that remote part of Western Australia will flow through into higher construction and capital costs in the early years of that college.

Senator CARR—So how much has actually been spent in Port Hedland?

Ms Wall—I would not have those expenditure figures with me.

Senator CARR—But they have been promised \$23½ million?

Ms Wall—That is the total of the funding agreement out to 2009.

Ms Paul—It is to 2009 so that would include all the infrastructure for the school and so on. It is simply not possible to say that it is \$23½ million being spent on 50 students.

Mr Davidson—You are right, Senator: it is a significant capital investment by the Australian government in facilities for a technical college in that area. I think it is commensurate with the importance of that area.

Senator CARR—There are quite significant underenrolments looking at the figures, aren't there? This figure only came into my office yesterday. For the Illawarra college there are 35 students enrolled against a target of 50. For East Melbourne there are 68 students enrolled against a target of 180. For northern Tasmania there are 120 students enrolled against a target of 175. For the Spencer Gulf there are 58 students enrolled against a target of 75. For Perth south there are 63 students enrolled against a target of 90. For Darwin there are 27 students enrolled against a target of 50.

Ms Paul—Unlike in our discussion on universities, you cannot characterise these as underenrolments because most of these have just opened. So as at March the student numbers are X but the target enrolments for the year are Y. That is completely in keeping with how schools normally track. When any school opens of course it starts with smaller numbers and they grow over a period of time.

Mr Johnson—The majority of these colleges will also be pursuing midyear enrolments to further build on those students numbers indicated.

Senator CARR—There is certainly plenty of room.

Mr Johnson—As Ms Paul has indicated, I think it has been a very strong achievement given that most of these colleges only commenced operation this year. Indeed most of them have only commenced that operation based on a lead time of 18 to 24 months in planning.

Ms Paul—Certainly the time taken on these colleges far exceeds, in terms of speed, the average for a normal school.

Senator CARR—I noticed reports in the press that the Victorian minister is saying that the funding that has been given to these colleges in Victoria alone is running at \$25,000 per student place compared to \$9½ thousand to \$12,000 per place for a TAFE funded place.

Ms Paul—I have just said that that is a comparison that is not able to be made. It is not a legitimate comparison. The only reasonable comparison that could be made under those circumstances would be with a state school that was a greenfields site, usually built from scratch, in its first year or so of operation including the entire amount of the set-up costs in a funding agreement over a three-year period. It just does not make sense to make that comparison.

Mr Davidson—Indeed the Victorian government is the party which is managing three of those technical colleges.

Senator CARR—But the Victorian minister makes the point that with that funding she could provide support for 8,000 students at a Victorian TAFE under the normal funding arrangements.

Mr Davidson—I would have thought that if that were the case then that is what it would be doing. This is the Victorian government. It runs the same schools. I can only presume that the Victorian government is making appropriate expenditure in relation to the set-up costs of the schools that it runs.

Senator CARR—So, Mr Davidson, you have provided this funding to Victoria on the basis that it could choose to put it through the normal TAFE system or through the Australian technical college system? Is that the basis of it as you are putting it to me?

Ms Paul—No, it is not. What Mr Davidson is talking about here is that some of these colleges in Victoria are partnering with government schools.

Mr Davidson—The signatory to the funding agreement is the state of Victoria for three of the Victorian Australian technical colleges.

Senator CARR—I ask the question again: could they choose to put this money straight into TAFE under the normal TAFE system and abandon the Australian technical college?

Ms Paul—No, because they have applied to run a technical college. They have applied to the Australian government to run or be part of an Australian technical college. They have chosen that pathway.

Senator BIRMINGHAM—Have they put any funding or resources of their own in?

Ms Paul—We would have to look into that. They would put in some of the normal funding, but whether they have put in anything extra I do not know. They may not have.

Senator BIRMINGHAM—Obviously they would not put that normal funding or those resources in if they did not think that the technical college was worthwhile; they would have put those resources into another cause if they thought it was not worthwhile.

Ms Paul—That is right. They entered into a competitive process in early 2005 to compete with others in Victoria to run technical colleges in those three areas. They won, usually as part of a consortium, and now they are part of a working Australian technical college.

Senator CARR—What is the intention of the Commonwealth in terms of recurrent funding for places for students enrolled in these colleges?

Ms Wall—The funding agreements currently signed with the colleges are to the end of 2009. Are you talking about that recurrent funding or the normal schools recurrent funding?

Senator CARR—Let us start from the current funding agreements. How much of that money is for recurrent purposes?

Ms Wall—I could give you a breakdown of every college and the split between capital and operating.

Senator CARR—If you could give me a list I would appreciate it. That is probably the easiest way to do it.

Ms Paul—The intention for the future is, of course, that these are schools that will attract the normal general recurrent funding, which you are familiar with in the schools—

Senator CARR—At the same rate as under the schools program?

Ms Paul—That is right.

Senator BIRMINGHAM—I would like to pick up on some of the areas that Senator Carr was going to. Have there been policy decisions, or lack of policy decisions, by state governments that have frustrated the establishment of the colleges or frustrated pickups in student enrolments?

Ms Paul—We have noticed that since the announcement, in 2004, of the initiatives by the Australian government to set up 24, then 25 and now 28 technical colleges, several states have, following that, over the last couple of years, announced their own approaches. They seem to have followed suit to some extent in some states, with an initiative for the first time around technical schooling. We feel that it has created some impetus, which is a positive.

Senator BIRMINGHAM—In effect you are saying that some of the states have copied the idea or the model.

Ms Paul—You could say that. They create their own models, of course.

Mr Davidson—I think the former Victorian minister for education was reported as saying that it was a mistake not to continue with technical colleges. I think she was the minister at the time that the state government made a decision to participate with technical colleges. I think that state government has made subsequent decisions to have technical education centres associated with their TAFEs, in areas which are not the same as the ones in which we have technical colleges.

Senator BIRMINGHAM—Victoria has picked up on this; which other states have picked up on the outstanding idea?

Mr Davidson—The Victorian government is unique as a party with which we have a funding agreement but, as I indicated, of other jurisdictions where we have worked collaboratively with the state government, certainly Darwin in the Northern Territory is a fine example.

Ms Paul—In terms of states which have followed suit with similar policies—

Mr Davidson—The ones that have followed suit with similar policies are New South Wales, South Australia and Victoria.

Ms Wall—And Queensland.

Senator BIRMINGHAM—Have any of those states, or any other states for that matter, frustrated the registration of the Australian technical colleges, or have there been what you would consider to be unnecessary delays in the registration process by any states?

Ms Paul—We have faced some frustration, have we not, in Queensland?

Mr Davidson—Each of the school registering authorities has its own process. In the main I think they have applied their requirements and we have worked them through.

Ms Paul—We can take that on notice and have a look at where there might have been undue delay.

Senator BIRMINGHAM—Am I right in saying that the New South Wales government was the last to come on board with approving school based apprenticeships?

Ms Paul—Yes, that is right.

Mr Davidson—As part of the COAG initiatives of February last year, all states and territories signed up to ensuring that school based apprenticeships were available. They were not available in two states: Western Australia and New South Wales. Those provisions were put in place, I think, early this year in Western Australia, and they were put in place individually in industrial awards in New South Wales earlier this year.

Senator BIRMINGHAM—Has the slower movement of states like New South Wales caused delays in enrolments or hampered the impact of colleges in those states?

Ms Paul—Yes, it has.

Senator CARR—How has that happened?

Mr Johnson—If you look at Port Macquarie Australian technical college as an illustration, that college, which opened last year, had not been in a position to support its students into Australian school based apprenticeships at the certificate III level until, in effect, New South Wales gave effect to the industrial reforms that Mr Davidson referred to.

Senator CARR—Are you saying there was deliberate frustration? Is that the claim you are making?

Ms Paul—No, we did not say there was deliberate frustration.

Mr Johnson—No, not at all. There have been delays.

Senator CARR—So it is not deliberate frustration. Which one is it?

Ms Paul—I could not speculate on that because that is a matter for the New South Wales government. Our experience, however, is that some aspects of establishing the Australian technical colleges have been slower in New South Wales for the reasons which we are giving, which are to do with their policies and with their relative slowness at introducing Australian school based apprenticeships. Whereas Queensland, for example, has had school based apprenticeships for some years, New South Wales has only just come to it.

Senator BIRMINGHAM—Thank you, Senator Carr, for helping us elaborate; it was most useful. I have some other questions more broadly on some apprenticeship issues and other aspects of training. Can you give me an update on the numbers of Australian apprenticeships and how that compares in recent years?

Mr Johnson—We currently have around 404,000 apprentices in training, which has been a continued increase on total numbers in training over recent years.

Senator BIRMINGHAM—Are you able to give numbers from the last couple of years or how they have increased?

Mr Johnson—By way of comparison, using 1996 as a base year, we have 404,160 Australian apprentices in training. That is a 161 per cent increase on the 154,830 apprentices in training in 1996. So over the last 11 years you have seen a 161 per cent increase in the numbers in training.

Senator BIRMINGHAM—Excellent! Are there specific policies or support that the department provides for mid-career training or apprenticeships?

Mr Johnson—Last October, as part of the Skills for the Future package, the government announced a range of initiatives to support apprentices 30 years and older. Under the support for mid-career initiatives those measures come into effect from 1 July this year. So the month after next the Australian apprenticeship centres will be providing up to \$13,000 of assistance for trades apprentices in their first two years of training for those who are 30 years and older.

Senator BIRMINGHAM—That comes into effect on 1 July, so it is obviously too early for me to be asking for the update.

Mr Johnson—That is correct.

Senator BIRMINGHAM—How many school based apprenticeships are there now?

Mr Johnson—Nationally the figure is around 16,000. As Ms Paul has indicated, the overwhelming majority of those reflect the growth in Queensland. In fact, the current figures from the National Centre for Vocational Education and Research indicate that as at September 2006 we had 15,900 Australian school based apprentices. Again, if we look back at that from 2000 there has been a 383 per cent increase in the last seven years alone.

Senator BIRMINGHAM—How has the government's policy announcement to provide tool kits to apprentices been received? How many tool kits have been provided?

Mr Johnson—The measure has been in place for the last two years and the response and interest in it has grown very strongly. I think we have more than 50,000 who, as eligible

individuals, have claimed the tool kits. Ms White might be able to provide some further detail to you.

Ms White—We have now funded 51,800 physical tool kits to Australian apprentices and given out 70,600 vouchers which are to be redeemed for those tool kits.

Senator BIRMINGHAM—So there have been 70,600 vouchers given out, of which 51,800 have been redeemed?

Ms White—They have now received their physical kit. They have redeemed their voucher.

Senator BIRMINGHAM—So they have received their physical kit and for the remainder it is yet to be received.

Ms White—That is correct.

Senator BIRMINGHAM—Has that been a steady growth or did it peak early on?

Ms White—It is increasing growth, and it certainly has exceeded our expectations in terms of the numbers who are receiving the kits.

Senator BIRMINGHAM—Alongside the toolkits I understand that there are now vouchers provided for the training of the long-term unemployed.

Mr Johnson—The government has a range of voucher measures, some of which are to come into effect from 1 July for training vouchers. Ms Cross commented earlier on the work skills and business skills vouchers.

Ms Cross—Yes, there have been over 14,000 work skills and business skills vouchers issued since 1 January.

Senator BIRMINGHAM—How does that match up with initial budgeting or expectations?

Ms Cross—The initial budget was for 10,000 vouchers to be issued in the first six months of this year. That has been a very successful program. The Prime Minister in the House committed to meeting demand for vouchers this financial year.

Senator BIRMINGHAM—And what are those expectations or estimates?

Ms Cross—We would expect that it would get up over 16,000. There are four groups targeted under the initiative—that is, people who are in the workforce but have no certificate II or higher qualification, people who are Job Network clients, people on disability and other pensions, and people who are not in the workforce. All those groups will benefit from the increased supply of vouchers.

Senator BIRMINGHAM—Do you have an estimate for the 2007-08 financial year?

Ms Cross—The budget allocation was for 25,000 vouchers in the next financial year.

Senator CARR—What is the non-completion rate at the moment for these apprenticeship programs?

Mr Johnson—Noncompletion is currently at around 40 per cent in the trades.

Senator CARR—When do they drop out? Is it in the first year?

Mr Johnson—Over the first two years of an apprenticeship approximately 20 per cent of apprentices withdraw from training. The balance of those withdraw in the later two years of their training.

Senator CARR—So that is a wastage rate of 40 per cent. Would you say that 40 per cent of the money is wasted?

Mr Johnson—A significant number of those individuals move into direct full-time employment or indeed move into further training in other qualification areas.

Senator CARR—That has not improved much in recent years, has it?

Ms Paul—Presumably that partly reflects the state of the economy. So we expect that many of those would take the skills they have learned and be able to enter a job at that point rather than later.

Senator CARR—I have been sitting here for 11 years and that 40 per cent keeps coming up as a non-completion rate. Are we putting more money into trying to encourage people to complete their studies?

Mr Johnson—Certainly, Senator, the overwhelming majority of measures introduced in the last few years have been around strengthening retention in the first two years of training and providing greater incentives to individuals to complete the payments on the completion of qualifications.

Senator CARR—Returning to the technical colleges, can you provide me with advice as to how these trade training contracts are arranged with third parties? Could you provide that by whether it is a private RTO, a group training provider or a TAFE college? If it is a TAFE college then we could have a reasonable expectation that the standard of facilities is appropriate.

Mr Johnson—We could take that on notice. I would have to say that the overwhelming majority of those arrangements, where they are partnered arrangements, are with existing TAFE institutes.

Senator CARR—With third-party arrangements where it is a school, what is the arrangement with regard to the actual physical facilities?

Mr Johnson—As Ms Wall indicated previously, there is a range of different models which colleges are developing and pursuing under their funding agreements for co-enrolment and support between existing schools.

Senator CARR—Is that what KPMG is looking at in terms of the quality of those facilities?

Ms Wall—No, KPMG will not be looking at that specific element of the program.

Senator CARR—So who will be?

Mr Johnson—As part of our negotiation of the development of the funding agreements in terms of the business plans put forward by individual consortium we are, in providing advice to the government around entering into those funding agreements, determining the effectiveness of the different business models that colleges are bringing forward.

Senator CARR—With regard to these interim arrangements, how can we be satisfied about the quality of those services?

Ms Wall—Interim arrangements are undertaken with schools that are registered under the relevant state or territory registration requirements. That would indicate that they are meeting the state or territory requirements around quality.

Senator CARR—That is for schools but not for apprenticeship training.

Mr Davidson—The same would apply. Essentially they would be partnering a registered training organisation that has met the quality standards that are required.

Mr Johnson—As I mentioned earlier, eight of the existing colleges are already registered training organisations in their own right and under the Australian Quality Training Framework they are meeting all of the standards required of them by the relevant state registering authorities.

Senator CARR—Did you tell me before how many interim arrangements you have actually got?

Ms Paul—I think we mentioned one in relation to the colleges listed in answer to question on notice No. 991.

Senator CARR—Is that the only one?

Ms Wall—If by ‘interim’ we are referring to those colleges that are not yet a registered school—

Mr Johnson—Senator, in your earlier questions you were discussing Western Sydney. You have moved into a discussion around the role of a registered training provider. Could we clarify what you are asking?

Senator CARR—You mentioned that a number of these facilities are being run on the basis of interim arrangements. I would like to know how many of them are being run on interim arrangements.

Ms Wall—There are three operating under an interim model where they are partnering with an existing school or schools. They are: the Gold Coast, Gladstone and Western Sydney. That is for this year only. They will all be schools next year.

Senator CARR—I mentioned before the issue of recurrent funding. When you say that they will be funded through the schools program, will that be at the non-government school rate and not the government school rate?

Ms Wall—With the exception of the three colleges which are Victorian government schools, all the others are non-government schools and will be funded under the SES model.

Ms Paul—It flows in exactly the same way as schools do otherwise—if they government then it is government; if they are non-government then it is non-government.

Senator CARR—So they will get a higher recurrent rate if they are a non-government school?

Ms Paul—Funding will flow in the way it does normally.

Senator CARR—There is the effect of it, isn't it?

Ms Paul—As you well know, non-government funding is done on the basis of the socioeconomic status model. So the funding will flow according to the SES score and so on of that school.

Senator CARR—So you will be doing it on the basis of individual addresses?

Ms Paul—Yes, we will have to geocode in the same way that we do for all non-government schools.

Senator CARR—Have you geocoded them yet?

Ms Paul—I think we are geocoding this year.

Ms Wall—Yes, the schools that were operating last year—for example, the Port Macquarie one—were geocoded last year. I think we have given you their SES score and recurrent funding rate in answer to a previous question on notice. The rest of them are in the process of doing that now. It happens in the first few months of the year once the students are enrolled and the student addresses are available.

Senator CARR—At what point will you be able to say that you have the teachers in place for these colleges? Will they be notifying the department of their enrolment practices or their actual recruitment practices for teachers?

Ms Paul—They are in place if they have opened.

Mr Johnson—They would have to meet their ongoing registration arrangements with the states.

Senator CARR—So, Ms Paul, you do know that they are actually in place?

Ms Paul—They are teaching. That is correct.

Senator CARR—They advise you that they are teaching, do they?

Ms Paul—It is part of our negotiation of the agreement with them in terms of how they are going to operate and so on.

Senator CARR—So what is the compliance measure there? How do you know that that is the case?

Mr Johnson—Do you mean in the context of recruiting teaching staff or the operation of the colleges?

Senator CARR—I mean how do you know at the operational level what their recruitment practice is?

Ms Wall—We are monitoring the colleges very closely in terms of their progress against those sorts of activities. As Ms Paul said, obviously those schools that have opened have teaching staff in place. They may not have their full cohort of teachers, because they will be increasing enrolments each year, so they will be continuing to recruit throughout the year to prepare them for larger student numbers next year. They give to us, every quarter, their financial status reports. That details, line by line, their expenditure on items such as teaching. So we are monitoring those activities constantly.

Senator CARR—That will tell you how much they are paying teachers; it will not tell you what their qualifications are, will they?

Ms Paul—They have to be registered as a teacher by the state in the same way as any other teacher.

Senator CARR—Do they have to be qualified teachers in that area to be registered as a state registered teacher?

Ms Paul—They need to be registered in the same way as any teacher is registered.

Senator CARR—Yes, but they do not have to be qualified as a trade teacher.

Mr Johnson—There are additional requirements in terms of the trades based training. As we have touched on before, if they are seeking to provide training as a registered training organisation in their own right they would have to meet the curriculum development requirements and teaching standards that each state training authority puts in place.

Senator CARR—You mentioned before that there were three colleges that had these interim arrangements with schools. How many have interim arrangements in regard to their trade training?

Mr Johnson—I think there are about 15 at present, in terms of negotiations.

Senator CARR—I misunderstood you. Where are the 15?

Mr Johnson—By way of illustration I think we mentioned before that we have around eight colleges which are currently accredited as registered training organisations in their own right. We have a number of other colleges—15—some of which are to commence formal operation next year, and which are currently partnering TAFE or other training providers.

Senator CARR—Can I have a list of those interim arrangements?

Ms Wall—Yes.

Mr Johnson—We can provide that to the committee.

Senator CARR—The Skills for the Future campaign was announced in October last year. There was a media buy, we have mentioned, of \$12.9 million. You have already agreed to provide me with uncommitted funds. I appreciate that. Do you have any evaluation yet, in terms of take-up rates?

Mr Johnson—From the campaign directly, we have information about calls to the national call centres and information on the national web sites. By take-up rates, what specifically are you referring to?

Senator CARR—In terms of the mid-career apprentices, what has been the take-up rate?

Mr Johnson—The support for the mid-career measure does not come into effect until 1 July this year.

Senator CARR—What is the take-up rate of the work skills and business skills vouchers?

Ms Cross—As I mentioned earlier, there have been over 14,000 work skills and business skills vouchers.

Senator CARR—Is that what you expected?

Ms Cross—The initial estimate was 10,000 in the first six months so it has been more successful than we anticipated.

Senator CARR—What is the take-up rate for the incentive rates for the higher technical skills payments?

Ms White—There have been 962 Australian apprentices who have started at the diploma and advanced diploma level.

Senator CARR—Is there any update, Ms Paul, in terms of the media buy we discussed yesterday?

Ms Paul—Not since our discussion yesterday.

Senator CARR—I would like to turn to group training expenditure. What is the situation there? Has there been a reduction in the number of group training organisations?

Mr Johnson—There are a number of programs, which the department supports, to assist in training outcomes through group training. We have the access program, the group training target initiatives program and the Group Training in the Trades program.

Senator CARR—Has the number of group training organisations that you are funding been reduced?

Mr Johnson—For a number of those programs we entered into new tendering contract rounds last year. As I said, we have only just, in 2006-07, commenced new contract arrangements, so I would have to take it on notice as to whether there has been a net increase or decrease in the number of individual organisations contracted.

Senator CARR—The PBS on page 92 suggests that the number of group training organisations supported has dropped from 28 to 11, that apprenticeships commencing through group training have dropped from 589 to 97, and that the completions have dropped from 964 to 677. Are those figures right?

Mr Johnson—That is one of the program elements that I mentioned earlier. There are a couple of other initiatives on the page above, in terms of the Australian Apprentices Access Program, which is supported through group training arrangements, the group training target initiatives program in the trades, and the one you referred to.

Ms Paul—The initiative that you pointed to there is one of the smaller ones that has an impact on group training and is a targeted program.

Senator CARR—Can you tell me about the completion rate dropping from 964 to 677?

Ms Paul—Presumably that is a match-up with the estimate of the numbers of groups. We could get you more information about the nature of this program.

Senator CARR—Could you also get me information as to why the number of apprentices has dropped from 589 to 97?

Mr Johnson—This particular element of the group training initiatives is a program that tries to generate training activity where markets for supporting Australian apprentices would not otherwise occur. In that sense we are trying to deal with establishing partnerships between industry organisations in different regions or in remote and regional parts of Australia. So it is not unexpected that in one of the outcomes of this program there may not be a much stronger completion rate. The figures in the PBS reflect the fact that we have only entered, in early

2006-07, into new contract arrangements with a number of other providers, and those providers are yet to meet those contract targets.

Ms Paul—Presumably this is a reflection of an assessment of the nature of markets. We are trying to address very, very thin markets here.

Mr Johnson—In the feedback from providers under that particular program they are indicating very clearly that there is a strong capacity for individuals from the program, prior to completing a qualification, to go into mainstream employment and other outcomes. That is a positive outcome of the program in one respect, and probably reflects the greater strength of the labour market.

Senator CARR—I would like to ask you about Career Advice Australia.

Ms Paul—May we deal with that under Indigenous and transitions, outcome 4?

Senator CARR—I wonder if there is anyone here who can help me with questions that go specifically to maritime skills.

Mr Davidson—It is our area of responsibility but it depends on the detail that you want.

Senator CARR—The Australian Maritime Safety Authority has received a report, which they commissioned as I understand it, highlighting a decline in the maritime skills base in Australia and pointing out that there has been a decline of 66 per cent in the shipping industry workforce over 10 years. It pointed out that for the period 2006-07 the Australian Mines and Metals Association, the Minerals Council of Australia and the Australian Petroleum Production and Exploration Association, and the Business Council of Australia, have all publicly raised concerns about critical shortages of occupations, particularly the associated maritime occupations, to support the offshore oil and gas industry. The issue has also been raised by the states through to the Ministerial Council on Minerals and Petroleum Resources. Has the department undertaken any work on or any assessment of skill shortages in the maritime industry relating particularly to oil and gas?

Mr Davidson—I believe that there is some work that is being done through the relevant industry skills council in relation to the maritime industry, but I only know that informally. I do not think there is anything that we have specifically commissioned.

Ms Cross—There may be one project that is currently under consideration. We may have been approached by them to conduct a project under the National Skills Shortages Strategy. That would be on the petroleum side of the industry rather than strictly maritime.

Senator CARR—So will that project go to the issue of demand and supply projections?

Ms Cross—I would have to get the details of the project. It has not been approved yet so it is a hypothetical discussion at this point.

Senator CARR—Funding for the project been sought, has it?

Ms Cross—Yes, that is right.

Senator CARR—When do you expect a decision on the funding?

Ms Cross—I would hope that a decision would be taken this financial year. So that is within the next four weeks.

Senator CARR—Is that the only supply and demand analysis?

Ms Cross—I am not sure whether it does go to supply and demand. I am aware that we did have a proposal from that organisation, and a number of our skills shortage projects do look broadly at the supply of skilled labour within that industry.

Senator CARR—What action then is the department taking to respond to labour and skill shortages in critical occupations such as in oil and gas?

Ms Cross—Under the National Skills Shortages Strategy we work with a number of industries to look at the breadth of issues that they are facing in their skilled workforce. That can be analysis of where the skill shortages are occurring. It can be looking at strategies to attract more people into their industry. It can be training strategies for existing workers or retention strategies. They tend to be negotiated with industry associations on a case-by-case basis depending on the particular issues which they are concerned about. We do that work through a number of projects with a range of different industries.

Senator CARR—Can you tell me what is being done in regard to oil and gas?

Ms Cross—As I said, I am not aware of any projects other than the one which is under consideration at the moment. I can check that for you, but it would require going back through several years of projects.

Mr Davidson—Are you asking about oil and gas or oil and gas involving maritime?

Senator CARR—I am asking about oil and gas involving maritime particularly.

Ms Cross—We will have to take that on notice and check through our records.

Senator CARR—I ask you to take this next question on notice because it does involve a level of detail. There was an Australian Petroleum Production and Exploration Association report released on 16 April 2007. The report is entitled *Platform for prosperity: Australian upstream oil and gas industry strategy*. Amongst its recommendations is the need to reconcile data on oil and gas industry skills supply and demand with the capacity of Australia's universities and TAFEs to deliver relevant courses. Has the department seen this report? Is the department undertaking any work to meet the skill shortages particularly in that industry?

Mr Davies—As Rebecca was referring to, the minister has recently approved us developing a proposal under the National Skills Shortages Strategy with the Australian Petroleum Production and Exploration Association. The focus of that work will be on facilitating the uptake of a work for skills development approach in the oil and gas sectors. I am not certain whether there is a specific focus on the maritime industry so I will check that for you, if you would like, and provide details on notice.

Senator CARR—Thank you. I would appreciate that.

Ms Paul—I would like to clarify something. On speaking with my colleagues, I am concerned that we may have given you the impression that there were 15 interim arrangements for Australian technical colleges.

Senator CARR—Yes, that is certainly the impression I was left with.

Ms Paul—That is an incorrect impression so I apologise for that. We consider that there are three interim arrangements whereby, as Ms Wall described, there are relationships with

existing schools. The 15 arrangements that we were describing were something completely different, and they may be permanent—that is, where we have some Australian technical colleges which will be RTOs and we have some which will have permanent partnering arrangements with TAFEs and so on. There is a variety. In describing those 15 we were not describing colleges which are in one arrangement now and maybe in another arrangement in the future at all. I think we were unwittingly misleading there and I wanted to correct the record.

Proceedings suspended from 11.56 am to 1.47 pm

CHAIR—Senator Carr, I think you are asking questions of the Schools Resourcing Group and the Strategic Analysis and Evaluation Group.

Senator CARR—Can we begin with market research? Could the officers tell me how they came to prepare the market research for the telephone polling undertaken in January 2007?

Dr Mercer—Senator Carr, between January and February of this year we undertook a telephone survey of some 2,000 parents across the country who had school aged children. It was not conducted as market research. It was a piece of qualitative research conducted by our analytic area designed to inform the policy agenda. It was largely a repeat of an earlier survey that we had done in 2003. It is on our website. I can describe what was covered by the survey, if that would be useful?

Senator CARR—Yes, if you would not mind. If you could tell me when it was undertaken, what was the purpose, the cost—you know the routine.

Dr Mercer—Yes. It was conducted between January and February, over a five-week period. We engaged temporary staff to come into our call centre.

Senator CARR—How many?

Dr Mercer—We engaged temporary staff to come into our call centre from Catalyst, Green & Green. The initial questions were general questions about the schooling arrangements. We had randomly selected respondents from the White Pages. We were looking for a sample of parents with school aged children, and the questions were directed towards their eldest child and the schooling undertaken in 2006. The first questions were a series of general questions about, for example, what type of schooling their child was attending and what type of school they had attended. We ensured that there was a breakdown representative sample of all states and territories, and that is included in the report. We then asked a series of more detailed questions about, for example, areas of national consistency, factors informing their choice of schooling, how well their school was dealing with a whole range of issues such as bullying, physical activity, attendance, drug use, and then, as I said, characteristics of the respondents.

Senator CARR—Were there any other questions not listed on the website?

Dr Mercer—There are a range of questions and they are included in the report up on the website.

Senator CARR—But there were no other questions, other than those on the website?

Dr Mercer—No other questions, other than those on the website.

Senator CARR—Thank you. What did you say was the cost of the research?

Dr Mercer—The cost was \$77,000. It was funded under our Quality Outcomes Program.

Senator CARR—What was the result of the research?

Dr Mercer—The result of the research we have prepared and presented in a report. It goes to the areas that I have mentioned—for example, national consistency, factors influencing their choice of schooling, issues they regarded as important in education, and their views on the quality of the education received. That went also to a number of particular curriculum areas and what skills they felt that their children were leaving school with. All of those are presented in a tabular form. Because quite a lot of the questions were a repeat from 2003, where it was possible we have drawn a comparison.

Senator CARR—Were the results published on the website as well?

Dr Mercer—Yes, the results were published on the website.

Senator CARR—Was the material being fed into the creative work being prepared for any advertising campaign?

Ms Paul—No, it would not have been. The 2003 work fed into the policy considerations that went towards that quadrennium and that may be relevant here too. This has just been published now and will be well in time for consideration towards the quadrennium. You will see it when you have a look at it, but it does give a good impression of some of the priorities and some of the directions, I suppose, that parents think are important.

Senator CARR—Did it feed into any of the other departmental schools' advertising campaigns?

Ms Paul—We have only the one and, no, it has not. It is a policy. It is to feed into policy advice, which it did in 2003 and it will now too, no doubt.

Senator CARR—I thought, from what you were saying, that some creative work was undertaken of schooling for advertising. Is that right?

Ms Paul—I said that we had sought advice from a creative body but that it had not proceeded.

Senator CARR—Some creative work was undertaken then?

Ms Paul—Yes, that is right, but only to inform policy advice.

Senator CARR—What was the nature of this creative work?

Ms Paul—It was as we discussed yesterday. I do not have the people with me now. I think we discussed that yesterday. It was to do with schooling. We were talking about that yesterday.

Senator CARR—I am sorry, what is troubling me is the link between this research and the creative work that was done for advertisements in the schooling area.

Ms Paul—There is no link.

Senator CARR—None at all?

Ms Paul—No.

Senator CARR—Okay. Given that we have the schooling officers here, who asked that this creative work be undertaken?

Ms Paul—I cannot recall. I will have to take that on notice because we do not have the people here.

Senator CARR—You do not have the schools people here.

Ms Paul—No, we had the relevant cross-portfolio people here yesterday.

Senator CARR—I see. Was it generated within the department?

Ms Paul—I am happy to take it on notice.

Senator CARR—As I say, we are likely to have an election before I get an answer to a question like that.

CHAIR—As I said yesterday, Senator Carr, the advertised date for the return of answers is 27 July.

Senator CARR—Yes. I am just interested to know who initiated this creative work for advertising in schools?

Ms Paul—As I say, I cannot recall that. I am happy to take it on notice. It informed policy advice to the minister, which is still under consideration. This is a separate exercise altogether; there is no link.

Senator CARR—And no other research projects are anticipated?

Dr Mercer—There is certainly no other survey of parents that we have underway or envisaged.

Senator CARR—Thank you very much. Can I ask the officers: why are the youth allowance payments that are indicated on page 29 of the PBS likely to decrease?

Ms Paul—This is essentially demand driven. The decrease is an estimate of take-up. You would expect the demand to decrease in a strong economy and so on. Perhaps Mr Kimber can go into more detail.

Mr Kimber—Are you referring to page 29 of the portfolio budget statement?

Senator CARR—I am, yes.

Mr Kimber—That goes through some of the measures that were introduced in this budget and some of those relate to income support measures. Which particular measure are you referring to there?

Senator CARR—Youth allowance participation requirements—payment eligibility.

Mr Kimber—That is a dual measure. It is the flow-on effect to students. Students who finish their studies then need to register with the Job Network and also apply for what they call Youth Allowance other, which is for job seekers. We estimate that there will be some effect in our outlays because of that. Some students when they finish studies will not register straightaway; therefore, they will be picked up under the DEWR Youth Allowance other program.

Ms Paul—Yes. Sorry, Senator, I did not realise we were on measures. I was mistaken in what I said.

Senator CARR—I will take you through to the final column. The way I read it, this figure goes from \$358,000 in 2007-08 to \$777,000 in 2010-11?

Mr Kimber—That is right, yes.

Senator CARR—That appears to be a considerable saving.

Mr Kimber—As I said, that is a particular DEWR measure. The exact details, though, I would have to take on notice and come back to you.

Ms Paul—We would have to go to DEWR, presumably, or you could seek to ask DEWR directly, if you would prefer.

Senator CARR—You cannot tell me why it is that so many students are deemed ineligible?

Ms Paul—It is not our measure. It is a bit risky for us to answer on behalf of another portfolio.

Mr Kimber—The exact details of the time period in which a student will have to register as a job seeker and then be eligible for Youth Allowance other, I would expect is still under development by DEWR; therefore, I do not think we can comment any further on it.

Senator CARR—How long have you had this particular function within the department?

Ms Paul—Youth Allowance other—since 2004, I think.

Mr Kimber—The student income support payments returned to DEST with the machinery of government changes in, I think, late 2004. DEST is responsible only for youth allowance for full-time students. DEWR is responsible for what we call Youth Allowance other, which is for job seekers.

Senator CARR—Do you think it is a rational division of the arrangements?

Ms Paul—It is a government decision taken in 2004.

Senator CARR—It is another one of those that, by definition, is rational.

Ms Paul—I cannot comment on it. We all must work together on it.

Senator CARR—Indeed. One of the slogans in one of these statements is that sooner or later we must work together.

CHAIR—Working together it is called, Senator.

Senator CARR—Indeed. You never know what will happen in the next few months. We will get to assess these things up close. Can you help me with the profile—the breakdown of the youth allowance recipients by age?

Mr Kimber—Is this referring to a question on notice?

Senator CARR—I was given this five minutes ago but I do have not the slightest idea whether it is on notice.

Mr Kimber—I think in response to a number of questions on notice we have provided you with details of a breakdown of age of youth allowance recipients.

Senator CARR—Which question on notice?

Dr Mercer—No. 808, Senator.

Senator CARR—And that also tells me whether students under this measure are at home, dependent or independent?

Mr Kimber—Yes—and question on notice 808 was a follow-up to question on notice 707.

Senator CARR—Thank you very much. It covers the whole lot.

Mr Kimber—We provided those details.

Senator CARR—An amount of \$22 million is estimated for 2007-08 for the Student Financial Supplement Scheme, the Austudy scheme. Is \$22 million the right figure? It is on page 64 of the PBS.

Mr Kimber—The Student Financial Supplement Scheme operates both for Austudy as well as Abstudy. Approximately \$22 million has been estimated for the provision of doubtful debts for 2007-08.

Senator CARR—The department does provide student financial supplement schemes for Austudy recipients?

Mr Kimber—The scheme closed at the end of 2003. No new loans have been issued since that date. This relates to loans that were issued up until that date. The arrangement for this scheme is that in the first five years students can make voluntary repayments through Centrelink. Then they move to the end of the tax system. They are collected based on an income threshold through the tax system.

Senator CARR—Are you able to tell me what the outstanding debt levels are?

Mr Kimber—I do not think I have those details, but I can take that on notice and give it to you.

Senator CARR—In that advice can you also tell me the average length of time taken to repay this debt.

Mr Kimber—We will have to take that on notice.

Senator CARR—Since the scheme has been operating, are you able to advise me as to the stock of debt, the number of loans and how they have changed over time?

Mr Kimber—As I said, the scheme was closed in 2003.

Senator CARR—It is no longer operating.

Mr Kimber—We will be able to provide you with details up until then and what is happening at present with those residual loans.

Senator CARR—Can we look at the issue of measurement of income support for master students.

Mr Kimber—Yes, Senator.

Senator CARR—Is that a new measure?

Mr Kimber—That was announced in the budget, yes.

Senator CARR—It is \$43.3 million?

Dr Mercer—It is \$43 million over four years.

Mr Kimber—It is \$43.3 million.

Senator CARR—The maximum youth allowance for masters by course work in Austudy is currently \$456 per fortnight?

Mr Kimber—It is \$456, if my memory serves me correctly, but I will have to check. I think it applies to Austudy recipients who were long-term unemployed. The maximum rate of youth allowance is \$348.10 a fortnight, plus rent assistance.

Senator CARR—Do you know how much the rent assistance is?

Mr Kimber—Rent assistance is a maximum of \$104 a fortnight. I think the average rate that we pay under rent assistance for youth allowance is around \$77 a fortnight, but it depends on an individual's circumstances. It is only paid when they are in private rental accommodation. The cost of rent and a range of other factors are taken into account.

Senator CARR—The measure starts from 1 January next year?

Mr Kimber—That is right.

Senator CARR—And it includes funding for Centrelink of \$1.4 million?

Mr Kimber—Centrelink costs over the four years are \$3 million.

Senator CARR—That makes sense. How many masters by course work students are there these days?

Mr Kimber—I am not sure at present of the total numbers of masters by course work. However, we anticipate this measure will assist about 920 students next year, rising to in the order of 1,470 students by 2010-11.

Senator CARR—Is that the basis on which you have allocated the \$43.3 million?

Mr Kimber—That is the basis on which we made that estimate.

Senator CARR—Are those numbers the same that you have used for establishing the eligibility of the course work master program for which income support measures will be available? Is it the standard number?

Mr Kimber—We have used it for average payment rates and things like that. Is that what you are suggesting?

Senator CARR—Yes, I just want to know—

Mr Kimber—Yes, that is what we would use as underlying an individual's benefit. We have obviously worked out the areas we think may be appropriate for this measure.

Senator CARR—Do you have a breakdown of the discipline areas?

Mr Kimber—What we are doing at the moment is developing draft guidelines for the minister's consideration. The guidelines will reflect the government's decision in this regard.

Once those guidelines are developed, we will have a series of consultations with universities and professional bodies. The minister will then determine the approved list of courses later on in the year. Those estimates, though, were based on an analysis of what we understand to be courses that are entry level requirements. You are looking at entry level requirements in the areas of audiology and psychology. In some states I think chiropractic qualifications at the masters levels are required. Also, we factored in the types of professions that are moving towards masters as being an entry level requirement—that is physiotherapy, occupational therapy, et cetera. Architecture is signalled to be moving towards that as well. The actual final list of courses and disciplines will not be decided until the minister approves those, based against the criteria.

Senator CARR—I am just anxious to know that you have the number of students before you have the courses.

Mr Kimber—The number of students are based on the broad areas that I have just suggested. As to providing some estimates for this measure, we will need to work through the criteria around that.

Senator CARR—I take it that you basically had to start somewhere?

Ms Paul—Yes.

Mr Kimber—We have to develop some estimates and make some assumptions around this.

Senator CARR—What about the institutions? Do you have any idea what the spread will be?

Mr Kimber—Not at this stage. That will become clearer once we have had a series of consultations. This measure will be introduced on a course-by-course and institution-by-institution basis. I do not have any definitive details there for you.

Dr Jarvie—It will be up to the institutions to make submissions to the minister if they want to have their courses eligible for youth allowance.

Senator CARR—Have you worked out the quality assurance mechanism that will be applied here?

Mr Kimber—That is part of the development of the guidelines that we are currently going through. Yes, we will have to be assured that that particular course is an entry level requirement; therefore there will need to be some authorisation or certification by that professional body for that course. We are working through the process we put in place for that. That will be the subject of our consultations with universities and professional bodies.

Senator CARR—Do you think the Australian Universities Quality Agency will have a role in monitoring this?

Mr Kimber—That is something we have given some thought to. We have not developed any details around that at this stage.

Senator CARR—Does the branch deal with the quality agency more generally? Is that your area of responsibility?

Ms Paul—No, that is higher education.

Mr Kimber—No.

Senator CARR—I will have to put that on notice. Thank you very much. That concludes my questions. I have a couple that I will put on notice.

CHAIR—That concludes the Strategic Analysis and Evaluation Group.

[2.11 pm]

CHAIR—We will move to the Schools Resourcing Group.

Senator CARR—Ms Paul, when does the current schools quadrennium end?

Ms Paul—At the end of 2008.

Senator CARR—And when does the new quadrennium begin?

Ms Paul—That will be 1 January 2009.

Senator CARR—How much was in the current quadrennium for funding arrangements?

Ms Paul—I will ask my colleagues to answer that question.

Ms McKinnon—It is estimated at \$33 billion over the four years.

Senator CARR—On 28 February the minister advised the House that the next funding agreement would provide around \$42 billion. Where does that come from?

Ms Paul—It would have come from our advice and it would have been based on an estimate, in particular, of the indexation arrangements for schools funding under the specific purpose payment.

Senator CARR—That is AGSRC?

Ms Paul—AGSRC, yes.

Senator CARR—What AGSRC rates would you have applied to that?

Ms Paul—I could not tell you. I do not know whether or not we have that with us.

Ms Brain—It was 6.4 per cent, Senator.

Senator CARR—That is the current rate, isn't it?

Ms Brain—That is the rate that is built into the forward estimates in the portfolio budget statement.

Senator CARR—That is for the next two years. Is it 6.4 per cent for the third year as well? Have you applied a flat rate? Have you flatlined that rate?

Ms Brain—I will just check with my colleagues. Yes, that is right. So 6.4 per cent is flatlined into the portfolio budget statements for the forward estimates across each of the years.

Senator CARR—Of course, the next quadrennium will go out four years—surprisingly—that is, from 2009, way beyond the forward estimates. Have you applied a flatline assumption there as well?

Ms Brain—Yes, that is right.

Senator CARR—How much has the AGSRC fluctuated in the last quadrennium?

Ms Brain—If you just give me a moment I will look that up. I will not be a minute.

Ms Paul—It fluctuates, as you know, according to the real costs of a student in a government school. If states spend more or if states spend less, that is reflected eventually in a lagged way into AGSRC. If the estimates decrease in the future, for example, that would mean that state governments are spending less on their students and that that has flowed through in a lagged way into our estimates.

Ms Brain—I am sorry, we do not have the exact fluctuations with us, but we could get that. I can confirm that it averages at six per cent over the past four to five years. But I do not have the fluctuations.

Senator CARR—That was my recollection. I remember a few years ago it was about 5.7 per cent or thereabouts. It has been trending up.

Ms Paul—It trended up and then it trended down. It starts to sound like a nursery rhyme or something, but basically it has gone up and down over the quadrennium, to my recollection.

Senator CARR—I take it that a presumption about enrolments has been built into that forward estimate?

Ms Paul—Yes, there is.

Senator CARR—What do you expect the enrolments to be through the next quadrennium?

Ms Paul—We base that, as you can imagine, on population projections for the age groups.

Ms Brain—We do not have the enrolment projections on hand either for the next four years, for the next quadrennium.

Senator CARR—Given that you have provided me with a table for the forward commitments, I take it that the funding is not committed beyond the current quadrennium?

Mr Burmester—I think we canvassed this in part yesterday. The projection that you were provided with from the chief finance officer was a combination of appropriations that have been passed by the parliament and then the instrument that would allow those appropriations to be drawn down. In the case of schooling, we have a four-year quadrennium legislation and agreement signed with all schools authorities for that same four years. At the moment, the commitment would be to the end of 2008.

Senator CARR—The \$42 billion figure that is used, in effect, is just the normal indexation arrangements. That is what you are saying to me, isn't it?

Mr Burmester—Yes. It is the best estimate we could provide based on the current school population projections. A series of those is shared amongst state and Commonwealth AESOC officials and our assumed AGSRC rate. There are, obviously, other assumptions that we would have had to have built in—for example, the share between government schools and non-government schools was assumed to be, as I recall it, the current proportion. We did not try to guess whether there was going to be any further shift to the non-government sector, which comes with a cost to the Commonwealth, as opposed to the states. So there is a range of assumptions. If you would like us to take that on notice we could provide it for you.

Senator CARR—I would be interested know. Effectively, we are not talking about a real increase here though, are we?

Mr Burmester—AGSRC is the index factor that we use. Some people might consider that a real increase and others—

Senator CARR—Why would they?

Ms Paul—Because it is above CPI.

Senator CARR—That is not above cost, though, is it?

Mr Burmester—No, Senator.

Senator CARR—It is the cost of government schooling. That is the whole point of the index.

Mr Burmester—That is right.

Senator CARR—It is somewhat misleading to argue that it is real if it is only compensating for increased costs.

Ms Paul—We will take it on notice and unpack it. If it mainly went to indexation—obviously it was done in February—then it did not include, for example, up to \$1.2 billion of measures that were in the budget, for example, for schools.

Senator CARR—Sure.

Ms Paul—So there is additionality, which is not necessarily described in that figure.

Senator CARR—I just want to know what it was, though, because, as I read it, the \$42 billion figure was announced in February before any initiatives were announced. It would have been just the normal indexation arrangements. It would have been a flatline assumption on enrolments and a flatline assumption of sectoral share.

Mr Burmester—Yes.

Ms Paul—Yes.

Senator CARR—It is an extension of the existing arrangements.

Ms Paul—We will unpack that for you.

Senator CARR—I notice that there has been a claim recently that there has been an increase in real terms of Commonwealth grants to government schools of 70 per cent. Given the discussion that we have just had about the nature of indexation arrangements and education, how can we define the term ‘real’?

Mr Burmester—Senator, do you have the reference to the 70 per cent?

Senator CARR—The minister said that on 16 May.

Mr Burmester—I understand the basis of that was to you take the growth from 1996 until the current year. To get a real basis comparable with other budget statistics it was deflated by CPI.

Senator CARR—But that is not the basis on which school funding is indexed, is it?

Ms Paul—But it is the normal basis for working out a real increase, because that is the movement of money generally in the economy. This comparison was about the movement of money relative to the rest of the economy, so it was reasonable to use CPI in that context.

Senator CARR—Let me just be clear about this. The standard schools funding index is the AGSRC, is it not?

Ms Paul—That is what the Commonwealth uses; it is not what the states and territories use. Many of them use less.

Senator CARR—No, but does the Commonwealth use any other figure for its indexation of school funding?

Ms Paul—No, that is our indexation for school funding.

Senator CARR—If it uses CPI, surely it would have had a different set of figures entirely right throughout the budget?

Mr Burmester—As I said, the use of the CPI was to allow a comparison to the normal budget aggregates or other program areas that do not get indexed by AGSRC. It was to show that, compared to other movements in other programs, there was a 70 per cent real increase over that period.

Senator CARR—It was to mislead the public; it was nothing to do with that, Mr Burmester. There has been an AGSRC increase, as we have already discussed. They average about six per cent over the quadrennium. It is not CPI. What is the CPI—two to three per cent?

Senator Brandis—It is very low these days, Senator Carr. It was not always the case.

Ms Paul—I think it is a reasonable approach, methodologically, when talking about a real increase compared with other funding areas, to use CPI because that would be your standard deflator.

Senator CARR—Which of the WCI indexes within the department are more than CPI, which, of course, is the other figure that you might use for departmental expenditures?

Mr Burmester—We would have to wait for Mr Storen on that one, I think.

Mr Storen—Across the department, as you know, as we have talked about it about before, we use a number of WCI indexes.

Senator CARR—Refresh my memory. How many are there?

Mr Storen—In the Commonwealth I think there are about seven or eight.

Senator CARR—In the education portfolio?

Mr Storen—In DEST we use 1, 3 and 4. They would be the most prevalent. They all run around the CPI measure within a decimal point or so.

Senator CARR—But school funding is not one of those, is it?

Mr Storen—The majority of schools funding—the billions of dollars of general recurrent grants—do use AGSRC. There are some smaller elements that use other ones. We use a building price index for the capital component and we use WCI for some of the smaller targeted components.

Senator CARR—When the minister used the figure of 70 per cent—I presume you provided the basis for this, Mr Storen. Was it you who provided the basic advice for this?

Ms Paul—The department would have provided it, whether it came from schools or Mr Storen. It would have been based on our advice.

Senator CARR—The department has provided the advice that there has been a real increase of 70 per cent. That was departmental advice, was it?

Ms Paul—I would have to check that.

Mr Burmester—Yes, we prepared that calculation.

Senator CARR—Explain it to me, Mr Burmester. What was the base year that you used to calculate the 70 per cent increase?

Mr Burmester—It was 1996, I believe.

Senator CARR—What was the deflator that you used for price increases?

Mr Burmester—The CPI.

Senator CARR—What range did you provide in that CPI estimate?

Mr Burmester—It would have been the actual CPI increase from the base year to the current year.

Senator CARR—Which school funding had a CPI index applied to it?

Mr Burmester—That was not the advice we were asked for. The advice was, comparable to other budget movements, what has been the real increase? Using the word ‘real’ in the normal sense of other program measures or whole of budget deflators, we used the CPI.

Senator CARR—How does the figure apply to non-government schools on that basis?

Mr Burmester—The estimate of growth for non-government schools on the same basis as that 70 per cent. That is the question. I am not sure whether we have that with us.

Senator CARR—Surely it is so simple you could calculate that in your head?

Ms Paul—I could not. We are happy to get it for you.

Mr Burmester—Not quite. We could calculate it.

Senator CARR—Surely you provided that in the advice?

Mr Burmester—We could well have. I am not sure.

Senator CARR—Would it be higher or lower, do you think?

Mr Burmester—I am not sure.

Ms Paul—I think we might have to come back to you on that.

Senator CARR—Someone could surely give you that pretty easily, Mr Burmester. A number of highly proficient officers are in very close proximity to you. I am sure they could tell us what that figure is.

Mr Burmester—We could send out for it, Senator.

Senator CARR—Why don’t we do that. As you know, time is pressing on. I do not want to spend any more time on this than I need to.

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

Senator CARR—As I understand it, there are two voucher programs currently available in the reading assistance program. Is that the case?

Mr McDonald—A reading assistance voucher program is currently being implemented for year 3.

Senator CARR—Is there only the one?

Mr McDonald—Yes, only the one.

Senator CARR—Do you have the data for the uptake in the 2007 reading assistance program?

Mr McDonald—Yes. The most recent figure that I have is that 13,300 children have been registered for the program out of an estimated 17,500.

Senator CARR—Why were the full number not registered for assistance?

Mr McDonald—The program provides for advice to be given to parents of children who have not met the reading benchmark for year 3 in 2006. Parents then register their children for assistance, for one-to-one tuition. That registration number is still increasing, so that figure may well increase. Overall, the registration at this point is within our expectations.

Senator CARR—There have been quite a lot. You say it is 13,000. In February it was only 10,000.

Mr McDonald—Yes, it has increased since February to 13,300. That is the most recent figure I have.

Senator CARR—The number of eligible students seems to have increased as well.

Mr McDonald—No, the number of eligible students has always been estimated at 17,500.

Senator CARR—It may not be an official figure. Have all the contact liaison officers under the program been appointed?

Mr McDonald—I believe that they have. You may be aware that we have a program manager engaged to liaise with the schools and the parents in the delivery of the program. They are responsible for appointing the client liaison officers and I believe they are all in place.

Senator CARR—What is the nature of the guidelines from the Commonwealth in the methodology or approach to be used by tutors in the program itself?

Mr McDonald—The methodology is one-to-one tuition of the child in assisting them with reading. It is one-to-one tuition.

Senator CARR—That is it?

Mr McDonald—No, there are requirements around the methodology to be used in teaching children to read. For example, it is linked to the outcomes of the teacher reading review and an integrated approach to reading. A diagnostic is applied to the child before the tuition starts in relation to the actual needs of the child. There is a diagnostic at the end of that tuition to assess how the child has progressed in its reading and then there is an evaluation.

Senator CARR—Is a particular teaching method being mandated?

Mr McDonald—With the teaching method, as you can imagine, each child will have specific needs around reading and part of the diagnostic is to identify that. The integrated approach to reading, which came out of the reading review, is what teachers would refer to. Of course, there is a range of material that they would access in doing that.

Senator CARR—So you have not stipulated that phonics, for instance, is the preferred method?

Mr McDonald—In tuition, phonics will be part of the method for teaching reading, but you might be aware from the teacher reading review that an integrated approach to that teaching was recommended, which has five aspects to it, including phonics.

Senator CARR—Surely you would expect individual tutors to make professional judgements?

Mr McDonald—The teachers will make an assessment of the needs of the child for the tutors. The one-to-one tuition is about trying to give direct assistance to that child to increase that child above the benchmark. For year 3, for example, about seven per cent of the children are not meeting that benchmark. The idea of this tuition is that it is in addition to the other targeted programs that are in place for the support they get through the school system, because these children are still not meeting that benchmark.

Senator CARR—Have you appointed all the tutors yet?

Mr McDonald—The tutors are being appointed by Curriculum Corporation. The tutoring has commenced. About 2,000 kids are currently being tutored and those tutors have been put in place by Curriculum Corporation. Senator, I have an updated figure. As of today 3,384 students are receiving tuition.

Senator CARR—How many tutors are current or former teachers?

Mr McDonald—I would have to take that on notice. I would imagine that of those a substantial proportion would be either current teachers or previous teachers.

Senator CARR—Are you able to tell me the average number of hours provided for each student?

Mr McDonald—Under the program each student receives \$700 worth of tuition.

Senator CARR—So how many hours does that get?

Mr McDonald—How many hours that gets depends on the—

Senator CARR—The cost per hour?

Mr McDonald—Yes, the cost per hour. From my previous knowledge, it varies from state to state.

Senator CARR—What is the average?

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

Ms Hanlon—There are differences from state to state, but I understand that the minimum sessions required are 12 for the \$700 voucher.

Senator CARR—Twelve hours?

Ms Hanlon—Twelve sessions.

Senator CARR—Twelve sessions of one hour each?

Ms Hanlon—Yes.

Senator CARR—How do you measure improvement?

Mr McDonald—As I mentioned earlier, the tutors use a diagnostic to measure the child's reading at the commencement of the tuition and at the end of the tuition to see how that reading has improved.

Senator CARR—Diagnostic testing?

Mr McDonald—Yes.

Senator CARR—How much funding is available under the program? Is it \$66 million?

Mr McDonald—The current program is a \$20.6 million program.

Senator CARR—That is for 2006-07?

Mr McDonald—The tuition will be over the 2007 calendar year, so the budget measure will go over the two financial years.

Senator CARR—And it then ends? It is a lapsing program, is it?

Mr McDonald—Yes, except that the budget initiative the government announced recently provides for tuition in literacy and numeracy at years 3, 5, 7 and 9 as an ongoing program with a budget estimate, I think, of about \$457 million.

Senator CARR—Of that first amount of \$20 million, how much is going to administration?

Mr McDonald—A program of this nature requires some infrastructure to be set up for administration. We have had to put in place some IT infrastructure so that data et cetera can be collected. We have also put in place the client liaison officers that you talked about earlier. We have also had to build in some travel for remote and rural so that we can reach children out there. The total administration cost is \$6.5 million. That also includes postage for the reading assistance kit and an administrative agent payment.

Senator CARR—So \$6.5 million for the first 20?

Mr McDonald—Yes, \$6.417 million.

Senator CARR—For the \$457 million—that is, the second charge—how much will be on administration?

Mr McDonald—I would imagine that the infrastructure we put in place for this program will be able to be utilised for the new program for years 3, 5, 7 and 9. So the administrative costs would reduce. The actual estimate is \$18 million for departmental in that \$457 million bucket.

Senator CARR—Do you have any data on the number of students who failed both the literacy and numeracy benchmark testing in the relevant year of testing?

Mr McDonald—Yes, we do. I will hand over to Ms Hanlon to answer that.

Ms Hanlon—We have a total of 233,000 who have not reached the literacy or numeracy benchmark, according to the 2005 data.

Senator CARR—Are these students eligible for two vouchers—that is, a literacy and a numeracy voucher?

Mr McDonald—Just to clarify, that figure is for years 3, 5, 7 and 9. For year 9 we have used an estimate based on year 7.

Ms Hanlon—That is correct.

Senator BARNETT—Could you take that on notice and break it down on a state by state basis, please?

Ms Hanlon—We can do that.

Senator CARR—Are the 224,000 students eligible for two vouchers?

Mr McDonald—The 233,000 are eligible for \$700 of tuition each year.

Senator CARR—Mr Burmester, have you got that figure?

Mr Burmester—It is being sought from the department.

Senator CARR—With regard to non-government recurrent funding, in the current year what percentage of non-government schools are being funded according to their actual SES score?

Ms Brain—The answer to that is that, as at 31 December 2006, 54.3 per cent of schools were being funded at the SES score.

Senator CARR—How many non-government schools are there now?

Ms Paul—Around 2,700.

Ms Brain—No, 1,624.

Ms McKinnon—No, around 2,700; in fact, 2,691.

Senator CARR—For how many of those funded on a non-SES basis was funding maintained at the 2000 year level?

Ms Brain—It is 207.

Senator CARR—How many at the 2004 level?

Ms Brain—It is 970.

Senator CARR—Have I missed any?

Ms Brain—In terms of funding guarantees, there is two per cent, so there are 54 funding guaranteed.

Senator CARR—What characteristics do those 54 share apart from being funding guaranteed?

Ms Brain—The characteristics are that they are independent schools.

Senator CARR—Yes, we have that.

Ms Brain—So they are non-systemic.

Mr Burmester—To be funding guaranteed means that your score for the second quadrennium where the SES applied—that is, the current quadrennium—increased compared to the previous year. Your funding was guaranteed at the previous level, but not increased, according to AGSRC. Over time, some of those schools would end up returning to their true SES score. At the moment we have only 54 schools left that have not reverted to their original SES score.

Senator CARR—I am told that the review to the SES system is now closed. Is that right?

Mr Burmester—The consultation on that inquiry has closed. We completed that at the end of last year.

Senator CARR—When will the final report be produced?

Mr Burmester—Probably towards the end of this year. What we could not do at the time of the consultations that we undertook was to look at the impact of the latest census on SES scores. To provide advice to government on the impact of any policy change or, indeed, the continuation of the current policy, we need to do the geocoding from the 2006 census, the data for which has not yet become available to us. That process will occur in the second half of this year and then we will be in a position to finalise that report.

Senator CARR—Are you anticipating that there will be announcement concerning the findings of that review?

Ms Paul—That will be a matter for government.

Senator CARR—Were all the submissions published?

Mr Burmester—I do not think they were. I think we have provided a couple of them to the committee in response to a question from Senator Nettle, I believe.

Senator CARR—Is there any reason why they cannot be published?

Ms McKinnon—There is no reason. We would seek the agreement of the organisation that made the submission, if you were comfortable with that. We are happy to make them available.

Senator CARR—How many are there?

Ms McKinnon—Around 14 is the number that springs to mind.

Senator CARR—For \$42 billion worth of expenditure?

Ms Paul—We are talking about non-government funding here. That \$42 billion refers to the SPP.

Senator CARR—I know, but two-thirds of that will go to the non-government sector. All right, so I am wrong, but it is only two-thirds?

Mr Burmester—I am not sure about that proportion.

Senator CARR—Is that right?

Mr Burmester—I will have to check that.

Senator CARR—We will see. You are coming forward with your statistics soon. You will find out, won't you?

Ms McKinnon—Sorry, there were 21 submissions. I have a list here if you would like them.

Senator CARR—I would not mind having a list. Thank you. Did the state government not put submissions in to the review?

Ms Paul—They could have if they had wished to, but mainly we were dealing, not surprisingly, with the people affected.

Senator CARR—Could I get copies of the submissions if they are available, please?

Ms Brain—Certainly, Senator.

Senator CARR—Where can I find any measures in the budget that will assist rural and remote non-government schools? I am talking about additional measures.

Ms Brain—There is a rural and remote initiative in the budget to increase funding based on classifications of remoteness. There was a \$121 million initiative over four years.

Senator CARR—How many non-government schools will benefit from that?

Ms McKinnon—425.

Senator CARR—Can I get a breakdown of where those 425 come from. Are they remotely accessible, remote and very remote?

Ms Brain—Yes. Would you like me to run through them?

Senator CARR—Yes, please.

Ms Brain—Moderately accessible, 345; remote, 56; very remote, 48. The total is 449.

Senator CARR—Will it be possible to get a list of those schools with their SES category?

Ms Brain—Yes, we could do that.

Senator CARR—This money is available irrespective of SES scores, is it not?

Ms Brain—The money is available based on the degree of remoteness and it is payable as a loading. The SES score is taken into account in calculating that loading.

Senator CARR—Mr Burmester, given the economic changes that have occurred in the economies from the time of the last census to the one before, if we take, for instance, the number of people registered as unemployed—there are a whole lot of reasons for that such as a change in the criteria and absolute numbers—it is likely that fewer persons will be registered as unemployed, which I presume would affect the geocoding results for census districts. Would you agree?

Mr Burmester—One would expect economic growth to have an impact on the socioeconomic status of particular areas, that is true—not just unemployment—

Senator CARR—No, I know—to a certain extent, but there are a lot of other factors. Will that mean you will have to change the SES scores for individual schools?

Mr Burmester—Yes. In every census, every five years we recalculate the SES scores of each school according to the cohort of the parents and the students who are enrolled in that school in the previous school census. It would take into account the changes that have

happened through the population census by the Bureau of Statistics as well as changes in the composition of the school population.

Senator CARR—Are you at the stage in the development of funding for the new quadrennium where you will be able to advise on measures that would change the percentage numbers of schools and their funding allocations that are at variance with their true SES score?

Mr Burmester—Not at this stage. We would not know that until we have completed the full coding across the whole school sector which, as I said earlier, is dependent on the availability of the population census data from the Bureau of Statistics.

Senator CARR—I turn now to the national teacher standards. What is the relationship between DEST and Teaching Australia—that is, the Australian Institute for Teaching and School Leadership?

Mr Burmester—They are a portfolio entity which the Commonwealth has funded. They have their own board and operate against the charter that the minister has provided under the normal arrangements for such entities. We have regular consultations with Teaching Australia. They undertake on behalf of the Commonwealth the arrangements for the quality teaching awards. So we have consultations about that aspect as well.

Senator CARR—You have meetings with them. How much money do they get in this budget? What is their total funding?

Mr McDonald—Total funding over the quadrennium is \$20.15 million.

Senator CARR—Has it gone up?

Mr McDonald—Not to my knowledge. I have the figures here. Those are the figures that have always been referred to here.

Senator CARR—That is in the forward estimates, is it?

Mr McDonald—Yes. The figures I have are to June 2009.

Senator CARR—There is a \$5 million budget measure here.

Mr McDonald—Yes. That \$5 million budget measure is for the development of teaching standards.

Senator CARR—Yes.

Mr McDonald—That is departmental.

Senator CARR—That is what I am trying to establish. Why is the department doing this work and not the Australian Institute for Teaching and School Leadership?

Mr Burmester—There is currently a multiparty consultation and working group on this comprising representatives of AESOC, the state and Commonwealth officials, the deans of education, Teaching Australia, and representatives of AFTRA, which is the teacher registration boards from around the various jurisdictions. Work is already underway in seeking to get a common set of teaching standards developed by that group. Teaching Australia have been consulting in their own right with the profession to establish their views to inform the position that they take to and consider in that forum. The provision of this extra

money was to assist in the finalisation of that set of standards, but we are hoping—and we continue to work with that group—to establish a single set of standards encompassing all those various interests. Obviously, the deans have an interest, the AFTRA bodies have an interest, as do the state jurisdictions.

Senator CARR—Is Teaching Australia developing a set of standards?

Mr Burmester—Yes. They have developed or are in the process of developing a draft. I cannot say that they have finalised it, but they are in the process of developing a set of standards that they would be proposing to that forum.

Senator CARR—The department is working on a set of standards with Commonwealth officers and Teaching Australia is working on a set of standards?

Mr Burmester—No, the funds that are available will allow the department to assist and facilitate that joint process. We are not of ourselves developing a set of standards; we are trying to draw together and facilitate drawing together the various standards that are being developed by Teaching Australia, the AFTRA bodies and the various state jurisdictions. The deans of education have a set of principles that they would like to see encompassed in any set of standards.

Senator CARR—I just cannot follow why two groups need to do the same job. You are just supervising them?

Mr Burmester—The government has expressed, through this budget measure, that it would like to get these standards finished by the end of this year. That will take a considerable effort on everybody's part. We can contribute to that by getting further advice, undertaking consultations and having the funds available to develop those so that they are in place for the 2009 quadrennium. That is the intention of that budget initiative.

Senator CARR—When do you expect this to be finalised? You said the end of this year. Precisely when?

Mr McDonald—In relation to literacy and numeracy, teaching standards need to be developed by the end of 2007. That is a decision of COAG. Wider teaching standards need to be completed by the end of 2008.

Senator CARR—Presumably you get more money in the next budget?

Mr McDonald—No.

Ms Paul—In short, that is a matter for government, obviously. It depends on how this exercise goes as to what any future need might be.

Senator CARR—It has been reported that the New South Wales Catholic Education Office has been asking its schools not to apply for funding through the chaplaincy program because the guidelines are too restrictive. Is there an officer here who can help me with this?

Ms Paul—Yes.

Mr McDonald—Is there any more clarification in your question? Is it because the guidelines are too restrictive in a particular way?

Senator CARR—Are you telling me, Mr McDonald, that you do not know this?

Mr McDonald—No, I was aware that we needed to provide some clarification in the guidelines for the Catholics in New South Wales, which we did, in the chaplaincy program. That is now reflected in the frequently asked questions to clarify the guidelines. I was just interested as to whether you needed more specific detail. That is the one that I am aware of for New South Wales.

Senator CARR—This is one of those rare occasions when I can rely on a very substantive document. On this occasion I have a memo from the Catholic Education Office in Sydney, dated 31 January 2007. I take it you have seen that, Mr McDonald?

Mr McDonald—Yes, if this is about clarification of employment of chaplains within the Catholic system in New South Wales.

Senator CARR—It is a bit more than that, Mr McDonald. Do you want me to quote from it?

Mr McDonald—Yes.

Senator CARR—It states:

The Catholic Education Office Sydney will not be supporting this particular Australian Government initiative.

Mr McDonald—Yes, Senator; that is the one that I am aware of. I met with the Catholic jurisdiction on that issue. As I said, there was a piece of correspondence that I sent back in response to that that clarified their concerns around the guidelines.

Ms Paul—In other words, we were made aware of that. Mr McDonald met with them. We were able to settle their concerns. We followed up with a letter.

Senator CARR—Do you have another letter?

Ms Paul—That is the one that Mr McDonald referred to from us and that appears to have settled the matter to their satisfaction.

Senator CARR—When it says that it ‘would not be helpful to have officers from DEST monitoring the work of chaplains in Catholic schools’, you have been able to persuade them that it would be helpful?

Ms Paul—No, we have been able to clarify the nature of the guidelines. There were some misunderstandings. Fortunately, we were able to sit down with them and in the normal way work through it to their satisfaction and to ours in terms of making our guidelines as clear as we possibly can.

Senator CARR—They have issued a statement?

Ms Paul—I doubt it, but we were certainly happy with the way the consultations finished up.

Mr Sheedy—I am the state manager responsible for the chaplaincy program. I do not have it with me, but I believe that we have correspondence back from the National Catholic Education Commission noting the changes we have made to the frequently asked questions, expressing their appreciation for that clarification, and noting that the guidelines no longer presented a problem.

Senator CARR—Who did you consult before the guidelines were developed?

Mr McDonald—In terms of process, we established a steering committee within the department to provide advice on the program overall. A reference group was established to provide advice to the department on the guidelines. We had experts in the area provide advice on those guidelines before they were finalised.

Mr Burmester—That reference group was external to the department in that it included a number of representatives from independent and faith based schools and school systems, including the Catholics. It included experts from Scripture Union organisations who currently run chaplaincy programs in a number of states and a parent representative as well. They saw the guidelines before they were released. We consulted with them and we have continued to meet with them through the development of the program.

Senator CARR—Can I have a breakdown in each state and in each sector—independents, Catholics and government schools—of the number of chaplains that have been employed as part of this program?

Mr McDonald—The status of the program is, as the minister indicated in her release, the finalisation of the successful applications that will be announced shortly. Of the applications that have been put in, we can give you a breakdown of those by state.

Senator CARR—Thank you. When will the decisions be announced as to those schools that have been successful in their application?

Mr McDonald—The minister announced in her recent media release that she expected to announce the results of the first round of funding next month, so in June. We will try to give you that breakdown now, Senator.

Senator CARR—How many schools have applied for more than one position under these guidelines?

Mr Sheedy—I am sorry, Senator; can you repeat that question?

Senator CARR—How many schools applied for more than one chaplain under these guidelines? Were they able to do that?

Mr Sheedy—They are certainly able to apply for more than one chaplain. They are not eligible for more than \$20,000 per year under this program. I am not aware of any who have asked for more than one chaplain, but I can check that for you.

Senator CARR—How many schools that applied for chaplains might be described as secular?

Mr Sheedy—None, because the guidelines require there to be—

Senator CARR—To be of a religious faith?

Mr Sheedy—Yes, and to be endorsed by an appropriate religious body.

Senator CARR—There is a reference in the guidelines to—

Senator BARNETT—Just on that point, to seek clarification, there are specific guidelines with respect to who can apply for and gain success in funding. You have used the words

‘secular’ and ‘religious’. I think the guidelines make it clear as to who can be successful. I just wanted to seek clarification on that.

Mr Sheedy—Yes, they do. Section 1.5 of the guidelines refers to the sort of person who can be appointed as a chaplain under this program.

Senator CARR—What is the criterion?

Mr Sheedy—It is a person who is recognised ‘by the local school, its community and the appropriate governing authority as having the skills and experience to deliver school chaplaincy services to the school and its community; and through formal ordination, commissioning, recognised qualifications or endorsement by a recognised or accepted religious institution or a state/territory government approved chaplaincy service’.

Senator CARR—So they must be religious.

Senator BARNETT—With respect, Senator Carr, you can’t put words in his mouth.

Senator CARR—I just asked a question.

Senator BARNETT—He has read the guidelines. They are perfectly clear.

Senator CARR—No, I do not think they are. That, to me, implies that you must be religious?

Ms Paul—Yes.

Mr Sheedy—There has to be a link with a religious organisation.

Senator CARR—Yes.

Ms Paul—That is the nature of the initiative, yes.

Senator CARR—The guidelines state:

There must be extensive consultation with, and support from, the broader community, particularly parents, about the demand for and role of a school chaplain.

What criteria do the department apply in measuring that?

Mr Sheedy—There is an online application form and applicants have the opportunity to make a short statement setting out their claims under that criterion. We have gone through a process of developing an approach for assessment which talks about the sorts of things that need to be included for an application to be well regarded under that criterion. Largely, it needs a clear expression of the processes that have been followed to gain community support and, ideally, some indication of the response from that community consultation—for instance, percentages of positive responses to a school survey is one possible way in which we can get substantiation of the level of community support.

Mr McDonald—The application is signed by representatives of the school community as well as the principal in relation to that application coming in, verifying the information within the application.

Senator CARR—Like the president of the school council—that sort of thing?

Mr McDonald—Yes.

Mr Sheedy—Yes.

Senator CARR—Paragraph 2.2 of the guidelines states:

Schools and their communities may engage the services of more than one school chaplain to reflect the diversity of student populations and to enable more comprehensive support and pastoral care to students.

Are you saying that not one school has sought to take up that proposition?

Mr Sheedy—As I said, I am not aware of any. I will check to see whether there were any. I am aware of the fact that some were being developed in South Australia, but did not make it for this round and are likely to make it for the next round.

Senator CARR—I know of schools where there are significant Christian and Muslim communities, for instance, so they are fundamentally different in their approach to these things.

Ms Paul—Yes, and that is exactly the sort of example we had in mind, too. We would encourage a school like that, of course, to consider that sort of approach.

Senator CARR—There would be some state schools with significant Jewish populations?

Ms Paul—Yes.

Mr Sheedy—And, as Mr McDonald has just pointed out to me, a number of the applications are for enhancements of existing services and would involve additional chaplaincy services. They would, therefore, be likely to have more than one chaplain.

Ms Paul—Did you want some of those numbers—for example, the numbers by denomination and the numbers by state?

Senator CARR—Yes, please.

Ms Paul—This is for applications at this stage, Senator.

Mr McDonald—For the ACT there are six non-government and 15 government; for New South Wales, 94 non-government and 93 government; for the Northern Territory, four non-government and 10 government; for Queensland, 68 non-government and 416 government; for South Australia, 50 non-government and 185 government; for Tasmania, four non-government and 36 government; for Victoria, 83 non-government and 210 government; for Western Australia, 43 non-government and 186 government—giving a total of 352 non-government, or 23 per cent, and 1,151 government, or 77 per cent.

Senator CARR—How many schools are there in Australia?

Mr McDonald—In Australia there are around 10,000, so this is about 15 per cent of schools that have applied for assistance.

Senator BARNETT—Do you have a breakdown of the numbers for secondary and primary?

Mr Sheedy—No, we do not have those figures.

Senator BARNETT—Would you take that question on notice?

Mr McDonald—Yes, we will.

Senator CARR—What is the denominational breakdown?

Mr McDonald—The denominational breakdown is Catholic 86, Anglican 46, Lutheran 20, Jewish six, Islamic four, non-denominational 37, and other 153.

Ms Paul—That is the type of applicant school. That is not necessarily the type of chaplain that is being applied for.

Mr McDonald—Sorry, that is the schools.

Senator CARR—The non-denominational ones are interesting, given our previous conversation.

Ms Paul—That is right. I thought I might clarify that the school is classified as non-denominational.

Senator FIFIELD—On that point, do you have a breakdown by religion and denomination of the chaplaincies applied for?

Ms Paul—I do not think we would have that yet because we are still at the application stage. I might ask Mr Sheedy.

Mr Sheedy—No, I don't.

Ms Paul—We can probably do that afterwards, but we are not at that point.

Mr Sheedy—Senator Carr, can I just return to your earlier question? I have just been advised that there are several applications that involve more than one chaplain. We will get that information to you.

Senator CARR—I now turn to the summer school program. I understand that \$101 million over four years will be provided for summer schools for teachers. How many of the schools will be held?

Mr McDonald—That is not yet determined, but there are five subject areas that the summer schools are to be held in. We need to go through a process of consultation with the university sector as well as the state educational sectors in relation to the implementation of this program. We discussed this issue last week at our AESOC meeting and from that we will be developing guidelines around it and an open tender process for provision to the schools.

Senator CARR—When will these guidelines be available?

Mr McDonald—The guidelines will be developed shortly. We want to go through a consultation process for finalising those guidelines. Clearly, the time frames for this initiative are tight, so we will be moving quite quickly, but we want to do that through consultation with relevant parties, particularly the universities which are likely to tender for this proposal.

Senator CARR—When do you expect the contracts to be awarded?

Mr McDonald—I would imagine those contracts will be awarded in about August or September. The schools are due to run in January, of course, so we will need to move quite quickly.

Senator CARR—Who will select the teachers to go?

Mr McDonald—The teachers will be proposed or nominated by their school community. Part of the consultation that we will be going through will be to develop the criteria for assessment around the nominations that are put forward. Some form of expert panel will also

be put together to provide recommendations to the department in relation to those proposals and who should be recommended to go forward.

Senator CARR—Are you able to give me an estimate of the breakdown of the costs of this program, for the \$100 million?

Mr McDonald—Yes.

Senator CARR—As I understand it, there is \$5 million for the bonus element. Is that right?

Mr McDonald—Yes, there is a bonus element.

Senator CARR—That is for the teachers?

Mr McDonald—They are paid to teachers who complete the summer school. You may be aware that the proposal provides for 10 days of professional development for the teachers where all costs associated with that are paid for. Following the summer school, the teachers would go back into the system and mentor other teachers. The cost of the scholarship payment for each of the four years will be \$5 million, based on 1,000 teachers per annum.

Senator CARR—What are the other expenses? That does not seem to add up to all the money. It is \$100 million.

Mr McDonald—I will run through it. The total administered cost is \$89.6 million. In addition to that there is around \$15.2 million for this year, \$15.5 million for the following year, and \$15.8 million for 2009-10 and \$16.1 million for 2010-11 for course costs. As we talked about, there is about \$5 million per year around the scholarship payment. There are some start-up curriculum costs—materials for professional development—estimated at around \$5.3 million for this financial year and \$1.8 million following that. The remainder of the funding is for departmental expenses. For this particular initiative we will be developing an IT system of some kind so that the applications can go online. That might involve some sort of an assessment arrangement online as well. That should add up to a total of \$101 million.

Senator CARR—Which teachers are you hoping to attract? Is it underperformers or overperformers?

Ms Paul—It is the high performing teachers. That is the policy intent of the measure because it is understood, of course, that those teachers will be able to intensify their already high skills and go back into their schools and offer mentoring and dissemination of best practice to a much broader pool of teachers and schools.

Senator CARR—There is just one other matter on the chaplaincy issue. How much of that money of the program has been uncommitted in the forward estimates?

Mr McDonald—Senator, as you are probably aware, it is a \$90 million program over three years. The minister has indicated that this first round will account for about 60 per cent of that funding. A number of the schools—Mr Sheedy can add to this—are applying for funding for three years, which is part of the availability under the guidelines. As the minister also said, the second round will take place shortly for the remainder of the funding.

Mr Burmester—The only thing I would add to that is that there has been a very high level of demand—more than enough to account for the amount of money that has been allocated for this program.

Senator CARR—I should have followed this up before. On regional and remote school funding there is another issue that goes to the question of state government contributions. What is the expectation in regard to state government contributions?

Mr Burmester—In announcing the increased funding to non-government schools in the budget, the government also indicated that for the next quadrennium it would be seeking a matching arrangement from the states for their schools in the same areas.

Senator CARR—Is it anticipated that rather than a flat rate there will be a pro rata rate depending on the SES score for non-government schools?

Mr Burmester—The loading is calculated on the SES base funding for that school. With respect to schools that have low SES scores and are therefore entitled to a higher Commonwealth government grant, their percentage loading—20 per cent, 10 per cent and so on—would obviously be bigger than for schools that have higher SES scores.

Ms Paul—Just to clarify that, Senator, you are aware that the proportion of loading is different, depending on remoteness. We are using three of the ARIA codes which you read out: moderately accessible, remote and very remote. The percentage loading for the non-government schools on their SES scores varies by remoteness, as well as, of course, by their SES scores.

Senator CARR—When you ask the states to contribute, will you ask them to contribute on the same sort of ARIA rating classification?

Mr Burmester—I do not think the states fund their regional remote schools on the basis of an SES score of the parent population.

Senator CARR—No, they don't.

Mr Burmester—The state government schools in those areas receive a loading equivalent to the Commonwealth loading for those schools.

Senator CARR—But you will ask the states to contribute to this program. What is the financial cost to the states likely to be?

Mr Burmester—They will not be contributing to this program. The request in the next quadrennium will be that they provide a loading above the average to the schools in that area in their school. It will be their funds going to their schools.

Senator CARR—How many rural or regional or remote and rural government schools are there?

Mr Burmester—We are not sure.

Senator CARR—How can you ask the states to contribute when you do not know that basic information?

Ms Paul—We are asking them to direct their specific purpose payment moneys, which is the \$42 million, to this purpose, amongst many others. We could get for you the list of—

Senator CARR—Will it not lead to just a straight substitution? Will it not lead to the direction of funds from existing rural and remote regional programs?

Ms Paul—It is up to the state as to how they do it. We are not asking them to find new money; we are asking them to direct part of their SPP funds. That is the way I understand the government's intent.

Senator CARR—How will you ensure maintenance of effort then?

Mr Burmester—This is being announced with the arrangements that come into play from 2009 to 2012.

Senator CARR—Yes, I understand that.

Mr Burmester—We will be consulting with the states on how we can achieve the government's proposition and intent.

Senator Brandis—It is probably also timely to remind ourselves, Senator Carr, that everything the government does for support of schools is in addition to what the states ought already to be doing, the states of the Commonwealth having primary constitutional responsibility for these functions. It is not a question of whether the states are going to contribute; it is a question of the Commonwealth adding on top of what the states should be doing—and, in many cases, as in my own state, making up for deficiencies in what state education departments deliver to children.

Senator CARR—That is a claim, Senator Brandis. The question is: if this additional Commonwealth funding is conditional on the states, I think we are entitled to know what it is that the Commonwealth is demanding.

Senator Brandis—I do not doubt that, Senator Carr, and I do not want to delay the proceedings, obviously, but I find these discussions about what the states will do a bit curious unless they begin with an acknowledgement that this is primarily for the states to be doing in the first place. It is only where they have let the system down that the Commonwealth feels the need to intervene, as of course it does very extensively.

Senator CARR—Except in the case of the non-government school sector where the primary source of funding is the Commonwealth.

Senator Brandis—That is because the states do not do anything for them.

Senator CARR—There is an announcement of an additional \$195 million for the infrastructures program in Budget Paper No. 2 on page 132. How much of that was new money?

Ms Paul—It was all new money.

Senator CARR—How do you get that?

Ms McKinnon—Are you talking about Investing in Our Schools or just capital?

Senator CARR—I am talking about the Investing in Our Schools infrastructure program.

Mr Burmester—The government had announced a \$1 billion program over four years. The response to that program was such that we had enough applications to fully expend that

money in the first three years. The government announced an additional \$195 million to allow the fourth round to go ahead in that program.

Ms Paul—You can see the additional measure at the top of page 42 of the PBS.

Senator CARR—Do we have a list of recipients for this money?

Ms McKinnon—The successful applicants for the program are on the website for rounds 1, 2 and 3.

Ms Paul—Or are you talking only about the new moneys?

Senator CARR—The new moneys. This is for 2007-08. I was wondering whether schools have already been notified that they are going to get money.

Ms McKinnon—Applications have not closed in all states.

Senator CARR—You expect that schools will be advised of the moneys that will be available for them in the next six months?

Ms Rollings—That is correct, Senator.

Senator CARR—Just before the election?

Ms Rollings—I can't speculate on the election.

Senator CARR—Was that built into the program design?

Ms Paul—No, it was not.

Senator CARR—How much consideration was given to the election timetable in designing this program?

Ms Paul—Naturally, we are not able to give that consideration, Senator.

Senator CARR—Have there been any complaints about the application process for this, Ms Rollings? You are looking at me with some trepidation when I ask this question!

Ms Rollings—It is a very broad question.

Senator CARR—I do not mean to be so difficult at this time of the day.

Ms Paul—Complaints from schools, Senator?

Senator CARR—Yes, complaints from schools.

Ms Rollings—About the application process?

Senator CARR—Yes.

Ms Rollings—Schools that were unsuccessful probably will complain, yes. We have had letters about that.

Senator CARR—In the Randwick area there has been a suggestion of a faulty application system in New South Wales. Have you had any complaint to that effect?

Ms Rollings—Not that I am aware of.

Mr Burmester—The application process was online to DEST in Canberra. The application is then assessed on a state-wide basis by the relevant state based assessment committee, so at no point in that process is there a localised arrangement. Online access is available across the

whole of the country and the assessment is whole-of-state. I cannot see that at any point there is any notion of a localised matter.

Senator CARR—When were the local schools advised of the success of their applications?

Ms Rollings—It varied depending on the announcement dates for each state. It was on a state-by-state basis. The minister makes those announcements and then we publish the successful schools lists on the website.

Senator CARR—That has been published already, has it?

Ms Rollings—For the previous rounds it has, yes.

Senator CARR—What date was that published?

Ms Rollings—I do not have the exact dates here; they are on the website.

Senator CARR—Was it published recently?

Ms Rollings—No. As soon as the minister announces the successful schools they are published on our website.

Ms Paul—The most recent announcements were towards the end of the last calendar year, I believe.

Ms Rollings—That is correct, yes. I have the announcement dates for the last round if you want them, Senator.

Senator CARR—Sorry, when was that?

Ms Rollings—I have the announcement dates for the last round for each state, if you would like them.

Senator CARR—Yes. Have you got a date for New South Wales?

Ms Rollings—For New South Wales it was 29 November.

Senator CARR—Last year?

Ms Rollings—That is correct.

Senator CARR—Mr Farmer wrote to Mount Carmel High School advising them that they had been successful in obtaining funding of \$46,000 for school library air conditioning. Have you got any of those records there?

Ms Rollings—Not with me, Senator. I do not have the details for each school. There are several thousand schools in the government sector.

Senator CARR—On 30 April, the school principal advised the school community that Mr Farmer had just written to the school advising them that they had a grant for \$46,000.

Ms McKinnon—Could I just clarify: is that a government or a non-government school? For non-government schools the projects are selected and assessed by a block grant authority in that state or territory. While the government schools have rounds for funding, which is what Ms Rollings was referring to, for the non-government schools we work with the block grant authorities.

Senator CARR—I presume Mount Carmel High School is a public school.

Ms Paul—It sounds like it.

Ms Rollings—It sounds like a Catholic school to me. But I am not sure.

Senator CARR—I want to be clear about this. Why would the parliamentary secretary recently write to a school advising it of a grant for \$46,000?

Ms Paul—It sounds to me like it is a non-government school and that it would have been a funding decision worked with the block grant authority. Could we have a reference to the letter? We could look up Mount Carmel and confirm that, if you wish.

Senator Brandis—If it is named after Our Lady of Mount Carmel, it would not be run by the New South Wales department of education.

Senator CARR—It would not be?

Senator Brandis—I would not think so.

Senator CARR—There are some pretty diverse names in New South Wales these days. Ms Cook, do you know?

Ms M Cook—I am not sure, but to me it sounds like it is a non-government school. We have been putting through recommendations from the New South Wales Catholic block grant authority as they come to us. There have been a number in the first half of this year.

Senator CARR—Would it be possible to get a grant last year and this year as well?

Ms Paul—This is the continuation of the \$1 billion. This is not a representation of the \$195 million extra.

Mr Burmester—I think we might be at cross-purposes. The date of the announcement for New South Wales of 26 November mentioned earlier was in regard to government schools only.

Senator CARR—Right.

Mr Burmester—Non-government schools are announced progressively throughout the year.

Ms Paul—We have just confirmed that it is a Catholic systemic school.

Senator CARR—If it is a parliamentary secretary's letter it would be written by the department, would it not?

Ms Paul—Yes, so we can confirm for you anything you wish to know.

Senator CARR—Can you confirm that the school received money in two rounds?

Ms M Cook—That is entirely possible for non-government schools.

Senator CARR—Will non-government schools get their money earlier than government schools? Is that what is being suggested?

Ms M Cook—The processes work entirely independently of each other. In the first year, for example, there was \$60 million for non-government schools and in the second year there was \$80 million. In fact, proportionally more has been paid out to government schools

because 2008 funds were brought forward, as you might recall, to 2006. It is just that the non-government payments are continual because the different states work on different time frames.

Senator CARR—When will successful grants be announced for the next round?

Ms M Cook—With regard to non-government schools, we do not use the term ‘rounds’. We tend to use that term for the national program, which runs for the government schools. Each of the non-government block grant authorities works on a time frame that suits their own constituent schools. For example, the call for applications was announced last November in Queensland, and New South Wales similarly. A number of them have not yet put in their grant recommendations to us. The due date is October, but we work with the block grant authorities to their time frame.

Senator CARR—When applications are made or assessed, is there any comparison of one application against another? Is there a needs assessment?

Ms M Cook—I will outline the prioritisation criteria for non-government schools. Primarily, it is the relative educational disadvantage of students at the schools. In the various jurisdictions, the block grant authorities have different measures for assessing that and we require them to report to us on it. That is the primary criterion. The list continues:

- (b) where relevant, the extended shortfall against Australian Government area standards;
- (c) the relative contributions of the projects to the programme’s objectives;
- (d) the condition and suitability of existing facilities in relation to the level of facilities needed;
- (e) where relevant, the extent to which the projects effect economies through the shared provision of educational or recreational services otherwise provided independently by State governments, local government and non-government schools; and
- (f) the extent to which the school is making adequate and regular provision for the upkeep of its facilities.

Senator CARR—An additional \$14.9 million is provided in the budget; is that correct?

Mr Burmester—That goes to an amount of departmental expenditure that was not included in the announcement of the program funds that the minister made earlier in the year, and I think it is appropriated at AEs rather than through the budget bill.

Senator CARR—So none of that goes to the schools?

Mr Burmester—No, that is for the departmental operation of the program for the rest of 2007-08 and 2008-09, whereas the program funds will be appropriated through AEs to flow in the calendar year 2008.

Senator CARR—And they end in 2008?

Mr Burmester—I think that is correct.

Senator CARR—Why is the program concluding in 2008?

Mr Burmester—It was originally announced as a four-year program. It was an election commitment in the previous election. It is a four-year program of \$1 billion. As I said earlier, the response was such that the funds were fully utilised in three rounds rather than the

anticipated four rounds, so the government decided to increase the funding to \$1.2 billion over the four years.

Senator CARR—Was there an evaluation of the program?

Mr Burmester—There are various evaluations through the process. There has been no final evaluation of the outcomes achieved. But there have been evaluations of the success rate and the priorities that communities pursued in their applications. However, we cannot evaluate it until the end of the program.

Senator CARR—How much money will be spent this calendar year?

Ms Rollings—In the legislation we have \$36.4 million available for government schools in 2007.

Senator CARR—And is that the total?

Ms Rollings—That is correct.

Senator CARR—How much of that has been expended to date?

Ms Rollings—That is for government schools.

Senator CARR—What is the non-government amount?

Ms M Cook—Was the question about 2007?

Senator CARR—Yes.

Ms M Cook—It was \$107 million

Senator CARR—I ask again: what is the total amount available in 2007 for expenditure on this program?

Ms M Cook—It is \$469.4 million.

Senator CARR—How much of that has been allocated?

Ms M Cook—At the moment, a certain amount of it has been allocated for the non-government schools.

Ms Rollings—We are joint program managers.

Ms M Cook—The amount that has been allocated for the non-government schools is \$70.6 million of the \$107 million available in 2007.

Senator CARR—What is the remaining amount to be spent in the rest of this financial year?

Ms M Cook—It is \$469.4 million, minus \$70.6 million.

Ms Rollings—That is in the program year.

Senator CARR—It is a shade under \$400 million in an election year to spend on school facilities. Are you telling me that it is not designed that way?

Ms Paul—Of course we will not tell you it is designed that way.

CHAIR—I do not think you can expect a comment on that, Senator Carr. On that very uncharming note, we will have an afternoon tea break for 15 minutes.

Proceedings suspended from 3.46 pm to 4.03 pm

CHAIR—The committee will resume discussion, and Senator Carr has further questions to the schools group.

Senator CARR—I turn now to the issue of the National Literacy and Numeracy Week program and, in particular, the schools excellence awards. Who handles that? Is there anybody here?

Ms Paul—Yes, there will be.

Senator CARR—I want to make sure that I have the right program. There are 60 of these awards, with between \$5,000 and \$10,000 available to government and non-government schools—a total value of \$375,000?

Mr McDonald—Senator, we think there are 45 awards of \$5,000 each.

Senator CARR—So there is no \$10,000?

Mr McDonald—And 15 at \$10,000. There are 45 awards at \$5,000, and 15 awards at \$10,000.

Senator CARR—I said 60. I can see a big difference there. Is the total value \$375,000?

Ms Weddell—Yes.

Senator CARR—Could the officers explain to me the difference between the budget measure for this program and the existing awards program. Are they one and the same?

Ms Paul—To which budget measure are you referring there, Senator?

Senator CARR—Rewarding schools for improved literacy and numeracy outcomes.

Ms Paul—Yes. That is a separate measure. The policy intent of that measure, just to get the ball rolling, is to reward schools which have improved the most in literacy and numeracy, with awards up to \$50,000 for those schools. So that is a whole school. My colleagues can talk about the implementation of that, if you would like.

Senator CARR—Who decides who gets the funding?

Mr McDonald—In relation to the rewarding schools initiative, we will need to consult around the criteria. The budget measure mentions that literacy and numeracy testing will be one of the criteria that could be used. Equally, the school might have other measures around its literacy and numeracy that it can put forward to argue a case that it has improved and the students within that school have improved their performance—so it is rewarding a school performance within the school—and that they would be eligible for up to \$50,000. We will have an expert panel put together to evaluate those submissions and provide recommendations to the department on which schools should be awarded the reward. The budget measure provides for up to 300 schools to access that per year, as Ms Paul said, up to an amount of \$50,000 per annum.

Senator CARR—When will the guidelines be prepared?

Mr McDonald—We are in the process of going through some consultation. As I said earlier, we spoke about this at our AESOC meeting as well. We would like to consult with

experts in the field around the criteria. So, again, this particular initiative applies in 2008 and we will be moving to develop those guidelines in the second half of this year.

Senator CARR—Will those guidelines go to the issue of the allocations of money?

Mr McDonald—The allocation will have a criterion as to the eligibility for the money. Therefore, when they submit their application that will be the criterion taken into account in the determination. It is a competitive process, though. There are 300 per year.

Senator CARR—Will the plans that the school has, for instance, on how it will spend the money be taken into account when determining which schools get the money?

Ms Paul—I do not think that has been decided yet.

Senator CARR—What equity measures will be built in because, clearly, some schools are better resourced. Wealthier schools are in a better position to provide assistance than poorer schools.

Ms Paul—But remember that this is ‘most improved’. It is not taking a school at the 99th percentile and rewarding it for improving 200 per cent; it is taking the school at the 10th percentile and rewarding it for having improved to the 20th percentile. Nonetheless, taking up your point, I think that is an issue that the experts will need to advise us on and something which we will be building into the consideration.

Senator CARR—Will the money go to the school or to the principal? Will the school council, for instance, receive this money, or will the school principal receive the money?

Mr McDonald—Again, that is not yet decided. The initiative says that it will go to the school. It still needs to be worked out whether it will be the principal. But the school itself will get the reward, so it is for the school for improving its performance. It is an incentive for the whole school community.

Senator CARR—With regard to the Catholic education system, will it go to the system or will it go to the individual Catholic schools?

Mr McDonald—As I said, Senator, that is not yet decided. However, the initiative is for the school itself that improves performance in literacy and numeracy.

Senator CARR—There is a fair bit undecided yet, by the sound of it.

Mr McDonald—As you can imagine, this has just been announced and we like to go through a consultation process with the relevant experts to ensure that we get the best criteria and we administer the program in the best way that we can.

Senator CARR—I need to return to one matter: the voucher program for literacy and numeracy—a \$457 million program. I need to clarify: when will contracts for that program be signed with the tutors?

Mr McDonald—The new program applies for years 3, 5 and 7 for the next calendar year. So early in the calendar year, similar to this program, you would be wanting to undertake that tutoring. The money is available shortly after 2008, from memory. I will double check. Yes, the money would flow to the tutoring shortly after July 2008.

Senator CARR—When will the contracts be signed?

Mr McDonald—We have to go through a process. If you think of the current arrangement, we have a program manager that arranges the tutoring of the children, so he arranges to engage those. In this case we have over 3,000 that are currently in place and contracts signed in the first half of this financial year. That could well occur for this program. So it is about the availability of the tutoring and matching up the tutor to the child that needs assistance. My expectation would be the first half of 2008.

Senator CARR—You indicated that the moneys will be for that three-year period. Will the contracts be for three years or will they be individual or annual contracts?

Mr McDonald—That is not yet determined. We will need to work through that. This program is a significant build on the original program of one year for one year. This is for four years over four years—four-year age groups over four years.

Senator CARR—A notorious program has been run by the department—that is, the infamous flagpoles program, at \$1,500 per pole. I have been led to believe that 1,000 schools are out there waiting for their flagpole. What is going on?

Ms Paul—We can clarify that for you, Senator. They are not waiting for their flagpole.

Senator CARR—They are not? They are waiting for it to be opened, I suppose, are they?

Ms Paul—Not that we know of.

Ms M Cook—The flagpole funding initiative is a reimbursement program. Schools need to submit to us a correctly rendered invoice and meet certain other criteria. We do have a number of schools who have submitted applications without fully meeting the criteria that enable us to pay them. There are around 1,000 in that group. I think that is what you are talking about.

Senator CARR—What sort of criteria have they failed to submit?

Ms McKinnon—It is about a correctly rendered invoice. It is about the correct treatment of GST, for example.

Senator CARR—Is that it?

Ms M Cook—Yes, primarily that is the issue. Those are the invoices which are outstanding at this time.

Senator CARR—What about the plaque? I am told that a lot of schools are not getting their money because they have not got the proper plaque dedicating the flagpole to the government. Is that the problem?

Ms M Cook—There is a requirement for a plaque and there were some recognition requirements which were previously part of the guidelines. We have now updated the guidelines to state that the school should meet those recognition requirements. But really the ones that are outstanding, which is where you started this, are mainly to do with the correctly rendered invoice and the GST stamps.

Senator CARR—On this problem with the plaque, you said that you have had to review the guidelines. What is the nature of the review.

Ms McKinnon—The changing guidelines mean that the recognition for a plaque, or the suggestion for a plaque, is no longer an impediment to finalising and paying the school.

Senator CARR—So they do not have to put up a plaque anymore? Is that the problem?

Ms M Cook—This is the case. Previously the guidelines said that schools must do these things and now the guidelines say that the schools should do these things.

Senator CARR—Was there a requirement about the size of the plaque? Is that a problem? Are non-regulation plaques being issued?

Ms Paul—I think we have discussed this before.

CHAIR—The plaque on the many flagpole installations and presentations of flags that I have done is quite inconspicuous. You would not need to know that it was there and it simply mentions ‘the Australian government’, Senator Carr.

Senator CARR—I see.

Senator FIFIELD—It is something that is about—

Senator CARR—Is that the problem? It is too small. Is that the difficulty—you could not find enough of these small plaques?

CHAIR—No, I do not think that is the problem. On the other hand—I am sure Senator Fifield can speak about this too—the many flag-raising ceremonies I have done have been a great occasion to talk to students about what the flag is, the importance of it and so on. Personally, I have enjoyed every single one of them.

Senator CARR—I am sure you have. These are ceremonies that require government attendance. Was there a requirement that the government actually attend?

Ms Paul—Yes, we have discussed before the requirements for recognition. We can go through that again, if you wish. We have discussed this before, of course.

Senator CARR—I think I know the score here. Our good chairman has invited me to comment upon these ceremonies. I remind her that opposition senators—

CHAIR—I did not invite you; I invited Senator Fifield, actually.

Senator CARR—I just thought it would be clear that you would be aware that opposition senators are not invited to these.

Ms Paul—We have been through this before, Senator. We have made the point, from my recollection, that there is no preclusion under the recognition guidelines.

Senator CARR—The report I have here states that 1,000 schools have been waiting for their promised reimbursement. Are they waiting because they have not invited a government MP to the opening ceremonies?

Ms Paul—They would have been waiting for a range of reasons which we have described and the minister decided that we would alter the guidelines to enable payment to be made for these areas. As my colleagues have said, there may still be some waiting for some of these other reasons.

Senator CARR—How many are waiting for government MPs to turn up?

Ms McKinnon—There are around 1,096 pending finalisation. I would be fairly confident in saying that the majority of those are about a correctly rendered invoice rather than any recognition arrangements.

Senator CARR—So how many involve recognition arrangements?

Ms M Cook—At this stage we have agreed that the recognition arrangement is no longer a blockage to paying the reimbursement amount.

Ms Paul—Therefore, the remaining number must be to do with other things?

Ms M Cook—Yes.

Senator CARR—Prior to this review, how many were waiting on recognition?

Ms M Cook—In fact it was around 225 which had made—

Ms McKinnon—A correctly rendered invoice.

Ms M Cook—Yes, a correctly rendered invoice.

Senator CARR—So 285 had put the right invoice in, but 800 could not get an MP to turn up. Is that the problem?

Ms M Cook—Sorry. Around 225 of 1,100 that we had earlier in the year had fulfilled all the other criteria apart from recognition. So 225 had done everything apart from recognition and we saw that was one that we could get—

Senator CARR—So you changed the rules because you could not get the MPs to turn up to these 225. Is that right?

Ms Paul—We do not know the reasons. We just know that they were not able to meet that requirement.

Senator CARR—It seemed that way, that is all. I am just trying to establish what happened. I am having a bit of trouble here. There is a reference in the report to an FOI request put in by Channel 7. Could anyone tell me anything about that? Was an FOI request put in by Channel 7 to get to the bottom of this scandal?

Ms Paul—Yes, there was.

CHAIR—I think the words ‘scandal’, ‘infamous’ and ‘notorious’, which you have so far used to describe these programs, Senator, are a vast overstatement.

Ms Paul—It has, of course, been a very popular program.

Senator CARR—Incredibly popular.

Ms Paul—And many schools have asked whether they could apply for a second flagpole for the Indigenous flag as well, and so on. The minister has answered those in terms of being able to use, for example, a yardarm style flagpole.

Senator CARR—With respect to the reference in the report that covers this FOI request where the minister said in March that funding delays were damaging the credibility of the flagpole funding program, is that not accurate?

Ms Paul—We were keen to overcome some of these hurdles and we believe we have done that. Of course, it is a bit hard to overcome the hurdle of not having a proper invoice presented.

Senator CARR—Yes. So 3,000 schools have applied for funding, but one-third of them could not be paid?

Ms McKinnon—One-third of them have not correctly rendered an invoice.

Ms Paul—They just have to invoice us and then we will make the payments. It is really quite straightforward.

Senator CARR—I would have thought that was a pretty high default rate for a departmental program.

Ms Paul—They are more than welcome to invoice us and we will pay as soon as we can.

Ms McKinnon—And the department has been working with the schools to sort out particular invoices.

Senator CARR—How many flagpoles can you get?

Ms Paul—You can get one flagpole.

Senator CARR—Only one?

Ms Paul—Yes.

Senator CARR—If you have more than one campus can you get two?

Ms M Cook—Yes, you can. For more than one campus you can get a flagpole per campus.

Senator CARR—It sounds terrific. Thank you very much. Are they Australian-made flagpoles?

Ms Paul—I do not know that we know that.

Senator CARR—Is there a requirement that they be made in Australia or are they imported flagpoles?

Ms Paul—I do not think we have put a requirement on that, have we?

Ms McKinnon—No. We do not dictate supplier arrangements.

Senator CARR—Is there a specification requirement?

Mr Burmester—Senator, I think they have to be erected in Australia.

Senator CARR—They have to be erected? I think I will leave it there.

CHAIR—Yes, I think that is a very good idea, Senator Carr. Is that all for schools?

Senator CARR—Yes, it is.

CHAIR—Thank you very much, schools division.

Ms Paul—Madam Chair, could I ask whether we expect any questions on the transitions, the career advice area, because that comes under the Indigenous heading.

Senator CARR—Yes, Senator Crossin is doing that. Mr Burmester, do you have that figure for me?

Mr Burmester—Not yet, Senator. I have not seen it.

Senator CARR—You are working on it, are you?

Mr Burmester—The department are working on it, yes. But I cannot get back to them because I have to do transition, so I have to wait around for that.

Senator CARR—Someone can ring you, surely? It is not a big figure, is it? Is it that big?

Mr Burmester—I would like to see it and check it myself, which is a sensible thing for a public servant to do, I think.

Ms Paul—Senator, just to let you know, we offered to take on notice the fluctuations in the AGSRC levels over the quadrennium, but we have already provided that in answer to question 997-06, except for 2006.

Senator CARR—Just tell me what those figures are?

Ms Paul—I might ask Ms Brain to do this.

Ms Brain—For 2006, the amount for AGSRC is \$7,216 and the percentage increase is 6.32. For secondary, the amount is \$9,319 and the percentage increase is 3.61, and the targeted index is 4.7. The way that information has been presented aligns with the question without notice, Senator Carr.

[4.25 pm]

Senator CARR—Thank you very much. I now turn to the International Education Group. I have a matter that was raised on Sunday, 27 May 2007 in *Background Briefing*, an ABC Radio National program. I do not want to name the person, despite the fact that it has been on the radio. It is alleged that a student from Zimbabwe is studying for a masters degree at Macquarie and has been awarded a DEST Endeavour program scholarship. Have there been any inquiries from the Department of Foreign Affairs and Trade concerning that award?

Ms Buffinton—I am not aware of an Endeavour awards scholar from Zimbabwe and concerns from DFAT. I will double check, but according to my list there is no awardee for 2007—which is the current year—from applications from last year going to anybody from Zimbabwe.

Senator CARR—I turn to the TAS arrangements. In E785-07, you have provided me with a list of public institutions that are currently approved TAS members—704 providers. I notice that, as at 1 March 2007, there have been some partial exemptions for courses.

Ms Buffinton—Sorry; can you just repeat that?

Senator CARR—E785-07 and E788-07 provide a list of providers under TAS granted ministerial exemptions for all or part of their courses. Do you have that with you? Have I got that right? That is E785-07.

Ms Paul—The list of 704 providers?

Ms Buffinton—Yes, Tuition Assurance Scheme.

Senator CARR—These are the exemptions. A number of partial exemptions have been issued by the minister. They might be categorised as private and foreign universities or other higher education providers operating in Australia, religious providers and law institutes. There

is one that does not fit into any of those categories, and that is Bridge Business College, a college that has been named here for a number of years. In fact, it has been suspended in the past from CRICOS. Is that the same Bridge Business College that has been referred to here and suspended that has now been given an exemption by the minister?

Ms Buffinton—Yes. Over a number of years we have had a close involvement with Bridge Business College. We have done a lot of professional development with their staff and their systems. They currently comply and they currently have ministerial exemption.

Senator CARR—I just want to be clear about this. Is this the same college that has been refused admission by the professional body ACPET in Tasmania and Victoria? Is that right?

Ms Buffinton—Yes, this is the same body.

Senator CARR—Why has the minister provided them with an exemption?

Ms Buffinton—We have also gone to ACPET and have sent people to talk with ACPET about any specific issues. I understand that ACPET have never given a range of concerns against CRICOS. We have gone and looked at Bridge and we have worked with them to make sure that they are compliant. They currently have improved their systems. In fact, some of their systems are probably some of the best practice systems in the system now. Over time, institutions review themselves, improve their systems and their status changes.

Senator CARR—Why then do they need an exemption then?

Ms Buffinton—Because ACPET has refused to accept them for membership and they do not have a current Tuition Assurance Scheme.

Senator CARR—Why have they refused them membership?

Dr Jarvie—They have not revealed that. The two TASs that have refused them membership have not given reasons why they have refused them membership.

Senator CARR—Could that be because they have been threatened to be sued if they do provide reasons?

Dr Jarvie—We don't know why.

Senator CARR—Is that not the case? Am I wrong about that?

Dr Jarvie—We have not been advised of this, to my knowledge.

Senator CARR—I put it to you that that is the case. Have they changed ownership recently?

Ms Paul—I think that is speculation.

Senator CARR—I put an assertion to you. What I am saying to you is that there is material before this committee over a number of years. The department itself, as I understood it, suspended them from CRICOS. They have been refused membership by the relevant professional association. I understand that industry—

Ms Buffinton—By the relevant tuition assurance scheme.

Senator CARR—Yes, but they were also refused membership of the association. Is that not the case?

Dr Jarvie—I believe so. Regulation 311 allows exemption in four possible cases. We have applied those. We have looked at all those. It comes under a provider whom the minister believes on reasonable grounds should not be expected to become a member of a TAS. The regulations note that the circumstances in which a provider should not be expected to become a member of a TAS include where a TAS that covers the kind of courses provided by the provider has rejected the provider's application for membership.

Senator CARR—Have they changed ownership?

Ms Paul—Has Bridge changed ownership?

Senator CARR—Yes.

Dr Jarvie—I will have to take that on notice. Ms Laker may be able to answer it when she arrives.

Senator CARR—You have said that the minister has the power on reasonable grounds. What are those reasonable grounds?

Dr Jarvie—I am not a lawyer so I cannot do it in legalese. We can certainly get our lawyers here. But the minister or the delegate in this case—the department has the delegation—has to have reasonable grounds for saying they will not give a ministerial exemption. My understanding is that the reasonable grounds have to be in the form of evidence.

Senator CARR—What I have just said to you is not evidence?

Dr Jarvie—No. It is not regarded as evidence.

Ms Paul—As we have said to each other over a long number of years, it has been quite a journey for this college—I absolutely agree with that—but the legislation is quite clear that a provider is required to operate under a TAS. As usual, we have been just as diligent and vigilant in involving ourselves, as ever, with Bridge. In short, they do meet the criteria to be in this position. We have had to satisfy ourselves under the legislation that they are in a position where they can be granted an exemption and should continue to do so because they are meeting our legislation.

Senator CARR—Let me give you another one: Lloyds International. What is their current status at the moment?

Ms Buffinton—As I understand it, we are waiting for Ms Laker, the quality branch manager, on this. As I understand it, Lloyds are currently operating as a college.

Senator CARR—They are not a member of ACPET, are they?

Dr Jarvie—It subsequently joined another TAS. It resigned its membership of ACPET's TAS in April 2004. It subsequently joined another TAS and consequently continues to meet ESOS requirements.

Senator CARR—Which TAS is it a member of?

Dr Jarvie—I do not have that information in front of me.

Ms Paul—We are a bit hindered by the change in scheduling. Our expert, Ms Laker, usually takes these questions, Senator, and we expect her here shortly. But we will do our best, obviously.

Dr Jarvie—We are doing our best.

Ms Paul—Yes, we are doing our best, obviously.

Senator CARR—We will come back to that; otherwise you will have to take it on notice, I presume.

Ms Paul—I am happy to if we need to. I think we have answered your question pretty well.

Senator CARR—Yes. You referred to another TAS. That is okay. I want to know the name of the TAS, that is all. The legislation requires membership of a TAS.

Ms Paul—Yes.

Senator CARR—Otherwise an exemption.

Ms Paul—Correct.

Dr Jarvie—And Lloyds is a member of another TAS.

Ms Buffinton—That is right. Lloyds actually resigned its membership of ACPET.

Senator CARR—‘Resigned’ is one way of putting it. It was actually put to me that it is not quite as simple as that. It has been put to me that they were rejected for membership.

Dr Jarvie—Our advice is that they resigned.

Senator CARR—I have a question on the revisions of the national code. The new national code requires sufficient support staff to be provided to specify adequate education resources, facilities, equipment and adequate staffing. Why was it necessary to put those things in?

Dr Jarvie—The code, in essence, is the same as it was before. The main feature of the new code is that it clarifies a lot of things. Essentially, there are no new requirements; it is a lot more about clarity. The main changes in the code are around monitoring attendance where we have different attendance requirements now, and there has been a change to the transfer between registered providers. But, for the most part, with the things you mentioned, those obligations were there under the previous code.

Senator CARR—With regard to the new national code, is it the case that employers of international students who wish to provide them with short-term training modules will need to be registered under CRICOS?

Dr Jarvie—I will have to take that on notice.

Senator CARR—I am just wondering whether that is the effect of the changes to the code. You have not had any representations on this issue?

Dr Jarvie—I am not aware of representations on this issue.

Ms Buffinton—I am out talking to the industry constantly and I am not aware of that.

Senator CARR—You have not been advised?

Ms Buffinton—No.

Senator CARR—It is news to you—

Ms Buffinton—It is.

Senator CARR—that international students doing training modules with pubs are now required to be registered or the pubs are required to be registered with CRICOS?

Dr Jarvie—No, I was not aware of that.

Ms Paul—It does not sound likely. Do you have a particular report there, Senator, or anything you could offer us to look into?

Ms Buffinton—I think I understand where you are coming from. When somebody is being employed they can work for a certain number of hours a week. Some international students are taking hospitality courses in order to get part-time employment. The fact is that they are teaching international students. First of all, they are registered training organisations giving hospitality courses. Because those courses are going to international students, if they want to enrol international students they have to be approved on the Commonwealth register for international courses for overseas students. So, yes, that is a fact.

Senator CARR—Was that the intention of the ESOS Act?

Ms Buffinton—Ultimately, any training provided for international students—I know that you are a great advocate for making sure that it is quality training—

Senator CARR—Absolutely. I just wondered whether there was an unintended consequence here. I am delighted that you have acknowledged that, but is that your intention—to have pubs registered on CRICOS?

Ms Paul—I think the intention has always been for providers to be registered. Perhaps we are not so used to pubs being providers. I have not heard of such a thing.

Ms Buffinton—If they are a registered training organisation, yes. It would be a pub that is offering to be a registered training organisation and, therefore, their course needs to come under CRICOS, as opposed to just attending a pub and working in a pub.

Senator CARR—Otherwise they are required to go to registered training providers?

Ms Buffinton—Yes.

Senator CARR—In regard to international students at Central Queensland University, what complaints have you had from students concerning their treatment by the university?

Ms Buffinton—We are aware of concerns about a particular group in Melbourne on a particular course. A number of students did not pass the course and they did have some public demonstrations regarding that course. So, yes, we have received them.

Senator CARR—What have you done about it?

Ms Buffinton—We have been in contact with the university, as have the state bodies. Again, we always check and monitor international students—whether it is out of the ordinary or what you would expect of a domestic student. A certain number of students do not apply themselves to their studies and a certain number of students do not pass their courses. I think we would be even more concerned if international students were not failed if they did not

meet the requirements. For the particular course in question, the university did review its procedures. Ms Laker can correct me on this, but some were going to be repeating the course and some were offered a subsequent examination. I know there is a lot of pressure on international students, particularly towards the end of their course, given their visas, employment and family expectations. But the fact that a number of them fail if they have not met the required standard is actually upholding the quality of courses in Australia.

Senator CARR—It is unusual, nonetheless, for students to take up these concerns publicly in the way that has occurred on this occasion. Have you had many complaints involving this university?

Ms Buffinton—Over two years we have had two cohorts of students in either accounting or similar subjects.

Senator CARR—Surely that is unusual for a university?

Ms Buffinton—Yes, it is not common that we get a cohort complaining.

Senator CARR—Are you satisfied that there was genuine cause for concern?

Ms Laker—In respect of the current complaints that have been made, those complaints were made publicly; they were not made directly to us. No student complaints were made directly to us. However, there have been other complaints from students to us about universities from time to time.

Senator CARR—How many complaints would you get from university students in any one year?

Ms Laker—I would have to take that question on notice. It is a relatively small number.

Dr Jarvie—We have a hotline for complaints.

Senator CARR—I would expect that you would have some. Given the number of international students in the country at any one time, I would think that that would be reasonable. What surprised me about this particular matter is that there have been conversations here about a number of international students at one university. About 45 per cent of our income, or something like that, is dependent on international students. There have been discussions within the sector for some time about the management of those students. But it is surprising that whole courses would come out in a public way in this manner.

Ms Paul—Yes.

Senator CARR—Are you satisfied that the university has now taken steps to rectify that situation?

Ms Laker—Certainly all the information that we have about what the university has put in place appears appropriate.

Dr Jarvie—There has also been a review of the universities.

Senator CARR—Yes, we raised this in the other division. Ms Laker, I go back to the situation regarding Lloyds International and the name of the TAS that Lloyds is involved with.

Ms Laker—I believe that would be the ACIVC. I am sorry, I cannot say the acronym in full.

Senator CARR—I know what you mean. How many are members of that?

Ms Laker—How many members does that TAS have?

Senator CARR—Yes.

Ms Laker—I would have to take that on notice.

Senator CARR—The old VET college was one, wasn't it?

Ms Laker—Private VET colleges?

Senator CARR—Yes. I did not realise that it was still functioning, but it obviously is.

Ms Laker—It certainly is, Senator.

Senator CARR—Does it have a large number in it?

Ms Laker—I would have to take that on notice. I would not characterise it as a large number, but given that there are some 1,200-odd providers, probably about 500 of those providers are required to be members of a TAS and the ACIVC would only have in the vicinity of 50 to 60 providers, I think, who are covered.

Senator CARR—I thought it was that number some years ago, but I am surprised that you have still got that. It is a registered TAS? You are satisfied that it is a registered and functioning TAS?

Ms Laker—Yes, it is approved under the ESOS regulations.

Senator CARR—Mr Gerry Hanssen in Western Australia made some comments concerning importation of building workers on a student visa to get around a 457 program. Do you recall that incident?

Ms Laker—There was a report in the press.

Senator CARR—Question No. E784. You have indicated that you are aware of the comments he made in the press. What action has the department taken?

Ms Buffinton—Senator, as we indicated in our response to that question, we were aware of his comments. In regard to the particular points that had been made around parts of the ESOS Act which would be relevant, as we indicated in that response, there is nothing in the ESOS Act that specifically covers the areas of employment and the claims that Mr Hanssen was reported to have made.

Senator CARR—So long as a student does not work any more than 20 hours a week, he can do this; is that right?

Ms Paul—I think we are just saying that the ESOS Act does not necessarily go to this. I am not sure whether that answers the question you have raised there.

Senator CARR—The point is: is it possible for Mr Hanssen to ask people to come to Australia as students when he intends to employ them on building sites?

Ms Laker—If a student comes to Australia on a student visa they must comply with the conditions of their student visa. That visa may enable them to work for up to 20 hours per week, as you say.

Senator CARR—So long as they are attending a CRICOS registered college?

Ms Laker—And maintaining those conditions.

Ms Buffinton—On a full-time basis and making appropriate academic progress.

Senator CARR—Have you been able to establish whether or not Mr Hanssen is doing what he said he wanted to do in the newspaper?

Ms Laker—We have no information to suggest that he is doing what was claimed in the newspaper article.

Senator CARR—I now draw your attention to the International Business and Hospitality Institute. Are you familiar with this entity?

Ms Laker—Yes.

Senator CARR—This was a Victorian operation. I understand that it has now ceased operations. Is that correct?

Ms Laker—That is correct.

Senator CARR—Have you received correspondence from the former provider, Mr Robert Palmer?

Ms Laker—No, we have not received direct correspondence from Mr Palmer.

Senator CARR—You have not received it?

Ms Laker—He has not written to us.

Senator CARR—Were any other pieces of correspondence received by the department concerning the operation of this college?

Ms Laker—The department received a copy of the relevant parts of the Australian Crime Commission report, which included references to Mr Palmer's correspondence and allegations.

Senator CARR—As I understand it, Mr Palmer offered a number of students—and I have the names of them here—courses of study commencing in July 2006 and January 2007. Is that the case?

Ms Laker—I am sorry, do you mean that Mr Palmer made that offer in his own right or IBHI?

Senator CARR—On behalf of the college. I presume that it was on behalf of the college.

Ms Laker—I am sorry, Senator, I am not sure whether I understand the question. That is in respect of students who were enrolled before IBHI was suspended?

Senator CARR—Yes, where he offered students permanent residence in Australia.

Ms Laker—No, I am not aware of that, Senator.

Senator CARR—There is a requirement under CRICOS that material changes in the management of a provider be notified to the department. Is that the case?

Ms Laker—That is correct. Depending on the circumstances they may have to notify the state authority.

Senator CARR—Yes, but they are also required under CRICOS to notify you?

Ms Laker—It would then be notified to us, yes.

Senator CARR—In this case, Mr Palmer is alleged to have been offering citizenship to students. When were you made aware that this was occurring? When were you made aware of the offers that Mr Palmer had been making to students?

Ms Laker—We have not been aware of offers made by Mr Palmer to students.

Senator CARR—You were not aware of that?

Ms Laker—No.

Senator CARR—Not until you saw the Australian Crime Commission report?

Ms Laker—My recollection is that the Crime Commission report, the part that we have received, does not make reference to offers by Mr Palmer of permanent residency or similar.

Senator CARR—Were you aware that Mr Palmer is no longer the CEO of the International Business and Hospitality Institute?

Ms Laker—As to the date, Senator, I would have to take that on notice.

Senator CARR—What was the reason for the International Business and Hospitality Institute being suspended from CRICOS?

Ms Laker—The institute was suspended by OTTE, the state authority, based on OTTE's findings of breaches by the institute. Consequently, the ESOS Act provides that the CRICOS registration is automatically suspended.

Senator CARR—What action did the Commonwealth take, as distinct from the Victorian government, to satisfy itself that the college had been maintaining its obligations under the law?

Ms Laker—DEST simply took automatic suspension action on their registration when OTTE advised that it had investigated and found breaches and taken its own action.

Senator CARR—So you had no independent capacity to monitor the operation of this college?

Ms Laker—Prior to that point we had no reason to.

Senator CARR—When were you contacted by the Federal Police?

Ms Laker—We were not contacted by the Federal Police.

Senator CARR—When were you contacted then by the Australian Crime Commission?

Ms Laker—We communicated with the Australian Crime Commission in February.

Senator CARR—Is it the case that this matter has been referred to the Federal Police?

Ms Laker—I am not aware of that, Senator. That would be a matter for the Crime Commission.

Senator CARR—As I understand it, Robert Palmer was the CEO of the college and his son, Andrew, the academic head of the college, made the offers to students. I am surprised that you saw only part of the Crime Commission report. Is that what you are saying?

Ms Laker—My understanding is that we have received the relevant parts of the Crime Commission report that have anything to do with the ESOS Act, with providers or with students.

Senator CARR—Have you sought to change your administrative practices as a result of this incident?

Ms Laker—Not specifically, Senator. We have certainly discussed with our colleagues in the immigration department how information may be shared in a more timely manner, or making sure that any relevant information is communicated to the right areas of both departments.

Ms Buffinton—We have also followed up with the states that they are clear on their role and that they make sure they advise the Commonwealth in a timely manner.

Senator CARR—I just want to be clear about this. When did you first realise that there was a problem with this particular provider?

Ms Laker—We have been in communication with OTTE, who were dealing with the matter because of breaches which went to the AQTF, and therefore OTTE's role in looking at them as an RTO, and they had informed us that they were looking at that.

Senator CARR—So you had no contact with the former institute chief executive in June last year?

Ms Laker—I would have to take that on notice. So far as I am aware, we did not have.

Senator CARR—When did the Victorian officers advise you of the difficulties at this institute?

Ms Laker—It was some time late last year, Senator Carr. I will have to take that on notice as to the actual date.

Senator CARR—It has been put to me that there are a number of problems with the student administration, that these were problems that arose last year when students were told not to turn up to class, that some students were taught the same class over and over again, and that these particular incidents with regard to the mistreatment of students go back to early 2006. You are saying to me that none of these matters came to the department's attention until the Victorian government officials raised it with you?

Ms Laker—There were discussions in a meeting between OTTE and with Victorian officers from the immigration department and us. The conclusion of those discussions was that the essence of the allegations was appropriately being looked at by OTTE.

Senator CARR—There is a series of media reports concerning this college. Did you not observe any of those that appeared in the Melbourne press?

Ms Laker—We are aware of the reports early this year. As I said, we had conversations with OTTE and the immigration department last year.

Senator CARR—It has been put to me that there is in fact joint responsibility for some of these regulatory matters. It is not just a Victorian government matter; they are also Commonwealth government matters. You would be aware that the Victorian director has resigned midst the allegations concerning the failure to act on complaints in this matter. This is a report in the *Age* on 22 March. I am just relaying what is here in black and white. Can you assure the committee that all Commonwealth responsibilities have been fulfilled in this matter?

Ms Laker—As I said, in this case there were discussions between ourselves, OTTE and the immigration department during last year. At that time it was felt that the activity that OTTE had underway was appropriate and that we would take our own action if that was required. But at the time it appeared that OTTE was progressing with its own action and there did not appear to be any point in DEST duplicating that action.

Ms Paul—Subsequently, in response to their action, we suspended. So the sequencing was appropriate.

Senator CARR—I see. What is here on the public record is that the former institute executive, Mr Robert Palmer, said he had to go to the Australian Crime Commission because his office—that is, the Victorian office—was ignoring his complaint. You were not told by the Australian Crime Commission of this matter until when?

Ms Laker—February this year.

Senator CARR—Until February. Have you raised the issue with the Australian Crime Commission that these matters were not drawn to your attention earlier?

Ms Laker—Certainly we have explained to the Australian Crime Commission why we have an interest, what our role is with ESOS and why, if matters of this nature are drawn to their attention in the future, DEST would appreciate being involved at an earlier stage.

Senator CARR—It is quite clear that Mr Palmer has acted entirely appropriately. They initiated the complaints to the authorities.

Ms Laker—Mr Palmer, as an ex-employee of the institute?

Senator CARR—Yes.

Ms Laker—Yes, but at that point he had not come to us; he had gone to OTTE. That is how our discussions with OTTE commenced.

Senator CARR—There are a couple of issues. One is the issue of who has responsibility. Would you agree with the proposition that there are, at the very least, shared responsibilities?

Ms Laker—Absolutely.

Senator CARR—Secondly, from what you are saying to this committee, you were not told about these complaints. There is clearly a problem in your capacity to establish what is happening.

Ms Laker—Not specifically the complaints that Mr Palmer made to the Australian Crime Commission. When we were aware of those complaints, when that was brought on our attention, it was in the vein that the complaints he was making were to do with the student visa program and the quality issues of the provider, which OTTE was already looking at.

Senator CARR—I understand that Mr Palmer is asserting that his signature had been forged in certain documents relating to the offers made about citizenship.

Ms Laker—I am not aware of those particular allegations.

Senator CARR—And that his employment ceased in about June last year.

Ms Laker—I am not sure of the exact time, but I am aware of the fact that his employment ceased.

Senator CARR—His employment ceased in about June last year and there is a requirement under CRICOS for you to be notified. Clearly a breach occurred after that date, after June.

Ms Laker—As I said, I would to take on notice the date on which he ceased to be the CEO.

Senator CARR—When were you told that he was no longer an employee?

Ms Laker—As I said, I would have on take on notice the actual date that he ceased.

Senator CARR—I want to be clear about this. Mr Palmer did not contact the commonwealth department of education at any point?

Ms Laker—No.

Ms Buffinton—He did not. That is one of the reasons there was a concern about how quickly, as I stated earlier, the state advised the commonwealth. This has resulted in a review and contact with all the states outlining our respective roles and the need for timely advice. Clearly, a very long period intervened before we became aware of the issue.

Ms Paul—The bottom line would be that, in terms of the two issues that you named—which were I think the right ones—the roles issue has been fine in terms of each party knowing what they are doing. The issue we have now is the timing question, exactly as Ms Laker and Ms Buffinton have said. We would like to see improvements in that area.

Senator CARR—But given the increased resources that have been made available to the department for monitoring, you are still very heavily dependent upon someone else telling you that there is a problem.

Ms Paul—Exactly. That is why we have communicated with them to try to speed up that business process, if you like.

Ms Laker—In respect of the greyness with the responsibilities between levels of government, we have been working throughout the period of the reforms to the national code to settle in black and white with states and territories an agreement as to the responsibilities of each level of government so that that will be made clearer to governments and to providers. We have also put a lot of effort into more broadly communicating our own contact details so

that people like Mr Palmer will be aware that they can come directly to us. We do get our information from a wide variety of sources.

Senator CARR—Thank you. You may have to take this question on notice; I do not expect you to carry this material in your head. I have been contacted by a person who has written to me on about five occasions seeking to engage me in correspondence, presumably for future litigation. It concerns the college known as St Clements University. This entity was operating out of a grog shop in South Australia, a whisky wholesaler.

Ms Paul—It is not ringing bells.

Ms Buffinton—It is intriguing; I think we would have remembered.

Senator Brandis—It sounds very obscure, if I may say so.

Senator CARR—Senator Brandis, this is a little before your interest in education—I will rephrase that: in terms of your appointment to this august position.

Senator Brandis—I date my interest in education from my birth, so assume it was prior to 1957.

Senator CARR—There was a series of entities operating at the time of the Greenwich University scandal on Norfolk Island. Some of them were operating out of telephone boxes in Brisbane. This one was operating out of a grog shop in Adelaide. It was registered in the Turks and Caicos Islands at the time. I recall that Mr Sedgwick was the secretary of the department at the time. That is probably why it does not ring a bell immediately.

Ms Paul—Greenwich does, of course. As usual, we would welcome the detail.

Senator CARR—I would ask if you could check the records. I understand it has now moved. It now claims to have a campus on the Pacific island of Niue, which has a population of 2,000 people, and in Sierra Leone, Mogadishu and Somalia. I raise it because this individual has approached me about what was described at the time as a degree mill. Can the department check its files to advise the committee of the investigations that were carried out at that time and the findings you made about it not being a genuine university by Australian standards? If I remember rightly, it was in breach of the protocols at the time.

Ms Paul—That is correct.

Senator CARR—Can you advise the committee of your findings from that time?

Ms Paul—Yes.

Senator CARR—I do not intend to reply to this individual because I anticipate that this is more for litigious purposes. However, I am sure the *Hansard* record will be sufficient to satisfy you as to the nature of the complaint.

I refer to more contemporary records, on the changes in VET enrolments of international students from India, South Korea and China. I might put this question on notice because it requires more analysis in terms of the statistics. I am interested to know the reasons for the increase in the Indian student commencements of 182 per cent and a number of others that go to the statistical analysis. That concludes my questions for this division.

Senator Brandis—Thank you, Senator Carr. It has been a pleasure listening to you.

Senator CARR—Only a lawyer could say that!

Ms Laker—It has normally been our practice to provide the statistics of what we have been doing under ESOS, so we have brought copies along for the committee. We like to come bearing gifts, so I brought copies of the new national code as well.

Senator CARR—Thank you very much. It is very much appreciated.

[5.14 pm]

CHAIR—Senator Crossin will now ask questions about Indigenous education.

Ms Paul—Chair, if Senator Crossin has questions about career transitions, the Career Advice Australia people are here now but need to go soon. Can we deal with them first? They are both in the same grouping.

CHAIR—We will do that.

Ms Paul—Are there any questions about Abstudy? They would be answered by different people again.

Senator CROSSIN—Not this time. It is one area I did not get a chance to look at.

Ms Paul—That is fine. We can let those people go.

Senator CROSSIN—Yes, I am not sure we are going to get very far with Abstudy. I have no questions on Abstudy.

Ms Paul—Thank you very much, I appreciate that.

Senator CROSSIN—Just before they go, is that different from the number of Indigenous higher education students enrolled and any Indigenous support funding?

Mr Greer—Yes, it is different.

Senator CROSSIN—I will start with Career Advice Australia. I understand that the 2005 budget committed an additional \$143.2 million. Is this not just for Indigenous young people but is a program this area administers?

Ms Paul—Correct, this group has a dual function. The transitions area covers all young people 13 to 19 and is concerned with every young person in Australia. It is concerned with supporting them to make good choices in terms of their transition from school on to whatever comes next. It includes support for career advisers in schools, the new network of local community partnerships—which that funding you mentioned probably goes to—and a range of other supports, including the POEMS program with which you may be familiar and a couple of other programs that target young people at risk of dropping out of school or young people who have already dropped out of school. The Career Advice Australia ambit is national and universal to every child aged 13 to 19.

Senator CROSSIN—The budget paper shows me that the actual expenditure for this in 2006-07 will be about \$98 million; is that correct?

Mr Greer—Yes.

Ms Paul—Do you have a page reference?

Senator CROSSIN—No.

Mr Greer—That is correct, Senator. Our estimated actual expenditure for 2006-07 is \$98.057 million, and increasing on budget estimate for 2007-08 to \$110.858 million.

Senator CROSSIN—Right, my figure corresponds with your figure.

Ms Paul—It is page 95 of the PBS for your reference.

Senator CROSSIN—How do you measure the success of this program?

Ms Calder—Career Advice Australia is a suite of a number of programs. As measures of success we have a range of outcomes against each of those program areas. The outcomes are then linked to some reporting mechanisms, which include business plans at the beginning of periods of time and then annual reports. We also collect information related to outcomes around some of the subcomponents of those programs, such as structured workplace learning.

Senator CROSSIN—How many different components of the program are there?

Ms Calder—There are five separate components of the program, including POEM, youth pathways, local community partnerships, regional industry career advisers and national industry career services.

Senator CROSSIN—Are the outcomes for each of those programs on your website?

Ms Calder—The outcomes of the programs are in the program guidelines. I would have to take on notice whether they are specifically on the website.

Senator CROSSIN—Who is actually measuring the success of the expenditure of this money?

Ms Calder—We have a number of reporting mechanisms whereby they are required to provide us with information and we assess the strategic nature of what they have provided and whether they have met their compliance obligations. We also have in place an evaluation strategy for Career Advice Australia which began earlier this year and which is a rolling program over three years.

Senator CROSSIN—Is that evaluation strategy done in house?

Ms Calder—No, it is contracted.

Senator CROSSIN—Who is doing that for you?

Ms Calder—Atelier Solutions is the contracted organisation. It commenced its evaluation of stage 1 in February this year.

Senator CROSSIN—Is that completed?

Ms Calder—We are getting to the end of stage 1 now. So the benchmark results will be available in the next month and a half.

Senator CROSSIN—Are you telling me that you do not have a completed evaluation at this stage on which you can make a judgement?

Ms Calder—No, we have collected 2006 figures across all of those programs. In respect of the local community partnerships we are in the final stages of compiling the results for 2006, which includes the number of young people who have been involved in those subelements of the program.

We have a compiled database of our achievements over 2006 through the local community partnership program. In relation to regional industry career advisers and the national industry career services we have their business plans and their reports for 2006 where we have been able to map back, from the original business plan to their reports, what they have achieved.

Senator CROSSIN—In terms of students and numbers, what was your target there?

Ms Calder—If I take Youth Pathways, for example, because our targets differ across each of those programs, our target for 2006 was initially 17, 000 young people serviced through that program.

Senator CROSSIN—And what was achieved?

Ms Calder—It was 19,000—19,123, I think, but I can check that exactly for you.

Senator CROSSIN—Are all of the regional industry career advisers operational?

Ms Calder—We have 100 per cent coverage in the program areas for regional industry career advisers, yes.

Senator CROSSIN—What about the national industry career specialists?

Ms Calder—Yes, we have 10 contracts in place for those, which is the complete number.

Senator CROSSIN—The local community partnerships?

Ms Calder—We have two current gaps in the local community partnerships, so we have 211 in place out of 213.

Senator CROSSIN—Where are the gaps?

Ms Calder—In Western Australia and the Northern Territory.

Senator CROSSIN—Why is there a gap in the Northern Territory?

Ms Calder—After the contract tender period it was found that we did not have successful and compliant tenders for those periods so we have been going through a number of processes to identify an appropriate organisation who can deliver those services in very remote areas.

Senator CROSSIN—How many students have you got involved in the partnership outreach education models.

Ms Calder—The Partnership Outreach Education Model, POEM, program sits in my branch. The POEM program is just commencing at this stage. In fact, we have an induction program today and tomorrow, with all the providers in town, in Canberra.

Senator CROSSIN—The Youth Pathways program—the students in that: is that the 17,000 you mentioned?

Ms Sykes—That is the target for 2006. It has actually achieved 19,100 for 2006 and our current estimate for 2007 is, as of 11 May, 14,000 so that is well on target to meet our figures there.

Senator CROSSIN—What have the industry skills councils produced?

Ms Sykes—The national industry skill services are, at a national level, split among 10 sectoral groupings, and those groupings are there to analyse and provide comprehensive information about the skill needs, trends and occupational needs of those industry sectors.

That information at a national level is collated and distributed through the other networks, our regional industry career advisers, through to local community partnerships and is available for young people, parents and schools so that they have comprehensive information that is up-to-date and gives a range of information for young people to consider as they choose their career destinations.

Senator CROSSIN—The structured workplace learning: have those figures fallen from 88,000 to 65,000?

Ms Sykes—The structured workplace learning program has changed its reporting arrangements over the last year and a half. Previously the arrangement for structured workplace learning took into account all of those placements that were put in place. There have been changed arrangements with the schools involved so that we now only report those structured workplace learning outcomes that our local community partnerships were directly involved in delivering, as opposed to the total amount of structured workplace learning placements that might be delivered independently between the school and the business industry directly.

Senator CROSSIN—Why was there a change in the reporting? So now you only know what some of the program is actually handling rather than all of the program?

Ms Sykes—The structured workplace learning program is part of the local community partnership and so there are work placements that are arranged directly between the school linked to the students' vocational education.

Senator CROSSIN—But you do not need to collect the figures?

Ms Sykes—It is related to our reporting. Yes, our local community partnership have not been at all involved in those, and so reporting that would be inaccurate in terms of the outcomes of our program.

Senator CROSSIN—So is that why it looks like there is a drop in the numbers?

Ms Sykes—Yes, that is my understanding of why there is a drop in the figures.

Senator CROSSIN—I have some questions now for the Indigenous and Transitions Group. Mr Greer, I want an update on the IESIP funding. We are now in the third year of the quadrennium—is that right?

Mr Greer—That is correct. The quadrennium runs from 2005 to 2008 and we are approaching half way of that third year.

Senator CROSSIN—I could not find a breakdown of the expenditure over the four years by each state and territory.

Mr Greer—It will not be in the budget statement but we could certainly provide that to you. We aggregate those figures for the national report to parliament and we could pull them together and provide them to you on notice.

Senator CROSSIN—Yes, I know you do. I wanted to ask you a question about that. This report was for the year 2004 but it was only tabled last year.

Mr Greer—That is correct.

Senator CROSSIN—So I wanted up-to-date figures for 2005—

Mr Greer—Yes, I am saying that we will give you figures to 2006 expenditure by state and territory.

Senator CROSSIN—All right. What is the total amount of money in this year's budget that is allocated to IESIP?

Mr Greer—If you look at page 125 of the PBS, it gives you a breakdown of the Australian government Indigenous expenditure administered funds totalling \$580.751 million. The IESIP element of that would be contained in the \$424 million under outcome 1 and —

Senator CROSSIN—The \$424.556 million?

Mr Greer—Yes. And if you look at page 40, the specific Indigenous education program which captures IESIP is \$311.929 million. That is the budget estimate.

Senator CROSSIN—So the Indigenous education program is actually IESIP?

Mr Greer—No, there are other elements. That is what I am saying. If you looked at Indigenous education specific expenditure there is an aggregate of \$580 million. When you unpack that, some \$311 million is in the Indigenous education program. In addition to that there is an Abstudy program et cetera.

Senator CROSSIN—How much of that is going into IESIP though?

Mr Greer—That is IESIP.

Senator CROSSIN—I was looking for IESIP in the budget papers. I should have been looking for Indigenous education program?

Mr Greer—Yes.

Senator CROSSIN—Have you renamed it?

Dr Grant—When the Indigenous education direct assistance program at the beginning of this quadrennium came in under the Indigenous education legislation then we dropped the term IESIP and we just called them Indigenous education programs. So the \$311.929 million is really the Indigenous education programs.

Senator CROSSIN—How long has it been called that?

Dr Grant—Since the beginning of this quadrennium, 2005. The terminology has taken some time to become commonly used.

Senator CROSSIN—Sometimes I think it is easier to do a Sudoku puzzle than try and work out where some of this funding is—of course, anyone would have known to cross-reference page 40 with page 125! When do you start your negotiations with the states and territories for the next quadrennium; will that occur before the end of this year or the start of 2008?

Mr Greer—Negotiations per se will probably begin in 2008. That is not to say that there will not be consultation with states and territories, and certainly other Indigenous stakeholders on a non-prejudice basis to see what views and issues may be around. But in the context of negotiations we would be awaiting the government's views on funding envelopes and broad policy settings.

Senator CROSSIN—The quadrennium starts on 1 January 2009.

Mr Greer—That is correct.

Senator CROSSIN—Will the report be tabled this year?

Mr Greer—We are going through quality assurance of many of the chapters at the moment. Our expectation is this will be a June-July tabling.

Senator CROSSIN—But it will be about 2005.

Mr Greer—Yes, recognising that we are beholden to jurisdictions to provide us with the data. For instance, the 2006 data technically is due today, 31 May. But we are always quick as the slowest common denominator on these.

Senator CROSSIN—Who are they? You can out them; that is okay. If you say the Northern Territory, I will crawl under the desk.

Mr Greer—It would be premature of me to be outing people before close of business on the day they are due.

Senator CROSSIN—Very diplomatic. I know questions were asked before about the additional support for regional and remote schools, but does that intersect at all with the Indigenous and Transitions Group?

Mr Greer—Yes. If you are talking about the budget measure of the \$121 million provided—

Senator CROSSIN—Yes.

Mr Greer—That will have an impact in the Indigenous field in the sense that, of the 425 schools that will be captured by those ARIA footprints, by their very nature many of those schools—probably the majority—are going to have significant cohorts of Indigenous students. Schools that are in ARIA 3—outer provincial or moderately accessible—would attract a benefit of about five per cent loading on their SES. The figure is 10 per cent for remote schools, and for very remote—

Senator CROSSIN—Yes. Is ARIA the same model they use in Health?

Mr Greer—I am not sure whether they use it in Health. Certainly the ABS uses the ARIA formulation, and the MCEETYA definitions around geolocation are built on subsets of those.

Senator CROSSIN—I have seen ARIA used in some of the Indigenous health stuff I use.

Ms Paul—They probably do, because it is out of ABS.

Senator CROSSIN—So it is a methodology and a terminology that ABS uses?

Mr Greer—Yes.

Senator CROSSIN—Will you automatically do all the calculations for the schools?

Mr Greer—I assume the way that measure will work will be the application of the socioeconomic status which applies to schools. Therefore, the socioeconomic status of a school is determined by the SES of the school community from which the students are drawn.

Senator CROSSIN—Essentially they are already classified?

Ms Paul—Correct.

Mr Greer—Correct.

Ms Paul—You take the socioeconomic status score for the school, which all non-government schools have, as Mr Greer says, on the basis of the parents in the collection district.

Senator CROSSIN—Yes, I know all that.

Ms Paul—And then you apply this loading—five per cent, 10 per cent and 20 per cent.

Senator CROSSIN—Do we have a list of how many schools by state and territory by the three areas?

Ms Paul—We do and we have previously in this hearing offered to supply that to the committee.

Senator CROSSIN—When will the money roll out? I am assuming that a certain amount is allocated each year for the next four years. How will this work?

Mr Greer—The program you are talking about is not an Indigenous-specific program; it is a mainstream schools program.

Senator CROSSIN—I understand that.

Mr Greer—I would have to have my colleagues check. My assumption is that it may commence from the beginning of 2009 or 2008.

Ms Paul—It is 1 January 2008.

Senator CROSSIN—Will schools get the payment directly or will it go through state and territory jurisdictions?

Mr Greer—Without having spoken in depth to our colleagues, my assumption is the payments would go through the processes that exist now for their GRG funding; that is, if they are schools that belong to a system, those funds would be paid to the system; if they are independent of a system, those funds, together with general recurrent grant funding, would be paid directly to those schools.

Ms Paul—It is literally just an add-on to their normal funding and will go with that.

Senator CROSSIN—If I am thinking of schools in remote communities in the Northern Territory—government schools—

Ms Paul—This is a non-government measure. You would be thinking of, for example, the Catholic schools in the Territory and so on. This is for non-government schools.

Senator CROSSIN—Only non-government schools?

Ms Paul—That is correct.

Senator CROSSIN—So Indigenous schools in remote communities will not get any of this unless they are non-government schools?

Ms Paul—That is right. As you know, the funding for government schools is different. It is made in a different way.

Senator CROSSIN—What about if we are looking at schools that might be associated with outstations?

Mr Greer—I understand that under the schools legislation they would need to be acknowledged and registered as non-government schools. I am not sure that some of the schools on outstations are essentially annexes of government systems.

Senator CROSSIN—In the Territory, if we went to Nyangatjatjara College at Yulara—

Mr Greer—Potentially eligible.

Senator CROSSIN—That is right. Therefore, they would get funding almost directly to them.

Mr Greer—That is correct.

Senator CROSSIN—And they would need to manage the funds for the three campuses in the three communities; is that correct?

Mr Greer—I would need to check who is the acknowledged authority for the other colleges, whether they are established in their own right or whether they go through the NAC.

Senator CROSSIN—The funds will flow through to that?

Mr Greer—Yes.

Senator CROSSIN—I refer to the tutorial assistance scheme, ITAS. How much was allocated in 2006 and how much was spent?

Mr Greer—I understand there are a number of elements of ITAS—in-class tuition, year 9 through to year 12, the remote Indigenous support system, VET and tertiary. In aggregate, the allocation for all elements was \$47.5 million in 2006. My understanding is that the actual expenditure in 2006 was \$51.7 million.

Senator CROSSIN—We still have a situation where demand is still greater than supply?

Mr Greer—Yes, and we are getting some pressure particularly around in-class tuition. We will be approaching government to address that.

Senator CROSSIN—You mentioned five elements. Has each got a discrete budget item?

Mr Greer—Yes, and we can provide that.

Senator CROSSIN—That would be good. How much is budgeted for 2007? What is the total amount for ITAS?

Mr Greer—In aggregate, I understand it is about \$61.26 million.

Senator CROSSIN—On page 59 of the PBS, the performance indicator for ITAS is the number of school students participating. For 2006 that was 22,555.

Mr Greer—That was the estimate.

Senator CROSSIN—What was the actual figure?

Mr Greer—The estimated actual is around 23,000.

Senator CROSSIN—What is the estimate for this year?

Mr Greer—Our estimate for numbers assisted would be 25,000.

Senator CROSSIN—I see. Tuition for senior students is extended to year 9. How many Indigenous students are accessing this?

Mr Greer—That program was implemented from the beginning of 2007. I do not have all the detail with me, but we are providing funding on two bases. To the extent that providers have agreed to take on the provision of ITAS for years 9 through 12, we have entered into agreements with them. I understand that we have 20 of those agreements in place.

Senator CROSSIN—For example, you have an agreement with, say, the Northern Territory government, and you give the money to that government; is that correct?

Mr Greer—That is correct, for those—I would have to check to see whether it is with the Northern Territory government.

Dr Grant—They are having discussions at the moment as to whether the Northern Territory government would enter into an arrangement where it would be provider administered. Until that time, the second component to the program is that it is DEST administered and DEST engages the tutors for students.

Senator CROSSIN—Is that what is happening in the Territory at the moment?

Mr Greer—That is correct. At the moment it is DEST provided, but we understand—and we would need to check this—that the Northern Territory department is poised perhaps to take over provider provision from term 2 or 3 this year. But I would need to clarify that.

Senator CROSSIN—Does that mean you are actually employing those tutors and paying them directly at the moment?

Mr Greer—That is correct.

Senator CROSSIN—Where else is that happening around the country?

Dr Grant—We offer that DEST provision to all states and territories.

Senator CROSSIN—Where else is it happening?

Dr Grant—It is happening elsewhere. I do not have the exact locations. It would happen in all states and territories.

Mr Greer—We tend to encourage it, as we did with in-class tuition for years 3, 5 and 7, and by and large we now have all jurisdictions, both in the government and non-government sectors, taking on a provider administered role. That offer has been there for the more senior years. A number of jurisdictions and providers have availed themselves of that. Where they do not, as a backstop we still manage a DEST provider service.

Senator CROSSIN—Do you have a budget allocation for this year against students in year 9 and above who would be eligible by state and territory?

Mr Greer—Yes, we can provide that.

Senator CROSSIN—Can you provide that for me?

Mr Greer—Certainly.

Dr Grant—I would like to make a correction. We have 26 provider administered arrangements for years 9, 10, 11 and 12 tuition.

Senator CROSSIN—That is an arrangement whereby you give the money to them and then they—

Mr Greer—Yes. It is an arrangement similar to the ICP.

Senator CROSSIN—Are any of those a state or territory government?

Dr Grant—Yes. The South Australian Department of Education and Children's Services and the Tasmanian Department of Education. They are the two I have listed here, but that may not be the complete list.

Senator CROSSIN—What payment do they take out of that for themselves to administer it?

Mr Greer—This is 'IESIP' or Indigenous education program funding. As we have discussed before, we have a threshold provision in those agreements at an upper limit of 10 per cent.

Senator CROSSIN—That is covered by this funding?

Mr Greer—This funding is provided as an attachment.

Senator CROSSIN—So the states and territories cannot be creaming off money for themselves?

Mr Greer—The states and territories should not be creaming off money.

Senator CROSSIN—What do you do to ensure they are not?

Mr Greer—We scrutinise the annual financial returns that we receive. They are signed off by the relevant head of department and their chief auditors under the legislation.

Senator CROSSIN—This commenced only this year, so there will be no funding for last year.

Mr Greer—No. As I said, it was rolled out from the beginning of 2007.

Senator CROSSIN—I refer to the whole-of-school intervention strategy. I do not suppose there has been a change in policy with this new budget?

Mr Greer—Not a change in policy as such. As we have discussed here on a number of occasions, we are pursuing continuous improvement and streamlining in service delivery. The first round for this year has just been concluded. At this stage, nationally, if you look at the aggregate picture, some 3,262 projects have been approved since the implementation of the program. The amount of Australian government funding approved under that has been \$80.1 million. That has also leveraged other source funding, either in cash or in kind, of \$79.2 million.

Senator CROSSIN—Are you saying that, combined, about \$150 million has gone into this program?

Mr Greer—That is correct. It is \$80 million of Australian government funding approvals and \$79 million in in-kind or cash value from project proponents. That is the leveraged element.

Senator CROSSIN—How many projects have you approved for this year?

Mr Greer—The first round has just been completed and 450 new projects were approved. That is the first round of this year. Another round is available in August.

Senator CROSSIN—That is 450 projects. How many schools are involved?

Mr Greer—I do not have the detail of the number of schools. We can take that question on notice. That was \$10.2 million, and I understand it leveraged another \$16.8 million.

Senator CROSSIN—The number of schools would be good. I think we have had this discussion before, about how one school can put in for three projects. The number of schools since the project began and the number of schools this year would be good.

Mr Greer—We will see what we can do on that and whether we gather data at that level.

Senator CROSSIN—Is this year easier?

Mr Greer—If we have that data, we should be able to do it. If we can do it, we should do it in aggregate rather than just for the year, recognising that in a number of cases schools will come together in a cluster.

Senator CROSSIN—We have been through that; we will not go there. How many Indigenous children are you working on—when you do your calculations and look at the total cohort, how many primary and secondary school Indigenous children do you have? Do you go by ABS statistics?

Mr Greer—I am not sure; someone might give me the breakdown. I understand that the ABS data is telling us that there are currently 140,381 Indigenous students. That is an increase of 5,684 in 2006 from 2005, or a 4.05 per cent increase. When you add that to the 3.5 per cent increase from 2004 to 2005, you are seeing a 7.5 per cent increase in Indigenous student enrolments.

Senator CROSSIN—Are you talking about enrolments or raw ABS statistics?

Mr Greer—Enrolments.

Senator CROSSIN—So are your calculations based on Indigenous students enrolled?

Mr Greer—That is correct, and that is how we pay—according to enrolments, on a census date.

Senator CROSSIN—I want to break this down a bit. Does that mean that 145,381 Indigenous students were enrolled in a school last year?

Mr Greer—That is the ABS 2006 data.

Senator CROSSIN—Even if it is only for one day?

Mr Greer—They are enrolled on the census day.

Senator CROSSIN—But that might not be the total number of Indigenous students out there in the country.

Mr Greer—It is similar in mainstream schooling; it is the same methodology.

Senator CROSSIN—I understand. I am trying to get a handle on how many Indigenous students are actually out there and how many are enrolled that trigger your funding. Do you know the difference?

Mr Greer—We could take that question on notice. We know, for instance, that young Indigenous people represent about 40 per cent of the total Indigenous population. That is about twice the level of non-Indigenous young people under 14.

Senator CROSSIN—Is your census day 31 March?

Mr Greer—No, it is a date in August.

Dr Grant—I want to clarify that we are talking about full-time students from the statistics.

Senator CROSSIN—I am talking about primary and secondary students; I am assuming they are all full time.

Dr Grant—Yes.

Senator CROSSIN—Is your Indigenous education program funding based on those figures, on enrolments?

Mr Greer—It is based on projections or assumptions that we make going into the quadrennium, given the evidence of the past and the forecast projection rates. Our strategic analysis and evaluation unit works with us to build in what we think the forecasts will be for enrolments throughout. We then test those assumptions and use that assumption base. At this stage our assumptions around enrolments have been fairly robust. In the work we will be doing coming up to preparations for the next quadrennium we will be critically revisiting those assumptions.

Senator CROSSIN—I refer again to the whole-of-school intervention strategy. How many of those projects last year involved spending on homework centres?

Dr Grant—For rounds 1 and 2 of 2006, there were 218 homework centres.

Senator CROSSIN—Are there any out of the 450 this year?

Mr Greer—There are 86 in the first round, recognising also that one of the developments under the whole-of-school intervention program is the capacity to approve projects over a multiple-year basis. So a number of homework centres and other projects may in fact be over multiple years. If we approved a project in 2006, it may be funded over three years.

Senator CROSSIN—The project has been going now since 2005. You have had 3,262 projects since the beginning. What is the breakdown of that?

Mr Greer—In 2005, rounds 1 to 5, there were 1,637 projects. Are you looking for project numbers or dollars as well?

Senator CROSSIN—Just project numbers.

Mr Greer—In 2006, as we discussed before, we streamlined the rounds and brought them back from five to two rounds. There were 1,117 projects approved in 2006. In addition, in 2006 the minister allocated an extra \$5 million to the whole-of-school intervention envelope specifically to address early childhood or preschooling. There were 58 projects approved in 2006 under that initiative.

Senator CROSSIN—On top of the 1,117?

Mr Greer—That is correct, as I mentioned, in the first round this year, recognising we have another round that closes at the end of August.

Senator CROSSIN—So the number of projects is declining.

Mr Greer—The numbers may be; on the other hand, the outcomes and the strategic directions are improving. We know, for instance, that in the last year of ASSPA, of the 3,809 ASSPA committees that were in place, the average project allocation was about \$5,000. If you look at 2005 to date, the average project approval under WoSI is about \$24,500, if you just compare that to the Australian government funding. If you also add to that the leveraged funds, the average project approval under WoSI since its implementation is valued at about \$48,845.

Senator CROSSIN—How many schools with Indigenous children would not have received any money last year? I know you are going to tell me that they would not have received money because they did not apply, but have you done a comparison of the number of Indigenous schools that got money under ASSPA? I assume it was all of them because it was an automatic payment. So 3,839 would have been pretty much all of them, compared to the number of schools that received funding last year, which was only about 1,150.

Mr Greer—Perhaps we need to approach the question on two levels. Virtually every school that has Indigenous students gets per capita funding from the Commonwealth under IESIP and so forth.

Senator CROSSIN—I know that.

Mr Greer—So every child at every school is getting that funding. In addition to that, when the government moved to the WoSI approach as distinct from the per capita, formula driven ASSPA approach, it was put on a competitive basis.

Senator CROSSIN—I know that. Under ASSPA every school got an automatic payment, because the payment was, from memory, about \$900 per Indigenous student per school paid almost within the first month. We have been through this; we have had a Senate inquiry and I know it inside out and back to front. I assume that if there were 3,839 ASSPA committees around the country you could pretty much determine that around 3,800 schools would have got that money.

Mr Greer—That is probably correct.

Senator CROSSIN—Has DEST done any analysis of how many schools are not applying for WoSI money or have not got any WoSI money? Do you know the difference?

Mr Greer—Yes. I do not think we have done that analysis.

Ms Paul—I am quite happy to try to do the analysis, but we are making the point that because of the change in policy intent it is not necessarily a bad thing if there is a school that decides not to apply. It is obvious from the unit cost that, as you know, the projects are bigger and more concentrated. Of course, a school that does not apply may be part of a cluster as well. So it may be hard to tell. It is not necessarily a concerning thing.

Senator CROSSIN—It might also be that schools are not applying because the principals do not have the time to put into it.

Ms Paul—Sure.

Senator CROSSIN—I think there is another layer here. I wonder if DEST has looked at that further since the Senate report.

Mr Greer—Yes. Both in relation to ITAS and WoSI we have commissioned a mid-quadrennium study asking what is working, what could work better and so forth. We are expecting to have that report in a final context over the coming month or so. Again, that would be a useful mid-point.

Senator CROSSIN—Are you doing that internally?

Mr Greer—No, it has been commissioned and it is being conducted at arm's length by Urbis Keys Young.

Senator CROSSIN—Who are they contacting or talking to? How are they going about that?

Dr Grant—They are undertaking an analysis of the administrative data that we have within the department. They are undertaking case studies. They are also conducting a mail survey of schools and principals.

Senator CROSSIN—Is that schools that have applied for funding and have or have not been successful, or all schools?

Dr Grant—We have not asked them to do all schools, but we have asked them to do schools that have applied for whole-of-school intervention and some schools that have not. We are hoping to get some information on comparative data.

Senator CROSSIN—So you are asking them to ask schools that have not applied why they are not applying? Are you getting them to talk to schools that have not applied at all?

Dr Grant—Yes.

Senator CROSSIN—You are?

Ms Paul—Yes. Perhaps next time we will have that information for you.

Senator CROSSIN—Of the list of 450 that have been successful this year, can you give me a list of schools from the Northern Territory?

Mr Greer—I do not think I have it.

Senator CROSSIN—I am sure you will not have it.

Mr Greer—I can certainly provide it on notice. We have done that in the past.

Senator CROSSIN—We might be able to do that comparison ourselves if we have that small amount of data to work with. What is happening at Nyangatjatjara College at Yulara? I understand that that is under the direct control of the Commonwealth.

Mr Greer—Yes.

Senator CROSSIN—How many principals are you up to now?

Mr Greer—I think there is one principal there.

Senator CROSSIN—Every second week there is a principal there—it is just that it is a different one.

Mr Greer—I think there is a principal there—

Senator CROSSIN—That is a good start.

Mr Greer—and I think the administrator at the corporation has or is about to appoint an education coordinator in the college. The department also understands that the administrator of the corporation is implementing a consultation process with the communities serviced by the college. Our understanding is that he plans to consult with them about the short- and long-term options for the college and to seek their views about securing an established education provider to assume responsibility for the operation of the college on behalf of the corporation.

Senator CROSSIN—ORAC actually have an administrator in the Nyangatjatjara Aboriginal Corporation?

Mr Greer—That is correct.

Senator CROSSIN—In a de facto sense that administrator is also overseeing the college.

Mr Greer—That is correct.

Senator CROSSIN—Has your acting principal gone?

Dr Grant—I understand that the person who was the acting principal is now the acting chief executive officer. And the previous principal has returned—Mr Foulds has returned to his position as principal.

Senator CROSSIN—When did that happened?

Mr Greer—On 25 May.

Senator CROSSIN—You have had nine principals in 10 years there.

Dr Grant—Yes.

Senator CROSSIN—Is it your intention to look at a larger provider to take over the college, or does ORAC have that in mind?

Mr Greer—Our understanding is that the administrator, as ORAC, or Mr Thackaberry, has made approaches to established education providers and, subject to appropriate consultation with communities on short- and longer term options, the prospect is there that there may be an established education provider prepared to take on the education provision at that college.

Senator CROSSIN—What is DEST's role in this?

Mr Greer—Our key role, in the same way as the Northern Territory education department, has been to work with the administrator to secure education provision at that location. As you know, we have previously commissioned and conducted two major reviews, one of financial accountability or administration and the other around education provision at the college. We have assisted the administrator in recent times with some short-term transitional assistance to remain viable and operational. We continue to provide that as we go through this year in the hope that the college can turn the corner and come back as an effective—

Senator CROSSIN—How many students are enrolled there?

Mr Greer—We understand that overall there are 43 students, which is down from about 83. That is full-time students. There may be other students who are not full time.

Senator CROSSIN—How many teachers are there?

Mr Greer—I do not have that specific detail.

Senator CROSSIN—I understand that in March the new boarding facility that we all opened with great fanfare 18 months ago was closed because it did not comply with fire regulations. Has that been fixed?

Mr Greer—My understanding of this is that an interim certificate of occupancy that the college had had. I am not sure—

Senator CROSSIN—When it was opened?

Mr Greer—Yes. I am not sure whether that interim certificate was secured by the current administration or the previous administration. In any event, the interim certificate of occupation lapsed. Having lapsed, it does not have a certificate of occupation. This is about fire safety.

Senator CROSSIN—Whose responsibility was that—the college administration's?

Mr Greer—Yes, it would have been the education authority there, which was the Nyangatjatjara Aboriginal Corporation. But I am not certain at what time that was, under which administration it was—the previous administration or the administrator arrangements. I can certainly check those dates. But we have funded or contributed to the funding of fire and safety audits of the premises. I understand that a final report on what would be needed to satisfy an occupancy certificate is imminent. That may well be the installation, for instance, of a sprinkler system throughout the college, some work on doors and so forth. Should that happen, there is some capacity for us to provide some wherewithal to ensure we can do that.

CHAIR—But, by and large, the ownership and maintenance of the school is in the hands of the Northern Territory government?

Mr Greer—No, it is an independent school.

Senator CROSSIN—It is not the Northern Territory government at all. That is the problem; that is why it is in such a mess.

Ms Paul—But it is the same logic; the ownership falls to the school, not to the Commonwealth.

Senator CROSSIN—So the principal who was there when the college was opened has been reappointed as principal again, last week?

Mr Greer—I understand that Mr Foulds returned to his former position of principal of the college following an extended period of leave and that the acting principal in his absence has been appointed to a position as acting chief executive officer. It is a position to which Mr Foulds as principal is accountable.

Senator CROSSIN—That is something. What education provider are you looking to? It is not a Christian school, so I assume you would be looking at—

Mr Greer—It is not the Commonwealth that is looking at this. The administrator—

Senator CROSSIN—I understand that, but what are the options?

Mr Greer—I think the details of that perhaps ought to remain confidential at this stage.

Senator CROSSIN—I have two quick questions, because I promised to finish and I will put the rest of my questions on notice. At what stage is the review of the Accelerated Literacy Program?

Ms Smith—The independent review of the Accelerated Literacy Program has been let for tender and we are in the process of finalising the contracting process with a preferred supplier. We anticipate that being done in the next couple of weeks. We believe that will be a 13-week piece of work.

Senator CROSSIN—So I will watch this space.

Ms Smith—In the meantime, the Department of Employment, Education and Training and Charles Darwin University have done a finer-grained analysis of the Accelerated Literacy Program. They are about to release a report on that. So there are two evaluations going on. The one that the Australian government has commissioned is looking at the whole accelerated literacy project with the other jurisdictions involved in the larger project—that is, the Western Australian Aboriginal independent community schools, the Western Australian Catholic Education Office in the Kimberley, Shalom Christian College and the Aboriginal lands district in South Australia. Ours is an evaluation of the broader project. The evaluation that NT DEET and CDU have done is looking at the operations of the systemic roll-out and the capacity of the project in terms of a more fine-grained analysis of the teacher and school aspects and so on. However, it is also looking at some of the data we have provided to you before in respect of the reading-level progress that is coming out of the project.

Senator CROSSIN—What about the reading assistance vouchers in respect of the Northern Territory? Is that money being paid through the Northern Territory government? How many equivalent reading vouchers have you given the Northern Territory government?

Ms Paul—The reading assistance voucher program is a whole-of-schools not an Indigenous-specific program. We have answered some questions on that in the schools area. The program in 2007 is being managed by a national administrator, which is Curriculum Corporation. It will then proceed to contract with tutors. So the arrangement would be done in that way, including in the Territory. We also discussed the budget measure, which is about \$500 million, which we have yet to settle arrangements for.

Senator CROSSIN—In the past, in recognition that there would not be tutors in remote communities, up until this year, I understand you gave the Northern Territory government the equivalent of the number of students who did not reach the year 3 benchmark times the amount of the voucher. Is that going to be the same or will that change?

Ms Paul—That does not ring a bell, to be honest.

Mr Greer—Certainly, the reading voucher methodology there does not. But in relation to the Northern Territory and other jurisdictions, we do that in relation to in-class tuition under ITAS.

Senator CROSSIN—No, this was the voucher, the \$73 you got as a parent to go off and buy a tutor.

Ms Paul—I think you are referring to the pilot, which was in the year before.

Senator CROSSIN—It was only a pilot.

CHAIR—It was in 2005.

Ms Paul—I recollect that we needed to do something in the Territory. I probably need to check; there may be some this year, but the relevant people are not with me now.

Senator CROSSIN—I will put some questions on notice.

Ms Paul—Yes. In particular, you are asking whether there is an arrangement for the Territory when tutors are hard to find. I am happy to respond on that.

Senator CROSSIN—Thank you, I will put some questions on notice.

CHAIR—Thank you very much, Ms Paul, and all the officers of the department. You have been extremely cooperative.

Ms Smith—I would like to correct something. The time frame for the independent review is longer than I said; it is approximately 21 weeks.

Senator CROSSIN—Is Yachad being evaluated as well?

Ms Smith—Yes, it is. The independent evaluation has commenced and it is due to be completed in the third week of June.

Senator CROSSIN—Who has that contract?

Ms Smith—Phillips KPA.

CHAIR—Thank you, Minister; thank you, Hansard; thank you, secretariat and my fellow senators.

Committee adjourned at 6.19 pm