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Official Committee Hansard

SENATE

EDUCATION AND EMPLOYMENT LEGISLATION
COMMITTEE

Estimates

FRIDAY, 6 MAY 2016

CANBERRA

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SENATE

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

Friday, 6 May 2016

Members in attendance: Senators Cameron, Kim Carr, Jacinta Collins, Johnston, Lines, McKenzie, O'Neill, Reynolds, Seselja, Siewert, Williams.

EMPLOYMENT PORTFOLIO

In Attendance

Senator Cash, Minister for Employment, Minister for Women, Minister Assisting the Prime Minister for the Public Service

Department of Employment Executive

Ms Renee Leon, PSM, Secretary

Ms Sandra Parker, Deputy Secretary

Mr Martin Hehir, Deputy Secretary

Corporate

Mr Jamie Clout, Group Manager, Finance, Legal and Governance

Mr Henry Carr, Branch Manager, Finance, Legal and Governance

Mr Glen Casson, Chief Financial Officer, Finance, Legal and Governance

Mr Luke de Jong, General Counsel, Finance, Legal and Governance

Mr Dudley Grounds, Branch Manager, Finance, Legal and Governance

Ms Margaret Kidd, Group Manager, People and Communication

Ms Meredith Fairweather, Branch Manager, People and Communication

Mr Ben Wyers, Branch Manager, People and Communication

Outcome 1—Employment

Ms Marsha Milliken, Group Manager, Activation and Work for the Dole

Ms Amanda Cock, Acting Branch Manager, Activation and Work for the Dole

Ms Melinda Hatton, Branch Manager, Activation and Work for the Dole

Mr Derek Stiller, Branch Manager, Activation and Work for the Dole

Ms Stephanie Bennett, Branch Manager, Activation and Work for the Dole

Mr Stephen Moore, Chief Information Officer, Employment Systems

Ms Benedikte Jensen, Branch Manager, Labour Market Strategy

Mr Ivan Neville, Branch Manager Labour Market Strategy

Mr Nick Mowbray, Acting Branch Manager, Labour Market Strategy

Ms Robyn Shannon, Branch Manager, Labour Market Strategy

Mr Anthony Parsons, Group Manager, Quality and Integrity

Ms Medha Kelshiker, Branch Manager, Quality and Integrity

Ms Julie Polson, Branch Manager, Quality and Integrity

Mr Michael Quinn, Branch Manager, Quality and Integrity

Mr Cedric Seveque, Director, Quality and Integrity

Ms Moya Drayton, Group Manager, Youth and Programmes

Ms Kellie Hippit, Acting Branch Manager, Youth and Programmes

Mr Ali Jalayer, Branch Manager, Youth and Programmes

Mr Stuart Watson, Branch Manager, Youth and Programmes

Ms Helen Willoughby, Group Manager, State Network

Outcome 2—Workplace Relations and Economic Strategy

Ms Jo Wood, Group Manager, Economic Strategy

Mr Jeremy O'Sullivan, Chief Counsel, Workplace Relations Legal

Mr Adrian Breen, Branch Manager, Workplace Relations Legal

Ms Kelly Hoffmeister, Branch Manager, Workplace Relations Legal

Mr David Rushton, Acting Branch Manager, Workplace Relations Legal

Dr Alison Morehead, Group Manager, Workplace Relations Policy

Ms Jody Anderson, Branch Manager, Workplace Relations Policy

Mr Peter Cully, Branch Manager, Workplace Relations Policy

Ms Alison Durbin, Branch Manager, Workplace Relations Policy

Mr Steve Kibble, Group Manager, Work Health and Safety Policy

Ms Justine Ross, Branch Manager, Work Health and Safety Policy

Ms Debbie Mitchell, Acting Group Manager, Workplace Relations Programmes

Ms Sue Saunders, Branch Manager, Workplace Relations Programmes

Mr Alan Edwards, Branch Manager, Workplace Relations Programmes

Shared Services Centre

Ms Delaine Wilson, Chief Executive Officer

Mr Scott Wallace, Group Manager, ICT

Ms Jill Divorty, Group Manager, Partner Services and Innovation

Ms Kristina Hopkins, Group Manager, Operations Delivery

Ms Jane Hayden, Group Manager, Commercial Services

Asbestos Safety and Eradication Agency

Mr Peter Tighe, Chief Executive Officer

Fair Work Building and Construction

Mr Nigel Hadgkiss, Director

Mr Brian Corney, Chief Counsel

Ms Cathy Cato, General Manager, Building Code

Mr Bernie O'Keeffe, Chief Operating Officer

Fair Work Commission

Ms Bernadette O'Neill, General Manager

Ms Ailsa Carruthers, Director, Corporate Services

Ms Louise Clarke, Director, Client Services

Mr Chris Enright, Director, Regulatory Compliance

Mr Jack Lambalk, Chief Financial Officer

Fair Work Ombudsman

Ms Natalie James, Fair Work Ombudsman

Mr Michael Campbell, Deputy Fair Work Ombudsman

Mr Mark Scully, Deputy Fair Work Ombudsman

Mr Michael Clark, Executive Director, Technology and Innovation

Mr Anthony Fogarty, Executive Director

Ms Lynda McAlary-Smith, Executive Director, Proactive Compliance and Education

Mr Tom O'Shea, Executive Director

Ms Antonia Parkes, Executive Director, Advice, Support and Assistance

Mr Steve Ronson, Executive Director, Dispute Resolution and Compliance

Ms Giorgina Strangio, Executive Director, People

Ms Janine Webster, Chief Counsel

Committee met at 08:59

CHAIR (Senator McKenzie): I declare open this meeting of the Education and Employment Legislation Committee on Friday, 6 May 2016. The Senate has referred to the committee the particulars of proposed expenditure for 2016-17 and certain other documents for the education and training, and employment portfolios. The committee may also examine the annual reports of departments and agencies appearing before it.

The Senate has ordered estimates committees to report to the Senate by Wednesday, 11 May 2016, so answers to questions on notice will be required to be returned to the committee by noon on Tuesday, 10 May. Witnesses should note that answers cannot be received if the Senate has been dissolved for an election. However, a motion may be passed at the commencement of the 45th Parliament requesting that answers be provided.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to the minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude

questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to the order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

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

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or of the document.

Department of Employment

[09:02]

CHAIR: We will open to questions.

Senator CAMERON: Good morning. Secretary, could you confirm that the organisational chart on your website is up to date and reflects the current structure of the department?

Ms Leon: The chart will probably say what date it was updated at—I can check that for you—but it would have been updated fairly recently. It should be up to date in all material respects.

Senator CAMERON: In all material aspects?

Ms Leon: It is just that there might be temporary actings that have happened in very recent times which are not necessarily up-to-date. I am happy to check for you what the most recent date on the website is, and we can let you know during the hearing.

Senator CAMERON: Could you provide a breakdown of all staff, exactly which division they are in and their physical location?

Ms Leon: Yes. I think we usually have that available, but am not sure if we have it here. I will get Ms Kidd to speak to you. However, I can say that, since last estimates, there has not been any significant structural change to the department and there has not been any closure of offices in state or regional locations. There has been a slight increase in staff numbers, as we have filled vacancies. So there will be a slight increase in numbers, but there will not be any major changes to staff, to location, to structure or to size.

Ms Kidd: Can I just confirm your question was regarding total staff numbers disaggregated by group?

Senator CAMERON: I was asking for a breakdown of all staff, exactly which division they are in and their physical location. Do you have that in a chart form?

Ms Kidd: I have it on a couple of different tables. I can run through that.

Senator CAMERON: Could they be tabled?

Ms Kidd: Yes.

Ms Leon: I am advised that the org chart on the website is up to date as at April 2016.

Senator CAMERON: Unless there are any specific areas that you want to draw my attention to, I think the tabling would suffice. Are there any senior executive positions unfilled?

Ms Kidd: Yes, there are.

Senator CAMERON: Can you take me through them. How many are there and where are they?

Ms Kidd: There are six senior executive positions unfilled at the moment. Two are at the SES band 2 level: one is Group Manager, Workplace Relations Programs and the other is Group Manager, Labor Market Strategy. We also have of four positions at SES band 1 level vacant at the moment. They are: Branch Manager, Youth Employment; Branch Manager, Online Services Development and Engagement; Branch Manager, Technical Support; and—in the Shared Services Centre—Branch Manager, Transactional Services.

Senator CAMERON: What is the longest period any one of those senior executive positions has remained unfilled?

Ms Kidd: We would probably have to take the exact timing on notice. It is probably in the order of 18 months.

Senator CAMERON: What is the problem?

Ms Leon: There is not a problem. At the moment we are advertising. There is an advertisement already in the recruitment phase for band 1s, where the applications have closed and shortlisting is on foot. I think the advertisement for band 2 vacancies is in APS Jobs this week. The reason we left one position vacant for a period is that we were contemplating whether we needed to fill it permanently or whether we were going to restructure that cluster such that we may not have needed it—that is the one that has been vacant for some lengthy period.

As you will have seen from our answers to questions on notice over recent estimates, the department has continued to grow. We have now formed the view that we will not be losing that position but that in fact we will need to fill it. In the meantime, there have been another couple of positions that have either become vacant or that we are creating to deal with demand, so we are now advertising a bulk round so that we can fill all the positions from a broad field.

Senator CAMERON: What created that uncertainty?

Ms Leon: As you know, departments across the Public Service are looking to ensure that our span of control remains appropriate so that we do not end up with a lot of branches or sections that are really are too small to justify an SES officer. We had that question about span of control under review, but also, with the commencement of jobactive, we knew that the focus of the employment cluster—which is the lightest largest part of the department—would need to be revisited. We had new programs and new priorities, so we were restructuring the cluster to make sure that we were organised appropriately for the new programs. Until we finished the restructure, we were not certain exactly how many branches or divisions we were going to have.

Senator CAMERON: On the issue of span of control—the last time I heard this was probably 20 years ago during the Rio Tinto dispute!

Ms Leon: I think it was last estimates, actually!

Senator CAMERON: Yes—but external to the Public Service. Is there a standard for span of control across the Public Service? Is there some indication as to how span of control should work or is this just your department?

Ms Leon: There is no standard for span of control, because the nature of roles in the Public Service varies widely. Even with our own department, the span of control in a program management area would usually be larger than in a legal or policy area. We have undertaken a process and we keep that under review whenever we are filling vacancies to ensure that the span of control in any particular team is appropriate for the work of that team.

Senator CAMERON: Do you base it on a theoretical span of control or on what you think is common sense?

Ms Leon: There is no mandated, benchmark or expected span of control—it depends on the nature of the work. For work that is being done at a professional level or that is of a high-level policy nature, we tend to have teams that might only be three or four people working under a particular supervisor; whereas, where people are doing more routine or transactional work or where there are many more people at lower APS levels, the team might well have 20 people in it, or more.

Senator CAMERON: Do you discuss the span of control issues with the CPSU or the unions?

Ms Leon: If we were undertaking any major structural change, we would consult with the union. If we are undertaking a revisiting, as we fill one position, as to whether it ought to be amalgamated with another section or not, that is unlikely to trigger the consultation requirements with the CPSU.

Senator CAMERON: Have there been any redundancies, forced or otherwise, since last estimates?

Ms Leon: There certainly have not been any forced redundancies and there have not been any widespread redundancies, but, from time to time, we have the occasional one-off redundancy. I will just check if there have been any since last estimates.

Ms Kidd: There has been a small number since last estimates—five.

Senator CAMERON: What kind of classifications were they?

Ms Kidd: I do not have the classifications here. We can take that on notice.

Senator CAMERON: Were there any SES?

Ms Kidd: No.

Senator CAMERON: With such a small number, there must have been specific reasons for those redundancies. Can you provide details on the reasons for those redundancies and can you provide any assurance that the work that these people undertook is not being done by someone else?

Ms Kidd: As part of our workforce renewal strategy, we do, from time to time, consider ad hoc voluntary redundancies. These five individual instances would have arisen either

through a review of the positions or through a review of the skill set of the individuals. We would have considered each of those individually and made a decision there.

Senator CAMERON: You said 'ad hoc'. What kind of redundancies were they?

Ms Kidd: They would have arisen in an ad hoc manner. Individuals may have approached management or management may have had a discussion with individuals in certain circumstances.

Senator CAMERON: So an individual can approach you and say, 'I think my job is redundant'?

Ms Leon: These arise either because a whole area of work we were doing we are no longer doing—the typical voluntary redundancies, where an area of work disappears—or because, as Ms Kidd outlined, the nature of work in an area has changed such that the people who you previously had doing the work no longer have the skills. Although we might try to reskill them or to see if there is work elsewhere in the department we can redeploy them to, they may say: 'This is just not the kind of work I came here to do. I came here because I was a regulator. Now the regulation part has gone, I have to write policy briefs. I can't really do it, and it's not working for me.' That is the kind of circumstance where the employee themselves may ask whether it might be appropriate for them to be offered a voluntary redundancy. Or, as Ms Kidd said, we may undertake a review of a particular area and come to the conclusion that the work has changed such that the skill set no longer lines up with the nature of the work.

Senator CAMERON: Can you provide details of the specific circumstances in relation to those five redundancies and whether those redundancies were proposed by the employee or the department?

Ms Leon: Yes.

Senator CAMERON: Do you have the cost of those redundancies?

Ms Kidd: No. We can take that on notice.

Senator CAMERON: Are you planning any further voluntary or involuntary redundancies?

Ms Kidd: We are. We are currently looking at voluntary redundancies—just a small number—between now and the end of the financial year. Again, we are looking at areas where the work or funding is ceasing or reducing or where there is a mismatch with skills and positions.

Senator CAMERON: Where is the funding reducing? What area?

Ms Kidd: Across the department. From time to time we have budget measures that come in and then the funding ceases, whether they are short-term measures or whether it is the implementation role associated with it. That would be an example where funding might reduce.

Ms Leon: But as I said, across the whole department, our staff are increasing and have been increasing over the past year.

Senator CAMERON: Is that going to stay the same after the efficiency dividends are applied?

Ms Leon: It will depend on where we find the efficiencies. It is a little too soon after the budget to say. For example, over the last few years we have achieved significant efficiencies out of our property expenses. It does not have any impact on staff numbers; it just means we have consolidated our property and fitted into a smaller footprint. We have only just got the numbers on the efficiency dividends.

Senator CAMERON: But there are only so many times you can do that, though, aren't there?

Ms Leon: The previous two years before that we achieved significant efficiencies by taking our major IT program off the mainframe and onto a browser base. We achieved millions of dollars in efficiencies from that. We will be continuing to look at ways that we can improve our supplier costs rather than staff. Of course, if we find efficiencies in doing things such that we need fewer staff, we would look at that, but primarily we will look at our suppliers first and see how we can cut costs in a way that does not impact on staff numbers.

Senator CAMERON: When will you have your business plan in place for the efficiency dividend?

Ms Leon: As any organisation does, we usually arrange to have the group budgets allocated by the beginning of the financial year or pretty close to that. It will be in the course of that that we examine what our opportunities are for efficiencies across the department.

Senator CAMERON: Do you consult with the CPSU on efficiency dividend issues?

Ms Leon: If we were planning major structural change or a major change to staff, we would consult the CPSU. But, as I said, our first port of call will be to seek to find efficiencies that do not involve either of those.

Senator CAMERON: So in terms of your property portfolio and your rental portfolio, is closing one area and moving to another seen as an issue that you would consult on?

Ms Leon: If we move out of an expensive building in a particular city into a less expensive building, that is not something that we would need to consult on. If I was proposing to close the entire office and move to another location that would have a significant impact on staff, we would consult. But I am not proposing that and we have not done anything like that.

Senator CAMERON: If you moved, say, from one side of Canberra to another side of Canberra, is that not considered worthy?

Ms Leon: We moved from one side of Northbourne Avenue to the other side of Northbourne Avenue in Civic.

Senator CAMERON: That is not what I am asking. I am asking, if you moved to the north of Canberra from the south of Canberra—

Ms Leon: I think the lease on our national office goes until about 2024. So I do not think I will need to consult about a significant move for quite some time.

Senator CAMERON: All right, so you are locked in on that lease?

Ms Leon: We recently entered into that lease and we took a long lease. I will stand corrected—if it is not exactly 2024, I will get someone to the table to correct me. But it is a long lease and I have no current plans to move the national office.

Senator CAMERON: Is it only the national office operating in Canberra?

Ms Leon: That is right.

Senator CAMERON: It is the one office?

Ms Leon: There is the national office, and within the national office we have the ACT regional office, but it is located with us in the national office.

Senator CAMERON: Can you provide details of the lease arrangements that you have entered into?

Ms Leon: Yes.

Senator CAMERON: Including costs and the like. Unless any other senators have issues on staffing, I am finished on staffing.

CHAIR: You have the floor.

Senator CAMERON: Thanks. Who is handling jobactive advertising? Secretary, in answer to question No. EMSQ16-000118, you said that the total communication budget for jobactive for the two years to June 2016 is \$18.3 million. Has that changed?

Ms Fairweather: No, that budget has not changed for that period of time.

Senator CAMERON: When you say that it has not changed for that period of time—

Ms Fairweather: The jobactive campaign has a budget of \$20.4 million over four years. That goes through to 2018-19.

Senator CAMERON: So it is \$20.4 million?

Ms Fairweather: That is for the overall jobactive campaign, but there was—

Senator CAMERON: Through to when?

Ms Fairweather: Originally through to 2018-19.

Senator CAMERON: Do you have any advertising budgeted for the next several months?

Ms Fairweather: Yes, we do. Sorry, I will just clarify, because I do not want to misinform: we also had in the last budget \$8 million for Restart, a campaign that was particularly around mature-age employment and the Restart wage subsidy. That is additional to the \$20.4 million over the four years. That \$8 million is just this year.

Senator CAMERON: You are going to spend \$8 million this year?

Ms Fairweather: The Restart component became part of the jobactive campaign because they are both about talking to employers about taking on jobseekers from jobactive.

Senator CAMERON: Will that campaign run between now and 2 July?

Ms Leon: The practice for all advertising is that if an election period commences then all government advertising ceases. The Department of Finance controls that process. The government's master advertising agency would be instructed to cease all government advertising. I understand that a review is then conducted by the Department of Finance as to whether any advertising is appropriate to continue. For example, Defence Force recruitment often continues during a caretaker period. If an election period were to commence then the jobactive campaign would be subject to those same rules.

Senator CAMERON: As soon as the Prime Minister announces an election campaign, the advertising is stopped?

Ms Leon: That is right. If any advertising is appropriate to continue—I think that is usually done in consultation with the opposition—then it would continue.

Senator CAMERON: Minister, I do not suppose you have set up meetings to get the campaign advertising continued?

Senator Cash: No, it is a decision for Finance.

Senator CAMERON: I am only joking! What is the purpose of the communication campaign budget?

Ms Fairweather: The campaign was to raise employer awareness of government employment services that eventually came to be called jobactive. It is to raise employer awareness of jobactive for the recruitment of staff and to promote increased use of jobactive services. Developmental research indicated that employer use and awareness of government employment services were low, but that businesses were very open to using the services once they were aware of them. Our whole purpose is increasing the number of jobseekers moving from welfare into work, so it is critical that employers are using those services.

Senator CAMERON: Do you have a marketing strategy for this campaign? Can you provide the details of the marketing strategy?

Ms Fairweather: Certainly, advertising is a significant part of that, because we know that messages out in the media will really drive awareness.

Senator CAMERON: I am not interested in the theory behind it; I am asking whether you have a marketing strategy and can you provide me with it.

Ms Leon: We will have a look at what we can provide you on notice.

Senator CAMERON: Thanks.

Ms Fairweather: We certainly have other activities as well as advertising.

Senator CAMERON: Let us go through what exactly the \$18 million is being spent on.

Ms Fairweather: I have expenses up until the end of March 2016. Do you want me to split between the jobactive campaign and the Restart or just the overall?

Senator CAMERON: Let's do both and see what we come up with.

Ms Fairweather: I can split this down a little bit, if necessary, but the total cost of the research—developmental and creative concept testing—for the jobactive overall campaign is \$597,600.

Senator CAMERON: Who had that contract?

Ms Fairweather: TNS Australia.

Senator CAMERON: Where are they based?

Ms Fairweather: The main person we deal with is based in Perth, but they have offices across the country. They also have offices in Sydney, Melbourne and Perth. They may have another one but they are the main ones which I deal with. The developmental and creative concept testing research for the Restart campaign is \$121,550. The creative development—that is, the advertising creative agency—for jobactive is \$1,476,562. The creative development for the Restart is \$1,418,260.

Senator CAMERON: Who has got the contracts for each one of these?

Ms Fairweather: It is the same agency, because it is all part of the jobactive campaign, and that is J Walter Thompson.

Senator CAMERON: Where are they based?

Ms Fairweather: Sydney.

Senator CAMERON: So the main beneficiaries in terms of contracts are TNS Australia and J Walter Thompson?

Ms Fairweather: Yes. We also have another research contract for quantitative benchmark tracking and evaluation research. Generally, for major campaigns, the research is split. They are DBM Consultants.

Senator CAMERON: Where are they based?

Ms Fairweather: Melbourne.

Senator CAMERON: How much is that contract?

Ms Fairweather: The contract or how much I have spent?

Senator CAMERON: How much is the contract?

Ms Fairweather: I am just making sure I have the whole contract—funds committed to date: \$390,447.

Senator CAMERON: Were these contracts open tenders or did they come from a panel?

Ms Fairweather: Not from a panel as such. There was a select tender process. It was a select tender process rather than an open one, because we obtain a recommended list of names from the Communications Multi-Use List, which is managed by the Department of Finance. They are particularly for use in communication campaigns.

Senator CAMERON: Who controls the Communication Multi-Use List?

Ms Fairweather: It is managed by the Communications Advice Branch of the Department of Finance. Consultants register on that list, and we can then use that list in order to conduct a select tender process.

Senator CAMERON: There was a \$5 billion jobactive budget. What is the communication budget within that?

Ms Fairweather: The campaign budget is \$20 million out of that \$5 billion. Again, I just do not want to have not fully answered a question. The other expenditure that we have had, of course, is media buy. That is with Dentsu Mitchell, which is the whole-of-government contracted media buying agency. To the end of March in media buy for jobactive there has been \$3,681,718, and for Restart there has been \$2,205,643.

Senator CAMERON: That is me for this area. I am happy to go to outcome 1.

Ms Leon: I have got some information for you about our leases that you were asking for. Firstly, if you wish, I can refer you to the answer we gave to a QON at additional estimates, question on notice 16-000435, where we attached a list of all of our current leases, leases that were not renewed and leases that were expected to occur in the next 12 months.

Senator CAMERON: So that has not changed?

Ms Leon: No.

CHAIR: There being no senators with any questions for cross portfolio, we will move to Outcome 1.

Senator CAMERON: There is not a lot of detail in there for the Youth PaTH budget measure. Can you advise how you will ensure internships do not replace existing jobs—by that I mean existing vacancies?

Ms Leon: The program is actually intended to get young people into real jobs. Part of the safeguards to ensure that this program is not used to just put people into free labour that does not lead to a job is to seek to match the job seeker with a prospective employer where there is a real prospect of ongoing work after the internship. We think that the fact there is an existing vacancy or a reasonable prospect of a vacancy by the time the internship ends is an important part of ensuring that this program will put job seekers into workplaces where there is a real prospect of an ongoing job. That is the purpose of the program.

Senator CAMERON: This will not create additional jobs. It is about filling existing vacancies.

Ms Leon: It can be used to match a job seeker with an existing vacancy, or with a prospective vacancy if the employer in question knows they are likely to recruit over the next few months or if their business is expanding and they expect to take on additional staff. In any of those instances, it could be a good opportunity for an unemployed young person to be helped into a workplace where they have a reasonable prospect of an ongoing job.

Senator CAMERON: So these young people, who are being subsidised, will be in competition with unemployed older Australians?

Ms Leon: Older Australians also can get wage subsidies out of the wage subsidy pool. There is already a wage subsidy program, as you would be aware, for older Australians under Restart. There are also wage subsidies available for long-term unemployed of whatever age. So that does put them, as you say, in competition with other workers who are not eligible for a wage subsidy, but the very point of a wage subsidy is to give some additional assistance to unemployed people who might otherwise struggle to get into a job. It is designed to ensure that we do not entrench people in unemployment, but help to get them off welfare and into work.

Senator CAMERON: But they will be in competition with other Australians who may not qualify for any wage subsidy, is that correct?

Ms Leon: If the other Australians you are referring to are other Australians already in work and looking to move to another job, yes, it will assist them to compete with those other people. At the moment unemployed are at a disadvantage in getting a job compared to people who are applying from an existing job. That is why governments for a long time have had wage subsidy programs.

Senator CAMERON: So if you just decide that you want to try to get that job—a better job than you have been in while you have been in paid employment—you are then at a disadvantage because you would not get any subsidy, would you?

Ms Leon: No, Senator, there is no subsidy for people who are already employed. Perhaps I can give you some context to it. There are five million movements into jobs in Australia each year. That is an ABS statistic. At any one time on the case load of jobactive there are between 700,000 and 800,000 unemployed people. So it is not that there is a lack of

opportunities to get jobs, as there are five million people moving into jobs every year, but mostly those are people who have not been unemployed for six months or more. The point of the additional assistance we give to people who are in employment services is to try to help them be part of five million that get a job.

Senator CAMERON: Have you any idea how this program could create additional jobs?

Ms Leon: The creation of jobs is part of broader macroeconomic policy, so other portfolios are probably better placed to speak about that. Jobs are growing in many industries in Australia. I think we have given figures at estimates before about the growth industries in Australia where jobs are growing. What we are aiming to do is to skill up the people on our case load, particularly young Australians who otherwise risk missing out on the opportunities that employment gives them over the course of their lives. The purpose is to assist young people into getting into the jobs that are being created. Of course, other parts of the government's policy are designed to increase the number of jobs that are available.

Senator CAMERON: There has to be a vacancy, basically.

Ms Leon: For a person to be eligible there has to be either a vacancy or a reasonable prospect of a vacancy by the time the internship ends. For example, for a very small business it will be obvious whether they have a vacancy. A more medium-sized business or even a large business might well be able to say, 'I don't need to point you to the particular vacancy I have today because I recruit 500 young people every year, so there is bound to be a vacancy by the time this person finishes their internship.' What there has to be is a reasonable prospect of ongoing work so that young people are not being given an internship in a placement which does not have a prospect of leading to ongoing work.

Senator CAMERON: When did 'real vacancy' become 'a real prospect of ongoing employment should the job seeker be deemed suitable'? I think that is what is being used now.

Ms Leon: There is not any difference between those. A vacancy means either that by the end of the internship there is a vacancy that existed three months earlier or that at the time the prospective employer took on the young person they knew that they would or should have a vacancy by the end of the internship. Obviously, that will depend on the size of the business and the nature of the business.

Senator Cash: Can I just say, Senator Cameron, because I think you are referring to what I said yesterday—

Senator CAMERON: It changed from one day to another.

Ms Leon: I think it is just shorthand.

Senator Cash: Exactly. If you look at what I was responding to in terms of all employers will exploit employees, this is a three-stage pathway, and that is what is so fundamentally different about other programs. Other programs have been skills or doing some work experience. This is actually bringing the jigsaw together into that three-stage pathway. In the first instance we will give you those skills that employers tell us you just do not have. Given the nature of this cohort, I think it is recognised even by international research that there are certain skills these young people need to get.

The next important stage of the pathway is giving them that opportunity to get the foot in the door—an opportunity where, again, based on all the evidence and the research, you get

feedback from employers that they would love to give the employee a go, but they have not had the experience. This thing gives up to 30,000 youths that opportunity to get into the workforce.

The third stage of the pathway is the hire pathway. You would want there to be that reasonable prospect of a job at the end of it—a vacancy. You need to look at it holistically. That is why it is called PaTH: prepare, trial, hire.

Senator CAMERON: So this will not lead to extra jobs in the labour market.

Senator Cash: That is not what the secretary said.

CHAIR: That was not the evidence from Ms Leon. That is a macroeconomic policy, which is better dealt with in other portfolio areas.

Senator CAMERON: I am just taking from what I have heard this morning. There is no guarantee that there will be extra jobs.

CHAIR: I know you do love to rephrase evidence continually, but I am not going to let you verbal the witnesses' evidence.

Senator CAMERON: I am not verballing them. My estimation of what I have heard this morning is that there will be no guarantee of extra jobs, that this will be about subsidised jobs with no net employment growth. I think that is clear.

Senator Cash: The secretary has been quite badly verballled here.

CHAIR: Ms Leon, is that an accurate reflection of your evidence?

Ms Leon: The purpose of employment services support is to give greater assistance to people who are unemployed to get into work. That has been the purpose of employment services programs under successive governments. Government policy to create jobs is primarily driven from the macroeconomic policy agenda and is not this portfolio's responsibility, but we can refer to those in the broad in the sense that the Treasurer has referred to the economic incentives given to small business as part of what helps to drive job creation. Of course, many of our programs and many of our services are targeted to getting job seekers into small and medium enterprises, they being the places that employ most people in Australia. But there is not any secret about the fact that employment services over some decades have had the purpose of getting unemployed people into the jobs that exist. There probably is some additionality, but it is not the principal purpose of this program.

CHAIR: Thank you for that correction.

Senator CAMERON: Isn't it the case that there are no safeguards to ensure employers will not use the program to, effectively, 'employ' people on below the minimum wage for 12 weeks at a time?

Ms Leon: No, that is not accurate. These people are not being employed. They are on income support. They are not employed by the host organisation. They are still on income support. They are job seekers in the jobactive caseload. They will be given an additional amount of money as an incentive to participate in the program, but they are not employed, so the question of minimum wage is not relevant to their circumstances. They are unemployed, they are on the unemployment benefit and they are on the jobactive caseload.

Senator CAMERON: If there is a vacancy—

Ms Leon: They are getting an opportunity to get work experience.

CHAIR: Would it be helpful if Ms Leon could talk us through the three stages so we are actually clear? That might clear up some of your questions.

Senator CAMERON: Are you asking my questions for me?

CHAIR: I am just saying I might have a question.

Senator CAMERON: You can ask that when you have the call. I am happy for that.

If there is a vacancy and this program did not exist, the vacancy would have to be filled by an employee using the terms and conditions of at least the award. Is that correct?

Ms Leon: I think that depends on the circumstance of the employer. I referred to the fact that there could be employers who only have one vacancy, so it is apparent that they have a vacancy and need to fill it or would have to advertise.

Senator CAMERON: I am not sure you understood what I said.

Ms Leon: I must not have understood it. Could you repeat the question?

Senator CAMERON: If this program were not in place and an employer advertised a vacancy, anyone who filled that vacancy would have to be employed under the terms and conditions of at least the award provisions.

Ms Leon: Yes.

Senator CAMERON: That is the point I am making.

Ms Leon: That is what happens with five million movements into jobs every year. What we are trying to do is make sure that some of those five million are unemployed people so that they are not trapped in a lifetime of welfare.

Senator Cash: The alternative is you will have generations of youth, as we already have, who are literally trapped in that lifetime. The whole point of this program is to give them the pathway to sustainable employment.

Senator CAMERON: So where are the checks and balances to ensure that an employer cannot simply continue to use the—

CHAIR: Okay, you have moved off the award question, so I am going to go quickly to Senator Reynolds.

Senator REYNOLDS: Listening to some of the questioning this morning, I thought, as the chair has, that it might be helpful if, Secretary, you would run through the PaTH announcement as in the budget and run through the three elements of it, because we obviously have a lot of questions on it.

Senator LINES: Is she suggesting that we need her help? We do not need her help.

CHAIR: Senator Reynolds has the call.

Senator LINES: I am just correcting the record. Labor does not need that.

Senator REYNOLDS: If I actually need any assistance, I will go through you, Chair. I do not need Senator Lines to interrupt my questions.

I apologise for the heckling on the sidelines from Senator Lines. I will repeat my question. In respect of the PaTH announcement in the budget, I think it would be very helpful, given the nature of the debate and the questions so far, if you could for the committee go through in

detail what is actually in the budget in terms of PaTH and outline the three steps in detail so that we are all starting from a common base.

Senator Cash: And perhaps the why behind this program.

Senator REYNOLDS: Yes.

Ms Leon: I might start by talking about the context for the program, and then Mr Hehir can go through the program in some detail. As you may know, youth unemployment is running at about 12 per cent, so we are concerned that there are a significant number of young people who not only are unemployed but who have never had a job. Our research tells us that, the longer you have been unemployed, the more likely you are to stay unemployed, so we are concerned that, for young people in particular, what should be the time when they are starting off on a lifetime of productive employment could be starting off on a lifetime of difficult labour market disadvantage. That is the context that led us to devise the program. Of course, we have looked into the reasons why young people struggle to get a job, and what employers say is that the reasons why they are less likely to hire the young people who come to them applying for jobs is that they do not have basic employability skills. Of course you can see the vicious circle in that, because, if you do not have work experience, it is hard to demonstrate that you have got the abilities to work in a team, undertake customer service, good communication skills, presentation and work habits that come from having had a job.

The combination of not having had work experience and not having basic employability skills is really holding unemployed young people back from getting a job

So that is why this is a three-stage pathway that is designed to address young people's need for those basic employability skills—young people being able to demonstrate some work experience and then getting some help to move from work experience into an ongoing job, because that potential risk to an employer of taking on someone who is going to need more skilling up is supported by the option of a subsidised placement. I might get Mr Hehir to outline for you what is in those three stages, and I am happy to deal, at that point, with the safeguards that do ensure that it is going to protect young people from just being churned through without an ongoing job.

Senator REYNOLDS: That would be good. But before we move on to that, could we just go back to the context. You said there is 12 per cent youth unemployment. Do you have a breakdown of how many young Australians that actually is? And perhaps a state breakdown.

Ms Leon: In March 2016 there were 252,700 youth who were unemployed.

Senator REYNOLDS: When you say 'youth', what age range is that?

Ms Leon: That is 15 to 24.

Senator REYNOLDS: So, currently, as of March, there were 252,000 15- to 24-year olds—

Ms Leon: who are unemployed, and then there is another category of people who are what we call disengaged, so they are not in work and not attending full-time education. Some of those are not in the labour force at all. These are people who do not even show up in our case load but who are not in the labour force. In March 2016 that was 349,300.

Senator REYNOLDS: That is including the 252,000?

Mr Hehir: That is additional.

Senator REYNOLDS: Good grief! That is over 500,000 young Australians between 15 and 24 who are either unemployed or disengaged completely—half a million plus! I just wanted to get those figures before we moved on.

Mr Hehir: As the secretary said, the first stage of the path is the preparation—that is, the pre-employment training. There are approximately 100,000 young people who are unemployed who have never worked before. That is close to the highest. It is not quite the highest, but it is close to the highest that it has been since the data started being recorded by the ABS.

Senator SIEWERT: Is that percentagewise or is it a number?

Mr Hehir: It is a number.

Senator SIEWERT: Yes, well, of course: the population is growing.

Mr Hehir: I will get a percentage. It is 100,000 young people who do not have any prior employment experience. The training component is intended to start at the five-month mark. It is a period we have chosen where a number of young people who come in who are employed will have had previous work experience, and most of them will find it relatively straightforward to get a job. About 60 per cent of young job seekers in stream A are able to get a job within the first six months. The five-month mark is a point where it is now compulsory, both as an activation measure, but also as an employability skills training measure, for young people to undergo intensive pre-employment training. The intention is that that training will be delivered in two blocks of three weeks of approximately 25 hours per week. Importantly, we intend to design that training with business to make sure that it will meet the needs of employers at the end of the cycle. We have not done that before. We think that a very important aspect of this design is that the pre-employment training will be designed in conjunction with employers of a range of sizes.

The training is demand-driven, so that training will be provided wherever the numbers are. The training will be delivered by a panel of expert training organisation selected through a competitive tender process. They are the two elements—the two blocks of three weeks. The first block will focus on pre-employment skills and preparing job seekers to meet the needs of employers. The second block of training will sharpen a job seeker's understanding of the labour market so they can identify and pursue sustainable employment opportunities. It will focus on advanced job search skills, job preparation, career development, interview skills and workplace tasters.

Senator CAMERON: What are workplace tasters?

Mr Hehir: It is to make sure that people have an idea whether an industry is likely to suit them or be attractive to them.

Senator SIEWERT: Is this training only for those that are taking part in the PaTH program?

Mr Hehir: No, this is compulsory training for everyone who reaches the five-month mark—all 15- to 24-year-olds.

Senator SIEWERT: So everyone is doing this whether they then—

Senator Cash: Go on to the internship, yes.

Senator SIEWERT: Okay, that was not clear.

Ms Leon: And some of them may get a job after doing the employability skills training.

Senator SIEWERT: So after the first five months everybody does these three?

Mr Hehir: The 15- to 24-year-olds, yes.

Ms Leon: Subject, of course, to normal categories. If someone is clearly not ready to do training because of their personal circumstances, there will be the normal process of suitability lined up.

Senator SIEWERT: I want to come back to those barriers, rather than interrupting Senator Reynolds.

Ms Leon: People have extensive barriers that would make it unrealistic to expect them to participate in employability training will not be expected to do it.

Senator SIEWERT: Sorry, Senator Reynolds.

Senator REYNOLDS: They are good questions. Thank you.

Mr Hehir: The next stage is the trial component. This will provide job seekers aged 17 to 24 with the opportunity to show employers what they can do while learning valuable work skills and gaining experience.

Senator SIEWERT: Sorry, Mr Hehir, could you say that again? I missed that. Did you say 'offered to employers'?

Ms Leon: He said 'opportunities'.

Senator REYNOLDS: So this is stage 2 now?

Ms Leon: Yes.

Mr Hehir: Job seekers will have an opportunity to show employers what they can do while learning valuable work skills and experience. The employer and job seeker can co-design an internship placement to run over four to 12 weeks with an average of 15 to 25 hours per week over the placement. To be eligible you must have been registered in jobactive, Transition to Work or Disability Employment Services and have been in employment services for at least six months. We chose the six-month point because, as I said, 60 per cent of job seekers generally find their own job in the first six months. Participation is voluntary and, as has already been outlined, the job seekers will receive an additional \$200 per fortnight on top of their income support payment. Businesses will receive \$1,000 up-front in recognition of costs of hosting an internship placement and providers are eligible to receive an internship outcome payment equivalent to a four-week jobactive outcome for each completed placement. That includes when a job seeker leaves an internship to take up paid employment.

Senator SIEWERT: At the end, the job service providers get a normal outcome—

Mr Hehir: That is correct.

Senator SIEWERT: Of which one, did you say?

Mr Hehir: It is equivalent to the four-week fee, but if the young person then goes on to employment, as is the intent, then they are also eligible to get the four-week outcome for that—the 12 week and the 26 week—if they appear.

Senator SIEWERT: If they go through to 26 weeks?

Mr Hehir: Yes, that is right.

Senator SIEWERT: So it is like normal—

Senator Cash: Like normal—exactly.

Ms Leon: They do not miss out on getting the four-week outcome fee because they got an equivalent amount for the internship period. So they will get a four-week outcome fee because the person has done the internship; then, if that person goes on to actual employment, they can still get the four-week outcome fee.

Senator SIEWERT: There is the normal four-week, 12-week and the 26-week fee.

Senator Cash: And then the outcome fee, yes.

Ms Leon: That is right.

Mr Hehir: As part of the process, as we have with the current work experience programs that we run, we will monitor placements. Our system is able to record ABNs and will be able to monitor how many job seekers undertake internships with particular businesses. We will be able to monitor how many of those job seekers end up in employment and we will be able to identify if businesses are utilising a large number of job seekers as interns and not ending up employing them. So we will have our standard monitoring processes in place where we see reports. We will not permit job seekers to be placed into internships if there is evidence that an employer is misusing the process and that interns are not ending up with employment on a regular basis.

Senator Cash: Senator Siewert, that goes to the terminology of the 'vacancy', the 'real vacancy' and the 'real prospect of a job'—to get over that churn factor.

Senator SIEWERT: I will come back to that.

Ms Leon: Part of the safeguard is that at the outset ensuring that employers commit to the fact that they do have a real prospect of a job at the end of it. Then, also monitoring at the end of it, as Mr Hehir said, whether any one employer has been undertaking the practice of churning interns through and not actually giving them a job. If an employer does that, they will be blocked from using the program.

Mr Hehir: I might expand on the point that the secretary added there. An important part of the process is the jobactive provider is also engaged, so it is not just the young person, there is also the jobactive provider there. The jobactive provider works with the business to make sure that they commit up-front and that there is the real prospect of employment. There is also the usual sort of safeguard that we have in place here, where we identify whether places are not available. If they have recently downsized, they cannot use the internships to backfill places where they have offered redundancies for similar roles. So there is a series of safeguards that we actually go through, or the jobactive provider will go through, with the business to make sure that this is not being used as a substitute for other employees. This is a process we are used to. We understand that the jobactive providers understand it, and we will apply the same general set of processes to that step.

The next step after that is the hire. As part of this process we have made some significant changes to the wage subsidies. Again, responding to feedback we have received from both jobactive providers, providers and employers and, I think, some social services organisations as well, in terms of what is actually needed for a subsidy. For the youth component of the subsidies, we have increased the amount available for more disadvantaged job seekers. Job

seekers in Stream B or C will now attract a \$10,000 wage subsidy; job seekers in Stream A will still be eligible for the \$6,500 wage subsidy that is available at six months per youth.

Senator CAMERON: The wage subsidy of \$6,500 applies to what stream?

Mr Hehir: \$6,500 for Stream A for youth; that is the same as the current wage subsidy for youth. The broader changes we have made for wage subsidies are that we have moved the time frame for dispensing them from 12 months to six months. That increases the flexibility. It provides a subsidy at a point where businesses, peak groups and jobactive providers tell us that business needs it. It is when the job seeker or the new employee is perhaps less productive than other employees as they are learning the job—that is a change we have made which will make it more attractive. We are hoping that \$10,000 in the first six months will make for young job seekers in Streams B and C more attractive for business, given that those cohorts are the most difficult to place and find it most difficult to keep jobs.

They are the main changes we have made to the wage subsidies. We have also tried to simplify them, so we will pay them as flat rates. We have moved to 20 hours per week to simplify things—so there are no pro rata payments. We have tried to keep it as simple as possible by minimising the red tape associated with the process so we can increase the take-up and give young job seekers on jobactive the opportunity to compete.

Senator O'NEILL: Is the subsidy paid as a lump sum?

Mr Hehir: Not normally, no. There is flexibility about how employers want to take it, but it is normally paid fortnightly to match a pay cycle.

Senator SIEWERT: Could you say that again; I did not quite hear it. I beg your pardon.

Mr Hehir: Which bit?

Senator SIEWERT: What you have just said to Senator O'Neill.

Mr Hehir: The way subsidies are normally paid is fortnightly to match pay cycles. That is generally the way business like it to happen.

Senator SIEWERT: That starts at six months.

Ms Leon: The actual payment cycle can be negotiated so, if an employer pays monthly and wants to get the subsidy monthly, then they can. However, we would not ordinarily pay it as a lump sum in advance, because we want them to keep the person on for the six months that the wage subsidy covers.

Senator SIEWERT: Can I go to—

Ms Leon: Senator, I think you said that starts at six months; no, it starts from the beginning and goes—

Senator SIEWERT: It is over a six-month cycle rather than a 12-month cycle. I might as well start there but I do want to go back to the beginning, but since we are here: if they have had their subsidy for that six months, what stops them from putting somebody off and then starting the whole process again?

Mr Hehir: There is nothing that actually stops them from putting people off. Again, that is something that we would monitor: if we see employers churning through job seekers—if they come back onto our case load, we know about it. For people have gone through the PaTH process, we have actually extended their time frame where they do not get excluded

and do not have a time-off period; they can come straight back onto the program. So we will know, if someone has come in within that six-month period. Again, we will monitor it.

Ms Leon: That has been the case with wage subsidies over every employment program that has ever existed: firstly, there is nothing to stop an employer not continuing a person's employment, subject to the usual rules about unfair dismissal; but, secondly, we do monitor them. We keep a record of who is employing our job seekers. We have quite sophisticated data analytics that enable us to track the pathway of a job seeker and the behaviour of employers so that: if an employer was making a practice of churning people through subsidised placements, then we would stop referring to them. On the other hand, we do accept that employers have to give the person a try. If they really cannot adjust to the employer's business, if they do not work out, we are not going to punish the employer for giving them a try. We are supporting them to do that but we would not support them to be regularly churning through subsidised job seekers.

Senator SIEWERT: Can I perhaps ask—and I know this may take a bit of time to get the information so perhaps I will ask it and then go on while you find the information. Can you give us the data, under the existing 12-month process for termination, on how many people have fallen out of, left or been put off from the process at the moment under the current rules?

Mr Hehir: I think that we might have some data from an evaluation that we undertook that might answer that broadly. I will see whether we can get that.

Ms Leon: But, bear in mind: I will not be able to tell you out of the current wage subsidy pool, because it has not been in existence long enough for me to give you data post 12 months. That big wage subsidy pool we have at the moment is only 12 months old. I can give you generally.

Senator SIEWERT: Wage subsidies have been in various areas. We have got Restart and other programs, so those programs, as that will give us a bit of a feel.

Ms Leon: Comparable information.

Senator SIEWERT: Can I go back to the beginning and ask: what employers are going to be eligible for this type of process? Are we talking about the big chains—and I will pick some out of the air just for examples: Hungry Jack's, McDonalds, Woolworths, Coles—those big types of employers.

Senator CAMERON: And 7-Eleven.

Senator SIEWERT: And 7-Eleven—those sorts of—

Ms Leon: Any employer can have participation in this program.

Senator SIEWERT: How are you going to check that 19-and 20-year-olds who are currently employed in some of these big organisations are not put off—and there was a direct case of somebody talking about this in an experience from overseas: being put off in order to create a vacancy for another young person that the employer gets subsidised for. In some of these areas, in particular, there is no skin of the employer's nose, if they get someone with slightly less experience but they still get the wage subsidy. How are you going to check that is not happening and there is experience of it happening in the UK?

Ms Leon: There is a range of safeguards for that. One of those is that the provider has to work with the host organisation to ensure that, when they are placing people in the

organisation, that organisation has not downsized, created redundancies or vacancies in order to put the person on.

Senator SIEWERT: How are you going to check that? I am Coles. I am Woolworths. I am not picking on them. I am just talking about them being large employers? How are you going to check that?

Ms Leon: The host organisation has to sign an agreement, so they have to commit that they have not displaced any worker in order to create this position. Obviously, we run a national tip-off line as well. We regularly get tip-offs from job seekers and others who are affected by the program who tell us if anyone appears to be using the program inappropriately. We investigate all of those tip-offs. So, if an employee was put off from an organisation and immediately saw their job being filled by a subsidised worker, we would invite them and encourage them to ring our tip-off line and tell us.

Senator SIEWERT: How would they know?

Ms Leon: Secondly, we also monitor the behaviour of employers in the program so that any repeated pattern of churning subsidised job seekers through these placements would rapidly become apparent

Senator CASH: Senator Siewert, on that: they will be banned from utilising the program.

Senator SIEWERT: Okay. How many interns can an organisation have at once?

Ms Leon: I am not sure what you mean, Senator.

Senator SIEWERT: How many interns am I allowed in an organisation?

Ms Leon: It will depend on the size of the organisation.

Senator SIEWERT: That is what I am asking.

Ms Leon: You would have to satisfy the provider that there is a reasonable prospect of job vacancies for each of those people. If you are an organisation that employs only 10 people, it would be quite difficult to satisfy us that you are going to have 10 job vacancies at the end, unless you have only just started and you do not have any staff. So it will depend on the size of the organisation and the growth pattern of the organisation.

Senator SIEWERT: I am thinking of some of the larger organisations. How many am I going to be allowed to have at one time?

Ms Leon: They would have to satisfy us about what their normal recruitment rate is.

Senator SIEWERT: I understand that. I still ask: how many?

Ms Leon: There is no hard number. It will depend on how large the organisation is.

Senator SIEWERT: So, I could have up to 100. If I am doing a major recruitment drive—

Ms Leon: If you were a multinational chain and you employed tens of thousands of people then it would not surprise me if you had 100 vacancies coming up, and we would hope that you would take some people from the unemployed case load to fill those vacancies and give them a chance.

Senator SIEWERT: Why would you want to subsidise that when they have those 100 coming up anyway and you could put them on a proper wage rather than—

Ms Leon: If they would take our case load without a subsidy, we certainly hope they would.

Senator Cash: We would give it to them.

Ms Leon: We already do work with the large national chains to get people into work but there is still over 100,000 young people who have never had a job, and it is those people whom we are trying to help. There are five million movements into work every year. They are not all coming from the ranks of the unemployed. We are trying to ensure that more young people who do not have the work experience get the jobs that, at the moment, they are not getting.

Senator Cash: Senator Siewert, you have obviously worked on this for a very long time, and I absolutely respect that. One of the things that this program is trying to tackle is exactly the fact that these kids are not getting a chance to get that foot in the door, and in the majority of times the employer is not going to employ them. They will take the other 100 that you were referring to, because I know that you are job ready. You have the skills that I need and I am prepared to take a risk on you. This is saying to business: we need you to take a risk on this cohort, in particular the B and C streams, who, as you know, are not getting a chance to get their foot in the door.

Senator SIEWERT: I will come to the B and C streams in a minute. I want to address the issues around blocks of training and who is going to be providing that. Then I want to go to those with barriers to employment, the B and C groups. Sorry, I have one question before that. You say it is voluntary.

Senator Cash: Internship.

Senator SIEWERT: Yes. The training is not; the internship is. But, if it is in my employment plan—I am still using employment pathway plan; sorry about the terminology—it is not voluntary.

Mr Hehir: But whether it goes into your plan is.

Senator SIEWERT: We have had these discussions before in relation to some legislation—which will not be before the parliament for very long—where the government's approach is that you are able to refuse your employment pathway plan.

Ms Leon: The guidelines will make it clear to providers that participation in an internship requires the agreement—it is a voluntary activity that requires the agreement of the job seeker.

Senator SIEWERT: Then we come to the strengthening job seekers legislation, which is now putting in place tougher penalties for when I do not sign my plan.

Ms Leon: But the provider cannot insist on something being in a plan that the guidelines require them to comply with our program requirements that say the program is voluntary. The providers would be in breach of their deed with us if they sought to force someone into an internship when we have instructed them that internships are voluntary.

Senator SIEWERT: Then I am caught up in the inappropriate behaviour category under the strengthening jobseekers legislation.

Ms Leon: Sorry?

Senator SIEWERT: Then I am caught up in the inappropriate behaviour, or the threat of being reported for inappropriate behaviour, when I oppose my plan.

Ms Leon: It is not inappropriate behaviour. If the guidelines say to providers 'internships are voluntary,' then it is not inappropriate behaviour for a job seeker to not volunteer for it.

Senator SIEWERT: What happens when it escalates? As a job seeker provider I know that I can then get my four-week outcome if I can get someone into an internship. It is a guaranteed outcome.

Ms Leon: I do not know how I can make this more clear. The program is voluntary for the job seeker. If any job seeker were to say they were being forced to put that in their job plan we would invite them to immediately call our tip-off line, because the provider will be subject to guidelines from the department that internships are voluntary.

Senator SIEWERT: I understand what you are saying. In practice, there is huge room here for a vulnerable—we are also talking about people with barriers to employment—so the 18-to-24 year olds, who are not as experienced at working in these situations, not even knowing what the tip-off line is or not knowing what their rights are.

Senator Cash: The other thing, remember, is the program is also about working with the provider, the person and the business. I think it would become very evident, very quickly, if that was the case: 'I do not want to participate in this program. It is voluntary. You're now forcing me.' That would become evident very quickly. That is one of the safeguards, again, to ensure that the program is a tailored program.

Senator SIEWERT: In the real world that is not what is happening.

Ms Leon: Let us see what happens when we have implemented it.

Senator SIEWERT: On the issues around training and the competitive tender approach you said was going to be the process for the training, who are the people you are envisaging are going to be the people that apply for these tenders?

Mr Hehir: We would expect quite a broad range. We would expect community based training organisations, we would expect some jobactive providers who have training arms associated with them; and we expect registered training organisations.

Senator SIEWERT: But it will be the usual—

Ms Leon: It will be an open tender process, so I could not say what the outcomes of that will be yet.

Senator SIEWERT: You are going to let that out across Australia for this compulsory—

Ms Leon: Yes.

Mr Hehir: That is right.

Senator SIEWERT: How will you check quality and things like that?

Mr Hehir: We do surveys of job seekers through the training processes. It is a follow-on as a tandem process as we go.

Ms Leon: Do you mean quality before we choose them or quality after it is implemented?

Senator SIEWERT: I mean after—how they are being delivered.

Mr Hehir: We would both monitor outcomes. We have quite sophisticated methodology in terms of looking at outcomes in areas of disadvantage. If we saw people having worse outcomes we would be interested in that from the training side, and we would adjust for labour market factors when we look at that. We always seek to get feedback from job seekers in a post-placement monitoring survey. We would include that into that sort of process. We would have an information collection process to look at quality.

Senator SIEWERT: How did you determine the two three-week blocks?

Ms Jensen: The decision to have the two three-week blocks was based on a range of information about past experience with the effectiveness of training under the Job Network as well as feedback from our surveys of employers and other sources. The intent is that the first three-week block is to help the young people address the foundational skills and basic employability skills to get them ready to go on to either an internship or a wage subsidy job. The second three-week block is when they have got some experience. They come back and they can draw on that experience to do the more advanced job search training. It is based on evidence in terms of the effectiveness of past programs.

Senator SIEWERT: What is the time frame between the two three-week blocks?

Ms Jensen: Because it is a flexible pathway, it really depends on the individual. Some young people, after they do the first three-week block, will then go on into a subsidised job and move—

Senator SIEWERT: Or into an internship.

Ms Jensen: out of the system into a job.

Senator SIEWERT: But if they do not, they do the second three weeks?

Ms Jensen: If they then come back into the service, the job provider will sit down with them and look at their needs. It depends on their needs.

Senator SIEWERT: For the stream B and C groups, will there be separate courses? How do you address the people with specific barriers?

Mr Hehir: We intend to design this, as I said before, with business and industry.

Ms Leon: And with providers.

Mr Hehir: And with providers, of course, who have an understanding of the case load that they have and the areas of further development that they hear from employers. It will be tailored. We are yet to decide how tailored it will be. The important thing about working with industry is that we know that employers need to have confidence in the training that people have. We know that once a young person, or any person, has been unemployed for a particular period of time there is a wariness that employers have around employing them. That is part of what we are trying to break with PaTH. Part of doing that is giving the employer confidence that they have received training that is appropriate for their needs. That is one thing that does overcome their wariness. It is very important that we design it with business. It is important that we do it at this point to make sure that they get it before they hit long-term unemployment. It is also important that we design it both with those experienced in working with the job seekers as well as with those people who will be seeking to employ.

Senator CAMERON: We have gone to the issue of how many interns an employer can hire at any one time. Basically, it is depending on the size of the employer.

Ms Leon: It depends upon the employer being able to demonstrate a reasonable prospect of a job outcome for the number of interns that they take. If they are a large employer, who is regularly employing 100 people a month, then they would be able to satisfy us that there was a reasonable prospect of a larger number of interns moving into ongoing work. If they are a small employer, who only gets one vacancy a year, then they are unlikely to be able to satisfy us that there is a reasonable prospect of ongoing work for a large number of interns.

Senator CAMERON: How do you define 'reasonable prospect'?

Ms Leon: The program was only announced last week and it does not commence until April. As is usual with any budget measure, there is a period of time before commencement where there is a need to develop the micro-policy that supports the program. The micro-policy, which ends up becoming the guidelines for the program, gets developed in consultation with those who are going to be affected by it, including providers and employers. That is the kind of issue that will be dealt with in the guidelines. For example, the decision to fund jobactive was made a year before it commenced, and during that year we developed all the guidelines and micro-policy about how the implementation would occur. This is the same process that we always follow for a major new program—the government will commit the funding based on the broad parameters of the program and then all the detailed definitions are, as appropriate, developed in consultation with those who can best inform us as to how to define those terms.

Senator CAMERON: I understand all that, but Senator Cash's statement yesterday was that there has to be a 'real prospect' and you say today 'reasonable prospect'.

Senator Cash: There is no difference in the terminology.

Ms Leon: There is no difference between what the minister said and what I said.

Senator CAMERON: There is definitely a difference between 'real' and 'reasonable'. You are a lawyer, Senator Cash. You could have earned tens of thousands of dollars each day arguing that very point.

Ms Leon: If this were a statute and we were seeking to interpret its application in a legal case, we would argue about the meaning of 'real' versus 'reasonable', but this is a budget announcement and, as is usual with any new program announced by government, the micropolicy would be developed over the months before implementation and then the definitions that will guide what an employer has to demonstrate to show us that there is a real prospect of ongoing work will be worked up in consultation with industry and providers. Some of that will be, for example, an existing vacancy, a pattern of recruitment or a pathway of business growth with expected new vacancies. They are all the kinds of scenarios we can envisage might demonstrate a reasonable prospect of an ongoing job. But I think it would be premature and unwise for the department to try to define that in the days immediately after the announcement of the measure and without any consultation with employers or providers.

Senator CAMERON: Secretary, I do not think this is a micro-aspect. This is a very fundamental aspect about the prospect of people getting a job. I might come back to that. In terms of the hours that are worked, you said it would be between 15 and 25. Is that set by the employer?

Mr Hehir: It has to be done in agreement. Because it is voluntary, both the job seeker, the jobactive provider and the employer need to reach agreement around those sorts of terms.

Senator CAMERON: Do all participants, regardless of the hours they work, get the \$200?

Mr Hehir: Yes, Senator.

Senator CAMERON: So an employer could say, 'I'll give you 15 hours,' and for someone else the employer could say, 'You'll do 25 hours,' and they are employed by the same employer. You said they are not employed, but they are engaged by the same employer. How do you justify the flat payment?

Ms Leon: Because it is not a wage; it is not an hourly rate. It is an incentive payment to encourage job seekers to participate in an internship. We hope and expect that it will help get them into work. It will give them work experience.

Senator CAMERON: So the employer can make that call and could have two people, say, working side by side on a production line, except one works 25 hours and the other works 15 hours?

Ms Leon: The programs are voluntary.

Senator Cash: It can be done in conjunction. It is not just the employer making the decision.

Senator CAMERON: I am not asking about the voluntary nature of it; I am asking whether what I have outlined is possible.

Senator Cash: Senator Cameron, you actually have to take into account the voluntary nature of it. These people are going to want to go on to the ongoing employment, and the internship itself is created not just by the employer but by the employer and others.

Ms Leon: For example, a job seeker may wish to undertake 15 hours a week because it suits their personal circumstances and another job seeker may wish to find an internship with more hours because that suits their personal circumstances. That is why the fact that it is voluntary is relevant to the possibility.

Senator CAMERON: That is not what I have asked. Secretary, what I have asked you is: it is possible that you can have two interns working side by side with one doing 15 hours and another doing 25 hours, and they get the same subsidy of \$200? That is all I am asking.

Ms Leon: Yes, Senator.

CHAIR: Thank you very much. We will now suspend.

Proceedings suspended from 10:29 to 10:46

CHAIR: The committee will now recommence. Senator Cameron, you have the call.

Senator CAMERON: Minister, I want to go back to the issue of a real vacancy versus a real prospect of ongoing employment. When the scheme was announced the terminology used was a 'real vacancy' and then on the Thursday night—like most of the coalition policies these days—there was a significant change and we moved from a 'real vacancy' to a 'real prospect of ongoing employment'. Did you have any discussions with the business community on this issue after the announcement and before you changed to 'prospect of ongoing employment'?

Senator Cash: I discussed this with a number of people—in particular, people who phoned me to say, 'Congratulations; this is the first time a government has put together a proper pathway to get youth into employment.' I saw that reporting yesterday. There was

clearly a misunderstanding in relation to the use of the word 'real', so we sought to clarify it—and that is it.

Senator CAMERON: Was it your misunderstanding?

Senator Cash: No, not at all. I was in a radio interview being asked about whether or not there would be churn, and the whole point is that it is actually the exact opposite for the first time in a program. It is a pathway to prepare someone to have the opportunity to trial them and then to hire them. So the comments were made in response to the churning aspect.

Senator CAMERON: So I suppose they ring up and say, 'Congratulations, Minister; this is a great program, but you've stuffed it. We can't deliver real vacancies,' and then that becomes a 'real prospect of ongoing employment'.

Senator Cash: No, not all.

Ms Leon: If an employer cannot deliver a real vacancy at the end of the internship—

Senator Cash: They will not be coming into the program.

Senator CAMERON: Ms Leon, it was not the Labor Party that said 'real vacancy'; it was your minister.

Ms Leon: And if there is no real vacancy—

Senator CAMERON: So do not try to lecture me about this issue.

CHAIR: Senator Cameron, please do not—

Senator CAMERON: This is an issue that your minister has stuffed up—not the Labor Party.

Senator Cash: Senator Cameron, I think the difference between you and I is—

Senator CAMERON: Lots.

Senator Cash: I recognise that we have a massive problem with youth employment in this country. This is the first time that a government, based on evidence, domestically and international gathered, is putting in place a policy that recognises that there are youth out there who either are entrenched in that long-term welfare sector or who, if we do not intervene, are going to be. If you want to sit here and argue with me the difference between 'real' when I said that in the context of an interview when I was asked about churn and the clarifying comments now so that people do understand that it is a reasonable prospect of a job, that is absolutely fine—

Senator CAMERON: Why don't you just stop digging the hole. It is getting bigger.

Senator Cash: But I am going to stand by what has been heralded across the sector, including by Cassandra Goldie from ACOSS and by Andrew Leigh from your own party. I know the Labor Party often use interns in their offices. This is a fantastic program and I hope that this ultimately changes the way Australia looks at youth unemployment, because for the first time ever we are looking at it holistically—preparing you, trialling you and getting you a job. That can only be a good thing. I would hope you would agree with that, Senator Cameron.

Senator CAMERON: In terms of the trialling, is there a legal definition of intern?

Ms Leon: No.

Senator CAMERON: There is no legal definition of intern?

Ms Leon: You mean broadly across work or in our program?

Senator CAMERON: Broadly.

Ms Leon: No. It is not a term of art.

Senator CAMERON: Have you defined intern for the purposes of your program?

Ms Leon: As I outlined earlier, there will be a process of developing a micropolicy and the guidelines for the program. To the extent there is a need for a definition—

Senator CAMERON: How could that in any way be part of the micropolicy when you do not have a program without an intern?

Ms Leon: You asked me if we were going to define the term.

Senator CAMERON: No, I asked you did you have a definition.

Ms Leon: I was attempting to say when the micropolicy is expressed in guidelines we will assess, at that point, whether there is any need for such a definition. But clearly the people who are going through this program will be people who have been in employment services for at least six months. They will have to meet the age criteria—

Senator CAMERON: I am not interested in that particular point at this stage—

CHAIR: Senator Cameron, stop.

Senator CAMERON: What I am interested in is—

CHAIR: Senator Cameron, this is about the fifth time you have spoken over the top of Ms Leon. Please wait for her to finish the answer and then proceed to your question.

Senator CAMERON: We are going to be here for a long time, Chair, to be honest—

Senator LINES: You are protecting the government.

CHAIR: I am protecting good manners, Senator Lines.

Senator CAMERON: If we are going to wait for Ms Leon to finish every answer without being able to move on we are going to have a very long and tedious day.

CHAIR: We are going to have a long and tedious day regardless of Ms Leon's answers.

Senator CAMERON: Are we? Ms Leon, I would like you to concentrate on the questions I am asking, please.

Ms Leon: I thought you were asking me to define who the interns would be, and I was answering that question.

Senator CAMERON: You have not, because you have indicated that there is no definition.

Senator Cash: You said legal definition.

Senator CAMERON: Is there a definition?

Ms Leon: I thought you were asking me to say who an intern would be under our program, and I was attempting to answer that. But if you would like to ask me the question differently I will try again.

Senator CAMERON: Is this definition that you are going to take me to going to be included in regulation? Is it going to be included in guidelines? Where will we see this definition that you are about to tell us?

Ms Leon: What I said was guidelines will be developed before the program is implemented in April 2017.

Senator CAMERON: You cannot tell me, at this stage, even what your program definition of intern is?

Ms Leon: I was attempting to tell you, Senator.

Senator CAMERON: Can you tell me, then?

Ms Leon: The internship program will be available to young people between the ages of 15 and 24—

Senator CAMERON: Here we go. Why can't you just tell me about the definition—

Ms Leon: Senator, perhaps you could wait until the guidelines are developed then.

Senator Cash: The secretary is trying to answer Senator Cameron's questions in the most efficient manner. The program commences on 1 April 2017. There are clearly a number of implementation issues that are going to be worked through as with any government program announcement. When your government made program announcements I would ask similar questions from that side of the table and be given the exact same answer from the officials. The broad parameters are there and the secretary is trying to explain that to you.

Ms Leon: I will correct my earlier age range, it is actually 17 to 24 not 15 to 24. We were speaking about youth unemployment before, which is 15 to 24, but the program is for young people aged 17 to 25.

Senator CAMERON: That is fine. I think you have explained all that. I am just interested in what these interns will do.

Senator Cash: They will be working—

Senator CAMERON: So they will be working. They will be workers, will they?

Senator Cash: They will be given an opportunity to get their foot in the door.

Senator CAMERON: They are workers are they, Minister?

Senator Cash: Oh, seriously, Senator Cameron.

Ms Leon: They will be undertaking work experience in a host organisation, which will give them an opportunity to learn the skills they need—

Senator CAMERON: Now we are maybe getting somewhere—

CHAIR: Sorry, Ms Leon had you finished your answer?

Ms Leon: No.

Senator CAMERON: So they are workers and they are doing—

Senator Cash: No, Senator Cameron, that is not what Ms Leon said—

Senator CAMERON: Workers who are doing work experience, is that it?

Ms Leon: They will be undertaking work experience in a host organisation, which will give them an opportunity to develop the skills they need to get ongoing work there and to show the employer what they can do.

Senator CAMERON: So they are undertaking work experience. Does that mean then that they actually will be undertaking work?

Ms Leon: I think you are asking me to define the program guidelines when they have not been written. As Mr Hehir already indicated, we will develop the program guidelines in consultation with employers and jobactive providers.

Senator CAMERON: How much is this program worth over the forward estimates?

Ms Leon: Do you mean the internship part or the whole package?

Senator CAMERON: I mean the youth employment package.

Ms Leon: It is \$751 million over the forward estimates.

Senator CAMERON: So here we have a program of \$751 million and I cannot even find out one of the key aspects of that program, the interns. We cannot get a definition of an intern. We are told that they are going to be doing work experience. I am asking does that mean that they will be actually carrying out work unsupervised? That is a simple question; will they?

Ms Leon: No.

Senator CAMERON: They will not be carrying out any work unsupervised?

Ms Leon: I cannot imagine that most employers would want to take an inexperienced person into their workplace and allow them to carry out work unsupervised, when the whole purpose of this is to take on people who do not have work experience. So they will be undertaking work experience and the detailed guidelines that they will have to comply with will be developed before the program is implemented, as is normal with any government program—over years—from successive governments.

Senator CAMERON: This is a \$750 million program. You do not pull these out overnight. These workers or these work experience people—

Senator Cash: Job seekers. The term is 'job seeker'.

Senator CAMERON: What is the term? Are they interns?

Senator Cash: No, they are job seekers. The person is a job seeker, obviously.

Ms Leon: They are a job seeker until they are employed.

Senator CAMERON: So we should not call them an intern, should we?

Ms Leon: They are in the internship phase of the youth PaTH plan but they are a job seeker. They are a job seeker until they get a job.

Senator CAMERON: Yes but they are in the internship phase. So you cannot tell me what that internship phase encompasses, can you?

Senator Cash: The finer details will be worked out as is appropriate with any government program.

Senator CAMERON: Let me see what we have established. We have established that these interns, work experience people, unemployed people—whatever you are calling them now—

Senator Cash: That is a terrible thing to say, these 'unemployed people'. Give them some respect, Senator Cameron. They are people who are voluntarily putting their hands up to undertake a valuable piece of the pathway. Show them a little respect.

Senator CAMERON: Minister, I know you are under a bit of pressure on this but you can stop gritting your teeth. The issue here is we are trying to get some details of a three-quarters of a billion dollar program and we are getting none. I think what we have established is that we do not know what the workers should be called. We are told that they will not work unsupervised. The only thing I know at the moment is that they will not work unsupervised.

Senator Cash: Chair, on that basis, perhaps we could then allow the secretary to respond to all of Senator Cameron's clear misunderstanding of what the secretary has in the last hour and a half placed on the record. And again the secretary can go through it is a three-stage process and that each part of the process builds on to the next part.

Senator CAMERON: If you need time to compose yourself and that is that how that is going to be done well I suppose we will just go through the same thing again.

Ms Leon: Perhaps I could assist you by pointing you to the existing work experience program. We already have a work experience program, and unpaid work experience has been a feature of job services for over a decade. The existing work experience program allows for job seekers who are participating in work experience to undertake productive work and requires that they be supervised. So that gives you some guidance as to the kinds of things we usually cover in programs. But as I said, the detail will be developed in consultation with industry before we implement the program.

Senator CAMERON: So will they actually be carrying out work? They will not just be there observing?

Ms Leon: No, they will be carrying out—they can observe. It may be, in some workplaces, that the employer wishes them to observe for a period before participating in activities, but—because it is work experience—we want them to get experience and be able to show the employer or any future employer that they can do the activities involved in that industry or workplace.

Senator CAMERON: So that employer would need to allocate someone with these interns, unemployed workers or work experience—we are not sure; what are we calling them, when they are in this space?

Ms Leon: They are job seekers undertaking work experience.

Senator CAMERON: So they are not interns.

Ms Leon: I do not know what you are getting at. Some people might call them 'interns'. It is not a term of art.

Senator Cash: Exactly. You are calling them interns. We are calling them job seekers in part 2 of the PaTH.

Ms Leon: It is not a term of art.

Senator Cash: No. I might even call them, 'Youth putting up their hands to have a go'. That is it.

Senator CAMERON: We do not need the rhetoric. I am trying to get some detail, here. They will be classified as job seekers undertaking work experience.

Ms Leon: Classified by whom? By us?

Senator CAMERON: Yes.

Ms Leon: That is what they are. They are job seekers. They are still on our case load and they are undertaking work experience.

Senator CAMERON: Can you take me through it? What happens if there is, unfortunately, an accident with one of these work experience people?

Ms Leon: That would depend on the circumstances. I am not sure what question you are asking.

Senator CAMERON: A compensatable accident.

Ms Leon: I would anticipate that we would extend our normal insurance cover to cover people while they are on this program.

Senator CAMERON: You would expect it.

Ms Leon: Yes.

Senator CAMERON: What does that mean? Either you will or you will not.

Ms Leon: We have not extended it to them yet.

Senator CAMERON: Pardon?

Ms Leon: That program has not commenced yet, so I am speaking in the future tense.

Senator CAMERON: Minister, will it be extended?

Senator Cash: If you are asking whether the normal rules will apply, in relation to occupational health and safety, yes.

Senator CAMERON: Okay.

Senator Cash: The finer details will be worked out. Perhaps the secretary could take you through, given this program is not up and running, what the current rules surrounding occupational health and safety are, from all aspects of the pathway.

Senator CAMERON: Before she does that I would like to continue. So the normal rules will apply, in relation to work health and safety.

Senator Cash: Chair, perhaps the secretary could outline what the current situation is, in relation to programs that have been in place under former Labor and coalition governments.

CHAIR: Thank you minister, but Senator Cameron has the call.

Senator CAMERON: You said normal rules will apply. Maybe the secretary can—without you having to invite her; I can deal with this issue—tell us whether they will be covered by the employer's workers' compensation?

Ms Leon: No. They will not be covered by workers' compensation arrangements unless they are either workers in business or, as you may know, under some state and territory laws workers' compensation laws cover a wider range of people in that. That is why I said it would depend on the circumstances. Under the Commonwealth work health and workers' compensation legislation they would not be working for the Commonwealth, so they would not be covered by workers' compensation legislation. Whether they are covered by any state and territory legislation will vary, because all of the states and territories have slightly different provisions. For example, some of them cover volunteers.

Senator CAMERON: What states do not cover volunteers?

Mr O'Sullivan: I am afraid I would have to take that on notice, because that would require a search of relevant state and territory workers' compensation law.

Senator CAMERON: The secretary might know, because she just said some do.

Ms Leon: I do not have that in any detail. I am aware that some do but I do not have state and territory legislation.

Senator CAMERON: But you can tell me some do not.

Mr O'Sullivan: Some do and some do not, yes.

Senator CAMERON: So there are inconsistent entitlements across the country on this.

Mr O'Sullivan: On workers compensation, yes. For non-employees it is different.

Senator CAMERON: What can you tell me about workers' compensation for non-employees?

Mr O'Sullivan: That it is a state matter.

Ms Leon: At the Commonwealth level, we do not cover volunteers.

Senator CAMERON: What about at state level, Mr O'Sullivan?

Mr O'Sullivan: I am afraid I am not an expert in state and territory legislation.

Senator CAMERON: So we are unsure about what coverage these job seekers will have.

Ms Leon: I can tell you what they will be covered by; we are not uncertain about that. I can tell you what current work experience participants are covered by.

Senator CAMERON: Okay, let's do that.

Ms Leon: And I anticipate that we would extend that policy to this program as well.

Senator CAMERON: You say that you 'anticipate'. Minister, will it be extended?

Senator Cash: Will there be a requirement to comply with workplace safety laws? Yes. Do we anticipate that the laws that will apply will be the same as the laws that currently apply to participants in internships? Yes, the secretary is utilising qualifying language appropriately because the program does not commence until 1 April 2017.

Senator CAMERON: I am not talking about the workplace safety laws at the moment. I am talking about workers' compensation entitlements.

Senator Cash: It is occupational health and safety laws generally.

Ms Leon: No, I will not be recommending to the minister that these job seekers are covered by Commonwealth workers compensation, but I will recommend, at the appropriate time, that appropriate insurance cover is provided.

Senator CAMERON: Okay.

Ms Leon: I am speaking in the future tense because it has not occurred yet.

Senator CAMERON: What happens if one of these job seekers is engaged in work for an employer and the employer has breached a workplace safety law, and that job seeker—heaven forbid—ends up dead?

Ms Leon: Perhaps I can separate the question into two parts for you. You have asked about the employer breaching a workplace safety law and you have asked about possible compensation for an injured job seeker. If an employer breaches workplace safety law they

will be subject to whatever the regulatory programs is that applies to them under the state and territory that they are operating in. Whether or not there has been a breach of workplace safety law will not necessarily be the defining feature to whether or not the person is able to receive compensation for injuries. They are two separate issues.

Senator CAMERON: It makes a big difference in terms of whether that individual can take common law action.

Ms Leon: I cannot comment on the circumstances in which an individual might wish to take action on negligence against—

Senator CAMERON: We are not talking about any individual.

Ms Leon: I can tell you about the insurance cover that we will provide. It is not dependent on the person—

Senator CAMERON: Is that the \$250,000?

CHAIR: Hang on, can Ms Leon finish?

Ms Leon: It is not dependent on there being a breach of workplace safety law.

Senator CAMERON: Yes, I accept that.

Ms Leon: The current liability cover that the department has for its existing work experience program is personal accident insurance and combined liability insurance, and we provided those policies to the committee in answer to a question on notice from last estimates, I think. The current personal accident policy provides coverage of \$250,000 for a death benefit. It also provides for medical costs for bodily injuries if people are injured, and it can cover for additional payments if people need them.

Senator CAMERON: If this job seeker has a family and dependents and is killed in the course of this work experience program, has the Commonwealth set aside any funding to support legal action by the family against the host employer?

Ms Leon: No.

Senator CAMERON: Minister, would that be a reasonable thing to do?

Senator Cash: As the details are still being worked out, I will wait for advice from the department.

Senator CAMERON: Minister, I am asking you if a worker is killed through no fault of their own but through negligence by the employer—and this is a very real issue, as you are well aware—will the government set aside funding to allow the dependents—

CHAIR: Senator Cameron, there are rules and regulations—

Senator CAMERON: Just let me finish. Will the government set aside funding to allow the dependents to take legal action in support of their ongoing entitlements?

Senator Cash: That would be a decision for government, not for me sitting at this table now. In any event, as the secretary has tried to outline to you on several occasions now, there are laws—whether your party is in government or whether this party in government—in relation to health and safety. Whatever they are, whether they are state laws or not, those laws are what both Commonwealth and state employees have to abide by.

Senator CAMERON: Until these regulations are out there, no-one really knows what the legal position will be.

Senator Cash: The program does not commence—the internship—until 1 April 2017.

Senator CAMERON: You see, you just cannot throw thought bubbles up and then say, 'We will just work on it for a year to get these things right.'

Senator Cash: This is not a thought bubble. Someone may want to ask about the domestic evidence in relation to why this is a groundbreaking program, or perhaps even the international evidence—

Senator Lines interjecting—

CHAIR: No, sorry, Senator Lines. That is not the case. It is just that Senator Cameron has have the call for 25 minutes. We are about to go to Senator Reynolds. I am sure the program and the research on which it is based will be fully fleshed out over the course of this hearing.

Senator CAMERON: I will be back.

Senator SIEWERT: Can I ask a quick question about the extra \$100 a week. Is that going to be part of the income test, or will that be exempt from the income test?

Mr Hehir: That will be exempt from the income test.

Senator SIEWERT: It will be exempt. Thank you. Can I go back to the issues around training for the intensive blocks—

Senator CAMERON: Sorry, Senator Siewert. Just on that specific point of the \$100, is that to cover travel? Does it mean these unemployed Australians need to pay for their own safety gear? What does that \$100 cover?

Ms Leon: It is an incentive payment to the job seeker. No, they would not be expected to buy their own safety gear.

Senator CAMERON: They do not have to buy their own safety gear. Who is going to provide the safety gear?

Ms Leon: That is part of what would be worked out with the host organisation. If the host organisation, for example, already has safety gear that it would provide to the people in its enterprise, it may wish to offer that, but we do provide for the purchase of safety gear out of the employment fund at the moment for participants in similar programs.

Senator CAMERON: Could you provide details, then, on notice about how this would work, because some employers supply overalls; others do not. Some supply safety boots; others do not.

Ms Leon: If the prospective employer does not provide all the safety gear then we fund it out of the employment program. There is an employment fund that the jobactive providers all have access to, and it is routinely used for the purchase of personal protective equipment.

Senator CAMERON: To what value?

Ms Leon: That depends on what the person needs. It is not—

Senator CAMERON: Okay, thanks.

Ms Leon: It is for clothing, or whatever they need.

Senator SIEWERT: Sorry, I should have also asked: will the \$100 count as income for income tax?

Ms Leon: I am not a tax expert, but I think if they are only receiving Newstart and \$100 they will not hit the threshold. But I would have to be guided by the tax office.

Senator SIEWERT: Thank you. Can I go back to the intensive training process. In terms of the training supplement, will the previous training supplement apply? I am thinking of bus fares or train fares or that sort of support.

Ms Leon: Sorry, we were just checking on tax.

Senator SIEWERT: Did you have anything to add?

Ms Leon: Only that the question of whether the Treasurer needs to make a determination to prevent it being counted for taxation purposes is a matter that is in the policy responsibility of the Department of Social Services.

Senator SIEWERT: Thank you. I am now pursuing whether there is there some form of training supplement, or whether the previous training supplement applies, in terms of support for people that are participating in those two training blocks.

Mr Hehir: Training is delivered through the employment fund and so the normal claw-down rules will apply. Sorry, I misheard the question.

Senator SIEWERT: Will participants have access to the training supplement and whatever else they need to participate in the process?

Ms Jensen: The training itself will be paid by the department to the training provider, and so it will be free to job seekers. If there are additional costs, such as travel costs to get to training, they will be paid for out of the employment fund by the providers.

Senator SIEWERT: Does the \$751 million include the cost of providing that intensive training?

Ms Jensen: Yes.

Senator SIEWERT: But will they have access to the normal process of the employment fund?

Ms Jensen: That is correct.

Senator SIEWERT: If people are not attending the intensive training program, does the normal compliance process apply?

Ms Leon: I expect so. We have not seen the guidelines yet but I would expect that we would apply normal compliance, as we do for every activity. If they are supposed to be doing a particular activity and they fail to do it without reasonable excuse, then you would expect the normal compliance processes to apply.

Senator SIEWERT: Does training start at the five-month mark?

Ms Jensen: They can opt to do it from day 1, but at five months they have to do it so that they are prepared for the second stage.

Senator SIEWERT: I will call it internship for the purposes of this but if they choose not to do an internship what happens then?

Ms Leon: They do not have to do it. It is only one of many options—

Senator SIEWERT: That is why I am asking.

Mr Hehir: They have to undertake the activities that are defined for their normal pathway.

Senator SIEWERT: Work for the Dole does not kick in for 12 months. Is that correct?

Mr Hehir: That is correct.

Ms Leon: An individual job seeker might have a particular training pathway, which they agree with their provider they want to undertake, and we would support that.

Senator SIEWERT: I want to go back to the issue of reasonable prospect. Will there be criteria around what is a reasonable prospect?

Ms Leon: Yes, Senator.

Senator SIEWERT: What is the time line for developing that?

Ms Leon: The program commences in April, and we will develop the criteria before then.

Senator SIEWERT: Will that be publicly available?

Ms Leon: Yes.

Senator SIEWERT: Is there anything specific for people from a CALD background? Does it depend on whether you are A, B or C in terms of barriers?

Ms Leon: That will depend a bit on what we develop in the tender process. To give you an example: when we were developing the broader jobactive program, part of what we wanted people to cover in their tender was whether they had significant CALD communities in the employment region they were tendering for, then part of how we determined the tender was by seeing what they were going to do for those communities in their area. I anticipate that we would take a similar approach to this. If they have particular cohorts or communities they need to consider, then successful tenderers will be the ones who have demonstrated they can meet the needs of that region.

Mr Hehir: Given that we will be having panels, we would anticipate a broad mix of training providers on those panels available in each of the regions. Hopefully, there will be the opportunity for people to specialise as part of that.

Senator SIEWERT: I want to go back to the training panels. Will each region have a training panel?

Mr Hehir: That is our intent at the moment.

Senator SIEWERT: That will be part of the tendering process, will it? Will each training provider apply for a particular region?

Ms Leon: I expect so. We have not developed the tender documentation yet, but we want to make sure that each region is covered so that every jobactive provider will have a range of providers they can use to deliver the training. It is likely that doing it by region is the most efficient way, but we have not determined that yet.

Senator SIEWERT: Is it fair for me to conclude from those comments that the current processes will apply to this process?

Ms Leon: Do you mean the tender process?

Senator SIEWERT: Yes. And focusing on the need of particular communities—the current processes that you use will be the ones applied here.

Ms Leon: Yes. I do not know if it will be exactly the same process or weighting as we have used in previous tenders, but we of course want to make sure that the training is going to

work for the case load that we have and there will therefore need to be a means of ensuring that communities with particular barriers or particular needs are going to be properly supported.

Senator SIEWERT: Thank you. You have probably already seen and heard the concerns people have raised about possible exploitation of young people. Obviously I have paid attention to the discussion you have just had about supervision, but I still want to ask: if a young person thinks that they are being exploited, that they are being asked to do long hours or tasks that they do not think are appropriate or if they are unsupervised, what is the process for that? What processes or actions are they able to take to report that?

Mr Hehir: We would expect them to go to their jobactive provider in the first case—that is their first port of call—and seek to raise the issues with them and make sure the jobactive provider engages them to address the issues with the employer. If they do not feel that the jobactive provider is doing enough, they can approach the department, either directly or through our tip-off line, and we will investigate.

Senator SIEWERT: So they can go to the tip-off line?

Mr Hehir: Yes.

Senator SIEWERT: The problem with potentially going to your provider is that they have a financial interest in you sticking there. How can we be confident that they will take the appropriate action? It means that somebody might have to come out of a placement.

Mr Hehir: This program is voluntary. It is voluntary not just to enter, but all the way through the program. At any point where a young person feels that they are not getting the response they need from the employer, they can choose to not continue to participate. There is no compulsion, even once they are in there, for them to stay. It is a voluntary program throughout the entire time.

Senator SIEWERT: No penalty applies if you drop out?

Mr Hehir: That is correct.

Senator SIEWERT: Thank you for clarifying that.

Mr Hehir: Can I just add to that. Given that the jobactive provider has an incentive for the internship to continue, we actually believe they will engage positively to support the young person to try and keep the placement going—of course recognising that the young person is there, but we believe they will be an advocate for the young person in that situation.

Ms Leon: If the young person feels that they are being asked to do unsuitable work or to work hours that are longer than they signed up for, then they might well want to drop out of participation. So I think the incentives are all the right way for the jobactive provider to get on to the employer and make sure the young person is not being subjected to conditions that might want to make them drop out. So I do not think—

Senator SIEWERT: I can see how you can see it from that perspective, but the alternative view is that they will just encourage them to go back and put up with it because they will get a payment at the end of it.

Ms Leon: We also have the backup of them being able to contact the department directly through the national customer service line. Of course, as answers to QONs in the past have demonstrated, we do get a lot of calls to the customer service line.

Senator SIEWERT: I want to go back to the issue of the non-compliance process. If they do not turn up to their training, will the same process—

Unidentified speaker: Sorry, I did not get that.

Senator SIEWERT: Sorry, I accidentally activated Siri's voice on my iPhone. Sorry.

Unidentified speaker: So you should be, Senator Siewert.

Ms Leon: Perhaps we could ask Siri.

CHAIR: Let Hansard reflect: Siri.

Senator SIEWERT: Siri does not get it.

Unidentified speaker: Siri, you do not have the call.

Senator CAMERON: Siri might have better luck than me.

Senator SIEWERT: Senator Cameron, you could put Siri on as well and then they could just—

CHAIR: Then we could all leave the room.

Senator SIEWERT: In terms of the non-compliance issue, will exactly the same process work? It is anticipated that exactly the same—

Ms Leon: Subject to the qualification that of course we have not developed the guidelines yet so most of what we say has to be just anticipatory based on our expectation that normal processes will apply. But when we come to look at this—bearing in mind that it is a voluntary program and that it is a three-way arrangement with the provider, the employer and the job seeker—we will just have to work through what the implications of that are for the compliance process.

Mr Hehir: She was asking about training, I think.

Ms Leon: Sorry.

Senator SIEWERT: I did not ask very well because my brain was already jumping forward to the part where in fact you were going. I will go back and reframe the question in a better way. When they are doing the intensive training process, the normal compliance process will apply. Is that correct?

Mr Hehir: That is what we would anticipate, yes.

Senator SIEWERT: Exactly the same: no show, no pay, things like that. Now can we go to when you are doing your internship or your placement. What happens if there is a no-show there? Have you thought through that process yet? We just had a conversation—

Ms Leon: Not in any detail. We need to develop what the compliance regime is going to be—recognising it is a voluntary program but that seeking to encourage people to give it a go. We just have not worked out yet the details of that. But it is a voluntary program. So, if the young person starts a work experience opportunity in a cafe and discovers after a week of waiting tables that it is just not for them, then we would encourage them to try a different workplace and see if that is the pathway for them. That is how I envisage we would make this. It is meant to be a pathway to work. We want the young people to undertake a work experience opportunity that they will want to continue with and that the employer will want to keep them on at. So I anticipate that the compliance guidelines will be informed by that purpose of the program.

Senator SIEWERT: Thank you. Do I take from that that you are going to be working out a new set of compliance processes that will apply for the internships?

Ms Leon: I think the question will be whether it triggers compliance action. The guidelines that determine how the program will operate will also determine whether something triggers a compliance process; but then, if anything did, I anticipate the normal compliance rules would apply, rather than us developing a whole different compliance regime.

Senator SIEWERT: They are working with an employer—

Ms Leon: They are 'undertaking work experience'.

Senator SIEWERT: Sorry: 'undertaking work experience'. It really is a grey area, in terms of the compliance—they are still on income support—as to what process you will put in place. Isn't it?

Mr Hehir: Senator, they would still be required to comply with the compulsory elements of their job plans. There will be a compliance regime that is in place. However, where they are meeting that through voluntary participation in the internship, that is okay. If they get to the point where they are not participating effectively in the internship—and that is where we would look for it to be—if they are routinely not showing up in a way that is not working for the employer, we would expect them to fall back to their normal plan and be back in the phase they were in; in which case they fall back into the standard compliance arrangements.

As I said, this is anticipatory. It is voluntary. If they are not showing up, it cannot be working for the employer, and that is the point we would expect the conversation to occur. 'Is this working or not?' 'Are we going to continue this or not?' If the job seeker does not engage and does not show, we would say they are not participating and we would put them back onto their normal regime. So it would not initially be compliance around that activity; it would be a test of whether they are doing the activity or not. If they are not doing it really, we would put them back and see what their normal requirement is for that that phase.

Senator SIEWERT: There will be a requirement of the employer—sorry the 'host'—

Mr Hehir: 'Host' is the word we use.

Senator SIEWERT: There will be a requirement of the host, if the job seeker is routinely not turning up, to go back to the job service provider. Is that what you anticipate?

Ms Leon: That is what I anticipate.

Mr Hehir: Yes.

Senator SIEWERT: Thank you.

CHAIR: Alright—

Senator SIEWERT: Can I ask one more?

CHAIR: Sure.

Senator SIEWERT: The maximum is 25 hours?

Ms Leon: Yes.

Senator SIEWERT: What happens if an employer requires people to work longer? Sorry, the 'host'.

Ms Leon: If the job seeker wishes to do more time because they love doing it and they want to do more time, they can. But they cannot be required to do more.

CHAIR: Senator Johnston, you had a quick one?

Senator JOHNSTON: Very quickly. Secretary, where did we get this model from? Is there any international research or example that you are looking at that has been functioning in a positive way? Obviously, you would not do it if it was negative. When did we get this from?

Ms Leon: There is some good international experience that we drew on for this. I might ask Ms Jensen to take you through some of the experience, particularly in Ireland. Faced with very high youth unemployment, Ireland implemented a program that had some similar elements to this one. They did find that it was highly successful.

Ms Jensen: We did look very closely at the Irish internship program JobBridge. That program is also endorsed by the European Commission, which provides funding for it. JobBridge provides work experience placements for interns for a six-month or a nine-month period at the discretion of the job seeker. It was introduced in July 2011. It is administered by the Irish Department of Social Protection. It was introduced in response to rising youth unemployment following the GFC. It is currently for a maximum of 30 hours per week. Job seekers are eligible to participate if they are unemployed. They remain on their income support and they receive an allowance of 52.5 euros a week, or 105 euros per fortnight, on top of that income support. In terms of the evaluative evidence from JobBridge, an independent evaluation was done in 2013 that showed 61 per cent of participants were in employment five months after completion of the program.

Senator SIEWERT: On that one, [inaudible] is that where the subsidy went to? How long was the wage subsidy for?

Ms Jensen: The Irish also have a wage subsidy in addition to their internship program. The internship program, as I have said, has a payment to the job seeker on top of the income support of 105 euros per fortnight. The Irish wage subsidy, what they call the Jobs Plus, is a grant from 7½ thousand euro to 10,000 euro paid to the employer in a similar way that the wage subsidy scheme operates.

Senator SIEWERT: So the figures that you just gave us, the 61 per cent, was that after the wage subsidy? At what point was that?

Ms Jensen: That was an evaluation of the internship program. It was showing that 61 per cent were in employment six months after completing the internship program.

Senator SIEWERT: Six months? I thought you said five months.

Ms Jensen: Sorry, it was five months. My apologies.

Senator SIEWERT: My question is: do we know how many of those were then employed because they got the wage subsidy? Then do we know what happened after the wage subsidy?

Ms Jensen: The information that I have here is that this was the employment outcome of the internship program itself. I am happy to come back on notice to clarify whether some of that was due later to—in combination with the wage subsidy. But my understanding is: this was purely the employment impact of the internship program itself from an independent evaluation of the JobBridge internship program.

Ms Leon: The evaluation data we have with us do not say whether any of those people were on subsidies. So I think Ms Jensen has taken that part on notice.

Senator SIEWERT: There are a number of points there. We need to know whether it was a combination—whether it was the people who went through the whole process or whether it was just the internship and the subsidy, and then from a perspective of how successful the subsidy process was.

Ms Jensen: I am pretty sure it is purely the impact of the internship program. But we can just take that on notice to be very clear on that. We also looked at the United Kingdom's work experience program that involves placements of two to eight weeks and is targeted at 18- to 24-year-olds with little or no work experience. The evaluation of that program, which was launched in 2011, concluded that work experience had a strong and beneficial impact on the likelihood of a participant being off benefits at 13 weeks.

Senator JOHNSTON: Are these subjective assessments or are they departmental evaluations of their own work?

Ms Jensen: In those cases, they are objective assessments.

Senator JOHNSTON: So a separate outside agency was retained to review how it was working?

Ms Jensen: That is correct. With the Irish internship evaluation, it was an independent evaluation by Intercon, a separate company. In the case of the United Kingdom, the evaluation was a peer reviewed analysis. Again, I could take this on notice, but it looks like there was a department evaluation but it was also peer reviewed to get that independent scrutiny of the evaluation.

Senator REYNOLDS: I would like to shift gears slightly while still being on the intern program. Secretary, thank you very much for you and your staff going through the detail of the program this morning. I found it very helpful, particularly some of the elaboration on the questions. It made me reflect on the actual intent of this program. It made me reflect on how I got my first professional job in what I am doing now. After working in KFC, room service and selling office supplies, I got my break working for a federal member at the time, Fred Chaney. It was not called an internship then, but it was very much about getting into the routine of work, dealing with people and teams, developing research skills, working with the public et cetera. That led to a full-time job for me and a pathway through to here today. This morning make me think of that program and how it has morphed into a program that many of my parliamentary colleagues support, which is the parliamentary intern program. I use it, and I know many of my colleagues do. We as parliamentarians provide that to high school students, university students or people who are not working to give them unpaid work experience in our offices so that they can put it on their CVs and then go out into professional jobs. Minister, is there a parallel between what we as politicians do for students and what you are trying to do for 100,000 young Australians who have never been employed?

Senator Cash: The point is that it is all about allowing someone to showcase their skills to an employer. In the case you are talking about it is people who potentially already have the skills and do not necessarily have to go through the 'prepare' stage. But, again, it is all part of asking, 'What are the skills that you need to ultimately get a job?' In the case we are talking

about today, PaThees are people who have not yet had an opportunity. That is why the three-stage pathway is so important.

Senator REYNOLDS: There has been something that has surprised me since the budget on Tuesday in listening to some of my colleagues speak against it. I went online. Some of what my Labor and Greens colleagues have been talking about to do with internships has been quite inspiring. I would like to read this out and get your thoughts on it. This is from the shadow Assistant Treasurer and economics professor, Dr Andrew Leigh. He said on his website today:

When I was 16, I did two weeks' work experience for John Langmore, who was then the member for Fraser ... I'm not sure that I provided any value to John, but the experience had a profound impact on me—as I learned a ton about the issues and personalities that drove politics ...

Over the past parliamentary term, I've been fortunate to have a variety of people help out as volunteers in my office, assisting me with speeches and submissions, helping solve constituent problems, answering the phone, assisting with campaigning activities, and looking into data-related issues (I've made particularly good use of economics students) ...

So I thought it might be useful to put out a formal call for interns ...

That formal call is what I am reading from. Then as a Labor economics professor he put on his website:

Is it unfair not to pay people?

He said:

This is something we've worried about a lot. If we had an external source of funding, I'd love to run a paid internship program. But we don't. So our philosophy has been to work hard to ensure that interns-fellows have an experience that's stimulating and rewarding.

There are few better ways to demystify politics ...

And he goes on about the benefits of having internships.

It was also good to see that many of the people who have done internships have their professional profiles on LinkedIn. For example, there was one who now works in a temporary capacity for Dr Leigh who was an intern for Bill Shorten and also for Gai Brodtmann. Looking at her career progression through these unpaid internships, starting with Gai Brodtmann: database entry, mailouts, correspondence; then with Bill Shorten: responding to constituents, assisting with meetings, speech research, administrative tasks; there is clearly a career progression of experience here, to the point now where she is still studying but is working for Dr Leigh, who is such a strong proponent of this.

Having a look through, we have unpaid research interns for Senator Moore and for Senator Di Natale, who also provides internship programs to offer an opportunity to acquire first hand experience in volunteering with the federal Greens. Volunteer interns learn how to respond to constituent concerns and help them to solve problems, research and write about issues, facilitate outreach to community groups, undertake research projects, build constituent capacity and do a range of other things. How does it work? The position is voluntary—no financial remuneration is provided. I am very pleased to say that my wonderful colleague, Senator Siewert, has also provided these internship opportunities. There is one here, Robyn, who looks like she is a fabulous young woman. She was an intern and, in fact, may still be an

intern with Senator Siewert. Clearly on Linked In she has some fantastic opportunities and career skills to offer employees.

As politicians we provide and freely make use of young people, for the 100,000 young Australians who have never worked and who are currently unemployed. Is this the sort of opportunity that this program is looking to replicate—but paying them in the process, not doing it on a voluntary basis?

Ms Leon: Yes. Of course, the people who we are targeting it to are also people who have been unemployed for at least six months, so they are already facing some significant barriers to being able to get that kind of opportunity to work for a member of parliament. I think it is great that members of parliament already make some internships available, and we hope that this program will enable particularly disadvantaged young people who have already racked up six months of unemployment to get access to that sort of opportunity and to find, like the examples that you gave, that it does then lead them into ongoing work.

Senator REYNOLDS: That is interesting. I look back at the skills that I got from working for Fred Cheney at the time, where I developed a huge passion for politics and for doing this sort of work and, equally, the skill sets I got in that particular office were transferrable to any other office in that junior position. Are those the sorts of skills you are seeking to develop?

Ms Leon: That is right. Our data tells us that people who have had even short-term work opportunities like this are significantly more likely to translate into an ongoing job once they have had some periods of even short-term work. That short-term work can be a real stepping stone to ongoing work, and internships are one way of getting that on-the-job work experience.

Senator REYNOLDS: I do not know how many, but I know that a significant number of my colleagues on all sides routinely provide internships and, as you can see, are very solid supporters of it. If it is good enough for us as politicians to do unpaid internships for students in high school or at universities or for people who might not otherwise be employed, I am struggling to see why any of my colleagues who do this would argue to deny that opportunity for the 100,000 young people who have never had a job. Minister, perhaps this is a question for you, in a policy sense.

Senator Cash: I think it is in what has been read out, but particularly in how eloquently Dr Andrew Leigh put it: it is all about gaining valuable opportunities, gaining valuable experience and being able to showcase what you can do to an employer. I think one of the key differences between what you have just outlined and this program is that these are youths who are either unemployed or looking at being long-term unemployed and do not necessarily have that opportunity to get their foot in the door. Hence the holistic approach to this particular program: the prepare, the trial, the hire.

Senator REYNOLDS: I can hear one of my colleagues heckling in the background. I am wondering whether any of my other colleagues here—I know there are at least two of us that already do support interns and give people a hand up. I am not sure—anyway, that is speculation.

Senator CAMERON: Are we going to set a standard for stimulation and reward in this? What we have just heard is probably the high-end internship. That is not to be the experience for all interns, is it?

Ms Leon: I anticipate and hope that internships will be available across a broad range of industries. For example, the growth industries in Australia are in health care, social services, hospitality and retail. I hope that employers across the growth industries of the economy will offer young people an opportunity. Exactly what they do—

Senator CAMERON: You could go from doing what the intern for Dr Leigh did to packing shelves. There could be that range, couldn't there?

Senator REYNOLDS: What is wrong with packing shelves?

Members of the committee interjecting—

Senator CAMERON: Chair, I have been very patient. I must say I do not want to be interrupted every time I ask a reasonable question.

Senator REYNOLDS: My apologies, Senator Cameron. I will refrain.

Ms Leon: The internships could be in a range of industries, depending on the aptitudes and interests of the job seeker.

Senator CAMERON: Not everyone can end up working in a member of parliament's office. That is just not feasible.

Ms Leon: It is possible that not everyone wants to.

Senator CAMERON: Or the office of the secretary of the department.

Ms Leon: It is possible that not everyone wants to work even in the Department of Employment!

Senator CAMERON: Given that this whole proposition is a bit half baked, I just want to put this to you on notice, because you obviously do not have the answers because it is so half baked. Can you provide on notice—

CHAIR: Senator Cameron, please refrain from paraphrasing the evidence we have heard today.

Senator CAMERON: It is my view, it is not paraphrasing.

Senator Cash: Good, as long as you qualify that in *Hansard*.

CHAIR: I think people reading the *Hansard* may have been confused that that was a factual statement.

Senator CAMERON: It is my view, and I think many more people listening in here today would know it is half baked.

CHAIR: They will read the *Hansard* and come to their own determination.

Senator CAMERON: On notice, Ms Leon, can you provide details of how the monitoring of these—what are we calling them?

Ms Leon: Job seekers.

Senator CAMERON: They are not interns, are they?

Ms Leon: I do not mind if you want to call them that, if that is an easy shorthand for you.

Senator CAMERON: What are they going to be called in the program?

Ms Leon: We have not written the guidelines yet, so I do not mind if you want to call them interns.

Senator CAMERON: Let's call them job seekers. We will wait with interest to see what you call them in this half-baked program. What monitoring will take place? How many staff will be monitoring? What would constitute exploitation? What behaviour will result in a ban? How long will employers be banned for?

Ms Leon: Can I qualify that? We have given you—

Senator CAMERON: Can you let me finish? Is it a three-strike policy? Is there any policy developed on the bans? If you have a policy, can you table it? They are the issues that I am raising now on notice.

Ms Leon: I will take it on notice, but there are two qualifications to that. One is that some of the detail you have asked for will not exist yet, because we are going to develop the guidelines in consultation with industry. The second is that, as you are aware, we already have a wide range of integrity measures in place. Usually we deliberately do not put the details of those into public hearings, because we would not really want to make it easy for employers who might want to circumvent the program guidelines to evade the program scrutiny. For example, if I were to say that there is some hard and fast rule about how many times an employer can take a young person on without giving them an ongoing position, then that could be used by an unscrupulous employer to evade the program assurance. As you know, we have given you a private briefing in the past about program assurance measures, and it may be that some of the detail about the integrity measures of this program, when it is developed, is more appropriate to be handled in a private briefing than in public evidence.

Senator CAMERON: Ms Jensen, how is this issue handled in Ireland?

Ms Jensen: We do have some information on that.

Senator CAMERON: Do you have a brief on the Irish experience and outcomes?

Ms Leon: We can take on notice whether Ireland has produced a publicly available document.

Ms Jensen: We have had some information from the Irish about some of the guidelines that they use in the program. We can take that on notice. We have been in touch with the Department of Social Protection.

Ms Leon: It would be better for us to take on notice whether they are publicly available or whether Ireland has some aspects of integrity monitoring that they do not want to make public, as we do. We would have to consult our Irish colleagues about whether their guidelines are public.

Senator CAMERON: Was there a process of consultation between the department and the Irish equivalent department?

Ms Jensen: Yes. We consulted with them to understand how they run their program.

Senator CAMERON: What did that consist of?

Ms Jensen: We read all the relevant documents and evaluations and we have had a teleconference with the key people in the Irish government.

Senator CAMERON: Are the relevant documents public documents?

Ms Jensen: We need to take that on notice, because often there may be some confidentiality aspect.

Senator CAMERON: Have you picked up public documents and been supplied with documents from the Irish department?

Ms Jensen: Yes, we have.

Senator CAMERON: Can you supply us with the public documents that you have been using?

Senator Cash: I think that is what they will check for you, to make sure that they are public.

Senator CAMERON: I am not asking you to check whether they are public. The answer to my question was 'Yes, there are some public documents.'

Senator Cash: I think that is what they are taking on notice to check—to verify that they are public and were not provided in confidence.

Ms Leon: If there are any public documents, we will be happy to provide them.

Senator CAMERON: The answer I got was, 'Yes, there are public documents.'

Ms Jensen: At minimum, as I noted before, there is a public evaluation. Anything else we will need to take on notice.

Senator CAMERON: So there are public documents. Could you provide the public documents that you have used, and take on notice, in relation to these other documents that you are checking, even if they are not public documents, whether the Irish department or Irish government would make them available to the Senate?

Ms Leon: Yes.

Senator CAMERON: Minister, have you had any discussions with the Irish minister on this?

Senator Cash: No, I have not.

Senator CAMERON: Ms Jensen, the UK has a similar proposition. Have you had discussions with the UK department?

Ms Jensen: I have not personally had discussions. I would need to take on notice and check with my staff about whether there have been interactions and what they may have been.

Senator CAMERON: Can you refresh my memory? What is the outcome in Ireland in terms of successful placements?

Ms Jensen: The independent Indecon evaluation in 2013 showed that 61 per cent of participants were in employment five months after completion of the JobBridge internship program.

Senator CAMERON: What is the outcome from Work for the Dole?

Mr Hehir: Last time we talked we had some results from the preliminary surveys. I will check with the team. The outcome was in the order of 35 per cent.

Senator CAMERON: 35 per cent successful placements from Work for the Dole?

Ms Leon: We are just getting the exact figure for you.

Mr Hehir: 35 per cent were in employment three months after having exited Work for the Dole.

Senator CAMERON: What was the Irish experience in this program again?

Ms Jensen: The Irish experience was that 61 per cent of participants were in employment five months after completion of the internship program.

Ms Leon: I do not know what the overall youth unemployment rate was in Ireland at that time and how 61 per cent compares to the rest of their programs, so I do not—

Senator CAMERON: Can you provide us with the details of that?

Ms Leon: If we have it, I will. I do not know that I could confidently compare an Irish outcome with an Australian outcome for different programs in different countries at different times.

Senator CAMERON: Are labour hire companies included in this?

Ms Leon: Included in what?

Senator CAMERON: Included in hosting.

Ms Leon: Labour hire companies can host people. In fact, they are some of our most significant organisations that take people on from jobactive.

Senator CAMERON: Some of the problems that young workers have are similar to, while not exactly the same as, to those of mature age workers. Has there been any thought to how you deal with mature age workers or whether you deal with them in a similar way?

Ms Leon: Mature age workers are not usually lacking in work experience because—

Senator CAMERON: Some are.

Ms Leon: I think I said usually. The particular barrier that young people face is demonstrating to employers and prospective employers that they have experience and that they have those basic employability skills. The research that we have done and that other organisations have done tends to demonstrate that that is not usually the barrier for mature age workers.

Senator CAMERON: Have you given any thoughts to whether this program might result in mature age workers having less of a chance of getting a job because they will be in competition with these young unemployed workers?

Ms Leon: Both mature age workers and the stream B and C young people have access to a \$10,000 wage subsidy. For an employer considering either an inexperienced young person or an older person, they both have access to a \$10,000 wage subsidy. That is for stream B and C young people.

Senator CAMERON: If one of these companies has a collective agreement with a trade union, and the young unemployed person joins the union in that enterprise, do you see any issues with that?

Ms Leon: Every enterprise is different. I think that would be a matter in which we would have to look at the circumstances on a case-by-case basis. But these young people are not employees.

Senator CAMERON: Why would you have—

Ms Leon: So, to the extent that an enterprise agreement covers the employees of an organisation, it will not cover a job seeker who is not an employee.

Senator CAMERON: Why would you have to look at each enterprise on a case-by-case—

Ms Leon: It depends on what question you are asking. Do I see there is any problem in that?

Senator CAMERON: Yes. Why would you have to look at each enterprise on a case case-by-case basis, if a young person decides to join the union?

Ms Leon: I do not know whether the young people can join a union when they are not employees, so I do not know.

Senator Cash: Do you mean join a union for the internship, or do you mean join a union, technically, like filling out a membership form?

Senator CAMERON: I mean join the union that covers the workers in the enterprise.

Mr O'Sullivan: Can I just mention something? Under the registered orgs act, if we are talking about a federally registered union under the registered orgs act, I think that, overwhelmingly, one has to be an employee to be a member of a union.

Senator CAMERON: Okay.

Ms Leon: That is the only case-by-case issue I—

Senator CAMERON: So these young people would be restricted from joining a union?

Mr O'Sullivan: That would be dependent on the union's rules and the registered orgs act. That has basically always been the case for unions. You really have to be an employee or an independent contractor to be a member of a union.

Senator CAMERON: But this is a new process. These are young people who are actually engaging in employment.

Senator Cash: No, no, no. That is a fundamental difference.

Senator CAMERON: They are engaging in work.

Ms Leon: But they are not employed.

Senator CAMERON: They are not employed, but they are actually engaged in work.

Ms Leon: As anyone who is undertaking work experience is doing.

Senator CAMERON: So they could be doing work that is covered by a classification in an enterprise agreement—

Ms Leon: But they are not employed.

Senator CAMERON: They are not employed, so they get no access to union support. Is that what you are saying?

Senator Cash: Is that the problem?

Mr O'Sullivan: That is not what we are saying. What the union might want to do to support people—and I am sure that unions support other people who are not necessarily union members—this would not prohibit that.

Senator CAMERON: So if the young person decides to join the union anyway, and the department is advised that maybe two or three of these young people have joined the union, what would be the response from the department?

Mr O'Sullivan: I think that at this stage the general manager of the Fair Work Commission would probably be best placed to answer that question. But the union itself would be very cognisant of its rules of membership.

Senator CAMERON: If a union sought to change its rules to cover these people, what would be your position, Minister—the government's position?

Senator Cash: It completely depends on what the law is. The law currently states, as articulated by Mr O'Sullivan, that you need to be an employee to join a union. These job seekers are not employees and, as such, the law prohibits them from doing that.

You are really talking about joining the union. As Mr O'Sullivan also said about any assistance that the union may or may not want to provide to a young person, whether they are a member of the union or not, that is completely up to the union itself. If the union chooses to provide the young person with assistance, that is exactly what they will do. If the union wants to speak to the hotline or the department, that is for the union to decide.

Senator CAMERON: So if the union wants to negotiate with the employer—say, to act for an insurance policy to cover these young workers—would that be consistent—

Senator Cash: Again, they are not young 'workers'. They are job seekers who are undertaking phase 2 of the PaTH program.

Senator CAMERON: Okay—that is going to be hard to write in *The Australian*, isn't it? So—

Mr O'Sullivan: It is very hard to give legal advice in the abstract, I have to say.

Senator Cash: It is, actually.

Senator CAMERON: I am asking the minister what the political response might be—

CHAIR: The minister is answering the question—

Senator Cash: I am not giving you a political response. The current situation is that if you are not an employee, the rules of the union prohibit that. Should a union choose to change its rules we would then deal with that at the time. It is as simple as that; it is a legal position.

Mr O'Sullivan: And a union's ability to change the rules must always be within the statutory framework.

Senator CAMERON: Sure. So there may have to be some legislative changes to ensure that if these young people are coming in—even if it is only for a temporary period—that they have rights to join a union and rights to be represented by that union. That is a legislative issue, isn't it?

Mr O'Sullivan: There is nothing in the current registered orgs act that would prevent this scheme going ahead, as I understand it. It is a completely other matter—

Senator CAMERON: No, that is not—

Mr O'Sullivan: if people are not happy with the current registered orgs act. Right now there is a bill to amend it, but that is—

Senator CAMERON: Okay. I think I am just about done there. Let's see if we can get some advice on these issues so that this can move from being, basically, a thought bubble to something that is important. Minister, we have an election coming up; you are going to run this issue during the election campaign and it is a real half-baked piece of unfinished business—

Senator Cash: That is exactly right: it is unfinished business and that is why we want to be re-elected, so we can implement this policy and give 30,000 the opportunity—

Senator CAMERON: Well, good luck with—

CHAIR: Whenever that election is called, Minister.

Senator Cash: to get into work. I am not going to sit by and see our youth become entrenched in a culture of welfare dependence.

Senator SIEWERT: Could you repeat the outcomes from Work for the Dole please?

Mr Hehir: For the program monitoring survey—figures from July to November 2015—

Senator SIEWERT: Yes.

Mr Hehir: Thirty-five per cent were in employment three months after.

Senator SIEWERT: And what form of employment was that? Part-time or full-time?

Mr Hehir: It was a bit of a mix.

Senator SIEWERT: But you do not know?

Mr Hehir: 16.1 per cent were full-time employed and 18.8 per cent were part-time employed.

Senator SIEWERT: And that was three months?

Mr Hehir: Yes.

Senator SIEWERT: Can I go to the question I asked previously on the extra hours. If they wanted to do extra hours, could they be paid for those extra hours?

Ms Leon: No, because they were not employed. They could go and get a job with the employer. If they want to exit their internship and get a job with the employer, they can. If the employer says, 'Let's not keep you on the internship anymore. I want to give you 15 hours work a week,' of course they can do that.

Senator SIEWERT: Thank you. I am ready to move on from PaTH. I want to go to the job commitment bonus, please. That bonus will cease?

Ms Leon: That is correct.

Senator SIEWERT: What is the reasoning for its ceasing?

Ms Leon: It has had lower than expected take-up. We think there is also some deadweight loss in it because we think the claimants who were staying in work were likely to remain in work without the bonus. The fact that there has been lower than expected take-up of the bonus reinforced that view.

Senator SIEWERT: What has the take-up been?

Ms Leon: It is take-up as against what we expected. In a way there is always the problem about projections versus actuals, but there were 16 per cent of the expected claims in the 2015-16 financial year, as at 31 March.

Senator SIEWERT: Given that it is ceasing, how will it apply to employment that has been initiated but has not quite reached that threshold?

Ms Drayton: Anyone who is eligible for the bonus on the date that it ceases will continue to be paid the bonus. People have 90 days to claim the bonus after such time as it ceases. So people who are in receipt of the first bonus now who became eligible for the second bonus before the repeal date will still be entitled to receive it. The eligibility on the day it is repealed means that people will continue to be paid it.

Senator SIEWERT: There is 16 per cent take-up. Do you have figures on who has the first payment and the second payment?

Ms Drayton: Certainly. No-one has the second payment yet because it does not fall due until 1 July this year. That is two years after it started. But we know that as at 31 March there have been 3,138 claims for the job commitment bonus. Some of those are still being assessed, but there have been 2,212 people actually paid the first bonus.

Senator CAMERON: I have a couple of questions on the job commitment bonus. Can you advise how much has been expended on the job commitment bonus? What has been the expenditure?

Ms Drayton: Again, as at 31 March, it was \$5.53 million.

Senator CAMERON: How many job seekers claimed the job commitment bonus?

Ms Drayton: 3,138 have claimed it.

Senator CAMERON: Was there a target?

Ms Drayton: It really was dependent on people claiming the bonus. There was not a target as such. It was something that we had not really done before, which was incentivising people post income support. We were waiting to see what the take-up was. It has not turned out to be taken up as much as we thought it could have been.

Senator CAMERON: Was a cost-benefit analysis done before the decision was made to cancel the scheme?

Ms Leon: No—in the sense of a formal cost-benefit analysis, no, but in the sense of making an assessment about whether a continued investment of this amount of money in the program was justified.

Senator CAMERON: Who did that?

Ms Leon: That is a decision for government in the budget—

Senator CAMERON: No, who did that assessment?

Ms Leon: That is a decision for government in the budget process.

Senator CAMERON: I may have misunderstood what you said. Did you say there was an assessment done?

Ms Leon: I do not mean in the term of art sense; I mean the view was formed that this—

Senator CAMERON: So this was a political decision?

Ms Leon: No, it was a decision made during the course of the budget.

Senator CAMERON: On advice? Was there advice provided on this by the department?

Ms Leon: It went through the normal budget process.

Senator CAMERON: What does that mean?

Ms Leon: It means it has gone through the cabinet process. As you know, I do not—

Senator CAMERON: That is not what I have asked you. I have asked did the department provide specific advice on this issue.

Ms Leon: And, as I said, it went through the normal budget process, which is usually taken as a fairly reasonable code for 'that was a cabinet process.'

Senator CAMERON: I am not asking for any cabinet advice; I am simply asking you—

Ms Leon: I am telling you the process was in cabinet.

Senator CAMERON: I am asking you did you provide any advice to the minister on this issue?

Ms Leon: And consistent with practice in the committees, we do not comment on processes that have gone through cabinet.

Senator CAMERON: This is not a cabinet issue. I am not asking you what advice you provided, and you must respond to that simple question: did you provide advice to the minister?

Ms Leon: I cannot really add to the answer I have given you—the matter was considered by cabinet and therefore the nature of what went to cabinet is not something that I can disclose.

Senator CAMERON: I am not asking whether —

Senator Cash: Chair, can Senator Cameron repeat his question.

Senator CAMERON: My question was, simply, did you provide any advice to the minister in relation to the job commitment bonus. It is pretty simple. I am not asking about the cabinet process, I am not asking what advice you provided—I am simply asking whether you provided advice to the minister on this issue.

Ms Leon: We provided advice to the minister on all the matters that were going through the budget process.

Senator CAMERON: Well why couldn't you have said that in the first place? It gets a bit frustrating when you are trying to be too smart.

Senator Cash: Senator Cameron, you do know that ACOSS have previously called for the abolition of this program?

Senator CAMERON: That is not the issue. I asked a simple question and the secretary could have given me a simple answer but chose not to do that.

Senator Cash: They are never simple.

Ms Leon: In respect of the committee and whichever government I am serving, I do always seek to protect the integrity of the cabinet process.

Senator REYNOLDS: What was the reason for the cessation?

Ms Leon: Of the program? That it had been achieving lower than expected take-up and was considered not to be fulfilling the aims of the program.

Senator REYNOLDS: So it was not working?

Senator Cash: It was not incentivising job seekers. The point the secretary was making previously was what was found was that job seekers were staying in jobs without the need to put their hand up for the payment. When you look at what we have is done with, say, the youth program, all of the evidence says the better way to incentivise this is to incentivise at the other end. This was a demand-driven program. They were staying in employment without the need for the additional money, so they were not putting their own hands up.

Ms Leon: So many more people stayed in employment without claiming the bonus than claimed the bonus. I would not like to go so far as say it was not working in the sense that for those 3,000 claimants it may well have helped to incentivise them, but it was clear that there were many more people who were staying on without the bonus, and so it appeared to be not the best use of funds.

Senator CAMERON: Ms Leon, can you provide details in relation to the date that you advised the minister in relation to the job commitment bonus? I would like to know the dates that you provided that advice.

Ms Leon: Yes.

Senator CAMERON: Did you provide that advice in a written form or a verbal form?

Ms Leon: Written.

Senator CAMERON: Written form? So the dates that that advice was provided—

Ms Leon: I believe it was written and I believe I will be able to provide a date. I will take on notice what that was.

Senator CAMERON: Thank you. Chair, could I get a little bit of indulgence to correct the record?

CHAIR: Of course.

Senator CAMERON: Senator Reynolds was indicating that 'the interns' who work both in the office of the Leader of the Opposition, Bill Shorten, and in Dr Leigh's office were unpaid. Jen Rayner has just advised: 'That's a dirty allegation that either of us were ever interns'—they were not interns. Thomas McMahon has said, 'I may have sold my soul to the ALP—good person!'—'but my labour has always been paid for.' That is the situation from them.

Senator REYNOLDS: Senator Cameron, I did not actually say who these individuals were. I want to thank you for putting it on the record. I was reading straight from LinkedIn profiles. I am happy to table them. Do you want them tabled, Senator Cameron?

CHAIR: Righto. They are tabled. Thank you.

Senator CAMERON: During the February estimates, Secretary, you reported that from 1 July 2015 to 31 December 2015 there were 307 workplace incidents reported to the department and your insurer. Could you update those figures.

Mr Hehir: From 1 July 2015 to 31 March 2016, there were 490 incidents reported to the department and Arthur J Gallagher.

Senator CAMERON: Did you say 490?

Mr Hehir: Yes, 490.

Senator CAMERON: What about to the insurer?

Ms Milliken: The 490 is both reports to the department and reports to the broker.

Senator CAMERON: Okay. Can you provide a breakdown on the incidents in terms of their seriousness?

Ms Milliken: I can advise that, of the 490 incidents, 108 did not involve an injury, and I can break it down by injury if you would like. Renee, do you want to take it on notice?

Senator CAMERON: If you can break it down, why would you need to take it on notice?

Ms Milliken: Sorry; I meant in terms of the detail.

Senator CAMERON: If you have the information there, why would you have to ask your superior: 'Should I take it on notice?' Come on.

Ms Leon: I think if it is 490 it might take a long time for us to go through.

Ms Milliken: I am comfortable to read it out.

Senator CAMERON: I am asking the general type.

Ms Milliken: Of the incidents reported, 24 involved animal or insect bites or allergies; 217 related to a muscular stress; one was a bone fracture; nine were burns; 15 were eye injuries; eight were head injuries; 71 were lacerations—

Senator CAMERON: How many head injuries?

Ms Milliken: Eight head injuries. I am not sure whether or not they were impact head injuries. There were 71 lacerations. Twelve related to a loss of bodily function. Thirteen were for mental stress. As I mentioned, 108 involved no injury, and 12 were puncture wounds.

Senator CAMERON: Can you, on notice, provide details as to whether there was any compensation paid for any of these?

Ms Milliken: I am able to advise that, of the incidents reported, there have been five claims resulting in payment.

Senator CAMERON: Five?

Ms Milliken: Five.

Senator CAMERON: Were these serious injuries?

Ms Milliken: The total amount claimed was \$896, and they were predominantly minor injuries.

Senator CAMERON: You did not mention the tragedy in Toowoomba.

Ms Milliken: The information that I have provided is for incidents to 31 March 2016.

Senator CAMERON: This was April. Do you have figures for April?

Ms Milliken: I do not have figures for April at this stage. Sorry.

Senator CAMERON: Obviously everyone here would extend their sincerest condolences to the family and friends of the 18-year-old man who died on a Work for the Dole site in Toowoomba. Can you detail what the government's processes have been in response to this tragic event.

Ms Leon: The incident itself is under investigation by the appropriate authorities in Queensland. In relation to our own activities, the activities that the employment service provider had referred the person to have been suspended, and other outdoor activities of a similar sort managed by the provider and involving plant and equipment have been suspended pending a review. We already had on hand an independent consultant who was reviewing risk assessments and WHS processes for Work for the Dole, and we have asked them to review the risk assessments that were undertaken for those suspended activities.

Senator CAMERON: Could you table the document you are reading from.

Ms Leon: That is my estimates brief. No, I cannot table it.

Senator Cash: If you would like some information provided to you, we can do that, but this is an estimates brief, which is consistent with practice

Ms Leon: It will have a range of material in it that may or may not be suitable for tabling.

Senator Cash: Just so you know, Senator Cameron, Mr O'Connor did ask for a briefing and he was provided with a briefing by the department and my staff.

Senator CAMERON: I have not had a briefing.

Senator Cash: No, I am just saying that so you also know we briefed a shadow spokesperson on this.

Senator CAMERON: On notice, can you provide a briefing on the issues, the responses and details of the responses. I would like quite a detailed response from you on that—not just what you have read out but what the processes were, dates and times, when you first became aware of it, who activated what, what was done, any internal correspondence on the issue and any file notes on the issue. You know the process. Could you supply all of them.

Ms Leon: We will take that on notice.

Senator REYNOLDS: Chair, are we likely to finish outcome 1 before lunch? I have a few more questions. I am just seeing whether Senator Cameron needs the rest of the time.

Senator CAMERON: I do not know. It depends on how long the responses are.

CHAIR: That is fine. Senator Reynolds, you can ask your questions just in case.

Senator CAMERON: I am halfway through.

Senator REYNOLDS: I am happy if Senator Cameron wants to finish, and then I can come after lunch.

CHAIR: No worries.

Senator CAMERON: I have only started. Give me a break! I know you are pretty tough, but that is tough. That is crazy.

Are you thinking about any changes to policy arising from this incident?

Ms Leon: We will await the outcomes of the review to see whether what occurred leads us to think there is a need for a change of policy or not.

Senator CAMERON: Are you aware of whether there is going to be a coroner's inquiry?

Ms Leon: I do not know. That would be a matter for the Queensland authorities.

Senator CAMERON: Will the department cooperate in any coroner's inquiry?

Ms Leon: Of course.

Senator CAMERON: Wasn't there another Work for the Dole participant driving the tractor?

Ms Leon: All the details of the incident are being investigated by the Queensland regulatory authorities, and we have not had access to their investigations as yet.

Senator CAMERON: So you do not know what happened.

Ms Leon: We do not know the details of the incident. That is being investigated by the appropriate state authorities.

Senator CAMERON: Do you know whether there was supervision on site at the time?

Ms Leon: All those details are being investigated by the state authorities in Queensland?

Senator CAMERON: But do you know in terms of your—

Ms Leon: We do not know. We do not know anything definitively, because all of the details, the interviews, the site assessments and the investigations are being undertaken by the Queensland authorities.

Senator CAMERON: Do you know whether there was a safety induction completed by the participants prior to them commencing that program?

Ms Leon: I cannot really provide any information about the details of the incident—

Senator CAMERON: I am not asking about the incident; I am asking about your procedures.

Ms Leon: We are undertaking an investigation about our procedures—we call them risk assessments. We are investigating whether the matters that we are responsible for, as the program owner—

Senator CAMERON: Who is carrying this out for the department?

Ms Leon: We have established teams separate from the area that is responsible for—

Senator CAMERON: Can they come to the table?

Ms Leon: Work for the Dole to undertake that investigation, but they have not completed that investigation yet and so they will not be able to tell you what they know, because they do not yet know the full details.

Senator CAMERON: You cannot tell me what you don't know?

Ms Leon: We cannot tell you what we do not know, of course, Senator.

Senator CAMERON: No, but they should be able to tell me whether a risk assessment was carried out consistent with the obligations under this program.

Ms Leon: That is part of what we have contracted Ernst & Young to do—to review the risk assessments—

Senator CAMERON: So Ernst & Young are doing it?

Ms Leon: Ernst & Young was already engaged by us, as part of our routine program assurance monitoring, to review our work health and safety management for Work for the Dole, so we have asked them to review the risk assessments of the suspended activities.

Senator CAMERON: Do you know whether any risk assessment that was done on this site included occupational health and safety training?

Ms Leon: That will all be provided to us in the report by Ernst & Young.

Senator CAMERON: So there is no-one in the department who has actually looked at this?

Ms Leon: We are not going to get out ahead of the investigation and start putting partial thoughts or information in front of the committee. We have properly contracted an independent party to review the risk assessments—

Senator CAMERON: I do not have to remind you of your responsibilities to the Senate, do I?

Ms Leon: and I am waiting for their reply.

Senator Cash: No, Senator Cameron—

Senator CAMERON: I do not have to remind you of your responsibilities.

Senator Cash: Chair, I think the secretary is completely aware of her responsibilities.

Senator CAMERON: Do not sit there and tell us that because you have conducted some inquiry you will not respond to proper questioning from the Senate. Is that what you are telling me?

Ms Leon: No, Senator. I am saying I do not have the information until the review is conducted.

Senator CAMERON: Do any of your officers have that information?

Ms Leon: We will take that on notice.

Senator CAMERON: Who is in charge of that area?

Ms Leon: I am in charge.

Senator CAMERON: Who have you allocated the work to?

Ms Leon: We have established a team within the department.

Senator CAMERON: Who is heading that team?

Ms Leon: I do not believe the person is in the room, but I have taken the questions on notice—

Senator CAMERON: I am asking: who is heading the team that is looking into a Work for the Dole participant losing their life?

Ms Leon: The team is looking into our responsibilities as part of our—

Senator CAMERON: Who is heading the team?

Ms Leon: It is one of my SES officers.

Senator CAMERON: Who is that officer?

Ms Leon: Medha Kelshiker.

Senator CAMERON: Why couldn't you have just answered the question?

Senator Cash: The secretary has answered the question, Chair.

Senator CAMERON: Why couldn't you have just answered that question?

CHAIR: Senator, the secretary has answered that question. You have two minutes.

Senator CAMERON: Well, I do not want to do an arm wrestle with the secretary every time I am asking a legitimate question, especially when some young person has lost their life in a Work for the Dole scheme. It is absolutely outrageous and unacceptable, and you should have a think about your behaviour—absolutely.

Senator Cash: Senator, I think, quite frankly, on that note you should draw it to a close.

CHAIR: Senator Cameron, Ms Leon has been answering the questions—

Senator LINES: No, she didn't.

CHAIR: She has been answering the questions.

Senator CAMERON: She avoided the question.

CHAIR: She has been answering the questions.

Ms Leon: I am responsible for the activities of the department and I am taking the questions—

Senator CAMERON: What is the name of that person again?

Mr Parsons: The person who is managing it is a lady called Medha Kelshiker.

Senator CAMERON: Who does she directly report to?

Mr Parsons: She directly reports to me. She runs the normal program assurance.

Senator CAMERON: So let's have a talk to you about these issues.

CHAIR: Senator, we are going to have to revisit this after lunch. The committee will now suspend for lunch, after which we will deal with outcome 1.

Proceedings suspended from 12:29 to 13:30

CHAIR: The committee will recommence and we are on outcome 1.

Senator REYNOLDS: Secretary, earlier you spoke of some employment statistics for 15- to 24-year-olds. I understand the unemployment rate is currently 12 per cent and we have somewhere over 60,000 15- to 24-year-olds who are either not employed or disengaged from the workforce—is that correct?

Ms Leon: That is right.

Senator REYNOLDS: And we have 100,000 15- to 24-year-olds who have never been employed.

Ms Leon: That is correct.

Senator REYNOLDS: We have those figures for the 15- to 24-year-olds, but I want to go more widely to the labour force data. Could you advise what the unemployment figure is for the March labour force statistics?

Senator Cash: We will just get the officer to the table.

Mr Neville: You want to know the current—

Senator REYNOLDS: The unemployment figure from the March labour force market statistics.

Mr Neville: The unemployment rate or the number of unemployed?

Senator REYNOLDS: Both the rate and the numbers.

Mr Neville: The unemployment for Australia in March this year was 5.7 per cent. The number of unemployed people in March 2016 was 723,100. These are numbers from the ABS; this has nothing to do with Newstart or our case load.

Senator REYNOLDS: Do you have the case load and the Newstart figures for the March quarter?

Mr Neville: The case load figure, as of 31 March 2016, was 778,570.

Senator REYNOLDS: Are you able to tell the committee how many jobs have been created since September 2013?

Mr Neville: Just over 440,000.

Senator REYNOLDS: 440,000 have been created.

Mr Neville: That is the increase in employment since September 2013.

Senator REYNOLDS: Thank you. During this period, has there been an increase in full-time employment.

Mr Neville: Yes, there has been. I think I have the split between the two. Just give me a moment. Actually, I may have to take that on notice. I may be able to get it during the course of the next 20 minutes or so.

Senator REYNOLDS: Thank you. What has been happening to the participation rate during that period?

Mr Neville: Again, I think I will have to take the change in the participation rate over that period on notice. It has increased, but I will have to get the exact change for you.

Senator REYNOLDS: So the participation rate has increased?

Mr Neville: Yes.

Senator REYNOLDS: Would this increase translate into confidence in the job market?

Mr Neville: When the participation rate increases, we deem it to be an encouraged worker effect, that job seekers are more confident of gaining employment. So a greater number of people move from not being in the labour force in to either work or looking for work.

Senator REYNOLDS: Of these 440,000 new jobs that have been created, do you have any figures or information about where these jobs have come from?

Mr Neville: By industry—

Senator REYNOLDS: By industry or by sector. Are there any trends?

Mr Neville: Yes. There has been a significant increase quite a number of industries. Most of the increases have been in the services sector. The industry that has provided a lot of new jobs over the last few years has been the health industry. But retail, education and professional, scientific and technical services are other industries providing a lot of job opportunities for jobseekers.

Senator REYNOLDS: That is good news. Could you update the committee on female participation in the workforce. Do you have any numbers or trends?

Mr Neville: Yes. The female participation rate is currently 59.1 per cent. In September 2008, it was 58.5 per cent. So there has been an increase over that period.

Senator REYNOLDS: Is that part-time or full-time work? Do you have the breakdown for women?

Mr Neville: It covers total employment.

Senator REYNOLDS: Do you have a breakdown of the figures for women, part time and full time?

Mr Neville: Not in terms of the participate rate.

Senator REYNOLDS: In terms of total numbers?

Mr Neville: The total number of females employed in full-time and part-time jobs?

Senator REYNOLDS: Yes, and increases.

Mr Neville: These are proportions rather than total numbers. If we look at the proportion of employed women working part time, in March this year it was 46.4 per cent; so 53.6 per cent working full time.

Senator REYNOLDS: Thank you very much. You will come back with the other answers later.

Mr Neville: Yes.

Senator CAMERON: I might finish off on this Work for the Dole issue. Mr Parsons, I understand the person who is heading up this inquiry reports to you.

Ms Leon: Medha Kelshiker reports to Mr Parsons for normal purposes—she is in his group—but the review that is being undertaken will report directly to Mr Hehir, the deputy secretary.

Senator CAMERON: I thought it was Mr Parsons.

Ms Leon: She is part of his group; she normally reports to him. But the review is direct to the deputy secretary.

Senator CAMERON: Mr Hehir, when did you set-up this inquiry?

Mr Hehir: I would need to check the exact date.

Mr Parsons: It was the start of this week.

Senator CAMERON: When was that young person tragically killed?

Mr Parsons: 19 April.

Senator CAMERON: How many days was it—

Ms Leon: That is when we set up the task force. That is not when we began responding to the incident.

Senator CAMERON: Okay. Can you then provide me details of all internal correspondence in relation to this incident, all file notes, times and details of telephone conversations in relation to the issue, who telephone conversations went to and the terms of reference for this task force. Do you have the terms of reference with you?

Ms Leon: I can tackle the terms of reference, but we will have to take the remainder of your questions on notice.

Senator CAMERON: Could you table those terms of reference. Ms Leon, you understand that because the department sets up an internal inquiry it does not give you any right not to respond to questions in Senate estimates.

Ms Leon: Yes, Senator.

Senator CAMERON: We might move on. I am finished on the Work for the Dole. Can I just go back to the New Enterprise Incentive Scheme. Can anyone advise how the additional places are apportioned between those on income support and those not on income support.

Mr Hehir: We have an estimation of what the split will be.

Ms Leon: But it is not an allocation. When you say 'how are they apportioned?' they are not a hard and fast allocation one way or the other.

Senator CAMERON: So you do not differentiate between income support and non-income-support?

Mr Hehir: We do. The program of 6,300 has been increased to 8,600. We anticipate—I am just looking for the exact figure—that just over 700 will be from income support, with the

remainder of the additional 2,300 coming from non-income-support. Of course, those coming from non-income-support will not be able to access the NEIS allowance funding.

Senator CAMERON: So there are only actually 700 people accessing the program. Is that right?

Mr Hehir: No. The budget allowed for 6,300 until now. The new allowance allows for a further 2,300, of which approximately 1,600 or 1,550—in that sort of order—will be non-income allowees.

Senator CAMERON: What was the previous budget cut to NEIS?

Mr Hehir: I do not believe there has been a budget cut to NEIS.

Ms Leon: There has been a budget increase.

Senator CAMERON: Wasn't there a previous budget cut?

Ms Drayton: There was. I am just trying—

Senator CAMERON: It is always difficult to get an answer here, isn't it? One person tells me 'no budget cut', then we find, in fact, that there is a budget cut.

Ms Drayton: It was not in this budget. It was a previous decision.

Senator CAMERON: That is right.

Ms Drayton: It reduced the amount of NEIS allowance from 52 weeks to 39 weeks.

Senator CAMERON: What was the budget saving for that?

Ms Drayton: It was some time ago now. I will just get that for you—\$57.5 million.

Senator CAMERON: How much has been put into the new program?

Ms Leon: \$88.6 million. The program has been increased as to how many people it will cover. The NEIS allowance is still for the 39 weeks instead of 52 weeks, so we can now cover a greater number of people for that additional money.

Senator CAMERON: Is there any explanation for this inconsistency in the treatment of this program? Why are there all these cuts, then leading up to an election there is money put in?

Ms Leon: The reason for the earlier cuts: there isn't any inconsistency between that and the current program, because the current program maintains the 39-week period for the NEIS allowance. That is a consistent policy that flows from the earlier decision. The increase in the program is to increase the number of places not to increase the allowance. So it increases the places and, in addition, it funds a number of entrepreneurship supports to encourage young people who are interested in starting their own business.

Senator CAMERON: So the 2014-15 budget cut how much? This was the infamous '14-15 budget.

Ms Drayton: \$57.5 million.

Senator CAMERON: Was there any reasoning for why that cut came out?

Ms Leon: Yes: because the businesses of people who undertake the NEIS program have usually become sustainable by that nine-month mark, and so continuing to support them with the NEIS allowance to the 12-month mark was just dead weight.

Senator CAMERON: Wasn't it indicated for budget repair?

Ms Leon: I am sure it went towards budget repair, but the evidence for it and the basis for it was that businesses that people establish under the program have usually become self-sustaining by the nine-month mark and so continuing to fund them with the additional allowance was unnecessary.

Senator CAMERON: Can you then provide me with all details—all internal correspondence, file notes and memorandums—in relation to that 2014-15 budget cut so that I can understand why we were cutting it in '14-15 and why we are increasing it now.

Ms Leon: I have just answered that question.

Senator CAMERON: Not to my satisfaction.

Ms Leon: To the extent that the questions you ask—

Senator CAMERON: Yes—'to the extent'.

Ms Leon: are cabinet-in-confidence because they were budget decisions, obviously there will be limitations on what we can provide.

Senator CAMERON: Well, within those limitations—and I will remind you again, Ms Leon: you cannot simply come here and argue cabinet-in-confidence, or that you have set up an inquiry, to try and frustrate the estimates process. You have been around long enough—

Senator Cash: But, Chair—

Senator CAMERON: that you should know these things.

CHAIR: Minister?

Senator Cash: As to the reference to an inquiry being set up to frustrate the estimates process: I think that was an allegation that was a little unfair, Senator Cameron.

Senator CAMERON: It was not unfair. I think it is unfair—

CHAIR: Senator Cameron, do you have some questions?

Senator CAMERON: I think it is unfair when the secretary tries to deliberately frustrate the process. That is the most outrageous position I have seen.

CHAIR: Senator Cameron, please return to your question.

Senator CAMERON: The secretary indicated that the businesses are sustainable after nine months. Can you provide details of how they are sustainable and how that assessment was made?

Ms Leon: We can take that on notice. Obviously, we had those things available to us when we came here after the 2014 budget, but they are now not material that we have brought with us today.

Senator CAMERON: It seems to me there have been lots of U-turns in terms of government policy, and now there is an election close by—

Ms Leon: The policy of only funding NEIS allowance for 39 weeks has continued since that decision was made. So that is still the policy. It is consistent policy throughout the 2014 budget, the 2015 budget and now the budget for 2016.

Senator CAMERON: I want to go back to the Work for the Dole budget issues. How many unique job seekers have now commenced in Work for the Dole compared to the target?

Mr Hehir: As I get the exact figures, it is in the order of 86,000 individual job seekers who have commenced in a Work for the Dole placement.

Senator CAMERON: Is that 86,000?

Mr Hehir: I will just check the exact figure, but that is the order of it. It is 86,034.

Senator CAMERON: What was the target?

Ms Milliken: We had expected in the order of 150,000 Work for the Dole places over the first 12 months.

Senator CAMERON: You have achieved 86,000 and you were expecting 150,000. What is the problem?

Mr Hehir: There are a number of factors that have changed. Our predictions were based on the estimated unemployment benefit rate, which translates into flow through the jobactive stream. That predicted unemployment benefit rate was in the order of 6½ per cent. We have not reached that figure. Unemployment has been in the order of six per cent to 5.8 per cent for a large period of this financial year. That means there is a lower flow and therefore we would expect lower numbers to flow through into Work for the Dole.

Senator CAMERON: So that is unique job seekers, isn't it?

Mr Hehir: That is correct.

Senator CAMERON: How many total job seeker commencements have occurred compared to your target?

Ms Milliken: There have been 104,557 commencements since 1 July.

Senator CAMERON: And the next part of the question: how does that compare to the target?

Ms Milliken: We had a target for overall job seekers of 150,000 for the year.

Senator CAMERON: So you failed to reach the target again? How many job seekers have exited Work for the Dole into employment?

Ms Milliken: 60,355 job seekers have exited Work for the Dole between 1 July and 31 March. I will look for the figure on those who exited into employment.

Senator CAMERON: Into employment?

Mr Hehir: No, that was the total figure.

Senator CAMERON: That is the total figure that have exited. How many have exited into employment?

Ms Leon: I think we have a problem about the timing for that, because the outcomes do not come in at the exact same time as the exit. Providers have got a period of time to claim an employment outcome, and they cannot claim that until, at the earliest, four weeks later. These figures will not exactly line up with numbers. So for everyone who exited Work for the Dole at the end of March, not all of them will have yet reached the point where a provider could claim an employment outcome.

Senator CAMERON: How many do you understand are in employment now?

Mr Hehir: As the secretary identified, there are a number of delays between the four-week, the 12-week and the 26-week outcome—

Senator CAMERON: Can you just answer my question? I am happy for you to come back and do the explanation but I would really like to know the figure that you have. What figure do you have for job seekers that have exited Work for the Dole into employment? Have you got a figure?

Mr Hehir: 16,233 job seekers had a job placement recorded.

Senator CAMERON: Was there a target for that?

Mr Hehir: No.

Senator SIEWERT: Can I just double check: that is the figure for the 35 per cent—is that correct?

Mr Hehir: The 35 per cent was recorded from the post-placement monitoring survey.

Ms Leon: You might recall—we tried to explain this last estimates—that there are two ways of measuring the outcomes of all of our jobactive programs. One is administrative data, which are the outcome payments that are claimed by providers, and so there is a bit of a lag between—when a person undertakes certain activity, there is then a period of time in which the provider has to claim for that. The figures are always a couple of months behind. If the outcome in question is an outcome payment that appears at four weeks or 12 weeks, it is that far behind as well. That is the administrative data.

The other data that Mr Hehir is referring to are our postplacement monitoring surveys, where we contact a large sample of job seekers regularly—as part of our assurance of the program—to ask them a series of questions about their participation in jobactive, including what they are doing now. That is the figure Mr Hehir was referring to.

Senator SIEWERT: That is the 35 per cent?

Ms Leon: The 35 per cent of the people who we got survey information from who had exited work—

Senator SIEWERT: And the other one is—

Ms Leon: The other one is administrative data, but it does have that delay problem affecting its completeness.

Senator CAMERON: How many are in full-time employment?

Mr Hehir: I do not have that data in front of me.

Senator CAMERON: Do you have that figure? Do you monitor that figure?

Mr Hehir: I would need to check and see what information we record. We will have the record of a job placement and we will have a record of how much the benefit will have been reduced, but I will need to check whether we can access the hours worked. We work on a system of: if the benefit is reduced to an outcomes provider, we focus on that part. I will check to see whether we can access the hours worked.

Senator CAMERON: Okay, so perhaps you can try to find out and give us some details on how many are in full-time employment and how many are in part-time employment. Do you know how many are receipt of government payments again?

Mr Hehir: There will be a component that I will need to break out. In addition to the 16,233, there is another category that job seekers can move out of from job placement

recorded, which includes, as a component, part-time or casual work. But that is a component of a figure. The total figure is 6,914.

Senator CAMERON: I have just asked you how many went to part-time work.

Mr Hehir: This records that they are in part-time work; it does not record that they were not already in part-time work. The 16,233 is a recorded job placement. I just would like to break that down for you. And within that second figure I quoted—6,914—there are a number of different activities that are incorporated into that figure, including voluntary work, part-time or casual work and accredited training. I would need to break down that cohort.

Senator CAMERON: So, that would then give us an idea of whether they are back on government payments?

Mr Hehir: Most of those people will be still on a proportion of government payment—that second figure.

Senator CAMERON: Do you carry any figures, if people go into part-time or full-time employment, how long they stay in that employment?

Mr Hehir: We do post-program monitoring at particular points. We have also done some evaluation. I would need to check whether that was a broad evaluation or just for the subsidy work.

Ms Leon: And Senator, did you mean how many people do that after Work for the Dole, or just in general?

Senator CAMERON: After Work for the Dole.

Mr Hehir: We do have conversion rates, but they stop at the 26-week mark. We do not track our data beyond that, but I can check to see whether we have done evaluations.

Senator CAMERON: Yes, and if that is all the evaluations you do, is there any reason it is 26 weeks and then stops, or some value for government to have the analysis of—

Ms Leon: There are two reasons for it. One is that the administrative data covers the final outcome payment, which is paid at 26 weeks, but that is because our research tells us that if a job has been sustained up to that period then there is a very high likelihood that it will continue to be sustained.

Senator CAMERON: Perhaps you could take on notice to provide that detail to me.

Mr Hehir: Yes.

Senator CAMERON: And could you also on notice provide a reasoning for why you cannot go past 26 weeks and if going past 26 weeks would provide some useful statistical analysis?

Mr Hehir: We can have a look at that.

Senator LINES: Ms Leon, you just tabled the terms of reference for the task force, looking at the management of Work for the Dole. When were the terms of reference developed?

Mr Hehir: In the previous week.

Senator LINES: Last week?

Mr Hehir: Yes.

Senator CAMERON: Is there any date on this document?

Ms Leon: No.

Mr Hehir: Not that I can recall.

Senator LINES: When were the terms of reference written down in document form such as you have presented today?

Mr Parsons: The terms of reference that we tabled, as my colleagues have indicated, were worked up last week and formally cleared off in the department at the start of this week.

Senator LINES: When last week?

Mr Parsons: Work started on them probably, I would guess, early- to mid-week, and then there were just a few iterations to refine how our task force would work with the Ernst & Young engagement, which you should also have a copy of.

Senator LINES: Yes, we have.

Ms Leon: Mr Hehir and I discussed the need to establish a process separate from the regular line area—

Senator LINES: Yes, you have explained that, thanks, Ms Leon.

Ms Leon: You were asking about the timing.

Senator LINES: No, I was just asking when the terms of reference were—

Ms Leon: Yes, and that is what I am trying to answer.

Senator LINES: Well, I think Mr Parsons is—

Ms Leon: And I am adding to his answer by saying that Mr Hehir and I—

Senator LINES: Well, if I want that I will come back to you; we have limited time. So, when were the terms of reference put on this document?

Senator Cash: This particular piece of paper?

Mr Parsons: That particular piece of paper—and I am not trying to be clever—I printed that over lunchtime here, from my email that went to Mr Hehir for clearance on Monday of this week, in anticipation of its being of interest to the committee.

Senator LINES: Does that mean this did not exist before lunchtime?

Mr Parsons: No. I will repeat myself. They were sent to Mr Hehir for clearance on Monday of this week and, in anticipation of the committee's interest, at the lunch break I forwarded the email and asked our local support to print it off, should the committee be interested.

Senator LINES: At lunchtime did you make any changes to it?

Mr Parsons: All we did was strip off an attachment, which it had at the top of it—a covering minute that said, 'Mr Hehir, please find attached for your approval.'

Senator LINES: And this was the format, in the email document?

Mr Parsons: The only thing that is missing is the attachment heading.

Senator LINES: But this piece of paper you have submitted, that was in the body of an email, was it?

Mr Parsons: A Word document that was attached to an email. And you should have two pages.

Senator LINES: Yes, I do have two pages. So, you do not normally date stuff or say where things are coming from?

Mr Parsons: The covering minute was certainly dated, but the terms of reference as such, no.

Senator CAMERON: While we are on that issue, before we go back to Work for the Dole, why were the terms of reference restricted to NEATO?

Mr Parsons: As you can see, it is a two-stage report. The first is, can we have a look at—and NEATO, who is the jobactive provider that the job seeker in question—

Senator CAMERON: We are talking about the Ernst & Young one now?

Mr Parsons: No, I was talking about the department's one. Is your question about the Ernst & Young one?

Senator CAMERON: Both.

Mr Parsons: Because the incident that occurred involved a job seeker who was on the NEATO case load, our first and most urgent port of call I think was to ascertain the facts, and some of the facts you have queried about earlier on, in connection with that incident. That will form part of that interim report which is due on 25 May. Then, subsequent to that, and perhaps leveraging off things that are discovered there, is to have a broader look and ask, if there is anything that does not look quite right, whether that was unique to NEATO, or, as I think we have heard earlier, whether there are some changes in procedure that we should contemplate.

Senator CAMERON: Are there any thoughts that this might be widened in case there are other providers involved in similar activities?

Mr Hehir: We had already had in place a process—which is why we had Ernst & Young on hand—whereby Ernst & Young were looking at a broader range of providers and their work in this area. So, we actually were, as part of our normal compliance arrangements, engaged in examining Work for the Dole. That is why Ernst & Young were on hand and that is why they were able to appoint them. So yes, we will see a broader piece of work from Ernst & Young as well.

Senator CAMERON: We will? That is not clear in those terms of reference, though, is it?

Mr Hehir: Because the work was already commenced and had already been commissioned, we did not put that into the terms of reference, but we will—

Senator CAMERON: Why wouldn't you amend the terms of reference so that they can have a wider look at this?

Ms Leon: They already have. Prior to this process we had already contracted them to undertake a review of work health and safety issues in Work for the Dole.

Senator CAMERON: Okay. So, can you provide the terms of reference for that inquiry?

Ms Leon: Yes. I will just have to see whether someone can get it to the table.

Senator CAMERON: Minister, have you contacted the family? Have you been in contact with the family of this young worker who was killed?

Senator Cash: Not personally, no.

Senator CAMERON: Why not?

Senator Cash: Because I did not think it was appropriate at this point in time, given that there is still an investigation, and my understanding was that the family did not want any attention.

Senator CAMERON: You say the family did not want any attention. How did you know that?

Senator Cash: I believe I had read in the media that they did not want any attention.

Senator CAMERON: Ms Leon, has the department been in touch with the family of this young worker who was killed?

Ms Leon: I understand that the department has written to the mother.

Senator CAMERON: Did anyone try to ring the mother or contact the mother to see whether she needed any help or any support?

Ms Leon: I think that was the terms of the letter, but we chose not to ring the mother at this difficult time.

Senator CAMERON: It has been some time now since this terrible incident. Has anyone thought about making some contact now?

Ms Leon: I believe the department has written to her.

Senator CAMERON: Can you provide a copy of that correspondence?

Ms Leon: I will see whether we can get it for you.

Senator CAMERON: Minister, why would you depend on a newspaper report that the family did not want to be—you are the minister responsible for this program—

Senator Cash: Absolutely.

Senator CAMERON: This young worker has lost his life.

Senator Cash: Yes, they have, and quite frankly—

Senator CAMERON: There is a bereaved family, and you have made no attempt—

Senator Cash: Senator Cameron, don't try to politicise this death.

Senator CAMERON: to contact that family. I just find it wrong.

Senator Cash: I made a decision that at this difficult time the last thing the family may have wanted to hear from was a government official. That is it.

Senator CAMERON: You are not a government official; you are the minister. If you cannot understand that distinction—

Senator Cash: You may have made a different decision, but the decision I made was to let them grieve outside of the media limelight, outside of the Senate estimates process.

Senator CAMERON: But a personal telephone call is not 'media limelight', is it?

Senator Cash: Senator Cameron, I made my decision.

Senator REYNOLDS: Secretary, I was wondering, with all this discussion about Work for the Dole, whether you or one of your staff could take a step back from the details of the program per se, and I am really interested in the intent of the program. Like the new PaTH

program, what is it designed to achieve, and what are some of the benefits you might be seeing out of the program?

Ms Leon: I might make a start, but then Mr Hehir might want to continue. The overall objective of Work for the Dole is to give job seekers some work-like experiences, both as a means of meeting their requirements under jobactive and, especially, as a means of improving their job prospects and also to enable them to provide a benefit to their local community. The kinds of outcomes that we hope to achieve from it are giving them the opportunity to improve their ability to undertake work, to improve their communication skills, to learn how to work under a supervisor, to increase their motivation and their dependability and to give them experience working as part of a team. And these are of course all skills that are going to be useful for a young person in any workplace.

Senator REYNOLDS: Yes, in any job at all.

Mr Hehir: The principles behind Work for the Dole are very much the work experience, and that has been a feature of Work for the Dole for many years under many different programs—JSA, Job Network et cetera. One of the key design factors has been that it does provide an opportunity for a job seeker to gain work experience and provide back to the community, as well as providing a real incentive for them to look for work, as well as a new confidence to look for work. And that is very important in terms of the feedback we got through the evaluation. As you saw earlier, Work for the Dole had employment outcomes of 35 per cent so far. That is very close to the training outcome we are receiving for the same period. So we are seeing that about 35 per cent of people are able to move from a program into work, and Work for the Dole is at this point—and it is early days; I will stress that for a number of months yet—is providing quite an equivalent outcome rate to that of training. Among job seekers themselves there are a range of reactions to it.

Senator REYNOLDS: Do you do qualitative research with them, in terms of their attitudes and opinions?

Mr Hehir: The survey asks them a number of questions, which include their attitude to Work for the Dole, looking for work, how they are being treated, whether they feel it has provided back to the community. We have data on that from the first survey we have undertaken.

Ms Leon: And perhaps I can share some of that with you.

Senator REYNOLDS: Please.

Ms Leon: These are job seekers who were surveyed between September 2015 and February 2016. That was six weeks after they had started in Work for the Dole. They told the department that they already considered that participation had improved: for 75.5 per cent their desire to find a job; for 73.3 per cent their ability to work with others; for 70.1 per cent their self-confidence; for 67.5 per cent their work-related skills; and for 70.5 per cent their understanding of the workplace. So you can see that across the board two-thirds or more of them said that there had been very positive outcomes as a result of their participation.

Senator SIEWERT: Who did the survey, sorry?

Mr Hehir: We have a team within the department that does the post-placement monitoring survey.

Senator SIEWERT: So it is the department; that was not independent.

Mr Hehir: As I said, there is a team within the department that does the work.

Senator SIEWERT: I want to go to jobactive issues in a minute, but I want to finish on Work for the Dole. As part of the new PaTH process, Work for the Dole is being reduced—not reduced, sorry. Funding has been reduced, but it goes to 12 months now rather than six months.

Ms Leon: That is right.

Mr Hehir: That is correct, Senator.

Senator SIEWERT: If Senator Cameron asked any of these questions while I was next door, just tell me and I will go and look at the *Hansard*. If Work for the Dole is so successful, why are we moving it back to 12 months?

Mr Hehir: I did talk about this slightly earlier, but perhaps in a different context, so I will cover it again. What we find when we look at stream A, which were the group of job seekers that were starting at the six-month mark, was that approximately 60 per cent of them have exited job services by the six-month mark. A further 20 per cent exit by the 12-month mark. So about 80 per cent of them have exited. When we had a look at it, that exit rate—

Senator SIEWERT: So that is why you are doing B and C. What is happening with B and C, then?

Mr Hehir: B and C remain at the 12-month mark.

Senator SIEWERT: They start at 12 months.

Mr Hehir: We have aligned the start date.

Senator SIEWERT: Everybody is now the same.

Mr Hehir: Yes.

Senator SIEWERT: You do not have any involvement with the Aboriginal remote communities program, do you?

Ms Leon: No.

Mr Hehir: No, Senator.

Senator SIEWERT: You provoked some further questions about Ernst & Young's work. I understand they have been carrying out risk assessments that have been conducted by jobactive providers.

Ms Leon: We contracted them as part of our normal program monitoring and assurance. Prior to the incident we have all been discussing we had already contracted them to do a review of the work health and safety issues in Work for the Dole and in particular whether providers were carrying out risk assessments appropriately and complying with the requirements in that respect.

Senator SIEWERT: Is that the same work Senator Cameron asked about?

Ms Leon: That is what Senator Cameron has asked for us to give the terms for. Subsequent to this incident in Toowoomba we asked Ernst & Young to undertake the review you now have the terms of reference for.

Senator SIEWERT: Is there any work that has come out of that review they were already undertaking?

Ms Leon: The first one? Not yet.

Ms Milliken: It is due to report later this month.

Senator SIEWERT: If I am still here in October, I will have to ask you that in October. Can I ask you please about feedback on jobactive providers? Sorry, I had another question before that. I will ask this one and then I will go back to the other one. In answer to question EMSQ16-000132, which was about feedback on jobactive providers, the department said:

The Department may request an employment services provider's feedback or complaints register to support the investigation of a complaint, drafting of a response ...

That sounds like you are not actually tracking what is happening on that feedback line.

Mr Hehir: No, sorry, that is in addition to what we see on the feedback line. As part of the exercise within the feedback, we see whether it can be resolved by the customer service officer on the line. Then, if it is not able to be resolved, there are a number of possible things that can be done. The job seeker might just move or we might go and approach the provider and say, 'Can you show us how you've managed this complaint,' particularly if the feedback is a complaint.

Ms Leon: For instance, a person might ring the customer service line and say, 'I've complained to my provider about what's happening in my job placement and they haven't done anything about it,' and so one of our steps would be to go to the provider and see what their records show about when the person complained, what they said and what the provider did.

Mr Hehir: As part of their deed requirements, they are required to keep a complaints log.

Senator SIEWERT: So you would then go and re-access that information—

Ms Leon: That is right.

Mr Hehir: That is right.

Senator SIEWERT: for an ongoing issue—is that what you mean?

Ms Leon: To follow-up the investigation.

Senator SIEWERT: Can you tell me what the latest jobactive complaint figures are for 2015-16?

Mr Parsons: Yes. The figures I have go from 1 July 2015 to 31 March 2016. I have statistics here for the number of complaints, the number of requests for information and the requests for transfer, and then there are others, which surprisingly does include compliments and suggestions. So for complaints, it is 13,000.

Senator SIEWERT: How does that compare to 2014-15?

Mr Parsons: I think we covered this last time. It is an increase on the previous financial year, largely because whenever we transition from one contract to the next job seekers change providers. In the most recent case there were roughly 500,000, from memory, job seekers who moved from one provider to the next. That will always drive a spike in calls to our national customer service line.

Senator SIEWERT: Yes, but you would have thought that that would have started petering out by now.

Mr Parsons: Yes, but the figures I have given you go back to July. There was an intense period from July where, over the following six weeks, the new providers were to contact and interview, if you like, or meet their new job seekers. If the job seeker did not like their new provider or it was inconvenient for them to travel there or whatever, then you would have seen a high number of calls in that period post-July until the population settled.

Senator SIEWERT: I understand that. Sorry, I interrupted you. How many complaints?

Mr Parsons: There were 13,000 complaints. There were 14,775 requests for information, and, again, I would think that that would be quite high compared to steady state because there was a new program in place and there would have been lots of requests for information.

Senator SIEWERT: What were the figures for 2014-15?

Mr Parsons: I do not have it disaggregated. I am sorry.

Senator SIEWERT: I will go back and check myself.

Mr Parsons: I beg your pardon, I do. Requests for information for 2014-15 were 7,000 roughly—so about half.

Senator SIEWERT: Do you have the actual complaints for 2014-15?

Mr Parsons: Yes, 12,200. The next statistic I have for you is transfer requests: 10,341.

Senator SIEWERT: I understand all the caveats you have just put on the figures.

Mr Parsons: Last year there were 9,950.

Senator SIEWERT: That is not that much—

Mr Parsons: No, but, again, without wanting to try and confuse things, job seekers were contacted in the months leading up to July to let them know where their new provider was. I think that you would have a hump in the tail end of last financial year and the start of this financial year.

Senator SIEWERT: I see what you are saying.

Mr Parsons: The final statistic I have here are the compliments, suggestions and other things in the other category. For this financial year, there were 3,946, which is close to last year's figure of 3,366.

Senator SIEWERT: Thank you for that. Obviously, the complaint numbers have gone up. Do I interpret from what you are saying that you think a lot of that is because of the transfer of contracts and all that sort of stuff, and so you are not necessarily responding in the same way that you would if it had not been for that? That is a large number of complaints already for the year.

Mr Parsons: It is. To be honest, it would depend on the nature of the call. I have just mentioned that there are four broad categories. If a job seeker rang with what sounded like a complaint that was very much targeted about the service or the interaction they are having with their new provider—not so much a complaint about the difficulty of travelling to the provider, for instance—then we would follow the process that we have talked about where we would ask the provider for a copy of their complaints register to see what interaction had occurred. If it were categorised as a complaint because of difficulty of accessing the site—it is

not close to where they live—then it does not make sense to ask the provider for a copy of that log, because the computerised mapping to a new provider for the job seeker was not a convenient mapping.

Senator SIEWERT: How many of those complaints required you to go and get that information?

Mr Parsons: I do not have that with me, but we can take that on notice and see if I can provide it for you.

Senator SIEWERT: So you do collect that information?

Mr Parsons: I am not sure that we do, but I will ask and see if I can get it.

Senator SIEWERT: Given the circumstances that we are in, taking it on notice—with all due respect—is not a great help. Is it possible to find that out today?

Ms Leon: We will try. It depends if it is one of those things that have a field that means we can just press a button and get a report, or it is something that we would have to go back manually and look at. If it is the latter, I doubt we can do it while we are at the table, whereas if it is the former then we could.

Mr Parsons: I will get someone to make a phone call.

Senator SIEWERT: Thank you.

Senator CAMERON: I have only had a chance to have a quick look at the two documents that were tabled. Is there a file note number for these two documents? What is the recognition for these two documents within the system?

Mr Parsons: I am not sure if you were in the room when I mentioned that what I have given you are documents that were attached to a minute that went to Mr Hehir as the delegate for approval.

Ms Leon: That minute will be filed in our filing system. It is the minute that has all of that kind of data on it.

Senator CAMERON: Will that be part of the discovery of documents that I have asked for?

Ms Leon: That is right.

Senator CAMERON: It also says in the longer letter—the review of NEATO's management of Work for the Dole, the terms of reference—that the terms of reference of the Ernst & Young review are attached. Do you have that?

Mr Parsons: That is the shorter page.

Senator CAMERON: That is that one? That is not the general Ernst & Young review?

Ms Leon: No, this one is the one—

Senator CAMERON: Okay, I will wait until we get all of that. Thank you, I am finished on this. I would like to go to the wage subsidy pool.

CHAIR: Is this still in outcome 1?

Senator CAMERON: Yes, I think it is. I will be asking mostly about statistics on this, so whoever is doing the statistical stuff should come to the table.

Ms Leon: One of the senators was asking for some statistical information earlier that we said we would see if we could get for you, so I might, before we start a new topic, get Mr Neville to take you through that. I think you said that you would try and get it while we were still at the table. This is the data going back since 2013 which we did not have at the table.

Senator CAMERON: Can we get some idea how long will take to go through.

Mr Neville: One minute. Senator, you asked about the change in employment since September 2013. The exact increase in employment is 441,900. Of that increase, 181,400 has been in full-time employment and 260,500 has been in part-time employment.

Senator REYNOLDS: Thank you very much.

Senator CAMERON: During the 2016 estimates hearing, the department detailed that just \$1.95 million of the \$1.2 billion national wage subsidy pool had been expended in the first six months. How much has now been expended in total?

Ms Drayton: As at 31 March 2016, \$6.68 million.

Senator CAMERON: Was there any estimate of how much you should have expended if the program were running as per program details?

Ms Drayton: It is a demand driven pool of money, so, over the forward estimates, it was originally estimated at \$1.2 billion worth of funding available for wage subsidies. I would also add that, for this first period, some of the changes that were made in the previous budget had not taken effect, so there was a 12-month wait for some of the subsidies to be paid and six-month milestone payments. That has now changed and we expect that the expenditure will continue to increase over the next few months.

Senator CAMERON: It has to increase a lot, really. What percentage is that \$6.68 million of the \$1.2 billion?

Ms Leon: The \$1.2 billion is over the forward estimates. That is not an annual figure.

Senator CAMERON: What percentage of that over the forward estimates has been expended? Does anyone know?

Ms Leon: I do not know. We would have to get our calculators out.

Senator CAMERON: If somebody could do the calculation for me, that would be good. How much has been expended on Restart?

Ms Drayton: Restart has had \$3.98 million.

Senator CAMERON: Was there an estimate of how much should be expended on Restart?

Ms Drayton: With the last budget, all the wage subsidy moneys were put into the one pool, so it became a consolidated pool for all the wage subsidy is to be drawn on.

Ms Leon: There was not a separate allocation for Restart.

Senator CAMERON: Can you give us an idea of how much has been expended on the youth wage subsidy?

Ms Drayton: Two hundred and fifty thousand dollars, noting that that only started late last year.

Senator CAMERON: Late last year?

Ms Drayton: Yes, 1 November.

Senator CAMERON: How late was late last year?

Ms Drayton: The first of November. There have been 3,124 placements—

Senator CAMERON: So it has been six months?

Ms Drayton: There have been 3,124 youth subsidy placements. I should also add that providers actually pay the employers the wage subsidy and we reimburse providers. So we are dependent on providers invoicing the department.

Senator CAMERON: I am sure they are not hanging around, letting you get the interest on the money, so I do not think that is a good excuse! How much has been spent on the parent wage subsidy?

Ms Drayton: That one is \$35,000.

Senator CAMERON: There are no noughts missing anywhere? It is just \$35,000?

Ms Drayton: Thirty five thousand dollars.

Senator CAMERON: And these are all to the 31st of the third?

Ms Drayton: Yes, they are.

Senator CAMERON: How about long-term unemployed?

Ms Drayton: One point nine million dollars.

Senator CAMERON: The Indigenous wage subsidy?

Ms Drayton: That is part of long-term unemployed, and I will break that down for you. Indigenous has been \$340,000.

Senator CAMERON: Is that part of the \$1.9 million?

Ms Drayton: Sorry—that subsidy is combined. The total is \$1.9 million, made up of \$340,000 for Indigenous and \$1.5 million for the long-term unemployed.

Senator CAMERON: The Tasmanian jobs program?

Ms Drayton: That is \$485,000.

Senator CAMERON: Was there a figure that was scoped for that program?

Ms Drayton: The trial came with funding of \$6.1 million, but it was always going to be a trial figure dependent on how many people were eligible.

Senator CAMERON: So there has been \$485,000 expended of \$6.1 million. How many jobseekers are currently in the eligible pool to receive Restart?

Ms Drayton: There are 211,875 jobseekers.

Senator CAMERON: In the youth wage subsidy?

Ms Drayton: One hundred and twenty two thousand and thirty six.

Senator CAMERON: The parent wage subsidy?

Ms Drayton: Fifty thousand three hundred and nine.

Senator CAMERON: Long-term unemployed?

Ms Drayton: That is 139,563.

Senator CAMERON: The Indigenous wage subsidy?

Ms Drayton: Sorry, Senator. Again, I just have to go to a different one.

Senator CAMERON: So they are included in the long-term unemployed?

Ms Drayton: The Indigenous wage subsidy is \$42,741 and the long-term unemployed is \$96,822, which equals the \$139,000.

Senator CAMERON: The Tasmanian jobs program?

Ms Drayton: Which is now closed.

Senator CAMERON: How many people went through that program?

Ms Drayton: We paid 363 placements for the Tasmanian jobs program.

Senator CAMERON: How many placements have been completed in Restart?

Ms Drayton: In Restart, there have been 543 completed placements.

Senator CAMERON: The youth wage subsidy?

Ms Drayton: It is too early. The milestone for that subsidy is yet to be completed.

Senator CAMERON: Can you give us an idea of whether there have been any completions?

Ms Drayton: No. The six-month period has not passed. There are 2,846 active placements.

Senator CAMERON: How many?

Ms Drayton: There are 2,846 active placements ongoing.

Senator CAMERON: The parent wage subsidy?

Ms Drayton: It is the same thing. So for the long-term parents and youth—

Senator CAMERON: How many are active in that program?

Ms Drayton: In the parents program, there are 686 active ones.

Senator CAMERON: The long-term unemployed?

Ms Drayton: There are 5,058 active ones.

Senator CAMERON: How many have been completed?

Ms Drayton: In the long-term unemployed?

Senator CAMERON: Yes.

Ms Drayton: It is still too early.

Senator CAMERON: Too early?

Ms Drayton: No, I am sorry. Yes, it is. It is too early. It has not reached the milestone of payment at this point in time.

Senator CAMERON: The Indigenous wage subsidy?

Ms Drayton: The same.

Senator CAMERON: How many are active?

Ms Drayton: One thousand one hundred and twenty-four.

Senator CAMERON: How many job seekers are currently in receipt of a wage in Restart?

Ms Leon: Or do you mean 'have passed into employment with Restart'?

Senator CAMERON: Yes. So they are on a wage.

Ms Leon: They are on a wage when they are in receipt of the subsidy.

Ms Drayton: There are 3,049 people currently receiving the subsidy for Restart who would be receiving a wage also.

Senator CAMERON: Do you have the figure for the youth wage subsidy?

Ms Drayton: The figure that I am giving you is the active placements, which I think I have just given you.

Senator CAMERON: So that is the same?

Ms Drayton: Yes.

Ms Leon: Because if they are receiving a subsidy, they are receiving a wage.

Senator CAMERON: Thanks for that. In answer to question No. EMS Q16—000060, you said that the projected number of wage subsidy placements that would fully expend wage subsidy funding is around \$80,000 to \$100,000 per year. Can you provide a breakdown of the projected annual wage subsidy places that would fully expend wage subsidy funding?

Ms Leon: Is that the same question?

Ms Drayton: Are you asking for an update to that QON?

Senator CAMERON: No. This is about, you indicated, what would fully expend the wage subsidy funding of around \$80,000 to \$100,000 per year.

Ms Drayton: Sorry, do you mind just giving us what QON you are on?

Senator CAMERON: I am simply asking: what is the projected wage subsidy that would expend the wage subsidy funding per year?

Ms Leon: The projected—

Senator CAMERON: No, the wage subsidy. How much of a subsidy are you putting into the wage?

Ms Leon: It depends on how many people are on it. I am not sure I understand the question. That is why I think we said \$80,000 to \$100,000—not a precise number—because some of the people who are receiving it would receive it for the full six months and some might receive it for a lesser period, and some might get \$6½ thousand and some might get \$10,000. So it depends on how many people you have who receive it—

Senator CAMERON: So you do ongoing monitoring. If the wage subsidy is higher across the whole cohort, then you would expend it quicker?

Ms Leon: That is right. So if, for example, everyone got their wage subsidy for the full six-month period and they were all at the \$10,000 mark then a fewer number of people would have it. But in practice it is likely to be spread over people who are entitled to \$6½ thousand and people who are entitled to \$10,000, and there will be some who might not complete the whole six months.

Senator CAMERON: So you sort of monitor obviously?

Ms Leon: It is a demand-driven pool. So, if, in fact, we ended up with all of the people doing their full six months and more than we expected being on the \$10,000 rate, rather than the \$6½ thousand rate, then we would expend more money.

Senator CAMERON: So that would go similarly for the number of places?

Ms Leon: It is a demand-driven program, so if there is a lot of demand then it can expend more.

Senator CAMERON: I understand that a jobseeker has to register with a provider within 28 days of starting work; otherwise, they will not be able to access a wage subsidy. Is that correct?

Ms Drayton: That is the signing of the wage subsidy agreement.

Mr Hehir: If I could just qualify: the arrangements are that the jobactive provider and the employer have to have reached an agreement within that period. The jobseeker does not have to have a role in that. It is between the employer and the jobactive provider.

Senator CAMERON: Does that have to be done within the 28-day period that the individual is engaged?

Mr Hehir: That is the current policy, yes.

Senator CAMERON: Does the 28 days start to tick from the day they start on the job?

Ms Leon: At the moment, yes, but for the new Youth Bonus wage subsidy, starting from April next year, we will allow for a wage subsidy to arrive later in the relationship.

Senator CAMERON: How much later?

Mr Hehir: Up to 12 weeks.

Ms Leon: I will correct that: it is for all of the subsidies, not just the youth bonus subsidies. We will make that rule apply to all of them. For example, if an employer had taken someone on, was paying them the normal wage and then wavering about whether they could afford to keep them on, then that might mean, even though it is more than 28 days after they started working with them, that they might be persuaded to keep them on because they can access a wage subsidy later in the relationship.

Senator CAMERON: How many employers have been refused a wage subsidy because they do not comply with the existing requirements?

Ms Leon: I do not have that information here. I am not sure that we do have it. I will find out what we do have and take that on notice, if that is alright?

Senator CAMERON: So you cannot tell if an application has been made and rejected?

Mr Hehir: The application is not made to us. The application is made to the jobactive provider.

Senator CAMERON: They do not provide you that information?

Mr Hehir: They would not necessarily tell us that someone had asked for a wage subsidy outside of the period. They would normally follow the guidelines which say that it needs to be kept within the period.

Ms Leon: We will see what information we do have.

Senator CAMERON: Yes. If there is a lot of this happening, then it hinders the program—

Mr Hehir: Yes.

Senator CAMERON: because of some administrative oversight, doesn't it?

Mr Hehir: Anecdotally, we have heard through business groups and jobactive providers that it was happening. We do not have data on it. It is part of the reason we made the change to increase it from four weeks to 12 weeks. We felt that increasing the flexibility of the wage subsidy pool, allowing jobseekers to get beyond the four weeks mark and be sustained into employment towards the 26 weeks mark, was a really positive thing, given we know how important the 26 weeks mark is.

Senator CAMERON: I am finished on that. Can I go to youth reach subsidy?

CHAIR: As long as you are still in outcome 1?

Senator CAMERON: Yes.

CHAIR: Go for it. It is all yours.

Senator CAMERON: What are the cost implications of increasing Youth Wage Subsidy from \$6½ thousand to \$10,000?

Mr Hehir: It is within the funding envelope. You will have noted from your previous set of questions that we were not hitting the overall dollar spend, so it is within the overall spend.

Senator CAMERON: Within the overall spend is a big—

Mr Hehir: Yes.

Senator CAMERON: What is your estimation then—

Mr Hehir: Of the dollar value?

Senator CAMERON: within the envelope, of the increased expenditure?

Mr Hehir: Do you mean the Youth Bonus? I think Benedikte will be able to give you the figures.

Ms Jensen: The estimated cost of the Youth Bonus wage subsidy over four years is \$298.3 million.

Senator CAMERON: Can you give me the estimate of what increases there are? Is that estimate the \$10,000 figure?

Mr Hehir: That is both the \$10,000—

Ms Leon: It is broken down. It assumes a split of \$6½ thousand—

Senator CAMERON: I am asking: if it had been maintained at \$6½ thousand, what would it have come in as? That is the figure I am after.

Ms Leon: I do not know if we have that.

Ms Drayton: It would be very difficult in that they were consolidated into the one pool when it was under the old arrangements, and the new youth bonus is also part of that consolidated pool, which is demand driven. If the wage subsidy numbers were to increase, we would increase the funding available in order to honour them.

Senator CAMERON: Minister, what led to the decision to increase them from \$6½ thousand to \$10,000?

Ms Leon: I could probably answer that for you: it was departmental research. We conduct surveys of employers on a range of matters, and the feedback that we have from research with employers was that they expressed some reluctance, as I think we have been canvassing, to hire inexperienced young people. That reluctance was more considerably alleviated at the \$10,000 mark, especially for job seekers who were relatively disadvantaged, as our Stream B and C are. It was surveys of employers, plus drawing on the international experience, about the level that subsidies had been successful in comparable countries.

Senator CAMERON: Can you provide me of details of the methodology that was used to come to this conclusion?

Ms Leon: Yes, Senator.

Senator CAMERON: Did that include the Tasmanian Jobs Program?

Ms Leon: The Tasmanian Jobs Program, I think, was already on a path to closure at that point. You will recall we did increase the—

Senator CAMERON: But it wasn't very successful, was it?

Ms Leon: The Tasmanian Jobs Program originally started off at half of the \$6,500 and, as you said, the take-up was a bit lower than had been hoped. We did, for its last six or eight months, increase it to \$6,500, but it was on a path to closure.

Senator CAMERON: Did that help instruct this decision?

Ms Leon: Yes, Senator.

Senator CAMERON: It did?

Ms Leon: Yes.

Senator CAMERON: Thanks. The previous government's Wage Connect scheme was oversubscribed, wasn't it?

Ms Drayton: We had to pause that scheme several times, because we reached the yearly funding amount. It was not a consolidated pool at that point in time; it was a fixed funding amount.

Senator CAMERON: Compared to these schemes, it actually delivered in terms of what the expected numbers were?

Ms Drayton: It did reach its yearly funding figure. It was a different—

Senator CAMERON: Was it successful?

Ms Drayton: It was under different parameters, so it had different eligibility and different conditions under which the subsidy could be paid than the current suite do.

Senator CAMERON: But it was a successful scheme?

Ms Drayton: It was subscribed, yes.

Senator CAMERON: Not just as subscribed, but it was successful—there is a difference.

Ms Drayton: The departmental evaluation has shown that wage subsidies are useful and are a great lever in helping people get a job who would not otherwise have got one. Wage Connect, along with the use of other wage subsidies, is a good tool.

Senator CAMERON: What safeguards exist in the wage subsidy to ensure employees are not being exploited?

Ms Drayton: Employees?

Ms Leon: In what way?

Senator CAMERON: In any way—exploited.

Ms Leon: The exploitation of paid workers—

Senator CAMERON: I could take you to maybe a 7-Eleven-type exploitation.

Ms Leon: It is the Fair Work Ombudsmen that is the protection for people once they are employed.

Senator CAMERON: Have you got any guidelines that you provide to employers who access this?

Ms Leon: I am not sure what you mean, Senator. They are governed by all the normal workplace laws once they have employed someone, so we do not try to restate what their obligations are as employers.

Senator CAMERON: Are there any restrictions on how many times an employer can use the subsidy?

Ms Leon: They cannot use a subsidy in respect of the same person for the same position more than once, and there are eligibility rules for employers, if that is the question you going to, Senator.

Senator CAMERON: For instance, could Coles and Woolworths use it to place 500 job seekers?

Ms Drayton: If the job seekers met the eligibility requirements, they could.

Senator CAMERON: So they could?

Ms Leon: Yes.

CHAIR: Are there any more questions for outcome 1?

Senator REYNOLDS: No more questions, but I would just like to, with your indulgence, correct the record.

CHAIR: Yes.

Senator REYNOLDS: Before lunch, Senator Cameron sought to correct the record about something that I had said earlier when we were having a discussion about parliamentary intern programs. I think this is correct, but I will read it out. Senator Cameron said:

Senator Reynolds was indicating that 'the interns' who work both in the office of the Leader of the Opposition, Bill Shorten, and in Dr Leigh's office were unpaid. Jen Rayner has just advised: 'That's a dirty allegation that either of us were ever interns'—they were not interns. Thomas McMahon has said, 'I may have sold my soul to the ALP—good person!—'but my labour has always been paid for.' That is the situation from them.

At the time, I was caught a little unawares because I had no idea, and I certainly had not mentioned the names Jen Rayner and Thomas McMahon. What I did do, however, is simply quote from publicly available material from the website of at least one if not two of Senator Cameron and Senator Lines's colleagues, who were waxing lyrical about the benefits of parliamentary intern programs. One of them was Andrew Leigh, the shadow Assistant Treasurer, who was very fulsome in his praise about the program and, in particular, his program.

What I noted—again from publicly available information on the website—is that someone who is now an electorate officer for Dr Leigh had mentioned on her LinkedIn profile that she was an intern for Hon. Bill Shorten for one month and an intern for Gai Brodtmann for five months before that. I believe that what I just noted was that that was the case. In that sense, that was actually incorrect. But, in relation to the two people that Senator Cameron implied that I had misrepresented, the first one, Thomas McMahon, who he said works for Bill Shorten, I went online with Dr Google on the lunchbreak.

Senator LINES: A point of order, Chair.

CHAIR: Yes, Senator Lines.

Senator LINES: Mr Shorten needs to be given the same courtesy as—

CHAIR: Absolutely. Thank you, Senator Lines.

Senator REYNOLDS: The Leader of the Opposition, Bill Shorten—I presume Senator Cameron is talking about the Thomas McMahon who is an adviser to Hon. Bill Shorten MP. I did not know who he was and I certainly had not quoted anything about him before, so that is another misrepresentation. I was not quite as clear about a Jen Rayner, but again I went online. There is a Jennifer Rayner at ANU who has done some of the formal parliamentary intern programs. I am not quite sure whether it is these two people, but I wanted to correct the record that I do not know and I certainly did not quote—

CHAIR: So they were not the people?

Senator REYNOLDS: They were not the people. The people I was talking about proudly talk about their internships with various Labor Party and Green senators. I wanted to correct the record that that is not what I said, and I certainly do not know the people he was talking about. Thank you.

CHAIR: Outcome 1 is now finished.

Ms Leon: I wanted to provide a follow-up to a question that Senator Siewert asked. Although she is not here, I hope she will at least get to see it on the *Hansard*. She asked about the number of times we access the complaint registers held by providers. The information I can provide is that, of the 13,000 complaints, 2,412 have been referred to the provider for follow-up. We do not capture the number of times we call for the complaints register, but they are a part of every site visit. Thank you.

[14:49]

CHAIR: Thank you, Ms Leon. We move to outcome 2.

Senator CAMERON: Can we have the officers dealing with the Fair Entitlements Guarantee. Welcome, Ms Parker.

Ms Parker: Thank you.

Senator CAMERON: One of the provisions in the Fair Entitlements Guarantee Amendment Bill 2014 is that it would reduce the entitlements of workers who lose their jobs through no fault of their own. Their redundancy pay would be changed from four weeks per year of service to a cap of 16 weeks. Is that still government policy, Minister?

Senator Cash: An announcement will be made during the election period as to the status of that policy.

Senator CAMERON: It is under active consideration, is it? It is election time.

Senator Cash: It is under active consideration. An announcement will be made.

CHAIR: Everything is under active consideration.

Senator CAMERON: You have not been able to cut workers' wages on time, so you are doing a U-turn, again.

Senator Cash: We believe in a strong safety net, I can assure you.

Senator CAMERON: Every member of the government, in the House of Representatives, supported that bill to cut the FEG entitlements. Is that correct?

Senator Cash: If it went through the House of Representatives, the answer, I assume—according to the *Hansard*—would be yes. But, as I said, we will be making further announcements in the election.

Senator CAMERON: Why did the government support a bill that would significantly cut the FEG entitlements?

Senator Cash: It was a budgetary measure. You and I have spoken before as to the impact of the former Rudd-Gillard-Rudd government's fiscal irresponsibility and the fact that you acquired a surplus. You spent that. Taxpayers are now paying about \$8 billion a month because of your fiscal irresponsibility. Tough decisions have to be made, across the board. We will be making further announcements during the election period.

Senator CAMERON: Because it is an election, the tough decisions are getting ditched—because you could not get it through in time.

Senator Cash: That is not what I said. This is a fiscally responsible government, as was outlined in our budget on Tuesday night, as compared to—unfortunately—what we saw last night.

Senator CAMERON: Under that bill, which is still government policy, a worker who had been employed for 10 years under the Palmer Nickel and Cobalt Refinery collective agreement would have been eligible to receive 39 weeks payout, 14 weeks—

Senator Cash: Senator Cameron, you are completely aware that this bill was not proceeded with in the Senate. We can give an update on—

Senator CAMERON: Chair, can I finish asking the question?

Senator Cash: exactly what the Queensland Nickel employees are receiving to date.

CHAIR: Thank you. Senator Cameron, you have the call.

Senator CAMERON: I will start again. Under the Palmer Nickel and Cobalt Refinery agreement, a worker who has been employed for 10 years is eligible to receive 39 weeks payout, 14 weeks pay and a further 2½ weeks pay per year of continuous service with the company. Is it not true, Minister, that the 2014 amendment bill that was introduced and was still supported by the Abbott-Turnbull government would see that worker lose 23 weeks redundancy pay, as they would only be eligible for 16 weeks? Is that how the bill would operate?

Senator Cash: The bill did not proceed through the Senate. As I said, I am really pleased that Queensland Nickel workers are receiving approximately \$68 million in the Fair Entitlements Guarantee. If you are genuinely interested in the Queensland Nickel workers,

perhaps you will allow the department to take you through the processes being gone through and what they are being paid. As you are also aware, we are pursuing Clive Palmer, Queensland Nickel and the entities. That is something the former government never did, when it paid out under that scheme.

Senator CAMERON: Given that you said this was based on budgetary measures, not based on a fair and reasonable proposition for the workers—it was simply about your budget—is it, then, true that if that bill had passed Queensland workers would have received much lower amounts under FEG?

Senator Cash: I am not going to comment on hypotheticals.

Senator CAMERON: It is your bill.

Senator Cash: The law in place is the law that applies. I am pleased that the Queensland Nickel workers are receiving approximately \$68 million. I am sure Senator Reynolds will be asking questions about what is the current status, because she genuinely cares about the employees as opposed to making cheap political comments.

Senator CAMERON: It is not a cheap political point. I do not think it is a cheap political point to draw attention to the fact that this government was prepared to pass legislation that would have left individual workers \$58,000 worse off and that the local member cries crocodile tears, when he actually voted for this bill in the lower house. What is the problem with identifying these issues? That is exactly how you operate.

Senator Cash: Again, fiscal responsibility—which is well-known to this government, but is clearly not known to those on your side of the chamber—is something that we will always adhere to. Further announcements will be made during the election, but, as I said, I am pleased that Queensland Nickel workers are going to be receiving approximately \$68 million under the Fair Entitlements Guarantee. On top of that, we are going after Queensland Nickel, and the entities, by aggressively pursuing him as a creditor.

Senator CAMERON: Luckily, the legislation did not get through the Senate and those workers are under the existing legislation. What is the time frame for the payment of FEG to the workers of Queensland Nickel?

Senator Cash: I will get the department to take you through that process.

Ms D Mitchell: The department went up to Townsville for a period of a week to support the Queensland Nickel workers to put their claims in, in a timely way. We have allocated resources and we have a rolling claim process happening at the moment, and we anticipate that all of the distribution of payments will be by the end of May.

Senator CAMERON: So all claims have been lodged?

Ms D Mitchell: We have had 708 claims lodged, but people have up to 12 months to lodge their claims.

Ms Parker: We had 787 people employed by Queensland Nickel—I think that is what you were looking for. There were a couple of steps in that process: there were 237 retrenched on 15 January, and then 500 retrenched on 11 March.

Senator CAMERON: I understand people have got 12 months to lodge, if they have not lodged. Has the department provided assistance to these workers to help them fill in the forms and go through the bureaucracy?

Ms D Mitchell: Four senior staff went up to Townsville, and we had 10 information sessions to help the workers understand the FEG process. We provided those sessions in a shift or rotating basis in case people could not come during the day.

Ms Parker: It was about a week, wasn't it?

Ms D Mitchell: It was a week. We had 300 to 400 people attend those sessions. As well as that, we had a claim drop-in centre established, and we had laptops and scanners there so that workers could have assistance to lodge their claims and be given guidance about the documents that they required. We could scan them in there immediately. It was a pretty intensive week.

Ms Parker: There is also an information line—the usual. You could phone up and get assistance from the team back in Canberra.

Senator CAMERON: When do you expect all of the payments to be made?

Ms D Mitchell: We expect, on the current claims, that they will be distributed by the end of May. They are distributed through the liquidator.

Senator CAMERON: Has the department received any correspondence from the member for Herbert seeking expeditious payment of the FEG payments.

Ms Parker: No, we have not.

Ms D Mitchell: I am not aware.

Senator CAMERON: No, you did not.

Ms Parker: The minister may have seen it, but the department has not.

Senator CAMERON: Minister Cash, did you receive any direct correspondence?

Senator Cash: The member for Herbert, Ewen Jones, absolutely advocated on behalf of the Queensland Nickel workers.

Senator CAMERON: Did you receive any correspondence? Did he write to you?

Senator Cash: I will need to check whether it was actual correspondence, but certainly he will pick up the phone and talk to me, as I would expect him to.

Senator CAMERON: When he did that, did he tell you that he still supported the cuts to the FEG payments or had he changed his mind?

Senator Cash: No, he told me he supported the Queensland Nickel employees, and he was very glad we were able to assist the Queensland employees in the way that we have.

Senator CAMERON: Did he ask you then to make sure that the FEG payment was not as he voted for?

Senator Cash: Again, the member went into bat for the people in his local area.

Senator CAMERON: Did he understand that the position he adopted in the lower house would have cost some of his local constituents \$58,000—

Senator Cash: Senator Cameron, the member for Herbert—

Senator CAMERON: Did he understand that?

Senator Cash: Unlike so many on your side, he understood that when he voted to abolish the carbon tax he was giving a tax cut to Australian families. The member for Herbert understands that this government has to undertake fiscal repair.

Senator CAMERON: When in trouble, go to the carbon tax!

Senator Cash: The member for Herbert understands his constituency, and I can assure you he advocated strongly on their behalf.

Senator CAMERON: I am finished on this. Can we go to working women?

CHAIR: There are some questions around Queensland Nickel from Senator Reynolds.

Senator REYNOLDS: First of all, I would just like to put in—I am not quite sure what it is, but it might just be a comment—I took great offence, on behalf of Ewen Jones, to the reference to his crocodile tears. I have known Ewen Jones for many years and he is a man of deep emotion. He cares about his constituents, and the fact that a grown man cried says so much more about him. You ridiculing it now speaks volumes about you: that you would actually ridicule Mr Jones in this way.

Senator CAMERON: I do not appreciate any character reference from you.

Senator REYNOLDS: I just want to put on record that he absolutely—calling crocodile tears—

Senator CAMERON: Crocodile tears.

CHAIR: Senators, we are significantly behind the program, so rather than argue—

Senator REYNOLDS: I actually have questions on QNI.

CHAIR: Senator Reynolds, you have the call.

Senator REYNOLDS: Secretary, can you please explain the role of the special purpose liquidator in the QNI liquidation as announced by the minister, I believe, in mid-April?

Ms Parker: I hope it is okay, if I answer.

Senator REYNOLDS: Please, Ms Parker.

Ms Parker: As you know, the minister has announced that the Commonwealth government make an application to the court to appoint a special purpose liquidator to Queensland Nickel under a program we have called the FEG—Fair Entitlements Guarantee—recovery program. A special purpose liquidator is appointed by the court to carry out a specific function in the liquidation of a company where it is desirable. It is only in certain circumstances. If the court agrees, the government will nominate Stephen Parbery from PPB Advisory to accept the appointment as the special purpose liquidator.

The court will hear the application for that request to appoint a special purpose liquidator on Wednesday, 18 May. We have been meeting with the Queensland Nickel committee of inspection and talking to them about the application filed by the Commonwealth seeking the appointment. The reason for those discussions is to inform the committee, on the grounds for the application, of the proposed funding arrangement and answering any queries raised by the committee members.

It is an unusual thing to do. The government has decided to intervene, because of the estimated taxpayer funds involved in FEG—estimated to be \$65 million once the guidelines are applied. If they are appointed, they will work alongside the liquidator, which is FTI Consulting, to maximise recovery of moneys to meet employee entitlements. They are also working to the interests of creditors as a whole.

Senator REYNOLDS: Could I just clarify something there: you just mentioned a figure of \$65 million—is that what you are seeking to get back; and does that correlate to the \$68 million in payments that you have paid to the workers or is that separate?

Ms Parker: It is an estimate.

Ms D Mitchell: The estimate is between \$65 million and \$68 million. It is a moving feast while we do the assessment.

Senator REYNOLDS: But there is the correlation between the two?

Ms Parker: Yes, and the aim is obviously to try and recover as much of that as possible.

Senator REYNOLDS: Thank you. What are the reasons that the Department of Employment, representing the Commonwealth, will be putting in its application to the Queensland Supreme Court as to why an SPL is necessary? Why a Queensland court?

Ms Parker: Clearly the sheer size of the payout. It is an enormous amount of money that will be paid out by taxpayers. So the role of the Commonwealth in this case is—if a liquidator is appointed, it is for that reason. It is for the FEG purpose. So we are not going for any other reason. It is to protect the Commonwealth's interests in terms of the taxpayer funds.

Senator REYNOLDS: Can you explain why the Commonwealth says there is conflict of interest between FTI and its role as liquidator of Queensland Nickel?

Ms Parker: Part of an application for a special purpose liquidator, as you can understand, is because they are working together with the liquidator—you mentioned QNI. There are basically two working alongside each other. Our special purpose liquidator is there for FEG; the other, FTI Consulting, is there for the broader interests of the creditors. The court usually in these kinds of cases, I understand, looks to see what the good reason is for having another one. You do not want to be tripping over each other. One of the things they look for is whether the actual originating, or in this case FTI Consulting, may have a conflict of interest—in other words, may not necessarily be able to represent the interests—

Senator REYNOLDS: Of all parties?

Ms Parker: of all parties and, in our case, FEG.

Senator REYNOLDS: Will the special purpose liquidator duplicate the work of FTI?

Ms Parker: They will work in partnership. The intention is absolutely not to work in conflict; it is to work in partnership. What ours, or the government's, will be there to do is to ensure that the FEG entitlements are given a lot of attention.

Senator REYNOLDS: Will the special purpose liquidator have the effect of changing the priority of creditors should moneys be realised in the liquidation process? Can they move it around?

Ms D Mitchell: We would have to take that one on notice.

Senator REYNOLDS: That is fine. It is not an issue for now, but it is obviously a relevant issue as we move forward.

Ms D Mitchell: And the application is before the courts.

Senator REYNOLDS: There have also been reports suggesting that, as the Commonwealth is appointed as SPL, the Commonwealth will take all of the money recovered

and not allow creditors to be repaid any of this money. Are those reports correct? I would have thought not.

Ms Parker: Part of the role of the special purpose liquidator is to get information on what assets there are, what possibilities there are of recovering any funds out of this significant liquidation. As I said, we will be working in partnership, so all of that is very much subjective and difficult for us to say this stage but it is not the intention to get ahead of other creditors.

Senator REYNOLDS: Thank you. I have a number of other questions here but I will put those on notice. I would like to congratulate your staff on the work they have done, the speedy response and the engagement they did with the workers up in Queensland Nickel, so if you could just pass on congratulations.

Ms Parker: Thank you, Senator. We will.

Senator CAMERON: It sounds like you have done a good job. Well done.

Senator Cash: They have. The department have done a good job.

Senator CAMERON: When the workers get their cheques, I will say, 'Good on you'!

Senator LINES: I have a couple of quick questions. Ms Parker, in terms of the hundred-odd applications you have received so far for FEG—

Ms Leon: There are many more than that. Seven hundred and eight, I think.

Senator LINES: Are the records from Queensland Nickel intact enough?

Ms D Mitchell: The books and records were in a reasonable condition and we worked very closely with the liquidators in the early days to make sure that we could expedite the process.

Senator LINES: So what sorts of details are you chasing? If they are in a 'reasonable' condition, what is missing?

Ms D Mitchell: I could not go to the volume of cases, but generally it is where we are looking for document verification, and it usually is when old workers perhaps do not have a copy of their birth certificate and they need to go and get that.

Senator LINES: No; I am talking about Queensland Nickel's records, because you have to verify the claims.

Ms D Mitchell: That is correct.

Senator LINES: Do you have the hours worked, the annual leave paid?

Ms D Mitchell: We do.

Senator LINES: Are they in reasonable condition or are they in good condition?

Ms Parker: They are in condition enough for us to be able to assess and make payments.

Senator LINES: And superannuation records?

Ms Parker: I do not think there is anything specific that anyone has said is missing. We can take that on notice, if you like, Senator, but we are pretty comfortable.

Senator LINES: Have you had contributions of superannuation that employees have paid?

Ms Parker: We do not pay superannuation.

Senator LINES: I know that, but I am saying: are they are missing?

Ms Parker: We will not be collecting those.

Senator LINES: Are they missing?

Ms Parker: They are not missing because we are not asking for them.

Senator LINES: Does that mean you don't know?

Ms Parker: We don't know.

Senator CAMERON: Who is handling Working Women's Centres? I refer here to the budget measure Community Engagement Grants Program. I note the funding for Working Women's Centres runs out at the end of this financial year. Will this budget measure be used to provide ongoing funding for the centres?

Dr Morehead: This is a question probably best asked of the Fair Work Ombudsman. You will note in the budget papers for both last year and this year that the item is for the Office of the Fair Work Ombudsman. The relevant extract from the budget paper this year says there will be \$7.3 million provided:

... over four years from 2016-17 to establish the Community Engagement Grants Program.

Then it explains it a bit. It says:

... it will replace the current Community-Based Employment Advice Services program.

The next paragraph says:

This will continue the Government's support for community organisations that provide employment advice to disadvantaged and vulnerable people in the workplace ...

The cost of this measure will be met from within the existing resources of the Office of the Fair Work Ombudsman.

That is the budget measure.

Senator Cash: Senator Cameron, if I can update you on the situation. My office did meet with members of the Working Women's Centre last week and they have kindly sent me a letter acknowledging that, stating: 'You have listened to our concerns and to the voices of many supporters concerned about the future of our services.' And then there are a number of other nice things that they have said. We had also worked with them, saying that we would extend their funding until 31 December 2016. They have acknowledged that. We have sat down with them. We have talked with them. We have managed to get to a process where we can extend the funding until 31 December 2016. The FWO is looking at what it can do, which you could probably ask Natalie James about.

Senator CAMERON: Why would we cut out an important women's program?

Senator Cash: It is not cutting out an important women's program. As I said, we have extended the funding and now there is a review process, as Ms Parker just outlined, being undertaken by the FWO, and Natalie James can take you through that in detail.

Dr Morehead: In the previous budget measure, it was \$7.056 million over four years and this current one is \$7.3 million over four years.

Senator CAMERON: This is an issue for the department. Given that there has been an extension of funding, will these Working Women's Centres have to apply for more funding under a competitive process at the expiry of that funding period?

Ms Parker: Senator, I think you need to ask the Fair Work Ombudsman. We do not have the detail.

Ms Leon: We do not administer this program.

Ms Parker: We do not have the program.

Senator Cash: FWO are on later in the program.

Ms Parker: Yes, they are on later.

Ms Leon: It is the Fair Work Ombudsman that runs this program.

Senator CAMERON: I am ready for asbestos safety.

CHAIR: Are there any more questions for outcome 2?

Senator REYNOLDS: Yes.

CHAIR: Senator Reynolds.

Senator REYNOLDS: Secretary and Minister, I would like to ask some questions about the previous Road Safety Remuneration Tribunal legislation. Could you clarify some factual details in some of the case studies that have been cited in this debate. I have a press release here from the TWU, which refers to Ms Sue Posnakidis, whose brother John was killed by a truck driver, Daniel Walsh. He later pleaded guilty and was jailed. The press release, which is dated 16 April this year, says:

"Bereaved family members like Sue Posnakidis are very the reason why the Road Safety Remuneration Tribunal was established in the first place – so that fewer people have to go through the pain that she has suffered.

I also have a statement that Ms Posnakidis has made to the RSRT:

Daniel Walsh pleaded guilty to two counts of aggravated driving without due care. He was sentenced to 5 months jail, suspended on a good behaviour bond for two years.

Here is the kicker:

Daniel and the company he worked for, Infront Transport, were also fined for multiple breaches of trucking industry regulations.

If Mr Walsh was an employee driver, would the pay order of the former RSRT have even applied to this particular truck driver?

Dr Morehead: No.

Senator REYNOLDS: That is very clear, thank you. On that basis, would it be correct to say that if the RSRT's pay order had applied at the time of this accident it would not have had any impact in relation to road safety in this particular case?

Dr Morehead: There are many reasons for heavy vehicle fatalities. The data shows that in roughly 37 per cent of heavy road vehicle fatalities the driver of the heavy vehicle had some role in the crash. So I guess the important point to note is that the majority of heavy vehicle fatalities decided by the coroner are not the fault of the truck driver. The other point to note is that when people have tried, mainly in the US, to look at the link between pay and safety the results are mixed. It is clearly established that the main factors for having safe roads and people being able to drive safely on them are, obviously, factors other than those to do with pay—when you look at what causes most of the accidents. And most of the studies do not distinguish between employees and owner-drivers. For example, with the 192 heavy

vehicle road fatalities excluding buses—that is, heavy vehicle trucks—the road deaths in the year to December 2015 were 192. We do not know how many of those involved drivers who were owner-drivers rather than employees. That data is not collected.

Senator REYNOLDS: By my calculation, 63 per cent of fatalities that involve truck drivers are not the fault of the truck driver themselves?

Dr Morehead: That is correct.

Senator REYNOLDS: You also said that there is a tenuous—I am not sure exactly what word you used—correlation between pay and safety?

Dr Morehead: There have been a number of US studies done. The main issue with the studies is that the majority of studies do not show a statistically significant link. We have had a couple of studies done that go either way. When you take a sample of drivers and ask them how many crashes have you been involved in within the last few years, one study showed, for example, that owner-drivers did have a few more of the crashes. The other study showed exactly the opposite. Most of the studies are done with employee drivers, so most studies look at pay data from employee drivers in big firms. On an evidence based approach, there is no definitive link between safety and pay.

Senator REYNOLDS: On the basis that the order would not have applied to that particular driver, in light of what you have said, is it actually correct to say that the RSRT's pay order, if it had applied at the time of this accident, would not have had any impact at all in relation to road safety in this particular case?

Dr Morehead: That is correct.

Senator REYNOLDS: Going back and having a look at the TWU's media release of 16 April, using this poor woman, who has just lost a brother in this way, seems to be taking advantage of her, at best, and exploiting her, at worst. I have another question. I am looking at a Facebook post by the TWU which has a quote attributed to Lystra Tagliaferri. Ms Tagliaferri's husband, David, was killed by a truck driven by Paul Stewart Kershaw. The quote says: 'Nothing can bring my husband back, but I want to make sure that others do not suffer a senseless loss. That is why I support the Road Safety Remuneration Tribunal so strongly.' Again, this woman has been used as a public face of this campaign by the TWU. I would also like to quote now from a judgement of the West Australian Court of Appeal in sentencing Mr Kershaw, which states that he had worked as a truck driver for 17 years, averaging about 120,000 kilometres per year. The appellant's employer advised that he was a reliable, hardworking employee. That is from Kershaw versus Western Australian Court of Appeal. Again, given that the Court of Appeal has confirmed the truck driver in this accident was actually an employee and not an owner-driver, would the pay order of the formal RSRT have even applied to this second driver?

Dr Morehead: No.

Senator REYNOLDS: On that basis, given the previous information provided, would it then also be correct to say that if the RSRT's pay order had applied at the time of this accident, it would have made no difference to road safety?

Dr Morehead: That is correct.

CHAIR: I wanted to return to the FEG. On the matter of Bruch Textiles, in the north-east of Victoria, I understand that the public examination of the liquidation of Bruch Textiles is continuing before the Federal Court in Sydney. I understand that on 28 April Mr Philip Bart gave evidence. Can you remind the committee about Mr Bart's role in the Bruch Textiles' corporate structure?

Ms D Mitchell: Mr Bart was a director of the Bruch Textiles group.

CHAIR: I have read the transcript and on page 322 of the transcript the following exchange occurred between Mr Bart and counsel for the Department of Employment. Counsel, 'I'm just asking the questions. Have you ever made any offer or proposal to pay the Bruch creditors out of your own money?' And Mr Bart replied, 'No, I have not made any offer.' Counsel then asked, 'So you have not made any offer or proposal to repay FEG, or the employees, their outstanding entitlements?' Mr Bart, 'No, I have not.' Counsel, 'Have you ever discussed any repayment of the FEG monies with anyone but your lawyers?' and Mr Bart replied, 'I have not discussed the repayment of the FEG money.'

Is the department aware of any proposals Mr Bart may have put forward to either the department or the liquidator of Bruch Textiles, to pay money in the context of the FEG moneys paid when Bruch Textiles went into liquidation, leaving the taxpayer pick up the tab for \$3 million of the employees' entitlements?

Ms D Mitchell: We have been advised by the liquidator that the liquidator met with Mr Bart and Mr Nicodemou on 5 June 2015. I was further advised that the purpose of the meeting was to ascertain whether there was an outcome for Mr Bart that would result in an end to the then proposed public examination. The liquidator suggested, I understand, that it might be possible to repay the \$3.5 million in FEG advances. Subsequent to that, the liquidator received an informal offer of \$400,000, and I understand that the liquidator did not consider it an appropriate or acceptable offer.

CHAIR: So not only did he have the meeting, discuss the repayments of FEG money; he actually made an offer to the liquidator, which is quite in contradiction to his evidence previously.

Ms D Mitchell: That is how I have been advised by the liquidator.

CHAIR: Thank you very much, Ms Mitchell. We will follow that up. I now call the Fair Work Commission. Thank you very much officers.

Fair Work Commission

[15:24]

CHAIR: Welcome. Ms O'Neill, do you have an opening statement?

Ms O'Neill: I do not.

CHAIR: Okay, then we will go straight to questions.

Senator CAMERON: Ms O'Neill, there is a \$12 million cut the next financial year in the budget papers; is that correct?

Ms O'Neill: Under the budget, funding is reduced next year by \$3.48 million.

Senator CAMERON: What about over the forward estimates?

Ms O'Neill: I do not have that right in front of me, but I can get that for you.

Senator CAMERON: Does \$12 million sound like—

Ms O'Neill: That sounds about right.

Senator CAMERON: Your average staff level will fall from 702 to 675?

Ms O'Neill: No. I suspect you are looking at the FWO budget papers rather than those for the Fair Work Commission. We do not have anything like that number of staff.

Senator CAMERON: What is your average staff level?

Ms O'Neill: The estimated actual figure for 2015-16 was 343.

Senator CAMERON: What will it be—

Ms O'Neill: Under the budget papers?

Senator CAMERON: Yes.

Ms O'Neill: It will be 326. So it will be a reduction of 17.

Senator CAMERON: Where will those job cuts come from?

Ms O'Neill: We are considering the impact and implications of the changes in the budget and other factors at the moment. I do not have a clear answer for you at this point in time.

Senator CAMERON: So you are looking at how this will affect the commission's capabilities?

Ms O'Neill: We will look at all of our options.

Senator CAMERON: There is a new deputy president?

Ms O'Neill: Yes.

Senator CAMERON: A Ms Lyndall Dean. How will this deputy president be funded?

Ms O'Neill: There is no additional funding accompanying that appointment.

Senator CAMERON: What is the cost of this appointment to the Fair Work Commission?

Ms O'Neill: The base for remuneration is in the order of \$450,000, but the total cost, when you take into account travel, particular equipment and so forth—

Senator CAMERON: And staff?

Ms O'Neill: and staff, is in the order of \$580,000.

Senator CAMERON: That does not leave much for staff, does it? How many staff does the deputy president get?

Ms O'Neill: Generally it is one associate. That is unless a member, whether a deputy president or a commissioner, is a panel head, for example, in which case there are generally two associates provided.

Senator CAMERON: So on top of this \$3.48 million cut from next year, you have to find \$580,000. So in effect your operational capacity has been reduced by over \$4 million.

Ms O'Neill: I would not put it that way. The information on the funding from government is there. There is no doubt appointments without funding put pressure on our budget, but we will do what we can to operate within the resources provided to us.

Senator Cash: Senator Cameron, I will just make a clarification. I think the funding cut you are referring to is funding that was part of the Road Safety Remuneration Tribunal and FWO process. Perhaps Ms O'Neill might like to take you through that.

Ms O'Neill: Sure. Perhaps I can give you a bit of context around the impact of appointments on the budget position that the commission faces. There will certainly be some challenges, particularly next year—2016-17. There are a range of factors that will contribute to that, both revenue changes and also some expenditure drivers. The reduction in funding next year is predominantly, as the minister indicated, a direct consequence of the repeal of the Road Safety Remuneration Act. The reduction associated with that next year is approximately \$2.4 million out of the \$3.48 million. The remainder of the reduction in funding is largely arising from ongoing impacts from previous efficiency dividends but also the impact of PRODAC. For a very long time, unlike other courts and tribunals, in the context of the commission members were treated as staff for the purposes of PRODAC. That is the explanation for the reduction in funding—the combination of those two factors.

On the expenditure side, there are some pieces of work that we are working on at the moment that are resource intensive. One of those is the referrals from the trade union royal commission. Similarly, while the four-yearly review of modern awards we are working on is not necessarily an enduring piece of work, it will put some resource constraints on us in the immediate future.

Then, of course, additional appointments will add to that pressure. I should say, though, that the appointment that was made yesterday takes us to a current total of 43 primary appointments. I think that is right. That is together with an acting commissioner, various dual appointees and expert panel members. That is not the highest number of members that we have had. We had 46 for a period in 2013-14.

Proceedings suspended from 15:32 to 15:46

CHAIR: We will reconvene.

Senator SESELJA: There was a report in *The Australian* a few weeks ago and it was in relation to an MOU between the ACT government and Unions ACT. I am not sure if you are aware of it. *The Australian* of 16 March said:

All ACT government agencies have been told to 'decline to award a tender proposal for ACT government works or services' if the tenderer does not undertake to meet a list of union demands, including examination of company records, the names and addresses of workers and the right of entry for unions to recruit members.

Has there been any investigation into this deal that you are aware of?

Ms O'Neill: Mr Enright might assist with that question.

Mr Enright: There has been no investigation or inquiry conducted by the Fair Work Commission as the regulator of registered organisations in relation to that matter. There is nothing that I have heard from what you have said, Senator, that seems to fall within the jurisdiction of the Fair Work Commission.

Senator SESELJA: So there would be no issues under the Fair Work Act with a situation where the union can effectively get those kinds of details and veto potential tenderers? That is not within the jurisdiction of the Fair Work Act?

Senator CAMERON: I would like to know exactly what we are talking about. I would like to see the agreement. You cannot be asking the Fair Work Commission to be responding to an article in *The Australian*.

CHAIR: Why not?

Senator SESELJA: Why note? When did that rule come in?

Senator CAMERON: They are entitled to know exactly what they are answering the question on and they should not speculate.

CHAIR: Okay. I am sure the secretariat is, right now, downloading that article.

Senator CAMERON: It is not the article—

CHAIR: Then the Fair Work Commission can have a copy of the article and respond to it appropriately.

Senator CAMERON: Okay.

Senator SESELJA: It has been reported and I would have thought the Fair Work Commission would have some knowledge of it. It is quite concerning to the MBA in the ACT and a number of other groups, including the business chamber, have expressed serious concerns about this. I wonder whether this MOU in particular comes under the jurisdiction of the Fair Work Act. Mr Enright, your answer seems to suggest that it would not come under the jurisdiction of the Fair Work Act.

Ms O'Neill: Mr Enright, was answering not so much from the perspective of the Fair Work Act but the Fair Work (Registered Organisations) Act, which is a scheme for which we are responsible regulating the registration and activities of certain organisations. Mr Enright was saying that there was nothing in your description that suggests that it is a matter that would fall within the jurisdiction as regulator of registered organisations.

Turning my mind quickly from that short description to anything under the Fair Work Act, again, there is nothing that immediately springs to mind. We are talking there about a scheme whereby the national workplace relations tribunal has a role in supervising bargaining, approving enterprise agreements, dealing with industrial action taken in pursuit of various claims, and that there is no obvious jurisdiction, if I can put it that way, arising out of an MOU between various parties.

Senator SESELJA: The building code is not your jurisdiction, so I would ask that elsewhere?

Ms O'Neill: Yes.

Senator Cash: I think the Fair Work Building Commission is on later.

Senator SESELJA: Thank you. I will come back and ask them that.

Senator WILLIAMS: Ms O'Neill, are you aware that the Road Safety Remuneration Tribunal conducted hearings over Easter?

Ms O'Neill: Yes.

Senator WILLIAMS: I understand that in the weeks before its abolition the tribunal called a hearing that ran over Easter Saturday, Easter Sunday and Easter Monday. Is it normal for the tribunal to sit during public holidays?

Senator CAMERON: I can tell you the answer is yes.

Ms O'Neill: I would not say that—

Senator WILLIAMS: I am going to learn something here.

Senator CAMERON: I have been there and done that over weekends in the industrial commission.

Ms O'Neill: In terms of the Road Safety Remuneration Tribunal, it is not usual in that context. In terms of the Fair Work Commission, it is not uncommon at all for urgent matters to be dealt with out of hours, weekends and so forth. I have a note to the effect that the full bench, in their decision, responded to the question that there were suggestions or requests that the full bench not sit over Easter and expressed a view in their decision about why they had decided to sit over Easter.

Senator WILLIAMS: You said it is not normal for the Road Safety Remuneration Tribunal to sit over that time of the year. Is there any reason why the hearing could not have been conducted on normal work days either side of Easter?

Ms O'Neill: I will try to be as helpful as I can, but that is entirely a matter for the president and the full bench as to when and how they sit. My role and the role of the staff is to support and provide administrative support for the former tribunal. I cannot speak for the president. My role under the former legislation was to assist the president of the Road Safety Remuneration Tribunal and ensure that the tribunal exercises its functions. Essentially, that means that my role of that of my staff is to provide administrative support and facilities et cetera.

Senator WILLIAMS: I understand a number of owner-drivers were subpoenaed by the tribunal directly. Do you know what I mean by 'directly'?

Ms O'Neill: I presume you mean to them personally?

Senator WILLIAMS: Yes. Is it normal for the tribunal to subpoena witnesses directly?

Ms O'Neill: Again, my view is no more relevant or of value than any other individual off the street because it is not part of my function to have such a view.

Senator WILLIAMS: Perhaps you might take that on notice and do some research and report back to the next parliament. Would you be able to do that?

Ms O'Neill: I can, but I was just going to say it is certainly not unusual, in my experience of tribunals and certainly the Fair Work Commission, for individuals to be summonsed to appear and give evidence.

Senator WILLIAMS: These individuals were subpoenaed by the tribunal. Do you know what selection process the tribunal used to identify those witnesses? Do you have any idea about that? Are there any criteria? Can you help us, Ms Clarke?

Ms Clarke: As Ms O'Neill mentioned, the staff involvement was administrative support. My understanding, or recollection, in the weeks leading up to the Easter hearing, which Mr Enright and I attended to support staff, was that individuals who made submissions to the tribunal were selected and asked to attend to provide further information about their submissions.

Senator WILLIAMS: But you do not know the selection process that the tribunal used?

Ms Clarke: I am not aware of that.

Senator WILLIAMS: No-one knows the selection process?

Ms O'Neill: No, and we would not anticipate knowing that.

Senator WILLIAMS: Okay. We will move on. Given that many of those witnesses were regionally based, did the tribunal make any appropriate allowances for those witnesses to be able to attend the hearings without having to travel long distances over the Easter weekend?

Ms O'Neill: My understanding is that a number of witnesses gave evidence by mobile phone, for example.

Ms Clarke: There was a directions hearing that the bench held just prior to Easter where the witnesses were able to express issues with travel. They were each, individually, asked about that and given opportunities to present by phone.

Senator WILLIAMS: Okay. For those witnesses that did have to travel over the Easter weekend, did the tribunal provide conduct money to enable those witnesses to cover the cost of their travel and accommodation over the Easter weekend?

Ms O'Neill: No.

Ms Clarke: No.

Senator WILLIAMS: They did not. So those witnesses who were subpoenaed—some had to travel long distances from regional areas, no doubt—had to attend at their own cost, their own time. Accommodation at Easter is a pretty busy time in accommodation facilities. Correct? There was no remuneration whatsoever for their costs. That is correct, is it?

Ms O'Neill: That is right. There is no framework for such payments to be made in respect of any—

Senator WILLIAMS: The tribunal sat on a day commencing at 7 am Perth time. The commencement was earlier than the normal practice of the tribunal. Why was a 7 am start necessary?

Ms O'Neill: The proceedings commenced at either nine or 10 am Eastern Standard Time, which, because of the time difference, was, of course, 7 am Perth time.

Senator WILLIAMS: Did the tribunal take any steps to inform those witnesses of their right to seek to be represented? When witnesses wanted to be represented, did the tribunal inform those witnesses of that?

Ms O'Neill: I would have to take that on notice.

Senator WILLIAMS: I understand some witnesses were told that if they did not attend the tribunal in person that they would face six months imprisonment, while their submission on the matter would be withdrawn. Was that a typical approach adopted by the tribunal when dealing with self-represented witnesses?

Senator CAMERON: Ha, ha. That is a bit—

Senator WILLIAMS: It is not a laughing matter, Senator Cameron.

Senator CAMERON: It is a laughing matter—

Senator WILLIAMS: No, it is not.

Senator CAMERON: because they do the same thing with the fair work and building commission.

Senator WILLIAMS: I will repeat the question, Ms O'Neill: I understand some witnesses were told that if they did not attend the tribunal in person that they would face six months imprisonment—we will just take that part of the question; are you aware that they could have faced six months in prison if they did not attend the tribunal?—or their submissions would be withdrawn.

Ms O'Neill: I would have to take on notice, I am afraid.

Senator WILLIAMS: So you are not familiar with that one bit? Has anyone told you off the record?

Ms O'Neill: No, I am not—and certainly not with enough confidence.

Senator WILLIAMS: Ms Clarke, are you aware of that?

Ms Clarke: I did not see the summonses. I am not sure.

Senator WILLIAMS: This is very heavy-handed stuff, in my opinion, if what I am saying in these questions is true. That approach to me is—

Ms O'Neill: It would not be unusual, if someone has been directed or ordered to appear in order to elaborate or be questioned in relation to a submission that they have made, if they want to have their evidence considered in a formal sense by the decision makers, for them to be available. In virtually all jurisdictions I can think of, if someone is summonsed to attend there is some potential penalty that would attach for simply failing to attend without any reasonable excuse.

Senator WILLIAMS: I am well aware of that in the court system. So this tribunal had the powers of our court system, no doubt?

Ms O'Neill: I would not say that, but it certainly had the powers to require people to attend.

Senator WILLIAMS: They can summons or subpoena people and say: 'If you don't roll up, we're going to lock you up for six months; that's your maximum punishment.' That is a pretty powerful lever.

Ms O'Neill: I have not agreed with that description of the powers; I was just making a general point.

Senator WILLIAMS: I am going to make another point here. I am aware of the case of Alina Hawkins. Ms Hawkins was one of the witnesses, I understand, who was subpoenaed by the tribunal to give evidence. Ms Hawkins has a baby, and I understand that Ms Hawkins raised the fact that she had a baby that she needed to care for when she was subpoenaed. What arrangements were made for Ms Hawkins either not to attend the tribunal in person or to be able to breastfeed her child while at the tribunal? Are you familiar with the witness?

Ms O'Neill: I am not, so I would have to take the detail on notice. But, as Ms Clarke indicated, our understanding is that witnesses were given the opportunity to give their evidence by way of phone rather than travelling to attend.

Senator WILLIAMS: Let me take you to that point, Ms O'Neill. Is it normal practice for the tribunal to require breastfeeding mothers to travel to the tribunal in person to give evidence?

Ms O'Neill: As I have indicated, our understanding is that witnesses were not required to attend. They were given the opportunity to give evidence in other forms. But in terms of any particular case, I do not have that information and I would have to take that on notice.

Senator WILLIAMS: Please do, because I would like to quote from an email Ms Hawkins received on 24 March 2016. After dealing with the notice to appear, the email concludes by saying:

You should be aware that it is an offence under section 89 of the Road Safety Remuneration Act to fail to attend at the Road Safety Remuneration Tribunal in accordance with an order requiring a person to attend. The penalty for such an offence is imprisonment for six months.

Would you agree with that? That would not be false? You might check that out.

Ms O'Neill: No, I would not agree with that. If you wish to provide those details, I can assist in following up the—

Senator WILLIAMS: The point I make is this: it disgusts me to think that for a young, breastfeeding mum they used the heavy-handed tactic of, 'You'll show up or we'll lock you up for six months.' I just think that those are bully tactics, but we will move on.

I understand that the tribunal heard evidence on the first sitting day, the Saturday, from those witnesses who chose to give evidence over the phone. Was this option offered to all witnesses?

Ms O'Neill: I am sorry, I am not trying to be unhelpful, but these were all decisions of the tribunal and not administrative staff or—clearly—myself. And so—

Senator WILLIAMS: Fine, I can understand that; you were not sitting on the tribunal. But will you take it on notice?

Ms O'Neill: We will have to take that on notice.

Senator WILLIAMS: Because I specifically want you to see if Ms Hawkins had been offered that very offer that those people had on the Saturday—okay?

Ms O'Neill: Certainly.

Senator WILLIAMS: How did the tribunal choose which witnesses they would offer telephone attendance to? Would you not be able to answer that?

Ms O'Neill: I would not.

Senator WILLIAMS: But you might be able to find out for us?

Ms O'Neill: I will do my best.

Senator WILLIAMS: You might be able to talk to Ms Jennifer Acton, who was the president of the now defunct tribunal.

Ms O'Neill: She was. She is currently on leave though, so I will do my best to find answers to your questions.

Senator WILLIAMS: What amazes me is why the tribunal required some witnesses to attend in person, but others were allowed to speak on the phone to give evidence. I find that amazing.

I understand that a number of owner-drivers were asked to give evidence about their commercial arrangements. What steps did the tribunal take to inform these witnesses of their right to seek to have this evidence given in confidentiality, given that their competitors,

including Toll and Linfox, were present in the courtroom? Do you understand what I mean by that? They were told to give their commercial information, yet their competitors Linfox and Toll—big trucking companies in Australia—were actually present in the courtroom.

Ms O'Neill: Yes. Again, I will have to take that on notice.

Senator WILLIAMS: I understand that proceedings were broadcast across courtrooms in each capital city—is that correct?

Ms O'Neill: Yes, there were videoconferences.

Senator WILLIAMS: Right. What options were given for establishing video links in regional cities, given that many of those submitters do not live in capital cities?

Ms O'Neill: I will take it on notice. All of the videoconferencing arrangements were held in our offices, which are only in capital cities. We would not have been able to offer videoconferencing arrangements in the usual way outside of capital cities.

Senator WILLIAMS: Were the witnesses who gave evidence by phone advised by the tribunal before answering questions that their evidence would be broadcast across capital city registries and recorded?

Ms O'Neill: I would have to take that on notice.

Senator WILLIAMS: Please do. Do you consider the tribunal accorded owner-drivers procedural fairness over the course of the hearing of AIG, ACCI and NatRoad's application to delay the commencement of the payments order?

Ms O'Neill: Senator, that is essentially asking for legal advice, and I am not in a position to give such advice.

Senator WILLIAMS: You might be able to find something out for me. It has been reported that around 800 owner-driver businesses made submissions to this proceeding. Can you find out how many made submissions? Do we know that, Ms Clarke?

Ms Clarke: The exact number we will have to take on notice. It was in the vicinity of—

Senator WILLIAMS: I have said 'around 800'. You might be able to take that on notice and let us know. The tribunal rejected an application that appeared to have been supported by the bulk of these 800 businesses to delay the commencement of the order. Is this correct?

Ms O'Neill: The tribunal decided not to delay the commencement of the order. That is right, Senator.

Senator WILLIAMS: Even the Transport Workers Union lodged a submission to delay it until October. Is that correct?

Ms O'Neill: I believe that is the case. I understand the full bench addressed that in their reasons for a decision.

Senator WILLIAMS: That is what I find amazing. Trucking companies and even the Transport Workers Union wanted it delayed, but the tribunal said, 'No, we won't delay it.' Why did the tribunal treat the application from the TWU as it did? It appears to me that they seem to have focused on TWU, but still did not listen. Would you be able to answer with any reason the tribunal—

Ms O'Neill: I cannot speak for the tribunal, I am sorry.

Senator WILLIAMS: I take you to the TWU app for road safety. I understand from the recent reports in the media that the TWU was given taxpayer funding of a total of \$222,224 by the former Labor government to educate impacted persons about the road safety system and develop a communications strategy. The TWU has reported not to have put in place such measures. I understand the TWU developed an app in May 2015—some three years after the grant was made—and reportedly presented it to the RSRT for review. Is this correct?

Ms O'Neill: There has been no funding of any kind given by the Fair Work Commission to the TWU or any other party. It may be a matter that you might want to raise with the Fair Work Ombudsman.

Senator WILLIAMS: Let me pause for a minute on that, please. Did you know anything about this proposed app? The TWU asked RSRT to deal with a proposed app. Do you know anything about it?

Ms O'Neill: My recollection is that the former Road Safety Remuneration Tribunal was invited by the Fair Work Ombudsman to have some input into the development of the app, which to my recollection was not taken up.

Senator WILLIAMS: So the TWU had designed this app—

Ms O'Neill: As I said, it is not a matter that we were involved in.

Senator WILLIAMS: And it was going to be reviewed by the RSRT.

Ms O'Neill: No, Senator. What I was trying to convey was that my understanding is that the app was not something that was generated or initiated by the Road Safety Remuneration Tribunal, but as a key stakeholder the tribunal's input was sought.

Senator WILLIAMS: I believe there is a contract. In this contract it refers to the provision of services defined as the delivery of educative activities, guidance materials and assistance on the enactment and implementation of the Road Safety Remuneration Act, the Road Safety Remuneration System and national workplace laws. Those services were due to be provided by 16 June 2014. When did the TWU first approach the tribunal with the work it had done on the app? Do you have any idea of that?

Ms O'Neill: I think you are confusing the Road Safety Remuneration Tribunal with the Fair Work Ombudsman, who is coming up after us today. My understanding is that it was that agency that engaged with the TWU to develop the app.

Senator Cash: So you might want to ask those questions—I think Ms O'Neill is saying—to the Fair Work Ombudsman, who is coming up next.

Senator WILLIAMS: Righto. We might do that, then.

Senator CAMERON: Don't encourage him, Minister!

Senator WILLIAMS: Could you tell us how many staff were dedicated specifically to the Road Safety Remuneration Tribunal functions?

Ms O'Neill: That number varied over the life of the former tribunal. In previous QONs, for example, at different points in time the number of staff dedicated to supporting the RSRT was in the order of four. The approach that I took in terms of supporting the Road Safety Remuneration Tribunal was that an integrated model of support was the most efficient way to support it, and so it was predominantly and overwhelmingly Fair Work Commission staff who spent some of their time supporting the tribunal, rather than dedicated—

Senator WILLIAMS: How many were on the tribunal? How many people are actually listed on the tribunal?

Ms O'Neill: There was the President of the Road Safety Remuneration Tribunal—

Senator WILLIAMS: Ms Acton, yes.

Ms O'Neill: who was a dual appointee. She is also a Fair Work Commission member.

Senator WILLIAMS: Does she get paid by both?

Ms O'Neill: No.

Senator WILLIAMS: She gets the one lot of \$450,000 or whatever it was?

Ms O'Neill: She did not get any additional remuneration in relation to her appointment as president of the tribunal. There were four other Fair Work Commission members who were dual appointees to the Road Safety Remuneration Tribunal. They were—

Senator WILLIAMS: When you say 'dual appointees', do you mean they worked for the Fair Work Commission and they worked on the tribunal as well?

Ms O'Neill: That is right.

Senator WILLIAMS: Because the tribunal is clearly not a full-time job—or was it?

Ms O'Neill: That is the statutory scheme that was in place. Then, in addition, there were some part-time industry members. There were four such members who were appointed.

Senator WILLIAMS: Four?

Ms O'Neill: That is right.

Senator WILLIAMS: So you had the president and four others?

Ms O'Neill: No. There was the president and then there were the other dual appointees on the Fair Work Commission.

Senator WILLIAMS: How many dual appointees—two?

Ms O'Neill: No, they were three or four.

Senator WILLIAMS: You had the president, three or four duals and four other appointments?

Ms O'Neill: There were four dual appointees, including the president.

Senator WILLIAMS: Okay. And four others?

Ms O'Neill: In addition, they were four specific Road Safety Remuneration Tribunal industry members who were part time.

Senator WILLIAMS: Okay. I want to look at those appointees. How many were from the transport industry? You have a total of eight on the tribunal, okay? Do you agree with that?

Ms O'Neill: Yes.

Senator WILLIAMS: Of the eight, how many were from the transport industry?

Ms O'Neill: I actually do not have that with me, but I can review the appointments of the industry members. The criteria for appointment under the scheme was essentially their expertise in the area.

Senator WILLIAMS: Okay. I want you to take two questions on notice for me. One is on expertise in that area: how many of those tribunal members represented owner-driver

truckies? The other is: of the eight people on that tribunal, how many had a union background?

Ms O'Neill: Certainly.

Senator WILLIAMS: Beautiful.

Senator CAMERON: Were there any fitters or boilermakers engaged there either? Can you take that on notice!

Senator WILLIAMS: Could you please tell us how many staff in total supported the tribunal—that is, on a part-time basis?

Ms O'Neill: That is the point that I was making before, which is that the number has fluctuated over time—

Senator WILLIAMS: Take on notice those staff dedicated to both the Fair Work Commission and the RSRT. That would be good.

Ms O'Neill: Dedicated to both?

Senator WILLIAMS: Sorry?

Ms O'Neill: Did you say to take on notice—

Senator WILLIAMS: You have the tribunal and you have some involved with both, and you had staff supporting the tribunal, okay?

Ms O'Neill: Yes, but, if what you are asking is how many Fair Work Commission staff at any point supported the Road Safety Remuneration Tribunal as well, that would be very difficult to extract.

Senator WILLIAMS: Okay. I will excuse you from that. Was the funding provided for RSRT used to cross-subsidise Fair Work Commission activities that they did not relate to the performance of the functions of the RSRT?

Ms O'Neill: I would not describe it in that sense. When the legislation was first enacted, we looked at the various ways to support the RSRT. We did some basic modelling around what it would cost to have a fully separate and parallel set of structures, supports and arrangements, as distinct from the integrated model that we went with. We went with the integrated model. If we had gone for the separate and stand-alone money, we would not have been funded enough to provide the full range of support. But, having said that, because of that integrated model, the very specific and dedicated costs incurred in supporting the RSRT in isolation are significantly lower, or smaller, than the appropriation, or the funding, associated with the RSRT.

Senator WILLIAMS: I have a few more question. Ms O'Neill, you may be aware of recent media reports that quoted the Fair Work Commissioner saying that, with the loss of the RSRT funding, its ability to carry out its normal day-to-day functions was at risk. Can you explain why the RSRT funding was used to cross-subsidise other activities?

Ms O'Neill: As I have sought to explain, we have run an integrated model. With the reduction of funding associated with the RSRT, there is not a discrete team of a scale sufficient that can be excised, if I can put it into those blunt terms. It impacts across the commission.

Senator WILLIAMS: Is it normal for the Fair Work Commission to use tied funds to cross-subsidise other activities of the Fair Work Commission?

Ms O'Neill: What I have explained is: if we had run a separate set of arrangements and support, it would have cost substantially more than the funding that was initially provided. So we went with the integrated model as the most efficient and cost-effective way to discharge the statutory functions.

Senator WILLIAMS: That may be a case. But, surely, if you have that specific funding for each body, then doesn't that lack transparency of taxpayers' funds when you can just switch it from one to the other?

Ms O'Neill: The assessment was that it was the most efficient use of Commonwealth resources.

Senator WILLIAMS: We will hear more about this. My big concern is that taxpayer funding to review the commercial efforts of the TWU in developing an app—we will have more about that later on. But you might just have to take these few on notice, Ms O'Neill. Did the RSRT enter into any contracts for services or goods in the last two financial years?

Ms O'Neill: Yes.

Senator WILLIAMS: In other words, do they have long-term lease of premises and that sort of—

Ms O'Neill: Oh, no. I will correct this if I am wrong, but my understanding is: there is no understanding or continuing contracts as at the date of repeal.

Senator WILLIAMS: There are none? You are quite sure of that?

Ms O'Neill: As I said, I will correct it if I am wrong, but I do not believe there are any outstanding contractual arrangements.

Senator WILLIAMS: Okay, I want you to do that. Could you please provide a list of any contracted services entered into that exceed \$2,000, excluding GST. Could you please explain how those goods and services deliver on the stated legislative objectives of the RSRT. That is it from me, Chair.

CHAIR: Thank you, Senator Williams. Senator Cameron, any questions for the Fair Work Commission.

Senator CAMERON: I am just gobsmacked. I have none.

CHAIR: Okay. We are not here to provide commentary.

Senator WILLIAMS: On the RSRT, take it: I wouldn't blame you for not going near it!

CHAIR: Senator Cameron, you have the call.

Senator CAMERON: Where are we moving to now, Chair.

CHAIR: You have the call for Fair Work Commission.

Senator CAMERON: No. I said I have no questions.

Ms O'Neill: Chair, could I just correct one piece of evidence that I gave earlier? I think I generally agreed with Senator Cameron's question about how much the funding reduction was over the forward years for the Fair Work Commission. I think Senator Cameron identified \$12.2 million, or something of that order. It is \$9.91 million over the forward years in the

PBS. It does not necessarily account for the efficiency dividend that has not gone through, but that is in the PBS. That is the amount.

CHAIR: I have four questions that I would like to quickly—sorry. It would not be estimates, Ms O'Neill, if we did not get to have a couple of questions. My understanding is the CFMEU rules say that CFMEU members are not allowed to be legally represented in discipline matters. Is that correct?

Ms O'Neill: Mr Enright will be able to assist

CHAIR: Mr Enright! How are those right-of-entry forms going?

Mr Enright: I am happy to answer a question on that, Senator.

CHAIR: No, I don't have any. I know we are in a hurry today. It was just a flippant question.

Ms O'Neill: They have changed.

CHAIR: The CFMEU rules about being represented.

Mr Enright: Your question is: are they not entitled to legal representation?

CHAIR: They are not allowed to be legally represented in disciplinary matters.

Mr Enright: That is not quite the case. The CFMEU have rules, and those rules do not prohibit the provision of legal representation. What the rules do—again, I think it is from a media article this morning—for the Construction and General Division is not allow for an absolute right of legal representation. It does not prohibit legal representation; it just does not allow for an absolute right at some stage of their preliminary inquiries. That does not apply later on in their inquiries.

CHAIR: I need you to clarify something for me, then. This document is the registered rules of the CFMEU.

Mr Enright: Yes, thank you.

CHAIR: On page 48, part 11, it reads: 'No-one is entitled to legal representation during investigations.' That is under 'Complaints by members 26A'. Can you explain your answer in reference to my question with respect to this part of the rules.

Mr Enright: Certainly. What you have read out does not preclude the availability of legal representation if appropriate. What it means is that members are not entitled—

CHAIR: There is no 'if appropriate'. There is no discretion there: 'No one is entitled to legal representation during the investigation,' full stop.

Mr Enright: 'Entitled' as of right. What that rule says is that no-one is entitled as of right to legal representation. So there is no automatic right to legal representation. That does not preclude the availability of legal representation if appropriate. In fact, the CFMEU in those matters would be required to provide the same level of procedural fairness and natural justice as any registered organisation.

CHAIR: How long has this been in the CFMEU rules?

Mr Enright: I certified—by a decision of some 18 pages in August 2015—an amendment to CFMEU rules to reflect the very small part you have just read out and other provisions.

CHAIR: I understand other unions have similar restrictions on legal representation in their rules. Which unions have that restriction?

Mr Enright: I would have to take that on notice.

CHAIR: ETU?

Mr Enright: There are 400-odd branches.

CHAIR: I don't mean to go to the musician's union—

Ms O'Neill: Why not?

CHAIR: Hey! No bagging the musicians union—but maybe the ETU, the AEU?

Mr Enright: Senator, again, there are about 400—

CHAIR: TWU?

Mr Enright: I would—

CHAIR: AWU?

Mr Enright: I don't know, Senator. There's—

CHAIR: You don't know.

Mr Enright: I don't know, Senator, there's—

Senator CAMERON: Chair, a point of order—

CHAIR: If they have changed their rules you would actually be—

Senator CAMERON: A point of order, Chair. You cannot badger the witness like this. The witness has indicated clearly that he can take it on notice—and that is the end of it. If the witness takes it on notice that is the end of it.

CHAIR: I was watching you interact with Ms Leon this morning. I would respectfully rule your point of order out of order. Mr Enright is robust enough to take the questioning. He is nodding his assent.

Senator CAMERON: He can take it on notice.

Mr Enright: What I can say, Senator—

CHAIR: Don't direct the witness, Senator Cameron.

Senator CAMERON: I said, he 'can' take it notice.

Mr Enright: What I can say is that there are other registered organisations—unions—with similar provisions in their rules. What I cannot tell you right now is exactly which ones of that roughly 400 reporting units, or 110 registered organisations, have those specifics.

CHAIR: But there are several, many, numerous?

Mr Enright: There would be others. I would not hazard a guess to put a number on it.

CHAIR: Brendan O'Connor said last night that such rules—

Senator CAMERON: Who?

Senator LINES: Who?

Senator CAMERON: Chair, a point of order.

CHAIR: Sorry, Mr O'Connor?

Senator CAMERON: You should refer to the member.

CHAIR: I will take that point of order. Mr O'Connor said last night.

Senator CAMERON: There are a number of Mr O'Connors. Chair, a point of order. Could you clarify which Mr O'Connor you are talking about.

CHAIR: The shadow minister for employment?

Senator CAMERON: That is better.

CHAIR: Excellent.

Senator Cash: His brother obviously looks like him.

CHAIR: It can be confusing, Minister, I do appreciate that. The shadow minister for employment, Mr O'Connor, said last night that such rules are not enforceable. He is wrong, isn't he?

Mr Enright: In the context that I have explained to you, that the rules of unions and registered organisations are enforceable, then the rules—if it is properly enforced in the way that I have explained, with the provision of procedural fairness and natural justice, and does not exclude the provision of legal representation—can be enforced, yes.

CHAIR: Thank you for clarifying that, Mr Enright.

Mr Enright: Happy to help, Senator.

CHAIR: And I am sorry that you have had to sit here all day, but you are free to go.

Senator CAMERON: No, he is not; not yet.

CHAIR: Senator Cameron, I thought you said you had no more questions.

Senator CAMERON: Yes, but I had not heard your questions. Mr Enright, Ms O'Neill: are the CFMEU's rules compliant with the act?

Mr Enright: I certified the amendments in August 2015 in relation to the provisions that the senator has referred to, and I determined that they did comply with the requirements of the registered organisations act. My only hesitation is that some of these rulebooks of these organisations are many, many years old, and some of the provisions in them may not be in compliance with the act, but we have not gone and analysed that in any great detail. But in relation to what the senator has referenced, then I am satisfied they are according to the act.

Senator CAMERON: When I was active in the trade union movement, it was a matter of discretion—

CHAIR: I would argue you still are.

Senator CAMERON: Pardon?

CHAIR: I would argue you still are active in the trade union movement.

Senator CAMERON: What is that supposed to mean?

CHAIR: It is a statement of fact.

Senator CAMERON: You should withdraw that. You are supposed to be a chair.

CHAIR: Aren't you an active unionist, a proud active unionist?

Senator CAMERON: You should just withdraw.

CHAIR: There is nothing to withdraw, Senator.

Senator CAMERON: That is terrible. Mr Enright, when I was active in the trade union movement, it was a matter of discretion for the industrial commission to allow legal representation. The industrial commission actually had discretion in terms of whether people were legally represented—isn't that the case?

Mr Enright: That remains the case.

Senator CAMERON: Yes, so that—

Ms O'Neill: It remains the case, and permission to appear is required.

Senator CAMERON: Yes, and that has been there for decades. I do not know for how long, but certainly when I was active back in the seventies that was the position. So the CFMEU's rules are compliant with the act and not inconsistent with the rules that apply to the Fair Work Commission—is that correct?

Mr Enright: Certainly they comply with the act, and if the CFMEU wanted to allow legal representation in any of their investigative matters, then they are entitled to do that as well.

Senator CAMERON: Good, thanks.

CHAIR: In the rule I read out, No. 11 of 26A—'No-one is entitled to legal representation during the investigation'—specifically relates to when members of the CFMEU are raising complaints against other members of the CFMEU?

Mr Enright: Or specifically when members of the CFMEU are under investigation, yes.

CHAIR: As there are no further questions for the Fair Work Commission, I thank the officers. Have a safe trip home to the beautiful state of Victoria.

Senator CAMERON: Can I ask that we bring on the Fair Work Ombudsman now?

CHAIR: We are following through the program, and I am absolutely confident that if you no longer have Asbestos Safety and Eradication Agency questions, then I only have—I thought Senator Reynolds had some questions.

Senator CAMERON: Chair, I indicate that I had discussions—you were not around during the break—with the minister and the other opposition members. There was a view that there was no problem changing that, but—

Senator Cash: Subject to the chair's agreement though, Senator Cameron.

Senator CAMERON: Yes. Could you give some consideration to that so that we could get to the Fair Work Ombudsman?

CHAIR: I did, and I had strict instructions that Senator Reynolds had a whole range of questions.

Senator Cash: Do we know where Senator Reynolds is?

Senator CAMERON: She said she had—

CHAIR: She is not here. She has left some of those questions with me. I might make a start in the interests of time and get through it.

Asbestos Safety and Eradication Agency

[16:29]

CHAIR: Welcome. Mr Tighe, where have you come from today?

Mr Tighe: Sydney.

CHAIR: Right, so you have taken the trouble to come down and sit here, so we will get through some of these questions because otherwise—that is why we bother asking all senators if they have questions.

Senator LINES: Can I put it on the record that Labor did not call this agency.

CHAIR: Labor did not call this agency. I am not going to have an agency appear that does not have any questions.

Senator LINES: The people who are wasting taxpayers' money are the government.

CHAIR: I am happy to go for the time that has been given to the opposition, both Greens and Labor Party, in this Senate estimates hearing, and very favourably compare it with the minutes in which the government has had a chance to ask questions of agencies and department officials. We can do that publicly or privately, Senator Lines. I am happy to go there. We are moving to asbestos. Mr Tighe, can you explain to the committee what your functions are?

Mr Tighe: My functions are to oversee the national strategic plan that has been signed off by the Commonwealth and the seven other governments of Australia—the state and territory jurisdictions—and to oversee, monitor and encourage the adoption of the plan, which is to deal with asbestos and asbestos related diseases in Australia, not just in relation to the workplace but in relation to health, the environment and other areas it may impact.

CHAIR: Thank you. Senator Reynolds, you are here. Mr Tighe, an apology—I know Senator Cameron's time is short. I am sure Senator Reynolds will make her way through her questions as quickly as possible.

Senator REYNOLDS: I understand that the Asbestos Safety and Eradication Agency's functions are focused on coordination. Section 8 of the act provides that ASEA's functions—and I am paraphrasing here; I have them on a list—include to encourage, coordinate, monitor and report on the implementation of the national strategic plan; to review and amend the national strategic plan as required by the national strategic plan or at the request of the minister; to publish and promote the national strategic plan; and to liaise with the minister and state and territory governments on asbestos safety. While I have condensed it somewhat, is that broadly correct?

Mr Tighe: That is a provision of section 8 of the act, and that is broadly describing what the responsibility of the agency is and its council.

Senator REYNOLDS: In light of that, would it be correct to say that ASEA has a coordination role, not a regulatory or enforcement role?

Mr Tighe: That is true.

Senator REYNOLDS: In relation to your national strategic plan, when was the ASEA national strategy signed off by all states and territories?

Mr Tighe: It was signed off by all heads of government around May 2015. This is the renegotiated national strategic plan. I think the announcement was made formally in the middle of the year. It may have been in concert with a workplace relations—

Senator REYNOLDS: Sometime about 12 months ago?

Mr Tighe: Yes. It would be honest to say 15 months ago is around about the time.

Senator REYNOLDS: So 12 to 15 months. Thank you. I understand there are six strategies in the plan: awareness, best practice, identification, removal, research and international leadership. Is that correct?

Mr Tighe: That is true.

Senator REYNOLDS: Against each of these are a series of deliverables and outcomes. Is that correct?

Mr Tighe: That is true.

Senator REYNOLDS: The plan itself commenced from somewhere late in 2014. Is that right?

Mr Tighe: There was an initial draft of a plan that was endorsed by the previous government, at a Commonwealth level, in 2013. That plan was renegotiated at the direction of the then minister, Senator Abetz, and, as I reported to you, endorsed about 15 months ago.

Senator REYNOLDS: Can you share with the committee what has been achieved against each of those strategies for the first financial year?

Mr Tighe: For the first financial year, the fundamental responsibility of the agency was to go out and gather evidence and information associated with each of those strategic areas. In the case of awareness, a national survey was done in relation to the levels of understanding about the dangers associated with asbestos—how familiar people were with the carcinogenic effects of asbestos. We were looking at the sorts of awareness programs that were in place through a variety of different stakeholders and then getting an understanding about where the focus should be for the purposes of raising those levels of awareness.

Senator REYNOLDS: So there was a national survey for awareness; correct? Is that what you are—

Mr Tighe: There was, yes.

Senator REYNOLDS: I am conscious of time. There was a national survey. Did you do surveys for the other five?

Mr Tighe: Yes, each of those issues was looked at. In relation to best practice, it was an examination of what practices—

Senator REYNOLDS: Via survey; is that correct?

Mr Tighe: No, some of them were directly by discussion with stakeholders. An example is that Ergon Energy, in Queensland, has a very comprehensive management plan for asbestos. Broadly, what happens if asbestos is found in a workplace is that an asbestos management plan must be put in place to manage that asbestos, including targeting high-risk areas for removal. So we were looking at good examples of that which were best practice to basically support and—

Senator REYNOLDS: I am actually more interested—again because I am very conscious of time for everybody here—in the methodology. You had these six strategies, and by various methodologies you have gone through and done an assessment of effectiveness or what has happened in each of those areas? Just to condense it down: are you saying that that is what has actually happened?

Mr Tighe: Broadly, yes, that is right. The best summary I could give is that we looked at all the squeaky wheels and looked at the best ways to address those squeaky wheels and investigated them by gathering the evidence so that we were making a decision not based on some anecdotal information.

Senator REYNOLDS: That is all right. I am just more focused on the methodology at the moment. We will come to that. But, in terms of the methodology, you have done the various reviews into all of those six areas. Have you prepared a report for the government on the outcomes of those reviews?

Mr Tighe: Of course. We produced an annual report which was tabled in parliament. You would have received a copy of it on two occasions.

Senator REYNOLDS: Yes, but did that actually provide the outcomes of those reviews? Against each of those—because like any organisations—

Mr Tighe: Those reviews are published after discussion with the stakeholders and those having an input, and they can be found on our website. In fact, there is—

Senator REYNOLDS: That is not my question, Mr Tighe, with the greatest of respect. I will just be very clear. Has there been a report provided to government that actually consolidates and gives government a very clear picture about each strategy, each deliverable and outcome and what you found as result of all of those?

Mr Tighe: Specifically in relation to the national strategic plan, we have gathered the first tranche of information in regard to that because we need to—

Senator REYNOLDS: I am thinking—and I might be wrong, so please correct me if I am—that from your answer it seems to be no and that you have not produced a report to government on all of those.

Mr Tighe: No, that is not an accurate reflection, because there is a variety of pieces of information. You were saying: is there a specific report in relation to what we have done?

Senator REYNOLDS: Yes.

Mr Tighe: I think I highlighted to you that the final decision in relation to the national strategic plan was endorsed some 15 months ago. We have been working with a variety of different stakeholders in that area including jurisdictions—

Senator REYNOLDS: But you have not brought it back together. I will ask the minister. Minister, have you received a report back that actually consolidates all of that information on what they have found?

Senator Cash: I do not believe so, Senator Reynolds.

Senator REYNOLDS: I will move on. Given that each state and territory and the Commonwealth have signed up to the plan, can you inform the committee what each state and territory and the Commonwealth have achieved against each deliverable and objective?

Mr Tighe: Would you like the detail of the information of what they have done in relation to each of those deliverables? Is that what you are asking me for?

Senator REYNOLDS: In summary, yes—just to say what has been achieved, not diving down into the deep but what actually has been achieved. You have had 15 months. You have had all of these surveys and inquiries, but you have not got them in a single report that we can

have a look at to see what has actually been done. So what has been achieved? I am not talking about the process. What has been achieved over the last 15 months?

Mr Tighe: If you would give me the respect to allow me to explain, Senator, as I said, the new plan was put in place 15 months ago. We have been gathering that information, and we have it in a draft form. That information shows 90 different outcomes that have been put together by not only my agency but other areas of the Commonwealth and state jurisdictions.

Senator REYNOLDS: Just coming back to this: you have a draft report? Is that right?

Senator CAMERON: Chair, on a point of order: Mr Tighe should be allowed to complete his answer.

Mr Tighe: That draft report and that information have been provided to the senior officers in each of the jurisdictions.

CHAIR: Yes, I will be consistent in my ruling.

Mr Tighe: It is out for comment at the present time for accuracy purposes. It was raised with me by a couple of the jurisdictions that, since the initial draft and responses have been put in place, there has been further movement in that area. In fact, we hope to have a final report against the progression of the national strategic plan in the second half of this year, but we do need to make it accurate.

For purposes of reporting what we have done in relation to that process, there is a regular report that goes from the chair to the minister after each meeting. There is information in relation to our operational plan, which indicates what we have done and how it is focused on the outcomes. There is an annual report that we used to put in place. In fact, there is a corporate plan. All of those detail the work that the agency has done since its commencement. So to say that there has not been information generated by a specific report might be true in essence because that specific report is being put together at the present time, but the information has been widely available.

Senator REYNOLDS: Just burrowing into your answer there: there was not a first-12-months report back to government about the outcomes. You have done a lot of research, and you are saying you have a draft report—correct? That will be available in the second half of this year, which would be for your second-year report?

Mr Tighe: That draft report is against the national strategic plan. There is on our website all the anecdotal evidence in relation to the research we have done in each of those areas that are attached to the outcomes of the national strategic plan. The survey was awareness gathering. We have done work in relation to identification. We have a number of classic examples in relation to best practice. We have worked on a new identification tool in Tasmania which is now being refined, looking at world practices in that area. We have started to do some research in the areas in relation to asbestos related diseases, and we are seen as a world leader in relation to international addressing of the problem.

Senator REYNOLDS: But, with respect, that was not my actual question. Fifteen months in, you have not had a progress report yet, but you will have one for the second year; is that right? At the moment you are expecting state and territory ministers and officials to go and read your website to try to figure out exactly what you have done.

Mr Tighe: No, that information has been provided to all the jurisdictions. In fact, when we complete a survey or a piece of research, it is circulated to all the jurisdictions for their comment before we make it available to the public.

Senator REYNOLDS: I understand that you have an underspend of some \$3.4 million. I am just wondering if you have plans to spend that and, if so, on what?

Mr Tighe: Thankfully, in the budget announcement of early this week, the money that we had been discussing with the senator—and we are thankful for the Commonwealth support and Senator Cash's support—has now been made available for the next two operational years of the agency. If you would like me to take you through the things that we think that money should be earmarked for, I am happy to do that.

Senator REYNOLDS: I am happy for you to table it, if you would like, or provide it on notice.

Mr Tighe: Yes, I can give it to you on notice, or I can give you a precis of it now if you wish.

Senator REYNOLDS: Probably not a precis, given the time. I would be happy if you would like to table it for the committee. That is fine. I have one last question. There have been recent reports in the media to the effect that ASEA Council members claim that the Department of Employment has tried to tie down the agency so it cannot reach its full potential. Are you aware of that public claim, and, if it is true, do you share their points of view?

Mr Tighe: I have seen some of the media reports. I do not speak on behalf of the councillors. They are independent of the agency. Certainly there has been some correspondence from the minister's office, which was tabled at my council meeting yesterday, which indicated that some of the information that had been put in the public was erroneous. The minister pointed that out to council members, and they have been made aware of that.

Senator REYNOLDS: Thank you.

Senator CAMERON: Ms Parker, is the authority meeting its statutory obligations?

Ms Parker: That is not a matter for me to answer. They are an independent agency.

Senator CAMERON: So you do not provide any advice to the minister on this agency?

Ms Parker: No—well, I should not say no. If the minister asks us for information—we are part of a portfolio, one of whose independent agencies is the Asbestos Safety and Eradication Agency, so we provide some corporate support. When the agency was established we provided a lot of support. We provided staff for the agency. We provided ongoing governance advice. We have actually given them a lot of help.

Senator CAMERON: So it is not your job to advise the minister of anything in relation to the agency?

Ms Parker: Only in relation to the financials, or, if the minister asks about budget information, we will do that because we—

Senator CAMERON: Has the minister asked for any information on the agency?

Ms Parker: Prior to the budget, we provide advice to the minister on all our portfolio agencies, but it is general information.

Senator CAMERON: Minister, do you have any concerns that the agency is not meeting its statutory obligations?

Senator Cash: They are legal obligations, so I would expect the agency to meet its legal obligations.

Senator CAMERON: Have you raised any concerns about the operation of the agency with the agency?

Senator Cash: I do not believe so.

Senator CAMERON: The department has been asked to conduct—is it an investigation? A review?

Ms Parker: It is a review.

Senator CAMERON: Are you the person to ask about the review?

Ms Parker: Yes, I am.

Senator CAMERON: Who is conducting the review?

Ms Parker: We have a panel arrangement with the department. You are probably aware of those. We have a panel of researchers and auditors—those kinds of people. It is one of our panel members. Protiviti is the name.

Senator CAMERON: Wouldn't that be a reason not to employ them! What is the cost of the review?

Ms Parker: We will get some advice on that. We do have it; I just do not have it with me.

Senator CAMERON: Do you have terms of reference for the review?

Ms Parker: We are finalising the terms of reference. It is a contract, as such, so it is a consultancy.

Senator CAMERON: Do we have a figure?

Ms Parker: Around \$70,000.

Senator CAMERON: How can you determine the quantum of the consultancy if you still have not finalised the terms of reference?

Ms Parker: We said 'around'. What we do is go to a number of members of our panel and say to them, 'This is the work we need; what do you think this would cost?' They provide us with a figure and, as in all consultancies, determine the value for money, experience, whether they have the right people to be able to do it—

Senator CAMERON: Have you satisfied yourself that they have the right people?

Ms Parker: Yes, I have.

Senator CAMERON: Who are they?

Ms Parker: It is a consultancy company.

Senator CAMERON: But who is carrying out the work for the consultancy?

Ms Parker: You mean their names?

Senator CAMERON: Yes. Who is carrying it out and what are their qualifications?

Ms Parker: I will take it on notice for the moment and try to get that information for you.

Senator CAMERON: And you can provide the terms of reference—

Ms Parker: Sorry, the reason I do not have it is that it has not started, so I was not prepared. But we can try and get that.

Senator CAMERON: When will it report?

Ms Parker: We are expecting it to take about five weeks. We want to do it quite quickly because, obviously, the agency is keen to know about its funding.

Senator CAMERON: Are any of the terms of reference about the future operation of the agency?

Ms Parker: The review is a performance and financial review, so we will take a very factual approach to this, looking at the legislation that is there to establish the agency. We are also looking at any constitutional limitations on its functions. You will be aware of the Williams decision that said, if any grants or any money is provided by the Commonwealth to anyone or any state, it has to be underpinned by legislation.

Senator CAMERON: How many other agencies are being looked at in the terms of the Williams decision?

Ms Parker: They all were.

Senator CAMERON: So has this one not been?

Ms Parker: When it was established, there was some advice provided, but the minister has asked for a financial and performance review, because the agency has said it needed more funding. In order to determine that, we need to do that on a factual basis. We need to look at the rules within which it operates, if you like—the legislation and constitutional limits. So we have gone back and we are looking at that much more closely.

Senator CAMERON: Before we finish, I thank Mr Tighe for the work that he has done. I know that we had support from the previous minister and I assume we will get support from Senator Cash in relation to the work that you do. People dying from asbestos disease is one most horrible things that can happen, and the sooner we can eradicate this from Australia, the better. This is an important job that you are doing. You have the full support of the Labor Party in what you are trying to achieve to safeguard workers' health, and I hope that support continues across the parliament.

CHAIR: Thank you, Senator Cameron, and thank you, Mr Tighe—we are glad we could get to you today.

Fair Work Ombudsman

[16:50]

Senator CAMERON: Welcome, Ms James, Ms McAlary-Smith and Mr Scully. In the budget, your budget will fall from \$187 million to \$170 million over the forward estimates. Is that correct?

Ms James: Next year our budget will be reducing by \$4 million. I will ask Mr Scully to set out a total figure over the four years. Is that what you are after?

Senator CAMERON: Yes, a total figure over the forward estimates.

Mr Scully: The FWO's funding from government is set out on page 132 of the portfolio budget statements. It shows that the funding for the organisation is reducing from \$108 million for this current year, 2015-16, to \$105.4 million in 2019-20.

Senator CAMERON: What about the forward estimates?

Mr Scully: That is the forward estimates, so that is through to 2019-20. It is \$2.6 million across from 2015-16 through to 2019-20.

Senator CAMERON: Does that include any efficiency dividend?

Mr Scully: It includes the efficiency dividend that is reflected in the portfolio budget statements.

Senator CAMERON: What are the implications in terms of your capacity to service your obligations under the act?

Ms James: Our budget has been on a downward trajectory for some time now. We have had something in the realm of about 21 per cent reduction over the last five years, so we have become quite good at finding efficiencies and finding better ways of working. We will be able to continue to deliver our statutory functions within our current budget through a range of means. I would say I would not be expecting that we would be able to do any more with the current budget and with the reductions that are anticipated, but we certainly feel we will be able to continue to deliver on our statutory functions within our budget allocation.

Senator CAMERON: I suppose that is a bit of a guesstimate, because if there is another 7-Eleven type issue in another industry that creates more pressure, does it not?

Ms James: Certainly, but we allocate resources to where the priorities are.

Senator CAMERON: So they could be the priorities if it is a media priority, a political priority, but day-to-day problems for individual workers—do they come last?

Ms James: Certainly not. They, I would suggest, come first for us. We deal with a number of people who come to us for help in a number of ways, but we are, for example, increasingly using online material to assist people. Our website has had 13 million visitors so far this year, which is up on last year. We are looking at helping more and more people in online interactions. We are looking at getting people, when they phone in, more tailored support, I guess. So we are finding better ways of servicing them that are also more efficient for us, if you like.

Senator CAMERON: Given the widespread exploitation of workers that we have seen reported over the last number of years—underpayments, nonpayment of wages, sham contracting, are you satisfied that you are on top of all that and that you have sufficient resources to deal with those issues?

Ms James: I am satisfied that we are achieving extraordinary results with the resources that we have. As I said, we do target the priorities. For example, take visa holders: visa holders have represented 72 per cent of the matters that we have put into court so far this year—that is almost three in every four of the matters we have put into court this year. We work very hard to promote those court matters and our enforcement outcomes to ensure that we are having a deterrent effect. We are working very hard to leverage supply chain pressures and other pressures to work with communities and with employers and industry to tackle noncompliance with workplace laws.

Senator CAMERON: I suppose this is like trying to hold back the tide. These are huge issues that you are dealing with and they just keep coming at you, don't they?

Ms James: Certainly there are industries and sectors where noncompliance is a particular problem. I said at a conference earlier this week that most employers do want to do the right thing and a lot of the time it is about assisting them to understand the laws, but we do find in some industries and sectors there are people who are deliberately exploiting workers in order to get a competitive advantage. That is why we prioritise those areas.

Senator CAMERON: Yes, but there is a limit to what you can do, isn't there?

Ms James: There is a limit to what every regulator can do. I have put on the record in previous hearings of this committee that certainly if I had more funds I could achieve more. There is no doubt about that, and no regulator worth their salt would say anything different, I imagine.

Senator CAMERON: If you had a 20 per cent increase in your budget, workers who are being exploited would have a better chance of being looked after by the Fair Work Ombudsman. I think that is just a matter of fact, isn't it?

Ms James: Certainly we could achieve more and better results for more people with more funds. There is no doubt about that.

Senator CAMERON: If that is the case, Minister, why is the Fair Work Ombudsman given this situation of a 21 per cent cut in its funding?

Senator Cash: If you had listened to the evidence that the Fair Work Ombudsman gave, the Fair Work Ombudsman stated that the funding has actually been on a downward trajectory now for five years, and three of those years were obviously under your government. I am happy to take you through exactly what your government took from the Fair Work Ombudsman if you would like me to.

Senator CAMERON: No, that is fine. I am trying to deal with the principle here. I am happy with what Ms James has said: that if she had more funds she could look after more people. I am not saying that we are as pure as the driven snow.

Senator Cash: That is okay. You put it to me obviously, but in 2009-10 staffing went from 900 down to 723. I can take you through all of the funding if you like. Certainly, as the record shows, the funding has been on a downward trajectory since 2009-10.

Senator CAMERON: Yes. I am just saying that, regardless of whether it is Liberal or Labor, there is an issue that there is an end to—

Senator Cash: In saying that though, if you look at 2009-10, it is going down but 144, 135, 132, 125, 112, 111 and 108.

Senator CAMERON: Yes, I think we are all agreed on that. Do you expect to reduce any staff as a result of the efficiency dividend and the cuts that you are facing?

Ms James: I might take those separately. In terms of the dollar reductions there are a number of things that we can do to manage that. As I said, we look for better ways of working. My crew are a very innovative bunch. We also look at doing things like reducing the cost of our corporate services and consolidating our property portfolio. Significant savings can be made there. We do also need to actively manage our staffing numbers because we do have ASL targets in the budget as well. The PBS does show our ASL coming down from 702 to I think 675, so we will be needing to work to come to that level.

Senator CAMERON: I want to try to get through these as quickly as I can. Can you provide me details of the areas where labour hire companies are exploiting workers?

Ms James: I probably cannot do that in a really scientific way because when someone contacts us we do not necessarily record whether they are engaged by a labour hire company. What I will say is that, where we see high levels of noncompliance, it is more about the features of the industry than whether labour hire is involved or not. For example, we have seen labour hire used to exploit migrant workers on the Harvest Trail in agriculture, and so it is certainly a factor there. But we have also seen labour hire in other professions where we do not have high rates of noncompliance, and so it is not a problem there.

Senator CAMERON: Do you think that the exploitation in the Harvest Trail has diminished?

Ms James: We have been very active in our work on the harvest Trail, so we hope we are turning it around.

Senator CAMERON: Is there any way you can assess your efficiency and effectiveness?

Ms James: We are in the middle of a three-year campaign. At the end of that campaign, and even over the course of the campaign, we will be revisiting. With some growers, and their contractors, we are seeing improvements; with others we are not. Where we do not we are turning to enforcement action. By the time we get to the end of our inquiry, I will be able to give you some more hard numbers and evidence on that.

Senator CAMERON: Are you still providing services to Fair Work Building and Construction?

Mr Scully: Yes, we are. We provide a range of corporate services, including payroll and financial processing services.

Senator CAMERON: And what about enforcement services? Fair Work Building and Construction is now doing its own enforcement of award breaches in the building industry?

Ms James: If you are referring to the investigation and management of underpayment in the building and construction industry, we do that.

Senator CAMERON: Have you put a dollar figure on how much you have spent doing that?

Ms James: No. That work is integrated with our other work.

Senator CAMERON: You signed off. I think there was an exchange of letters, wasn't there?

Ms James: We did.

Senator CAMERON: Have they changed in any—

Ms James: They have not.

Senator CAMERON: So you signed an exchange of letters. You are also providing some office space, aren't you?

Mr Scully: There are some subleasing arrangements in place.

Senator CAMERON: Are you charging Fair Work Building and Construction for this?

Mr Scully: Yes, we are.

Senator CAMERON: Are there any other services you provide that you do not charge for?

Mr Scully: No. We charge for the services that we provide.

Senator CAMERON: So you do not make any analysis of how much it is costing you to carry out enforcement in the building and construction industry?

Ms James: We don't. We have always been responsible for enforcement compliance with respect to the domestic building industry. When we took on the extra, it was just integrated into our normal work. So we do not have a separate figure we can give you there.

Senator CAMERON: That does not sound a really professional way to do it in terms of getting your cost centres under control.

Ms James: It is actually very small. We have had a very small number of referrals from Fair Work Building and Construction since this. It is a small amount of work compared to the domestic industry.

Senator CAMERON: Can you provide me with details of the type of referrals, the number of referrals and the amount of time your officers have been engaged in dealing with building and construction industry issues.

Ms James: I am happy to take that on notice.

Senator CAMERON: What proportion of the matters you bring before a court involve labour hire companies?

Ms James: I would have to take that on notice.

Senator CAMERON: Are there any particular issues you have observed in relation to worker exploitation in labour hire companies?

Ms James: I am not even sure I would call them labour hire companies. Some of these are individuals who are operating out of the back of a car with an ABN and a mobile phone. I think that is what my colleague, Mr Campbell, said to the visa holders inquiry. Where it has been set up as a deliberate scheme to exploit workers, I do not know that I would dignify them by calling them a proper labour hire company. They are under the radar. They are very different from the legitimate labour hire industry, which is usually keen to engage and be compliant.

Senator CAMERON: How many people are in your Young Workers' Team?

Ms James: I know you are in a hurry, so if you do not mind, I will take that on notice, because I think I have figures about complaints and the like but not about actual staff in that team.

Senator CAMERON: Really? Does anyone know?

Ms James: I do not think we have that with us.

Senator CAMERON: Where are your Young Workers' teams based?

Ms James: All our compliance teams are distributed throughout the country. We would have members of the Young Workers' teams in Melbourne, Sydney and a number of other metropolitan and perhaps even regional offices.

Senator CAMERON: Can you provide on notice what they actually do?

Ms James: Absolutely.

Senator CAMERON: Do they deal with exploitation of interns?

Ms James: Yes.

Senator CAMERON: How many complaints do you receive about internships?

Ms James: Give me a moment; I might have that figure. Would you like it for this financial year?

Senator CAMERON: What figures do you have?

Ms James: I have figures for the last full financial year and for this year so far.

Senator CAMERON: Can you give me those figures?

Ms James: We received 1,205 infoline inquiries in 2014-15 in relation to unpaid work—it might be slightly broader than interns—and 576 this year, up to 31 March. We received 117 dispute forms in 2014-15 and 58 so far this year, up to 31 March.

Senator CAMERON: Do you follow through with interns about where they end up? Would you know if they get a job?

Ms James: We would normally just deal with the matter they bring to us. If they are in a placement that is not a vocational work placement or a genuine internship and is actually paid employment, that is where it is a problem. An internship that is part of a structured vocational education and training program is not an employment relationship and not a problem. It is a problem where it is an employment relationship. In examples like one that we took to court involving Crocmedia, you have young people, usually straight out of uni, working for six or 12 months in unpaid or barely-paid work. That is a different category of problem. We take that very seriously. We would deal with the matter that is brought to us. We would not necessarily follow up with what happens to them afterwards. We hope that they would move on to something more satisfactory.

Senator CAMERON: We had a discussion about a zero-tolerance approach some estimates ago. Do you remember that discussion?

Ms James: It was some estimates ago, but I think I recall it.

Senator CAMERON: I think you indicated that you do not use a zero-tolerance approach. Can you outline to me what your position was again?

Ms James: We would say that we take a balanced and proportionate approach as a regulator. As I said, in many of the issues that arise for us, if the law is being breached, it is an error or mistake. The workplace system is quite complex, and most employers are trying to do the right thing and simply not getting it entirely right. We resolve some 80 per cent of our matters through dispute resolution. We distinguish between people being confused and deliberate exploitation of workers to gain a competitive advantage.

Senator CAMERON: I think you said to me that education was one of your approaches.

Ms James: Education is extremely important in assisting people to understand how to apply workplace laws.

Senator CAMERON: You want to be balanced and proportionate, you want to educate—how about litigate?

Ms James: We put between 40 and 50 matters into court every year. We ensure that those are the most serious of matters. They are usually matters where we have been unable to get compliance through other means. They are often matters involving repeat offenders or people who are deliberately trying to avoid engaging with us, and so there is no other way to resolve the matter. They usually involve very vulnerable workers.

Senator CAMERON: Okay. How many active matters do you have in court?

Ms James: I will ask our chief counsel, Ms Webster, to come to the table. At last count it was around 86 matters currently before the courts.

Ms Webster: We currently have approximately 82 matters currently before the courts.

Senator CAMERON: 82.

Ms Webster: That is right.

Ms James: A few have come out the other end.

Ms Webster: That is correct.

Senator CAMERON: How many unions do you have before the courts?

Ms Webster: We currently have three matters involving unions before the court.

Senator CAMERON: On the issue of the Fairfax journalists: did you seek to have any dispute resolution in relation to the Fairfax matter before you litigated?

Ms James: We are certainly not litigating that matter. That is a matter that is currently under investigation, so it is not with Ms Webster. I might ask Mr Ronson, who oversees our dispute resolution processes, to come to the table. That is a matter that is currently under investigation. We do investigate matters of unlawful industrial action and we have a number of matters that we have put into court in the past.

Senator CAMERON: Have you had discussions with the MEAA in relation to this matter?

Mr Ronson: My understanding is that they are in the scope of the inquiry, but I will have to take on notice what discussion we have had to date.

Senator CAMERON: Have you had any discussions with them?

Mr Ronson: I am confident that we have, but I would like to take it on notice to be sure.

Senator CAMERON: Okay. Are you now going through your dispute resolution approach with them?

Mr Ronson: No, at this stage this is an investigation as opposed to a dispute resolution.

Senator CAMERON: So why do you need the names and the personal details of 600 employees?

Mr Ronson: In this investigation we understand that there were 528 workers who it is alleged took unprotected industrial action. We are seeking to establish and determine whether they have complied with section 417 of the act.

Senator CAMERON: Who made the decision to go to this stage, if you are not about zero tolerance and you are about education and dispute settling?

Mr Ronson: This is standard operating procedure. No decision been made at all at this point as to what, if any, enforcement outcomes will result. We are just in the investigation stage.

Senator CAMERON: So when did the investigation commence?

Ms James: The protection action occurred between 17 and 20 March—that was well publicised in the media. Standard practice for our people is that they monitor industrial action, and particularly where it may be unlawful there are a number of issues that they look for. One is, for example, whether the strike pay provisions of the act have been complied with. Strike pay provisions obviously impact on employers as well as employees. Those provisions are something that we always like to advise people about, because you need to—

Senator CAMERON: Ms James you have told me the answer!

Ms James: Sorry! I cannot help it!

Senator CAMERON: Thanks. Did the Fair Work Ombudsman receive any request or complaint from anyone, including Fairfax Media, or any employee of Fairfax Media or the minister, requesting an investigation?

Mr Ronson: No.

Senator CAMERON: So no-one complained about this?

Mr Ronson: No.

Senator CAMERON: What documents and other material do the notices require the production of?

Mr Ronson: My understanding of the investigation is that we are seeking to secure contact details of those workers who have taken unprotected industrial action.

Senator CAMERON: Do you intend having direct contact with the 500-odd workers?

Mr Ronson: It is possible.

Senator CAMERON: So you have some unprotected industrial action and you have workers out there being ripped off mercilessly in industries all around this country: how much are you going to spend on this? How much have you spent so far?

Mr Ronson: I will have to take the cost of this investigation on notice. But this is one of many investigations that our team, which is responsible for industrial action, has conducted over the last six years.

Senator CAMERON: Nobody complained: the company did not complain, the union did not complain, no employee complained. No-one complained to you; you just decided you would take this up and you are going to investigate over 500 individual employees?

Mr Ronson: Again, the answer to your question is 'yes'.

Senator CAMERON: What do you expect the outcome of all this effort to be?

Mr Ronson: We want to satisfy ourselves that both the employer has complied with the act and the employees have complied with the act.

Senator CAMERON: Can you not just sit them down around the table? Can you not just sit the union and the executive officers of the company around the table, satisfy yourself and

then get on with exposing some of the rorts that go on, like 7-Eleven, and get on with some real work?

Ms James: Senator, I think we would say that all of the provisions of the act are important and deserve to be complied with.

Senator CAMERON: Sure, but you do say that you want a balanced and proportionate approach.

Ms James: We do, Senator—

Senator CAMERON: I am not sure—if there are no complaints about this, then people have done what they have done and we move on. There are no complaints from the employer, no complaints from the union and no complaints from the employees—no complaints anywhere—yet your officers are going to sit down and interview 500-plus employees, while workers are being ripped off mercilessly in areas like 7-Eleven.

Ms James: Senator, we have not made a decision to interview 500 employees. What we have done is that we have asked—

Senator CAMERON: You just told me you were going to interview them.

Mr Ronson: You asked if there were going to be direct contact and I said that it was likely.

Senator CAMERON: So you are not going to interview them, are you?

Mr Ronson: It would be unlikely that we would interview 528 workers.

Senator CAMERON: Okay. What discussions have you had with the union on this?

Mr Ronson: I need to take that on notice.

Senator CAMERON: I think if we are going to be balanced and proportionate then maybe you can start getting your priorities right. Okay, I am finished.

CHAIR: I just want to go to the Community Based Employment Advice Services. Does the Fair Work Ombudsman currently provide funding through the Community Based Employment Advice Services?

Ms James: Yes.

CHAIR: How is that funding set up?

Ms James: That funding is set up under the Community Based Employment Advice Services program. It is a four-year program that is due to terminate at the end of this financial year. However we have secured an extension to the end of the calendar year, as a transition period.

CHAIR: The former Labor government set this program up to be a terminating program?

Ms James: That is right.

CHAIR: Terminating this financial year?

Ms James: That is right.

CHAIR: Okay. Have any decisions been made relating to the termination of the funding on 30 June, aside from the six-month extension?

Ms James: The government has agreed that we can set up a new program. I just want to get this right: it will be called the Community Engagement Grants Program. It will commence

from 1 January 2017 and it will involve a similar amount of funding. It is funded from the Fair Work Ombudsman's existing budget, so it is a similar amount—not identical, though—over the forward estimates.

CHAIR: Thank you. What does that actually mean for the current agencies who receive the funding?

Ms James: What it means for the current agencies is that they will continue to receive funding from us until the end of the calendar year. It does mean that we will have a new process through which organisations can apply for funding under our new Community Engagement Grants Program. That will happen between 1 July this year and the end of the year, so we can begin the new program on 1 January 2017.

CHAIR: You are telling me that current recipients of that funding, who were going to be pushed off the cliff under the previous government's funding proposal—a terminating program—have effectively been given nine months' notice by Minister Cash that is this when they are going to be able to apply?

Ms James: That is right.

CHAIR: So what will happen from 1 January 2017?

Ms James: From 1 January 2017 the new program will commence. We are still working on the details of that. The idea is that it will be focused on giving intensive support and legal advice to the most vulnerable employees throughout the country.

CHAIR: Why will Working Women's Centres be required to reapply for funding post 1 January through an open tender process?

Ms James: We will run a procurement process that complies with the Commonwealth grant guidelines. Taxpayer dollars do not just get given out to whoever I feel like giving them out to. I would be in such trouble under the Public Governance and Performance and Accountability Act if I did that. We have to have a merit-based process with clear guidelines, and we do need to also ensure we are getting value for the taxpayer dollar and that we are meeting the needs of the most vulnerable employees in the country.

CHAIR: Who sets the requirements that grants be made—obviously the legislation around good governance of public moneys?

Ms James: I suspect it is the Department of Finance who is responsible for those rules.

CHAIR: Does this requirement apply to other grants?

Ms James: Yes.

CHAIR: Is it only of a certain financial amount?

Ms James: Within the guidelines there are different rules based on amounts, I understand, but these are the current guidelines, in any case, that we will be complying with.

CHAIR: What are the benefits of an open tender? Why is that something that is considered good governance?

Ms James: It is important to test the market, if you like. We do not want to create an onerous process but we do want to make sure that we are providing the opportunity for legal advice and assistance for the most vulnerable of workers throughout the country, that we have that coverage there, we have that service available, and also that it is of a high standard and

that it is integrated with our work at the Fair Work Ombudsman as well. Obviously we have a lot of experience with working with very vulnerable people, and we want to make sure that this work complements our work but does not duplicate our work.

CHAIR: I want to touch briefly on the 7-Eleven investigations. You have given some updates to Senator Cameron. Is there anything else you would like to add?

Ms James: We have talked before this committee many times about the 7-Eleven matter. On 9 April we released our inquiry report in which we talked about our findings of widespread and systemic noncompliance with workplace laws amongst the 7-Eleven network. Particularly we found that franchisees were deliberately falsifying records to disguise underpayment of wages—quite serious underpayment of wages. That report has now been released and we are working with 7-Eleven and are hopeful of reaching an arrangement that we formalise in a compliance partnership where they will commit to taking steps to sustainably clean up their network.

CHAIR: From your investigations, when does it appear these breaches started to happen?

Ms James: I guess we first started dealing with concerns about 7-Eleven back in 2009. We conducted some audits, we had some complaints, we conducted a very significant litigation—the Bosen matter—

CHAIR: In 2009?

Ms James: I think it might have been 2010 by the time that matter went into court. That was a matter which involved underpayment of international student workers and falsification of records. Unfortunately it was a matter where, although the individual directors paid their penalties, the company dissolved and we never got full penalties out of the company.

CHAIR: This committee is all too well aware of the disastrous systemic problem within this company. That was all quite public, from the Fair Work Ombudsman perspective. In terms of drafting the fair work laws under the previous Labor government, was the previous government aware of this issue?

Ms James: It was not a secret. We issue media releases about our litigations and the like. I guess what we had hoped was that, after the work we did between 2009 and 2012, the network would have taken that information on hand and cleaned up its act. That clearly was not the case, given what we have seen more recently.

CHAIR: Thank you so much. I will put the rest of my questions on notice.

Senator CAMERON: I know we have limited time and we are running over two hours over time. Senator Carr has issues that he has to deal with and the committee has another whole department to deal with. We have Fair Work Building and Construction next. I do not think anyone misunderstands my position on Fair Work Building and Construction—

CHAIR: Your passion, Senator Cameron.

Senator CAMERON: and I do not think anyone misunderstands the government's position on the CFMEU. We could spend a couple of hours on that or we could move on to the next agency, but it is certainly a call for the government and the chair. I am happy to wrap it up and excuse the Fair Work Building and Construction.

CHAIR: I note Fair Work Building Industry Inspectorate has just entered the room. We have just become aware that you are not required at Senate estimates. Our sincere apologies

for you being called and having no questions, but we hope you get your flight home. We do apologise for that.

Senator O'NEILL: I have a question for the Fair Work Ombudsman on notice. I would like an update on 7-Eleven. I do not need an answer now. You can take it on notice and provide an update.

Ms James: We did cover it really briefly before you came into the room. We are happy to provide you with more on notice.

CHAIR: That being the case and seeing that we are swapping complete departments, I suggest we go to the dinner break half an hour early, if that suits senators. Thank you, Employment, and all the agencies. You are all free to go home.

Proceedings suspended from 17:27 to 18:30

EDUCATION AND TRAINING PORTFOLIO**In Attendance**

Senator Birmingham, Minister for Education and Training

Senator Ryan, Minister for Vocational Education and Skills

Department of Education and Training

Dr Michele Bruniges AM, Secretary

Mr Tony Cook PSM, Associate Secretary, Schools and Youth

Ms Jackie Wilson, Deputy Secretary, Early Childhood

Ms Jessie Borthwick, Acting Deputy Secretary, Higher Education, Research and International

Dr Subho Banerjee, Deputy Secretary, Skills and Training

Corporate

Ms Susan Monkley, Chief Financial Officer, Finance, Parliamentary and Assurance

Ms Julie Birmingham, Branch Manager, Finance, Parliamentary and Assurance

Michelle Boundy, Acting Branch Manager, Finance, Parliamentary and Assurance

Mr Robert Latta, Branch Manager, Finance, Parliamentary and Assurance

Ms Julie Randall, Branch Manager, Finance, Parliamentary and Assurance

Mr Simon Gotzinger, Chief Lawyer, People, Communication and Legal

Ms Trish Bergin, Group Manager, People, Communication and Legal

Ms Fiona O'Brien, Branch Manager, People, Communication and Legal

Ms Jackie Gleeson, Branch Manager, Communications Branch, People Communication and Legal

Early Childhood and Child Care

Mr Bryan Palmer, Group Manager, Early Childhood Initiatives

Ms Gillian Mitchell, Group Manager, Early Childhood Strategy

Mr Jeff Willing, Branch Manager, Early Childhood Strategy

Mrs Margaret Pearce, Group Manager, Early Childhood Care Support

Mrs Sheree Harrison, Branch Manager, Early Childhood Initiatives

Schools and Youth

Mr Patrick Burford, Acting Group Manager, Improving Student Outcomes

Mr David Hardy, Acting Branch Manager, Improving Student Outcomes

Ms Renae Houston, Branch Manager, Improving Student Outcomes

Ms Alex Gordon, Group Manager, Evidence and Assessment

Ms Rhyann Bloor, Branch Manager, Evidence and Assessment

Ms Oon Ying Chin, Branch Manager, Evidence and Assessment

Dr Gabrielle Phillips, Branch Manager, Evidence and Assessment

Mr David Pattie, Acting Group Manager, Schooling

Mr John Baker, Acting Branch Manager, Schooling
Mr Michael Crowther, Acting Branch Manager, Schooling
Ms Dannie Edmonds, Acting Branch Manager, Schooling

Higher Education, Research and International

Dr James Hart, Group Manager, Higher Education
Ms Melissa Reardon, Branch Manager, Higher Education
Ms Di Weddell, Branch Manager, Higher Education
Mr Steve Erskine, Director, Higher Education
Ms Vicki Ratliff, Director, Higher Education
Mr Adam Luckhurst, Acting Group Manager, International
Dr Lyndal Groom, Branch Manager, International
Ms Lydia Ward, Acting Branch Manager, International
Ms Elizabeth Campbell-Dorning, Acting Branch Manager, International
Mr Vipin Mahajan, Director, International
Mr Dom English, Group Manager, Research and Economic
Ms Virginia Hart, Branch Manager, Research and Economic
Dr Andrew Taylor, Branch Manager, Research and Economic
Ms Ditta Zizi, Branch Manager, Research and Economic

Skills and Training

Ms Peta Furnell, Group Manager, Skills Market
Ms Tracy Feeney, Acting Branch Manager, Skills Market
Ms Susan Hewlett, Group Manager, Industry Skills and Quality
Mr Grant Lovelock, Branch Manager, Industry Skills and Quality
Ms Kathryn Shugg, Branch Manager, Industry Skills and Quality
Mrs Lee Katauskas, Acting Director, Industry Skills and Quality
Mr Brendan Morling, Group Manager, Skills Programmes
Dr Richard Chadwick, Branch Manager, Skills Programmes
Ms Fiona Lynch-Magor, Branch Manager, Skills Programmes
Ms Maryann Quagliata, Branch Manager, Skills Programmes
Mrs Linda White, Branch Manager, Skills Programmes
Mr Chris Alach, Director, Skills Programmes
Mr Jason Coutts, Branch Manager, USI Registrar

Tertiary Education Quality Standards Agency

Mr Anthony McClaran, Chief Executive Officer
Prof Nicholas Saunders, Chief Commissioner

Australian Curriculum Assessment and Reporting Authority

Mr Robert Randall, Chief Executive Officer

Dr Stanley Rabinowitz, General Manager

Dr Fiona Mueller, Director

Australian Institute of Aboriginal and Torres Strait Islander Studies

Mr Craig Ritchie, Deputy Chief Executive Officer

Mr Russell Taylor, Chief Executive Officer

Australian Research Council

Prof Aidan Byrne, Chief Executive Officer

Ms Leanne Harvey, Executive General Manager

Australian Skills and Quality Authority

Mr Christopher Robinson, Chief Commissioner

Ms Elizabeth Stafford, General Manager

Ms Jonella Welsh, Chief Financial Officer

CHAIR: Welcome. The Senate has referred to the committee the particulars of proposed expenditure for 2016-17 and certain other documents for the education and training and employment portfolios. The committee may also examine the annual reports of departments and agencies appearing before it. The Senate has ordered the estimates committee to report to the Senate by Wednesday, 11 May 2016, so answers to questions on notice will be required to be returned to the committee by 12 noon on Tuesday, 10 May. Witnesses should note that answers cannot be received if the Senate has been dissolved for an election. However, a motion may be passed at the commencement of the 45th Parliament requesting that answers be provided. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to the order of the Senate on 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion,

and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Department of Education and Training

[18:33]

CHAIR: Minister Birmingham, do you wish to make an opening statement?

Senator Birmingham: Good evening, Chair.

CHAIR: Good evening.

Senator Birmingham: It is a wonderful way to spend a Friday night, here with you and all of our friends.

CHAIR: Where else would you like to be!

Senator Birmingham: The committee looks like it may have had a long day. I will not trouble you with an opening statement, aside from of course welcoming and introducing the new secretary, Dr Michele Bruniges. I welcome her to the role. We farewelled Lisa Paul previously. I want to place on record my sincere thanks to Tony Cook for his period of time acting in the role. I know that we have an excellent leadership team at the helm of the department now.

CHAIR: Thank you, Minister, and welcome. Do you have an opening statement, Doctor?

Dr Bruniges: No, I do not.

CHAIR: Excellent. We shall proceed to questions. In the cross-portfolio area we are just going to run through as outlined. Senator Lines.

Senator LINES: I have some questions on child care. I want to know why almost \$7 million has been allocated for the childcare subsidy communication campaign in this financial year, and almost \$9.5 million in 2017-18?

Ms J Wilson: You are specifically asking—

Senator LINES: You got the question okay, Ms Wilson?

Ms J Wilson: You are asking about the allocation of money?

Senator LINES: Yes.

Ms J Wilson: The funding has basically been rephased. There was funding in 2015-16, 2016-17 and 2017-18. Because of the timing now for the implementation of the new package, the communications funding has been rephased forward.

Senator LINES: But there is a \$7 million allocation in this financial year.

Ms J Wilson: Sorry, what are you reading from?

Senator Birmingham: Do you have a PBS reference or otherwise that you are referring to?

Senator LINES: 1.6: 'Support for the childcare system'. My reading is that \$7 million has been allocated for the childcare subsidy communication campaign in this financial year, and almost \$9.5 million in 2017-18.

Senator Birmingham: By 'this financial year' you mean 2015-16, which we are still in? Or 2016-17, the year of the budget papers?

Senator LINES: This financial year.

Senator Birmingham: So 2015-16. Is that what you mean, Senator Lines?

Senator LINES: Yes.

Ms J Wilson: I have the budget paper—page 39. It has \$6.7 in 2016-17 and \$9,447 in 2017-18.

Senator Birmingham: And an actual of \$173,000 for this financial year.

Senator LINES: Say that again, Ms Wilson.

Ms J Wilson: \$6,715 in 2016-17 and \$9,447 in 2017-18.

Senator LINES: And this is for the childcare subsidy communication campaign?

Ms J Wilson: That is right. And it is a rephasing of money that was already there.

Senator LINES: So what is the planned expenditure in 2016-17? What is that going to be spent on?

Ms J Wilson: That will be the work that had been previously thought to be spent this financial year—where we talked previously about doing a range of communication products, testing a range of concepts, developing a campaign and a theme. Because the implementation time frame has been moved forward, that work will be rephased into forward years.

Senator LINES: What is the spend of \$9.5 million—you gave me a different figure. The 2017-18 figure, what is that spend going to be used for?

Ms J Wilson: The whole amount in the last budget was \$16.5. We talked about this previously. It was for a range of different products to support service providers and families to become familiar with and understand the new system going forward.

Senator LINES: So a whole year before the change comes into effect—what is it precisely you will be spending money on?

Ms J Wilson: There is developmental research which has taken place. There is work to be happening—

Senator LINES: Have you done that?

Ms J Wilson: Yes. There will be work in terms of bench—

Senator LINES: So that developmental research is not out of this pot of money that we are talking about?

Ms J Wilson: There will be developmental—

Senator Birmingham: Campaign development.

Ms J Wilson: That is right. There will be continuing work in terms of development of the campaign product—

Senator LINES: Exactly what? What do you mean by 'campaign product'?

Senator Birmingham: It is a communications campaign. So the messages—how best to ensure that providers and parents in the public understand the reforms—

Senator LINES: A whole year before—

Senator Birmingham: So that there is absolutely no doubt: this is a reflection of what the budget allocations were, but all phased forward one year. The rephrasing reflects the overall change. The 2016-17 budget figure you are asking questions about is what would have been and was budgeted to be spent in 2015-16, with an earlier implementation of those reforms. It is now budgeted to be spent 12 months later with a deferral by 12 months of implementation of those reforms. It is standard campaign preparation.

Senator LINDGREN: Ms Wilson, has money already been committed on creative or research?

Ms J Wilson: The only work that has been done so far has been in relation to some developmental research—

Senator LINES: That is not the question I asked. I asked: has money been committed on creative or research?

Ms Gleeson: In terms of expenditure to date, developmental research is \$205,070. We have paid some money toward the creative concept testing, because we had the pictures for the childcare campaigns. That is where the advertising agencies come in and pitch their ideas and their concepts and we take those and test those with target audiences. We have paid \$77,644 for that work.

Senator LINES: How far did you get? You tested the messages?

Ms Gleeson: Yes, that is right. We had completed the first round of concept testing.

Senator LINES: What else have you spent or committed to?

Ms Gleeson: We have spent a small amount of money in terms of pitching fees, and also some travel reimbursement.

Senator LINES: Who was the travel reimbursement for?

Ms Gleeson: For two of the creative agencies that were pitching for the campaign.

Senator LINES: So you have trialled some ideas that you are now going to run with—some messages. Is that correct?

Ms Gleeson: We have tested those with target audiences; that is right.

Senator LINES: And have you made a decision about using those?

Ms Gleeson: The government has not made a decision as yet, no.

Senator LINES: Have you made a recommendation to government to pick those up?

Ms Gleeson: No, we have not.

Senator LINES: Have you committed any money to a media buy?

Ms Gleeson: We have not.

Senator LINES: What is the department's understanding? When did you do the message testing, in what months?

Ms Gleeson: In terms of the concept testing, I will give you some details. That testing took place from 30 January to 2 February 2016. There were eight focus groups and three minigroups. The total number of people was 90. It was across a range of locations, including Melbourne, Adelaide and Toowoomba. We were testing concepts—which is broader than just the messaging; it is the whole creative concept—with families using child care with varying levels of income and work hours per week. We were also testing those with groups of parents-to-be, members of the general public and childcare providers.

Senator LINES: Given that, from that time in January, the package has now been pushed back 18 months effectively—

Senator Birmingham: 12 months.

Senator LINES: No, the testing was done in January. The package is to come into effect on 1 July.

Senator Birmingham: The reforms are due to come into effective on 1 July 2018, as distinct from a previous start date of 1 July 2017, which is a 12-month deferral.

Senator LINES: That is 18 months. Senator Birmingham, if you would listen to my question.

Senator Birmingham: Actually, if you did not interrupt when I was answering.

Senator LINES: No. I said: you have done the creative work in January; you have come up with some concepts. So between January 2016 and the date of the implementation is 18 months. How do you know that that message is still going to be relevant?

Ms Gleeson: We do not.

Senator LINES: Thank you.

Ms J Wilson: Just adding to what Ms Gleeson said: we have a process we are going through for the election period. We will have to come to the end of that and we will be informed by the government of the day on the position on child care after that.

Senator Birmingham: The government's position is to see its reforms fully implemented. The reforms of course remain exactly the same. The communications campaign is about explaining the nature of those reforms to parents and providers. We are sure we will still need to have the same fundamental principles applied to it.

Senator LINES: A message that is now 18 months old.

Senator Birmingham: The reforms are the same.

Senator LINES: Ms Gleeson, you said you have made some recommendations about the messaging but—

Ms Gleeson: No. No recommendations have been made to government.

Senator LINES: You tested the concepts. Where are they? What did you do with them?

Ms Gleeson: The concepts are still with the department.

Senator LINES: Are they just sitting in a box somewhere or what?

Ms Gleeson: No, they are on a secure drive.

Senator LINES: Have they been shelved? What is their status?

Ms Gleeson: They do not have a status until after the government has the opportunity to consider where it wants to go in the future with its advertising campaign.

Senator LINES: So between testing in January and now, in May, they have sat in the department and not moved?

Ms Gleeson: There were a number of other RFQ processes running at the same time.

Senator LINES: What is an RFQ process?

Ms Gleeson: A request for quote.

Senator LINES: But this is your creative stuff. What else was running?

Ms Gleeson: If I could just clarify that at the end of the testing period is not when the department receives the report from the company that is providing that information. It actually takes them four to six weeks to compile it.

Senator LINES: So, at best, you got the report in late February or early March?

Ms Gleeson: I would have to take that on notice and provide the information to you.

Senator LINES: So you have had those concepts. They sent them to you and what did you do with them? Were they just put on a secure drive for some time in the future?

Ms Gleeson: Correct. That is right.

Senator LINES: Does that mean that back in January you knew that there was going to be trouble with the package?

Senator Birmingham: There is no trouble with the package, aside from the fact that the Labor Party will not support the savings required to pay for it.

Senator LINES: Does it mean that back in February there was no plan to push the childcare package?

Senator Birmingham: No.

Ms Gleeson: There are a number of approval processes that we have to go through in government to be able to bring advertising to the market. We have to commence that work a fair way in advance of when it actually might go live.

Senator LINES: You have spent close to \$100,000 on an idea that has sat in your secure drive, at best, since February.

Ms Gleeson: There were a number of ideas.

Senator LINES: What else have you—

Senator Birmingham: Sadly, it was evident earlier this year that you were not being terribly cooperative with the passage of the savings required.

Senator LINES: It is not our package. It is your package.

Senator Birmingham: And do you have the numbers in the Senate that could have supported the passage of the savings?

Senator LINES: When was the decision taken to push the childcare package back and to put these changes on hold?

Senator Birmingham: It was a budget decision.

Senator LINES: But you have been holding off. What work have you done on the childcare package, that you were looking to implement a year earlier, since you did the creative work in January up to the time of the budget?

Ms Gleeson: We talked about the research that was being conducted beyond the February date that I provided.

Senator LINES: The research was done when? What periods?

Ms J Wilson: 30 January to 2 February.

Senator LINES: About the same time as the creatives or a bit later.

Ms J Wilson: That was the concept testing research—

Senator LINES: What research were you doing from 30 January?

Ms J Wilson: It was the creative testing of the four concepts that Ms Gleeson outlined for you before.

Senator LINES: The one we just talked about. I asked you what else you have done?

Ms Gleeson: From 1 February to 3 February we had concept testing in the field and—

Senator LINES: Which we just talked about, so we can tick that off.

Ms Gleeson: Correct. That is right. We also commenced an RFQ process—request for quote process—for the benchmarking, tracking and evaluation report. That RFQ was issued on 7 December 2015.

Senator LINES: What was the closing date on that?

Ms Gleeson: 5 February was when the submissions were received.

Senator LINES: What work did you do on that?

Ms Gleeson: We were progressing it in terms of being able to provide a recommendation through the department's executive to the minister's office—

Senator LINES: How long does it take to progress?

Ms Gleeson: I would have to take that on notice.

Senator LINES: From February until when were you progressing?

Ms Gleeson: We were progressing the development work in terms of—

Senator LINES: When did you stop progressing it?

Ms Gleeson: I would have to take that on notice. I do not have those details.

Senator LINES: You do not know? You knew what you were doing with the RFQ. Surely you can give us some estimate of when you stopped doing work on that.

CHAIR: Ms Gleeson took the answer on notice.

Senator LINES: I am still pursuing questions, thank you, Senator McKenzie.

Ms Gleeson: May I take it on notice?

Senator LINES: I am asking you to give me a ballpark of when you finished—

Senator Birmingham: You do not need Senator Lines's permission to do that.

CHAIR: You have already taken it on notice, Ms Gleeson. Senator Lines can you ask the question 50 times—

Senator LINES: Thank you. Ms Wilson?

Ms J Wilson: I am adding to the discussion. There were multiple RFQs, as Ms Gleeson mentioned, so it is not just one and a date you are after. There were a whole series of things happening in parallel.

Senator LINES: How many RFQs were there then?

Ms Gleeson: My estimate is five in total. I can run through those if you like.

Senator LINES: Yes, please.

Ms Gleeson: There was the creative RFQ, issued on 7 December, which preceded the concept testing. There was an RFQ for the concept testing as well, which was part of the developmental research RFQ. There was also an RFQ issued on 7 December for CALD and Indigenous communications translations. There was also an RFQ put into the market on 22 January for a public relations supplier.

Senator LINES: Public relations supplier—what is that for?

Ms Gleeson: In anticipation of the campaign, to run in parallel to the campaign. To support the campaign.

Senator LINES: What would they do?

Ms Gleeson: They tend to focus on looking at the effectiveness of the national advertising campaign messages, and make assessments and help the department assess whether or not further below-the-line communication is required.

Senator LINES: I think we are up to three.

Ms Gleeson: I have covered off the developmental concept and refinement research; the creative, benchmarking, tracking and evaluation research; CALD, which is culturally and linguistically diverse; Indigenous communication services and the public relations.

Senator LINES: Were all of those concepts completed? You sent the RFQs out, and they all got back on the required dates?

Ms Gleeson: They did. That is right.

Senator LINES: What has happened with that work?

Ms Gleeson: They were being evaluated by the department.

Senator LINES: Up until when?

Ms Gleeson: I would have to take that on notice, because there were multiple RFQs that were being evaluated.

Senator LINES: Were you still evaluating these RFQs four weeks ago?

Ms Gleeson: I would like to take that on notice.

Senator LINES: That is the whole of the work that you are doing in relation to the child care package?

Ms Gleeson: There were also discussions with the master media agency—the government's media agency—in terms of developing a media plan, but that did not develop. We have a—

Senator LINES: Why didn't the media plan develop?

Ms Gleeson: The media plan did not develop because the media strategy, which needs to be approved by government, was not progressed.

Senator LINES: Is that normal for the government not to progress a media strategy?

Ms Gleeson: At this point in the development of a campaign, yes.

Senator Birmingham: Particularly given it was increasingly apparent that the savings required for this proposal were not going to be passed prior to the end of this financial year, and of course the government did not want to be in a position of proceeding with an advertising campaign prior to the passage of necessary legislation.

Senator LINES: Then the department had an idea that the package was not going to proceed?

Senator Birmingham: The answer I just gave is the answer, which is: it was increasingly clear to the government—the government being all of us sitting at the table, and others—

Senator LINES: Well, the department is not the government.

Senator Birmingham: The department actually is a part of the government of the day—

Senator LINES: Okay. So I asked the department if they were clear.

Senator Birmingham: The department of course—like almost anybody who looked at the behaviour of you and your colleagues, Senator Lines—was clear that it was going to be very difficult to pass those savings—

Senator LINES: This is not about Labor. This is about your failure to deliver a package.

Senator Birmingham: Actually, the failure to pass the savings is very much about Labor.

Senator LINES: No. We never even got the opportunity. So was it clear to the department that the package was not going to proceed?

Senator Birmingham: The package of reforms remains the government's policy.

Senator LINES: I am trying to asked the department questions. So I will ask you, Senator Birmingham: was it clear to the department the package was not going to proceed?

Senator Birmingham: It was clear to many people that the intransigence of the Labor Party—

Senator LINES: No, you said? Not going to pass? Clear to government but somehow not to the department?

Senator Birmingham: —in passing the savings was going to make it difficult for the legislation to be dealt with this financial year.

Senator LINES: Has the FTB been banked in the budget—the FTB save?

Senator Birmingham: That would be a question for Social Services.

Senator LINES: So you have no idea.

Senator Birmingham: That would be a question for Social Services.

CHAIR: The minister has answered the question. He has referred you to the appropriate department.

Senator LINES: Minister, if the whole child care package is not going to happen now—

Senator Birmingham: That is not true. It has been deferred by 12 months.

Senator LINES: So what has happened to the FTB then?

Senator Birmingham: That would be a question for Social Services.

Senator LINES: So you have no idea.

Senator Birmingham: I am saying that we are in the Department of Education and Training estimates, and the questions about family tax benefit are questions for the Department of Social Services.

Senator LINES: Right, so you have no idea?

CHAIR: That is not what the minister said.

Senator LINES: The minister has seen a wide-ranging—

CHAIR: It is Senator Cameron's tactic, and I had assumed you would not adopt it. Do not put words into the minister's mouth.

Senator Birmingham: I am doing my best to not take the bait.

CHAIR: He referred the senator the other department.

Senator JACINTA COLLINS: Can I suggest you chairing and not defending your colleague?

CHAIR: I am chairing.

Senator JACINTA COLLINS: If you are defending him, you might want to rely on another colleague to do that whilst you are in the chair.

CHAIR: And that other colleague is absolutely competent to do that. The minister has answered the question.

Senator Birmingham: I am just trying to not to take the bait, Chair, so as not to waste the time of the committee.

CHAIR: You can put that to the other department, which is two doors down the hall.

Senator LINES: So you have a wide-ranging view about Labor's position on your childcare package but you cannot tell us about the FTB or what is happening with that.

Senator Birmingham: If you want to ask questions about the FTB, they are questions for the Department of Social Services.

Senator LINES: I will go back to the department seeing as you cannot answer that question. At what point was the department told the government was not proceeding with the original start date for the package?

Senator Birmingham: That was a budget decision.

Senator LINES: But at what time were you told? You just opened the budget papers and there it was?

Senator Birmingham: No, I do not think it is practice or has ever been the practice of any government to go through at what point decisions of the Expenditure Review Committee of cabinet might be made.

Senator LINES: When did you stop the work on all this creative work you were doing?

Ms Gleeson: We did not notify tenderers through the quotation process until after the budget this week. So we just advised those companies that have tendered that those tender processes would not be proceeding.

Senator LINES: So you have just sent them now? So when did you stop the work that you were doing?

Ms Gleeson: We have never stopped the work.

Senator LINES: So you were working on the implementation date right up until when you saw it in the budget papers?

Senator Birmingham: I am sure up until the decision was taken by government. We are not going to go around a backdoor means for you to find out at what point the Expenditure Review Committee decision was taken by the cabinet.

Senator LINES: Senator Birmingham, I do not need patronising lectures from you, thank you very much.

Senator KIM CARR: Chair, the minister is entirely within his rights to say he does not wish to discuss matters at cabinet but it has been custom and practice in this place, for as long as I can remember, for the government to indicate the date on which a decision was made. This is not going to the detail of the cabinet discussion but to the date on which a decision was made.

Senator Birmingham: Senator Carr, I do not think it is custom for the date on which budget decisions are made—

Senator KIM CARR: Cabinet made a decision and surely you can advise the committee the date on which cabinet made a decision.

Senator Birmingham: I will happily take it on notice and see if there is any precedent for disclosing when cabinet decisions about the budget are made. I certainly cannot think of one, not sure if you can.

Senator JACINTA COLLINS: Dr Bruniges, welcome back to the Commonwealth. Can you remind me of the position you were in before you went to New South Wales.

Dr Bruniges: I was Associate Secretary of Schools and Youth.

Senator JACINTA COLLINS: I wish you a change of government and you can see Gonski fully implemented. The question I want to ask about government goes to Victoria. I am interested in the Victorian IBAC decision around school funding or around the public school misappropriation issues. I am attempting to gauge some sense of what impact or what scale of Commonwealth funds might have been involved in that conduct, if any.

Dr Bruniges: I might ask Mr Cook to give you some details around that.

Mr Cook: We certainly do not have that information. We would have to write to the Victorian government and seek that information. As you know, Commonwealth funding goes as a single cheque. Because Commonwealth funding is not traditionally used for infrastructure, which is predominantly what some of the capital thing was around the IT system—I think it was called the ultra net—

Senator JACINTA COLLINS: It was not only capital but yes.

Mr Cook: There was a lot of that. I think there was \$160 million or something—sorry, I might have to correct the record on that. We would have to ask the Victorian government. We would not know.

Senator JACINTA COLLINS: So you have not at this stage received any report or conducted any assessment of the IBAC report that came out recently?

Mr Cook: I have seen the IBAC report and I am aware of the IBAC report.

Senator JACINTA COLLINS: Are there any governance issues that come out of it that are relevant for the Commonwealth department?

Mr Cook: As to the governance issues, the Commonwealth department writes to all state and territory governments, as we do to all recipients of Commonwealth funding, asking them to acquit through their auditor-general, or an appropriate person, that the Commonwealth funding has been spent for the purposes of education. The Victorian government have done that. They have done that every year and they have not raised anything with us consequential to the IBAC finding.

Senator JACINTA COLLINS: As a rough guess, what proportion of the funds provided to Victorian government schools would be Commonwealth funds?

Mr Cook: That would be available on the My School website at a school level.

Senator JACINTA COLLINS: Yes, but I am wondering at a system level.

Mr Cook: At a system level, I would have to take on notice because we would have to break down the funding. I am happy to take that on notice.

Senator JACINTA COLLINS: I am trying to get a handle of the reports about the losses that have been involved through this. It would roughly be that figure that would be the Commonwealth loss through that process, I suspect—except the point you make about infrastructure.

Mr Cook: I could not verify that. The majority of Commonwealth funding, I am assuming, has gone to schools. The auditor-general, or the appropriate person accountable, has verified that in an annual statement to us. I have no reason to believe that that is not correct, but I do not have any evidence around that.

Senator JACINTA COLLINS: I am not questioning that aspect of it. There are questions about this business school model, and I think there are decisions around that issue and that it will not proceed in the future. Are there any other lessons that you think apply to other government school systems that the Commonwealth supports?

Mr Cook: It is really a state matter in terms of their own internal processes, I think. We have a system in place around getting the most authoritative advice from a state that the funding has been used for that purpose.

Senator JACINTA COLLINS: Sure.

Mr Cook: If a state does not realise it has not been used for that purpose, which seems to have been the case in Victoria, then I think it is a state lesson as much as anything.

Senator JACINTA COLLINS: I appreciate it is a state lesson, but the question I am asking is whether there are lessons that Victoria has learnt through this that would be relevant to other states as far as you would understand. To your knowledge, do other states run the business school model?

Mr Cook: I am not aware; I am sorry. That would have to be a question for the states. They may have looked at the findings of IBAC but I am not sure. I have had no discussions with state or territory bureaucrats around the IBAC investigation.

Senator JACINTA COLLINS: So you will come back to me on notice about what proportion of the Victorian government schools—

Mr Cook: If I look at the national figure, in terms of funding to government schools, about 18 per cent of that at the moment comes from the Commonwealth. Back four or five years ago, I think it would have been, when this was focused, it was a much lower percentage. It would have been probably about 12 per cent or 13 per cent. Victoria, of course, depending on whatever the model was, might have had slightly less or slightly more, because every state or territory is different.

Senator JACINTA COLLINS: That is right.

Mr Cook: We can take it on notice. Would you like to know for that approximate period? We would have to project back five years, I think.

Senator JACINTA COLLINS: I do want you to go to that level of work. I appreciate what you are saying—that the proportion of Commonwealth dollars has risen somewhat—but I was more interested in simply getting a handle on the problems that have occurred in Victoria and what proportion of those would have, in general terms, been Commonwealth dollars. From what you are saying, it is roughly one in five.

Mr Cook: That is right. It is probably a little bit less; probably one in six.

Dr Bruniges: If I could go to your broader question about other jurisdictions and looking at what other states and territories do, that certainly happens. I guess, from a jurisdictional perspective, if something of that nature happens, often internal governance procedures within departments will refer to those particular reports and then reflect on their current practices. There could be in different states and territories or education systems, whether that be the Catholic system or the public system, a reflection on findings on audit reports and making sure that systems within their governance, or risk management systems, often pick up on significant findings.

Senator KIM CARR: I do appreciate the opportunity you have provided with the cross portfolio. The only question I have, in regard to the VET, goes to the loans program, which is a departmental responsibility. It is not a subdivisional responsibility.

CHAIR: We will leave that up to the officers.

Senator KIM CARR: Firstly, Madam Secretary, I congratulate you on your appointment as secretary and I look forward to working with you. The government is about to call an election. How do you see the caretaker conventions operating?

Senator Birmingham: That is a rather broad question.

Dr Bruniges: It is. As they are written down, the caretaker conventions I circulated to all members in the department.

Senator KIM CARR: Under your understanding of the caretaker conventions, at what point do they cut in?

Dr Bruniges: When the writs are issued, I understand.

Senator KIM CARR: What do you understand to be the key elements of the caretaker conventions?

Dr Bruniges: For the public servants, it is incredibly important that we abide by those. That means, for us, not providing policy advice, that we are in caretaker mode, that we are very conscious of the fact that factual information can be supplied to government but nothing more than that.

Senator KIM CARR: That is right. And access for the opposition?

Dr Bruniges: I understand that there are times when the opposition will request briefings of a factual nature, and the department will, indeed, provide that information.

Senator KIM CARR: And your assessment is that this is from the point at which the writs are issued.

Dr Bruniges: My understanding is that, yes, that is correct.

Senator KIM CARR: Is there anything else you want to add? You have just been given a note.

Dr Bruniges: They have just given me a hard copy. This is the hard copy I circulated to all the department's officers.

Senator KIM CARR: Are you able to table that?

Mr Cook: It is public information.

Dr Bruniges: It is public information.

Senator KIM CARR: I would like to see the note that you have tabled—can you table that?

Dr Bruniges: I think—

Senator Birmingham: This is a PM&C document. It is not the note.

Senator KIM CARR: Yes, but that is the note you have distributed to departmental officers.

Mr Cook: No, that is the conventions themselves.

Dr Bruniges: Yes, the conventions themselves, not the note I distributed. That was an email.

Senator KIM CARR: I ask you to table the document that you are reading from. I turn to the Auditor-General's report, No. 31, which is the *Administration of higher education loan program debt and repayments*. It has a number of quite extraordinary statements. It says, for instance, on page 9:

... Education was unable to demonstrate that it routinely monitored and analysed factors affecting the repayment of HELP debt. Improving its analysis of the growth in HELP debt and repayment rates would enable Education to better assess the sustainability of the program and inform program design.

It also says:

The ATO and Education do not meet their risk management responsibilities under the Memorandum of Understanding, and consequently do not effectively manage HELP risks.

Madam Secretary, what is your response to that report?

Dr Bruniges: With all the recommendations in that audit report, the department has agreed to implement those. Coming new to the position, I have done that response to the National Audit Office, and I know each and every one of those recommendations we have agreed to implement.

Senator KIM CARR: When did you receive this report?

Dr Bruniges: I would have to take the exact date on notice, the final—

Senator KIM CARR: But you would be able to indicate roughly when it was. A draft copy would have been provided to you for comment.

Dr Bruniges: That is correct. I think it was the second week in April.

Senator KIM CARR: What steps have been taken since that time to actually improve the department's capacity to routinely monitor and analyse factors affecting the repayment of HELP debt and the other matters relating directly to the ANAO's assessment of the department's capability?

Ms Borthwick: I think the audit report notes that in fact the department already took some steps before the tabling of this report to improve its monitoring and analysis of the HELP program, together with the ATO. In fact, I think it was in late 2015 that the government endorsed a program of data sharing and data matching with the ATO which will enable us to have a much better capacity to monitor and analyse the HELP loan system.

Senator KIM CARR: I am thinking here about the number of media reports, Senate committee reports and estimates discussions with various agencies concerning a number of rorters that exist within the vocational education system. What steps have you taken to clean that up?

Senator Birmingham: A number of reforms have been applied there and continue to be applied—

Senator KIM CARR: That is not the question I am asking. I am asking a question that particularly relates to the ANAO report on the monitoring of the loans program.

Senator Birmingham: Actually, you asked a much broader question that was far broader than the ANAO report or any findings within that report. You asked what steps have been taken to address rorting within the VET sector. As we did indicate, they really are questions for Senator Ryan, who is more than happy to appear before the committee, and we are happy to swap right now if you want to conduct VET questioning, and we can bring the VET officials to the table.

Senator KIM CARR: I have a few questions about the administration of the loans program. I would like to know what the department has done about cleaning up the operations of the loans program in regard to what has become a demonstrable scandal in regard to the VET FEE-HELP arrangements.

Senator Birmingham: That is fine. I am happy to ask for a suspension for two minutes and we will get Senator Ryan here.

CHAIR: I was happy to work through the program. If this is something that would be better dealt with in outcome 2 we can deal with it in outcome 2.

Senator KIM CARR: If that is the way you want to deal with it, but—

CHAIR: Or we can suspend and get Senator Ryan here.

Senator KIM CARR: I want to deal with this. As I said to you, I have very limited time tonight. I want to know—straightforward—what the department has done about an ANAO report which they received in April. What have you done about it?

Senator Birmingham: The secretary has been answering questions specifically about the ANAO report. If you want to ask questions more broadly about the operation of VET FEE-HELP and the availability of those loans—

Senator KIM CARR: And the loans program, and—

Senator Birmingham: and the availability of those loans—

Senator KIM CARR: We well know what the billions have been in the blow-out. It has been through this scheme.

Senator Birmingham: Yes, Senator Carr, we do 'well know'. We well know how appallingly you set this program up. We well know the failings of the program over the years—

Senator KIM CARR: And how you have been asleep at the wheel for three years.

Senator Birmingham: We well know that there have been many changes—

Senator KIM CARR: We have had four ministers.

Senator Birmingham: and we well know that your reforms that you announced last night will see students paying up-front fees.

Senator KIM CARR: Asleep at the wheel!

CHAIR: Senators; Minister: it is late, after a massive week for everybody. I would appreciate it if we could approach this calmly. Senator Carr, you are entitled to have your questions answered, and I will support your efforts to have that happen. Would you like to have the committee suspended, and we will get Senator Ryan in?

Senator KIM CARR: I have told you I have one question on the VET FEE-HELP loan. This is it. I would like to know what you have done, in the department, to monitor this, given what the ANAO has said—

CHAIR: We are happy to get the appropriate minister for you.

Senator Birmingham: Can I seek clarification of your question, Senator Carr? Is your question, 'What has the department done specifically in response to the ANAO report since its receipt?' or is it 'What has the department and the government done in relation to VET FEE-HELP'?

Senator KIM CARR: No. In regard to this report, what have you done?

Senator Birmingham: Calm down, Senator Carr, please. So, the report that the department got a couple of weeks ago: you want to know what they have done—

Senator KIM CARR: What have you done?

CHAIR: That was Senator Carr's question, Minister.

Senator Birmingham: The report the department got a couple of weeks ago: you want to know what the department has done in the past couple of weeks with that report, and the secretary has advised you that she has accepted all the recommendations within that report.

Dr Bruniges: That is correct.

Senator KIM CARR: That is what you have done: you have accepted the recommendations.

Dr Bruniges: Not only that. I have agreed with all the recommendations, in consultation with the Australian Taxation Office. I have had a number of team meetings over that report with the officers in the areas to discuss our way forward. And very shortly we will again meet with the ATO on data exchange and make sure that we put in place all the recommendations we have agreed to do.

Senator KIM CARR: I want to go to some measures regarding the budget announcements but, before I do, Minister, can you indicate to me whether a decision has been made within government to provide support for the Warrnambool campus of Deakin University?

Senator Birmingham: I have had some discussions with vice-chancellors on that matter. The discussions between those institutions are somewhat sensitive.

Senator KIM CARR: Well, perhaps I can enlighten you. Is it the case that Federation University has in fact deferred the decision to the next council meeting, which I believe to be on 13 June?

Senator Birmingham: I think that is a question for Federation University.

Senator KIM CARR: But you would have been apprised of that.

Senator Birmingham: I am aware that consideration of their involvement, potentially, with the Warrnambool campus is still live and underway.

Senator KIM CARR: I asked the question earlier about caretaker arrangements, and that is why I ask whether you have made a decision, because the support for other governments depends on a decision being made and announced before the caretaker conventions take effect.

Senator Birmingham: There are two different matters there. The government has made a decision and, as far as I am aware, that decision has been conveyed to the government of Victoria.

Senator KIM CARR: And the Victorian government's support for it is conditional upon it not being used as a campaign element but being announced prior to the election being called. Is that not the case?

Senator Birmingham: Well, I would be horrified if that was the condition of the Victorian government—

Senator KIM CARR: Of course it is the condition!

CHAIR: Is that public?

Senator Birmingham: This government has made a decision and conveyed it in confidence to the parties and to the government of Victoria, and if it—

Senator KIM CARR: I can only rely on the press reports that you have issued!

CHAIR: The minister is answering your question, Senator Carr.

Senator Birmingham: If that decision preserves a campus at Warrnambool, I hope you are not implying that somehow, should there be a change of government, you would not honour that decision.

Senator KIM CARR: I did not say a word about that! I want to know whether you have made a decision to provide \$14 million to the university conditional upon the Victorian government putting money in and Deakin University putting money in. And is it the case that that depends upon Federation University engaging in this project?

Senator Birmingham: As I said, there are discussions between institutions, which include Federation University, about the future of the Warrnambool campus. The government has made a decision in relation to what it might be able to do to help ensure that the campus at Warrnambool is preserved into the future. I do not wish to jeopardise those negotiations by running them publicly.

Senator KIM CARR: But you have run them publicly!

Senator Birmingham: I am aware of media speculation—

Senator KIM CARR: With your picture on it, and the local member. It is a bit more than media speculation; you have placed the article.

Senator Birmingham: I have not placed the article, and neither has my office. We have, so far as I am aware, communicated the decision of the government to the government of Victoria. We have been trying to work cooperatively with the government of Victoria and the institutions involved to ensure that the Warrnambool campus stays open. I would hope that is an outcome that you, as a senator for Victoria, would want to see and that you would not wish to jeopardise that by playing any politics with it at Senate estimates here tonight.

Senator KIM CARR: Does that decision depend upon the Federation University coming to the party?

Senator Birmingham: Obviously, somebody has to operate the Warrnambool campus, and Federation University is a party to discussions as somebody who may potentially be interested in operating out of the Warrnambool campus.

Senator KIM CARR: Where will I find this allocation of \$14 million dollars in the budget papers?

Senator Birmingham: The decision of government, for which I am not confirming values, figures or otherwise, is budgeted for.

Senator KIM CARR: Where will I find that in the budget paper?

Senator Birmingham: It is budgeted for.

Senator KIM CARR: That is not the question. Where will I find it in the budget papers?

Senator Birmingham: I will take that on notice.

Senator KIM CARR: What about Berwick—are you providing support for Berwick?

Senator Birmingham: I am aware that institutions are having conversations in relation to Berwick.

Senator KIM CARR: Have you made a decision in regard to Berwick as well?

Senator Birmingham: No such request has been made.

Senator KIM CARR: And Launceston—have you made a decision with regard to Launceston?

Senator Birmingham: That is a matter that is under consideration.

Senator KIM CARR: You have not made a decision, then?

Senator Birmingham: That is a matter that is under consideration.

Senator KIM CARR: This is a very straight question because, as I said, the caretaker conventions apply here. Have you made a decision?

Senator Birmingham: It is a matter that is under consideration.

Senator KIM CARR: So you have not made a decision?

Senator Birmingham: You can interpret that answer as you wish. It is a matter that is under consideration.

Senator KIM CARR: Madam Secretary, at what point do you actually have to register a decision under the terms of the caretaker conventions?

Senator Birmingham: What do you mean by 'register'?

Senator KIM CARR: That is why I am asking the secretary. At what point do you have to determine whether or not a decision has been made prior to the caretaker conventions cutting in?

Dr Bruniges: I would need to seek advice on that, Senator.

Senator KIM CARR: Advice from who?

Dr Bruniges: I guess the Prime Minister's unit, on that. I am aware of the caretaker provisions, and I presume that as soon as a decision is made I would need to log or register that somewhere. I would need to clarify that.

Senator KIM CARR: Do the caretaker conventions go to the question of contracts, or do they go to the question of just announcements?

Dr Bruniges: No, they go to the question—a new contract cannot be signed during caretaker period.

Senator KIM CARR: But you can announce new expenditure? Can you announce new expenditure?

Dr Bruniges: I would have to take that on notice.

Senator KIM CARR: It would depend entirely on whether a decision has been made prior to the caretaker arrangements being entered into, would it not?

Senator Birmingham: The coalition can announce intended expenditure in a campaign just as the Labor Party can announce intended expenditure in a campaign. They are separate matters.

Senator KIM CARR: What is the difference there, Minister? One is an election commitment and one is a decision of government.

Senator Birmingham: That is correct.

Senator KIM CARR: That is why I am asking the question: have you made a decision? Because at this point—on Friday night at this time—you are still the government.

Senator Birmingham: We are still the government, and the matter is under consideration.

Senator KIM CARR: But no decision has been made at this point?

Senator Birmingham: The matter is under consideration.

Senator KIM CARR: I look forward to that little exercise. Are there any other appointments that you need to announce, Minister, before the writs are issued?

Senator Birmingham: Not that I am aware of.

Senator KIM CARR: So you have announced all the appointments? There are no further appointments pending announcement?

Senator Birmingham: Not that come to mind.

Senator JACINTA COLLINS: Advertising?

Senator KIM CARR: They have got no advertising, have they? There is no more government advertising running at the moment for this department, is there?

Ms Borthwick: Sorry, Senator—on what?

Senator KIM CARR: On anything.

Ms Borthwick: Not that I am aware of.

Senator Birmingham: Not that comes to mind.

Senator KIM CARR: I just thought I would ask the question. I am not aware of any, but you never know with this show. Under the caretaker convention—

Senator Birmingham: It was an automatic 'yes' when you were there, but—

Senator KIM CARR: advertising does finish, does it not—is that correct?

Dr Bruniges: That is correct.

Senator KIM CARR: All paid government advertising must finish?

Dr Bruniges: Yes, that is correct. It goes to a committee, doesn't it—a decision?

Senator Birmingham: Actually, not all paid government advertising, because—

Senator KIM CARR: Which are exempt?

Senator Birmingham: I would have to refer to the details, but there are certain areas of government information that can still be paid for.

Dr Bruniges: It could be. I think an earlier example today was Defence recruitment.

Senator KIM CARR: Yes, but that is not campaign advertising at all.

Dr Bruniges: No, it was government advertising about recruitment.

Senator KIM CARR: It is generally regarded as a different category, and I accept that. Thank you very much. In regard to the government's budget savings, what is the total savings in the forward estimates from the education department?

Dr Bruniges: Let's see if we can bring up the CFO for that.

Ms Monkley: I am looking up the savings—

Senator KIM CARR: What is the total?

Ms Monkley: I would have to go through and work through that line by line. The measures tables presented in the portfolio budget statements do not go to the information as cleanly as you are talking about.

Senator KIM CARR: In the PBS—do you have a page number for me?

Ms Monkley: The budget measures tables are all contained on pages 19 to 21 of our portfolio budget statements.

Senator KIM CARR: What is the total?

Senator Birmingham: I think the official just indicated that she would have to go through and calculate that line by line.

Senator KIM CARR: Do you want me to come back to that?

Ms Monkley: That would be good.

Dr Bruniges: Would you mind, Senator? We will take it on notice or we will come back.

Senator KIM CARR: You know damn well we will never get any of these questions on notice. I will ask the officer. If she wants to come back, I will come back in a minute.

Senator Birmingham: Senator, I would have thought anybody in your office could add it up if you really wanted it.

Senator KIM CARR: Yes, sure they can; that is why I am here at estimates. That is part of the estimates process.

Senator Birmingham: To get officials to do basic calculations for you?

Senator KIM CARR: Basic calculations? We are trying to get this government to do basic calculations, and then we would be ahead, wouldn't we? In regard to the measures that you have announced, Minister, what is your position on fee deregulation?

Senator Birmingham: The government is not proceeding with the previously proposed model of full fee deregulation.

Senator KIM CARR: When you say full fee deregulation, does that mean you are ruling out all fee deregulation or do you see a prospect that there would be some deregulation?

Senator Birmingham: The government has proposed an alternative policy of flagship courses similar to what was recommended by Dr Lomax-Smith in a report that I note you were rather rude about the other day.

Senator KIM CARR: Yes, because it is not the same report you are referring to, but we will get to that. I will let you tell us the story.

Senator Birmingham: The model of flagship courses that the government has outlined would allow universities to designate certain programs as courses of excellence or innovation and to have flexibility in relation to how those courses were structured or funded.

Senator KIM CARR: How many flagship courses do you see that there would be, under the government's policy, at any university?

Senator Birmingham: The government has suggested that a maximum number that could be contemplated would be 20 per cent. But it is a matter for further consultation as to whether that could or should be lower.

Senator KIM CARR: So you are saying that a 20 per cent maximum would be the proposition that government would put in place?

Senator Birmingham: Correct.

Senator KIM CARR: Would that be 20 per cent of courses or 20 per cent of enrolments?

Senator Birmingham: It would be 20 per cent of student load.

Senator KIM CARR: Student load—that is individuals?

Senator Birmingham: Correct.

Senator KIM CARR: How do you see that in terms of numbers? How many people would that be across the system?

Senator Birmingham: I would have to take that on notice.

Senator KIM CARR: You surely have that information?

Senator Birmingham: We can see whether somebody can tell us how many currently enrolled students there are.

Senator KIM CARR: You must have that information.

Ms Borthwick: I will add that the proposition is up to 20 per cent of student load. It would depend on what the university wanted to do and how many students they could attract into such courses. It would not be a definitive number in any event.

Senator KIM CARR: Yes, but in budget terms you must have calculated what it means, because the budget papers specify that over and over again within the context of the savings announced by the government. You must have made an assessment of how many you would see fitting in with these flagships?

Ms Borthwick: Not necessarily.

Senator Birmingham: The policy paper that is being released makes clear that any of the changes within that policy paper would have to fit within the existing budget envelope.

Senator KIM CARR: What is the budget envelope for this matter?

Senator Birmingham: The budget envelope is what is outlined in the budget papers for continued funding.

Senator KIM CARR: Yes, and I want a number. What is the number?

Senator Birmingham: You want to know what the funding is—

Senator KIM CARR: Yes, for the flagships.

Senator Birmingham: Do you want to know what the funding is for Commonwealth government supported places?

Senator KIM CARR: No, the flagships—the 20 per cent for the flagships.

Senator Birmingham: Of course, the flagships are outlined in the policy paper. The policy paper makes it clear that, if flagship courses are adopted as part of the final reform proposal, they will need to fit in with the budget forward estimates as they are currently outlined.

Senator KIM CARR: What number is that?

Senator Birmingham: You want us to talk you through the budget forward estimates?

Senator KIM CARR: Yes, I want to know how much money would be tied up with these flagships involving 20 per cent of university students. We know roughly how many students there are.

Senator Birmingham: What do you mean by 'tied up' with them?

Senator KIM CARR: You have made a budget estimate of what the cost is. We see in the budget papers there is over \$2 billion cut directly from the Commonwealth supported places. Is that the figure? I do not think it is.

Ms Borthwick: The 20 per cent flagship courses are prospective, so they are subject to consultation. So there is no direct line item in the budget papers that describes the 20 per cent.

Senator KIM CARR: No line item?

Ms Borthwick: Correct.

Senator Birmingham: However, they would be funded out of existing funding in the budget for Commonwealth government supported places.

Ms Borthwick: Yes, and that is what the budget figures say.

Senator KIM CARR: Yes. It is just that you have mentioned the Lomax-Smith paper, and my recollection of it is that it had a few characteristics which are a bit different. They included 50 per cent higher fees versus no limit on fees, which is your proposal, I suppose. Lomax-Smith actually proposed, if I remember rightly, that they be limited to five per cent of load, not 20 per cent, and that they be funded at 150 per cent of the regular funding rate. Is that true or not?

Senator Birmingham: Dr Lomax-Smith's paper, from my recollection, did flag some of those possibilities. If you look at the policy paper released that canvasses the idea of flagship courses, it asks a number of questions, including what a maximum proportion might be, identifying 20 per cent as a figure. Certainly that is the maximum the government would countenance.

Senator KIM CARR: Yes, but that is not the Lomax-Smith position, is it?

Senator Birmingham: No. I said the concept was taken from Dr Lomax-Smith.

Senator KIM CARR: I see—the concept. Is it your proposal that there be a choice between 50 per cent higher fees and no limit on fees, with ACCC monitoring? Is that the proposal that you have been advancing?

Senator Birmingham: We have proposed that the ACCC may have a role to monitor, that there could be other mechanisms used to constrain fees, and that we will work through those options with the sector to ensure it is a sound policy approach.

Senator KIM CARR: But you are proposing no limit on the fees.

Senator Birmingham: That would be one option.

Senator KIM CARR: That is right. Lomax-Smith talked about five per cent of student load; you are proposing 20. That is another difference—is that not the case?

Senator Birmingham: I think we just canvassed that.

Senator KIM CARR: Yes. She actually proposed higher government funding—50 per cent more—did she not?

Senator Birmingham: I have some recollection of that. Without the report in front of me—

Senator KIM CARR: That is right, so it is not Lomax-Smith's proposition that you are actually putting here, despite the attempts that you have made in public to present it as such.

Senator Birmingham: Don't tell me you were so rude about Dr Lomax-Smith's report yesterday without having consulted it, Senator Carr. Now you seem to have a much higher regard for it.

Senator KIM CARR: I just think that, if you make an assertion that you are basing this on a particular study and it is not that study, it is dishonest.

Senator Birmingham: No, the concept was one mooted. All of those propositions of Dr Lomax-Smith could well be put forward in the process that has been outlined by the government.

Senator JACINTA COLLINS: Is the doctor owed an apology?

Senator Birmingham: By Senator Carr, yes. He was very rude about her report yesterday.

Senator JACINTA COLLINS: About the government misusing her report.

Senator Birmingham: I think Senator Carr probably should apologise.

Senator KIM CARR: Can I just go through the propositions that we do have before us. You have indicated that you are putting a number of different positions. Is it the case that publicly funded courses at registered private providers is still on the table?

Senator Birmingham: That is still factored into the budget papers. Whether or not that should proceed is identified in that—

Senator KIM CARR: It is in the budget papers?

Senator Birmingham: As costed.

Senator KIM CARR: Is the public funding for sub-bachelor courses in the budget papers?

Senator Birmingham: Yes, it is, Senator Carr.

Senator KIM CARR: You are going to have an evaluation of the HEPPP. What are the parameters of that evaluation? That is on page 13 of your paper.

Senator Birmingham: I would be happy to invite officials to detail that.

Ms Borthwick: The final terms of reference for the review have not yet been finalised but the intent is to look at whether the higher education participation program is sufficiently targeted to offer the best support to disadvantaged students.

Senator KIM CARR: The savings that you have been proposing here over four years are what? \$20 million? Is that right? How much are the savings for this particular area with regard to HEPPP? How much are they? Sorry, \$152 million.

Ms Borthwick: And \$52 million of which has been redirected: \$40 million to fund AIATSIS and to enhance its collections; and \$12 million—

Senator KIM CARR: I see. We are funding AIATSIS out of the equity program?

Ms Borthwick: The international educational strategy.

Senator KIM CARR: How much for the international educational strategy?

Ms Borthwick: \$12 million.

Senator KIM CARR: Why wasn't that in the paper released last weekend?

Ms Borthwick: Sorry, which paper that was released?

Senator KIM CARR: The international educational strategy.

Ms Borthwick: The budget had not yet come out, Senator.

Senator KIM CARR: I see. There are savings of \$208 million from the program overall. Have I got that correct?

Ms Borthwick: No, Senator: \$152 million.

Senator KIM CARR: The \$208 million would be the total savings over the life of the government? That would be correct, wouldn't it?

Ms Borthwick: I am not familiar with the figure. I would have to take it on notice.

Senator KIM CARR: In previous budgets there have been reductions as well, haven't there?

Ms Borthwick: I will have to take that on notice. I don't know.

Senator KIM CARR: It is now up to \$208 million. You are saying to us that \$9.7 million goes to the Batchelor Institute of Indigenous Tertiary Education. Is that right?

Ms Borthwick: No.

Senator KIM CARR: None at all?

Ms Borthwick: No, Senator; that is a different item. That is a different issue. They are funds that were transferred into the National Institutes Program from the Department of the Prime Minister and Cabinet.

Dr Bruniges: Senator, perhaps I can help. Out of the \$152 million over four years, \$40 million over four years will go to the Australian Institute for Aboriginal and Torres Strait Islander Studies; \$12 million over four years will support the implementation of the National Strategy for International Education; and then \$100 million over four years for budget repair.

Senator KIM CARR: Back to consolidated revenue—the equity program. How much was left in the equity program before this reduction?

Ms Borthwick: There is now \$553 million remaining in the higher education participation program over the forward estimates.

Senator KIM CARR: And you took \$100 million out.

Ms Borthwick: And \$553 million is remaining.

Senator KIM CARR: Yes, but you took \$100 million out of the equity program for consolidated revenue. Minister, how is that justified?

Senator Birmingham: Senator, it was budget decision.

Senator KIM CARR: So there is no justification.

Senator Birmingham: In budgets, decisions have to be made about what funding is available for different programs. More than \$500 million remains available in this program.

Senator KIM CARR: There is a 20 per cent reduction in the CSP program—Commonwealth supported places. Is that correct?

Senator Birmingham: As you have discussed before in terms of the higher education reforms that are budgeted for, there remains budgeting for expansion to sub bachelor. There remains budgeting for expansion to NUHEPs. There remains that adjustment to CGS. All of those matters will be considered within the policy paper that the government has released. As

long as that policy paper comes to a landing point that operates within the current budget envelope then that is how reforms will proceed and the budget within which those reforms will proceed.

Senator KIM CARR: I read in Budget Paper No. 1:

Expenses under the higher education sub-function are expected to decrease by 2.4 per cent in real terms from 2015-16 to 2016-17 ...

That is correct?

Ms Borthwick: What page is that?

Senator KIM CARR: It is with table 7. I am just trying to find the page number. On page 3-25, it says:

The Government remains committed to implementing reforms, which continue to be delayed in the Senate.

I take it that is the case? I am just trying to find the particular table.

Dr Hart: Senator Carr—

Senator KIM CARR: Have you got it? You are going to assist me here, are you?

Dr Hart: Yes, I am. There is a table 7 on page 5-19, a summary of expenses for education. Is that the table you are alluding to?

Senator KIM CARR: Yes, that is right. There it is. Thank you very much. You were very helpful indeed.

Dr Hart: Can I just point out that that table only covers expenses, so it will be CGS amounts and the expenses in relation to HELP.

Senator KIM CARR: Yes.

Dr Hart: It will not have HELP outlays, which would be an additional amount on top of that.

Senator KIM CARR: That is why I have asked the office if it could tell me what the total reductions are across the department. How are we going with that little calculation?

CHAIR: Senator Carr—

Senator KIM CARR: Sorry. There are just a few confusing tables here.

Ms Monkley: As I referred to earlier, the financial information is presented in the revenue measures on pages 19 through to 21 of the portfolio budget statement. If you take the total expense measures and the total revenue measures, noting these are in fiscal balance terms as well, then the net figure is a \$2.47 billion saving. That is rounded too.

Senator KIM CARR: Yes. And that is over what period of time?

Ms Monkley: That is over the forward estimates, through to 2019-20.

Senator KIM CARR: There are a couple of figures here that do interest me. On page 5-15 of Budget Paper No. 1, it says:

Total expenses under this sub-function are expected to decrease by 5.1 per cent in real terms—

this is in regard to the research program—

and increase by three per cent in real terms—

in the out years. So the research program is being reduced at a faster rate; is that right?

Mr English: The financial year profile for the research funding does show what I might describe as a lumpy profile, but in fact the underlying calendar-year profile, which as you know is actually how we fund the universities, has a much smoother profile. It was an artefact of the way measures were put into the budget last year around the transfer of funding from the Sustainable Research Excellence fund to the National Collaborative Research Infrastructure Strategy.

Senator KIM CARR: Can you give me a table on a calendar-year basis?

Mr English: I will have to take that on notice, but yes, we can.

Senator KIM CARR: Thank you. I trust that will arrive before next week—otherwise, I will have to come in and have a talk to you about some factual information, won't I? I am sure the officers are looking forward to the prospect!

If I can come back to 15 and 19, it says: 'expenses between 16 and 17 and 19 and 20 are estimated to decrease by 7.7 per cent in real terms, which relates to the reductions of the Commonwealth grant subsidies from 2018.' Have I understood that correctly to mean that that is a 20 per cent reduction in the Commonwealth supported places?

Dr Hart: Correct. A part of the government's recent announcement was the delay of the introduction of higher education reforms, which means the 20 per cent cut to CGS would not commence before 1 January 2018.

Senator KIM CARR: Yes, thank you—

Senator Birmingham: But that figure would of course be net of additional outlays in relation to sub-bachelor places—

Senator KIM CARR: But that is what the budget papers show us: the decline—7.7 per cent.

Senator Birmingham: I am not disputing it, Senator Carr; I am just adding further information.

Senator KIM CARR: But that is what this table shows: a 7.7 per cent decline in support for Commonwealth supported places at universities.

Senator Birmingham: You have quoted the budget papers accurately. Just as your government had \$6.6 billion of savings towards higher education in its final couple of years—or 'cuts' or whatever word you want to use; your party apparently likes to call tax increases 'savings' nowadays, too, but that is—

Senator KIM CARR: Can I just go through that. You have indicated a number of items have now been deferred. But it is incorrect to say that fee deregulation is off the table. What you are now proposing to us is that partial fee deregulation is the government's policy.

Senator Birmingham: Full fee deregulation is off the table. It has been taken out of policy, budget et cetera. The government has outlined in its policy paper an alternative proposition, of flagship courses, which we have discussed tonight and which is outlined there in black and white for the world to see, which we will now discuss the detail and merits of with the university sector and others.

Senator KIM CARR: So partial fee deregulation remains government policy?

Senator Birmingham: I know you will run a scare campaign whatever I say or do tonight, so—

Senator KIM CARR: I would say it will be a fact campaign—that would be a fair way to describe it.

Senator Birmingham: No. I am pretty confident it will be a scare campaign, but that is okay. You were always going to do that.

Senator KIM CARR: You have written the ads for us. What can I do?

Senator Birmingham: You were always going to do that, so I am pretty relaxed about knowing there will be a scare campaign.

Senator KIM CARR: I have no doubt you will be really relaxed on 2 July!

Senator Birmingham: You will run your campaign; we will run ours.

Senator KIM CARR: As to the specifics, though: I will describe it as partial fee deregulation—but, nonetheless, fee deregulation—of up to 20 per cent of courses and 20 per cent of load. But I would also like to know: will there be a cessation of the HECS-HELP benefit?

Ms Borthwick: That was part of the original package, so that has been deferred.

Senator KIM CARR: Deferred?

Ms Borthwick: Correct.

Senator KIM CARR: And the changes to the HELP repayment threshold—are they being deferred?

Ms Borthwick: There is a proposition in the paper to look at the threshold again—is that what you are referring to?

Senator KIM CARR: Yes, it is, but also, though, in the budget papers is a figure which we have been over now—this is our third estimates on these matters. Is that still the official policy of the government?

Ms Borthwick: I am not sure which version of the threshold—

Senator KIM CARR: Well, you tell me what the current version of the government's policy is. I am only here from the opposition, so perhaps you can enlighten me. What is the government's policy?

Ms Reardon: The deferred package in the measure that is in this budget included a lower threshold.

Senator KIM CARR: To what level?

Ms Reardon: To \$50,400-and-something, I think.

Dr Hart: Approximately \$50,000.

Senator KIM CARR: That remains the government's budgeted position.

Ms Reardon: Yes.

Senator KIM CARR: The efficiency dividend on the ARC—is that the government's position?

Dr Hart: Yes, and deferred.

Ms Borthwick: All of the measures that were in the—

Senator KIM CARR: We are having some confusion as to what the government has deferred and what it has not. I want to know: has it deferred the efficiency dividend or the Australian Research Council, or has that been removed from the package?

Ms Borthwick: The things that have been removed from the package—I stand corrected—are full fee deregulation and a deferral to 2018 of the start date.

Senator KIM CARR: Everything else is there?

Ms Borthwick: Everything else is in the budget to 2018.

Dr Hart: Can I just add: the efficiency dividend has been removed from the Commonwealth Grant Scheme and the NDCO program as well.

Senator KIM CARR: Including the ARC?

Dr Hart: Sorry: the disability support program.

Senator KIM CARR: Including the ARC?

Dr Hart: No, they have been reversed.

Ms Borthwick: So that is on page 328 of Budget Paper No. 1.

Senator Birmingham: That would be the efficiency dividend that your government first proposed.

Senator KIM CARR: We have been through this before and we are not voting for it. The cuts to the research—

Senator Birmingham: And we will not be asking.

Senator KIM CARR: We did indicate to the you at the time, because you double-crossed everyone on Gonski and you are still doing it. I asked with regard to the student contribution for higher degree research—is that still part of the government package?

Ms Borthwick: It is part of the deferral, yes.

Senator KIM CARR: Yes, but I am saying: is it part of this budget?

Ms Borthwick: It is part of this budget.

Senator KIM CARR: Thank you. You have already indicated the HEP program. Is there a provision in this budget for the VET FEE-HELP loan cessation?

Ms Borthwick: Yes.

Dr Hart: Yes, deferred.

Senator KIM CARR: But it is part of the deferred package.

Dr Hart: That is correct.

Senator KIM CARR: We have accepted that you cannot get it through this year—accepted. It has been deferred to next year. What is the effective start-up date proposed in this budget for all of these measures?

Dr Hart: It is not next year, Senator Carr; it is 2018, which is the deferred date.

Senator KIM CARR: Yes, but what is the start-up date in 2018?

Ms Reardon: It is 1 January 2018 for the majority of the measures. But keep in mind that our HELP measures are run on a financial year basis, because it is based on your tax return, so they start in the middle of 2018.

Senator KIM CARR: My point is: to get a start-up date of 1 January 2018, you will need legislation in 2017.

Ms Reardon: Correct, yes.

Senator KIM CARR: Would it be fair for me to describe it as being deferred till next year?

Senator Birmingham: No, Senator.

Senator KIM CARR: Why?

Senator Birmingham: Legislation might be considered next year—

Senator KIM CARR: The legislation will be required to pass the parliament by next year.

Senator Birmingham: Sure, Senator, but the start date is the start date; and the start date is 1 January 2018.

Senator KIM CARR: We have accepted that start date as 1 January 2018. Legislation will be required prior to that date.

Senator Birmingham: Yes, Senator.

Senator KIM CARR: The revised higher education indexation—what is the rate that you are proposing?

Dr Hart: The HEGI rate—is that what you—

Senator KIM CARR: Yes.

Dr Hart: It is 1.7—it is the same as CPI for this year.

Senator KIM CARR: Thank you. Are there any changes to the cluster funding arrangements?

Ms Borthwick: Where?

Senator KIM CARR: In terms of the underpinning of this budget, have you got the published funding cluster arrangements, or is there are a new set?

Ms Borthwick: The current budgeted cluster rates are the five cluster rates that were announced as part of the original package.

Senator KIM CARR: Thank you.

Senator Birmingham: The policy paper does make some discussion around cluster rates.

Senator KIM CARR: Yes, but those budgeted arrangements are what we are dealing with—

Senator Birmingham: That is right, Senator.

Senator KIM CARR: what the government policy is. The discussions we had in 2014-15 indicated that there was a cost associated with full fee deregulation. Do you have any assessment of the current costs of partial fee deregulation?

Ms Borthwick: I think I would need to take that on notice, Senator.

Senator KIM CARR: Minister, with regard to the consultations you have adopted for the discussion paper—who was consulted about it?

Senator Birmingham: Who was consulted?

Senator KIM CARR: Your discussion paper. Since you have been sworn in as minister you have made a great thing about the consultations. Exactly who did you talk to about this?

Senator Birmingham: I have spoken with a lot of people: most of the nation's vice-chancellors, if not all; all of the usual representative organisations in the university sector; many—

Senator KIM CARR: So, the 'usual suspects' is what you are telling me—is that right?

Senator Birmingham: Many figures, yes. I imagine if you drew up a list of who you would think might want to talk to the education minister, I have done my best to be available and accessible to them.

Senator KIM CARR: Thank you. An expert advisory panel has been referred to on page 5. I understand that the panel has not been appointed. Have you set down any criteria for membership of that panel?

Senator Birmingham: I have not set criteria as such, no. I have some—

Senator KIM CARR: Have you indicated that there would be no serving vice-chancellors on it?

Senator Birmingham: I do not know that I have indicated that, but I think my instinct would be that that might be the case.

Senator KIM CARR: I see. Your instinct? You have not actually told anyone that?

Senator Birmingham: I may have—I actually do not recall.

Senator KIM CARR: Okay. On page 24 you refer to a 'Higher Education Group'. I am just wondering who that is?

Senator Birmingham: Page 24 is blank on the document I have—is this in relation to feedback?

CHAIR: The old classic!

Ms Borthwick: Senator, I think that is—

Senator KIM CARR: It is not blank on the one I have—let me just get it. I have it here as page 24, and it talks about feedback opportunities. It speaks about a reference group:

Higher Education Reform Options Paper Feedback

Higher Education Group

GPO Box 9880 CANBERRA ACT 2601

Senator Birmingham: I think that is a section within the department.

Ms Borthwick: It is.

Senator KIM CARR: Who is it?

Ms Borthwick: It is Dr Hart.

Senator KIM CARR: I figured that it is the department, but who exactly in the department?

Ms Borthwick: Dr Hart is the—

Dr Hart: I am not the whole group, but I am the group manager!

Senator Birmingham: He is very talented, Dr Hart!

Senator KIM CARR: So who else is in the group?

Dr Hart: There are three areas within it: the Funding Policy and Legislation Branch, which Ms Reardon heads up—

Senator KIM CARR: Right.

Dr Hart: There is the Governance, Quality and Access Branch and there is also the Student Information and Learning Branch, which Ms Wedell—

Senator Birmingham: This is the Higher Education Group—

Dr Hart: It is the group, yes. It is a group within the department.

Senator Birmingham: But if I look at what you have quoted here, Senator Carr—lest you think it is the Higher Education Reform Group, which I think is what you said—the document says that—

Senator KIM CARR: No, I called it the 'Higher Education Group'—

Senator Birmingham: higher education reform feedback—

Senator KIM CARR: Sorry—I called it—

Senator Birmingham: can be sent to the Higher Education Group.

Senator KIM CARR: what you called it: the Higher Education Reform Group! That is what it says here on the back of your paper.

Dr Hart: What I have before me for feedback opportunities says, 'Higher education reform feedback,' and then it says, 'Higher Education Group'.

Senator KIM CARR: Oh, I see—there is a difference, is there?

Dr Hart: You would provide your higher education reform feedback to the Higher Education Group at the below address.

Senator KIM CARR: I can see that. I have been out of the loop for too long, haven't I, if I cannot even follow that! Hey?

CHAIR: Bravo!

Senator KIM CARR: Righto—thank you very much. I am just about done, but I do have some questions that I would like to pursue which are more of a technical nature with regard to the loans program and the thresholds. The library tells me that the number of additional graduates who would be caught by lowering the threshold to \$42,000, which was in the paper, would be 200,000. Are you able to advise me as to whether or not that is a reasonable estimate?

Ms Borthwick: I am not sure what that would be based on. Is it—

Senator KIM CARR: The Parliamentary Library has provided this on ATO statistics.

Ms Borthwick: That would be the income 'gap', if you like, between \$42,000 and the current \$54,000. I think that is what that figure is saying, that there may be 200,000—

Senator KIM CARR: Yes. I could give you the millions and all the rest of it, but I am short-handing it here.

Ms Borthwick: It would depend, obviously, on how many of them are enrolled at university.

Senator KIM CARR: Yes. Would you agree that 200,000 is a reasonable estimate?

Ms Borthwick: I do not know. I would have to take that on notice.

Dr Hart: We do not have that figure available.

Senator KIM CARR: If you could, that would be good. You do not have a similar figure?

Ms Borthwick: No.

Senator KIM CARR: You have no idea how many extra people would be affected by a reduction of the threshold to \$42,000?

Dr Hart: We do not have that information with us. We would have to take it on notice.

Senator KIM CARR: You do not have it with you or you do not have it?

Dr Hart: I would have to check whether we do have it, in fact.

Senator KIM CARR: I am advised that most of those would be younger taxpayers—57 per cent would be aged 29 or younger. Would you agree with that?

Ms Borthwick: I do not know. We will have to take it on notice.

Senator KIM CARR: What numbers have you done to give the government confidence in the \$42,000 figure?

Senator Birmingham: The government is not expressing confidence in the \$42,000 figure. I think the government identified that that figure had been proposed by others.

Senator KIM CARR: Who was that? You are relying on Grattan, are you?

Senator Birmingham: Grattan is one of many commentators in this space.

Senator KIM CARR: Who else has offered a figure of \$42,000?

Senator Birmingham: I would have to go and check.

Senator KIM CARR: The officers here could tell us. Surely they are experts in this area.

Ms Borthwick: I believe that figure did come from Mr Norton.

Senator KIM CARR: He is the only one that I can recall. Can you enlighten me? Am I wrong?

Ms Borthwick: I would have to check. I have not got it with me.

Senator KIM CARR: Do you have a figure for the average full-time starting salary for a graduate under 25? These are well-published figures, aren't they? They are pretty well known?

Dr Taylor: What was the question again? I was just flicking through the—

Senator KIM CARR: What is the average full-time starting salary for graduates under 25 years of age?

Dr Taylor: Fifty-four thousand is the median graduate starting salary.

Senator KIM CARR: And it has been proposed to reduce the threshold to \$42,000, because that is roughly what the current threshold is, isn't it—about \$54,000?

Ms Borthwick: That is right.

Senator KIM CARR: So it has been proposed to reduce that to \$42,000.

Senator Birmingham: By Grattan.

Senator KIM CARR: Not by the government?

Senator Birmingham: The government has said that it is willing to discuss and look at options for repayment thresholds and whether they are appropriate.

Dr Taylor: Just to clarify: for those aged less than 25 in first full-time employment, it is \$54,000.

Senator KIM CARR: So they are just under the threshold and they do not pay HECS repayments until they get to \$54,000 or thereabouts. Is that correct?

Ms Borthwick: That is right.

Senator KIM CARR: Under the current policy. But in this discussion paper it is proposed that the government consider reducing it to \$42,000.

Senator Birmingham: I am actually struggling to find the \$42,000 figure.

Ms Borthwick: I am not sure that \$42,000 appears in the paper.

Senator KIM CARR: Yes. Is it proposed?

Senator Birmingham: The paper asks questions about changes to repayment threshold and rates and whether commencing repayment at a lower threshold income than the current minimum and/or introducing an additional higher contribution rate for high-income earners might be possible.

Senator KIM CARR: I am interested to know how many professionals would be earning an income of \$42,000. What sort of percentage would that be?

Ms Borthwick: I do not know. We would have to take that on notice.

Senator KIM CARR: I am told it is about 36 per cent, but that would pick up people in a range of occupations like delivery drivers, receptionists, cleaners and laundry workers—because that is the sort of money, in that range, less than \$50,000, that they earn.

Senator Birmingham: It would also depend as to whether somebody was working full time or part time. There would be a range of factors there.

Senator KIM CARR: That is right. There would be.

Senator Birmingham: Of course, as you well know, HELP loans are also acquired by people outside of higher education nowadays, as we were discussing earlier.

Senator KIM CARR: But there is also an element of social justice in these arrangements, and hitting people at this level fundamentally changes the nature of the scheme. Is it the government's proposal to look at this in terms of household incomes as well?

Senator Birmingham: That idea, again, has been publicly reported, and so the government has said it is happy to hear feedback on that idea.

Senator KIM CARR: Two part-time workers with a combined household income of \$42,000 may be caught up in this.

Senator Birmingham: No, I can comfortably rule that out. If there were to be any household application of payments it would clearly not be at an individual, one-salary level.

Senator KIM CARR: What would it be? What would be your assessment of the household income?

Senator Birmingham: The purpose of consultation and seeking expert analysis is indeed to consult and to seek expert analysis, not for me to prejudge the final decision. In terms of what you were trying to set up there, I can comfortably say that that is something that would be completely unacceptable to the government.

Senator KIM CARR: I am pleased to hear it. Your paper talks about ranges of 40 to 45, but you are saying that is for individuals, not for families?

Senator Birmingham: I can comfortably rule that out as any notion that a couple would repay.

Senator KIM CARR: Can you comfortably indicate to the committee what you regard as a reasonable family income to be caught up in the government's proposals?

Senator Birmingham: No, I am not going to start speculating. That is the purpose of having expert analysis.

Senator KIM CARR: No, it is not.

Senator Birmingham: The idea that a family income, if that were to be contemplated, would to be the same as an individual income is not something that would be acceptable. Would my income, if my wife had a HELP debt that needed to be repaid, be appropriate? Maybe. Maybe your income, Senator Carr, would be appropriate in those circumstances.

Senator KIM CARR: I look forward to you explaining that to a lot of women in this country. When it says in this discussion paper:

In finalising legislative reforms and meeting the financial sustainability savings outlined in the Budget the Government will consider options—

and so on and so forth, is it the underlying principle of this discussion paper that you must meet the financial sustainability savings outlined in the budget?

Senator Birmingham: It is indeed the principle of this paper that reforms within this paper must come within the budget projections.

Senator KIM CARR: If I then turn to page 59 of the PBS statement and I look at the assessments of the targets in terms of the performance of the loans scheme, I notice here that there seems to be an assumption underpinning this, that the HELP loan repayment arrangements will grow. If I look on page 59, it goes from 8.8 years on average to 8.9 years, and then through to 9.1 years. What is the basis for that presumption, that there will be a growth in the period in which it takes people to repay their loans?

Ms Borthwick: That figure is calculated by the Australian Government Actuary, not by the department.

Senator KIM CARR: What is the assumption that underpins that figure?

Ms Borthwick: There are several assumptions: the growth in the system overall, the numbers of people taking out loans, as well as the size of the loans.

Senator KIM CARR: The numbers of people who are not going to repay their loan remains at 18 per cent. What is the presumption—

Ms Borthwick: I think it has actually come down. I think the previous—

Senator KIM CARR: That is not what the paper says though, is it?

Ms Borthwick: No, that is not what that paper says, but the previous budget estimates had it at around 19 per cent, if I remember correctly.

Dr Hart: It had it higher. It does expect that on new debt 18 per cent will not repay.

Senator KIM CARR: Ms Borthwick, what are you referring to? Is it some other figure that we should know about?

Dr Hart: Ms Borthwick is referring to previously in PAES.

Senator KIM CARR: I see what you mean. It used to be 19 per cent. Is that what you are saying?

Ms Borthwick: Yes, that is what I am saying.

Senator KIM CARR: But I can rely on these figures?

Ms Borthwick: Yes, absolutely.

Senator KIM CARR: That is very good, thank you.

Senator REYNOLDS: I just have a couple of follow-up questions on Senator Carr's questions. Secretary, in relation to higher education, what are the sorts of things you want to do with QILT with the extra \$8.1 million in the budget?

Dr Bruniges: Enhancing some of those QILT measures is incredibly important. Looking at the quality of data that sits in QILT and making sure that we can enhance that for transparency reasons is incredibly important, so we would want to work through it in detail. There are a number of things that the group that are working on that are looking at, and someone might help me out with a bit more detail on exactly what measures—

Dr Hart: Based on market research, we know that students are interested in more information about their courses and about the fees associated with their courses as well. I think we have also flagged and identified that, subject to the process that Professor Shergold is running in admissions transparency, there may be information there about admissions to universities et cetera.

Senator REYNOLDS: With the ongoing discussions about admission standards, do you think caps should be reimposed as Senator Carr, I believe, has proposed?

Senator KIM CARR: Sorry, what am I proposing?

Dr Hart: That is really a matter for the government of the day.

Senator REYNOLDS: Minister? I asked a question about admission standard caps.

Senator Birmingham: About admission standard caps?

Senator REYNOLDS: There have been discussions about admission standards. Do you think caps should be reimposed?

Senator Birmingham: I think that that would, of course, be a significant intervention by government in the autonomy of universities. It would deprive students of admittance who may otherwise receive admittance to university. A much better policy is the one that the government has advocated, which is to expand access to subbachelor places, which ensures that students have a variety of pathways into university and that universities have a more

flexible range of pathways with which to accommodate students, particularly students from equity backgrounds whose participation we want to encourage to increase.

Senator REYNOLDS: I note the investment in STEM through NISA. Given that the only alternative policy so far is HELP write-offs for 100,000 or so STEM graduates, what can you say about the merits of this policy alternative and the maths skills of the authors of that policy? That is possibly one for the minister.

Senator Birmingham: That is probably one for me. Yes, we did see numerous iterations come out of last year's budget reply speech from Mr Shorten in which he proposed that change. It is a shame that Senator Carr has gone. I do not know whether Senator Lines or Senator O'Neill can inform us of whether it is still the Labor Party's policy to extend—

Senator LINES: If you want to swap spots with us, we will answer all the questions you like. When we are in government, you can ask—

Senator Birmingham: You are that evasive on your policy that you will not just give a simple yes right now. But, yes, within a 24-hour period there were three different costings provided for that policy, and I am sure that over the coming days we will see various iterations of the VET FEE-HELP cap that was announced last night as well. I note that Mr Husic admitted on 7.30 tonight that it will result in students paying up-front fees.

Senator REYNOLDS: Really?

Senator LINES: This is a paid political advertisement!

Senator O'NEILL: It sounds like it.

Senator REYNOLDS: That was tonight, was it?

Senator Birmingham: No, I doubt that Mr Husic paid for it—

Senator LINES: No, you are.

Senator O'NEILL: What was that number? About \$48 billion?

Senator Birmingham: but he certainly said that if you are capping—

Senator REYNOLDS: Chair, I cannot even hear the response to the question from the minister.

Senator O'NEILL: Because it is not a response.

Senator Birmingham: He certainly said: 'If you're capping it, there are going to be some people who will have to pay more. That's the reality.' I note—

Senator REYNOLDS: That was definitely an answer to my question. Thank you, Minister.

Senator Birmingham: that that is confirmation from a Labor Party frontbencher that they are applying up-front fees in vocational education.

Senator LINES: I just want to go to page 8 of the budget overview. I want to ask questions on a quote. I can read you the quote.

Senator Birmingham: Is it page 8, about 'Responsible spending restraint'?

Senator LINES: That is it.

Senator Birmingham: I am pleased to see you reading it, Senator Lines!

Senator LINES: The last paragraph says:

It is essential that the Government continues to focus on responsible spending restraint. The Government is committed to ensuring that the \$13 billion of unimplemented expenditure savings measures are passed by the Senate or alternative savings measures identified to continue on the path to a balanced budget.

Doesn't that mean, in the light of that statement, that the government has taken the FTB save and pushed back the childcare package? Doesn't it prove, once and for all, that the FTB and the childcare changes are not linked?

Senator Birmingham: I think that statement, which of course is a statement applying to the overall approach that the government has applied to the budget, is a statement that the government stands by the need for savings measures—savings measures that are real savings measures and reductions in expenditure, rather than what you call savings measures, which are actually \$100 billion of additional taxes.

Senator LINES: Does it mean, once and for all, that the FTB and the childcare changes are not linked?

Senator Birmingham: No, Senator. The government wishes that you had facilitated passage of the FTB savings measures so that we could have proceeded to try to secure passage of the childcare reforms.

Senator LINES: So you are still clinging to your view that—

Senator Birmingham: I am not clinging to anything, aside from the pen that is in my hand, perhaps!

Senator LINES: I think you are!

Senator Birmingham: But I am being crystal clear that the government wishes that you had facilitated passage of the savings measures that would have enabled us to get—

Senator LINES: It is not about Labor, Senator Birmingham.

Senator Birmingham: It would have enabled us to—

Senator LINES: These are your—

Senator Birmingham: Actually, Senator, you do have a vote in the parliament.

Senator LINES: This is your policy—

Senator Birmingham: You could have helped to pass the savings measures—

Senator LINES: It is your policy.

Senator Birmingham: that would have enabled the government to proceed with the childcare reforms as planned.

Senator LINES: It is your policy. What will you do if the new Senate does not pass FTB savings? Will you dump the childcare—

Senator Birmingham: That is a hypothetical question.

Senator LINES: You were happy to try to have a view about Labor! Will you dump the childcare changes altogether?

Senator Birmingham: Senator, the government stands very much by the childcare reforms. We hope that they will be strongly endorsed at the election and that we will be able—

Senator LINES: What if the Senate does not pass the FTB savings?

Senator Birmingham: to get them legislated.

CHAIR: That is a hypothetical question, Senator.

Senator LINES: There has been quite a bit of hypothetical from the minister! Minister, what happens if the new Senate does not pass the FTB savings?

Senator Birmingham: The government is intending on having the savings passed and the reforms passed and implemented in the time line outlined.

Senator LINES: Right. What—waving a magic wand?

Senator Birmingham: I hope that, after the election, if we are the government, we will have your cooperation in doing so.

Senator LINES: Let's hope you have a magic wand, if you get re-elected. Thank you.

Senator O'NEILL: I am not sure if this question is for the minister or for the department. Have you been in conversations with the University of Newcastle with regard to the medical facility that is proposed as part of the Gosford Hospital development?

Senator Birmingham: The University of Newcastle has had discussions with me.

Senator O'NEILL: Have you had discussions about supporting that facility with any capital investment?

Senator Birmingham: I would have to refresh my memory of the exact nature of that because there are a few different moving parts there. There are, I know, some capital proposals, but offhand I think, from memory, there are also some CSPs for medical positions that are capped that are proposed to be shifted. I would have to check as to exactly which components we might have been talking about.

Senator O'NEILL: Have you made any decisions to fund any of those elements that you just identified?

Senator Birmingham: Again, I would have to take that on notice, given I was struggling to recall the different pieces and where each was at.

Senator O'NEILL: At this point in time, there is no decision by government to put \$12.5 million into that project?

Senator Birmingham: I would have to take on notice whether any components of decisions might have been made.

Senator O'NEILL: Thank you.

Australian Institute of Aboriginal and Torres Strait Islander Studies

[20:20]

CHAIR: Welcome. Senator Reynolds will begin.

Senator REYNOLDS: Good evening, gentlemen. I have a few questions. It seems to me there was a somewhat muted reaction to the funding in this year's budget, but I think \$40 million is a significant amount of money over the forward estimates. So I assume this funding was welcomed by AIATSIS.

Mr Taylor: Senator, before I answer that question, I would like to acknowledge the traditional owners of the land upon which we meet this evening. I pay my respect to their

elders past and present and pay tribute to their resilience and continued cultural practices on country.

From an AIATSIS perspective as well as from a national education and research perspective, the enhancements to our budget as described in the forward estimates are an unprecedented and most welcomed enhancement to our capacity to preserve, protect and make accessible our internationally significant collections. So, in answer to your question, from an AIATSIS perspective, it is extremely good news.

Senator REYNOLDS: How are you anticipating using that money to preserve the collection?

Mr Taylor: As I said, it certainly enhances our capacity to preserve, protect and make accessible our collections. In the short term, it is really going to allow us to address some threats that were recently identified to our collections, particularly our audio-visual collections, through using digital technology so that we can adequately address those threats.

Senator REYNOLDS: Is that because they are corroding with time?

Mr Taylor: Absolutely, and chemically breaking down because of the various conditions that apply to audio-visual film, photographs et cetera. The budget enhancement, which essentially doubles our core operating budget each year for the next four years, ramps up to a significant degree our capacity to address those threats. So, in the short term, that is how those funds will be applied. In the longer term, again through using state-of-the-art technology, we will make available to both domestic and international interests our collections for use in terms of the services that are provided to Indigenous stakeholders—and particularly our research stakeholders—and also represent services that adequately maximise the access to our collections for the benefit of a whole range of stakeholders, but particularly the research and education stakeholders.

Senator REYNOLDS: I had not realised before this announcement that you have like a million items in the collection.

Mr Taylor: We had a recent review of our collection, which said a couple of things about our collection. Firstly, it said that it is internationally significant; secondly, it said that it is the best contextualised collection of its kind anywhere in the world; and, thirdly, it identified some threats and risks, particularly in terms of our audio-visual collection.

To give you an idea of the scope of the collection, if I may, there are over 2½ thousand art and artefact elements in the collection; 39,000 hours of audio tape; 120,000 items of published material; 6½ million feet of moving image; 5,000 individual video titles; 13,000-plus individual manuscripts; and 670,000 individual photographs. In answer to your question, it is a wonderful, diverse and irreplaceable collection of international significance.

Senator REYNOLDS: Where is the collection stored?

Mr Taylor: It is stored in our purpose-built archive vaults at AIATSIS on the Acton peninsula. We do have some off-site storage as well, for backup, but essentially the collection is housed in our purpose-built building on Acton peninsula.

Senator REYNOLDS: Given what the National Archives does, do you see any synergies? Or are you already working with the National Archives?

Mr Taylor: We have collaborative arrangements with all of the national collecting institutions. I suggest that we are a little bit different in that a great deal of our elements from our collections are not held by other agencies, and there are elements of our collection that differ. For instance, our collections include a lot of analogue records and nondigital-borne materials, where many of our cultural collecting institutions deal exclusively with digital-borne material.

Senator REYNOLDS: Perhaps not with just with the National Archives—as you said, you have a relationship with all the major collecting organisations—but do you see that there are some synergies that you can now have or utilise in terms of training or best practice for archiving or for restoration? Are there things that you can do to work together or to learn from each other?

Mr Taylor: Absolutely. We are very pleased to be involved in discussions that might adopt strategic approaches to various common challenges that we all face, whether it be in storage or in shared services and in those sorts of efficiencies that can be achieved. We pride ourselves at AIATSIS that the technological processes that we use for our collections are state-of-the-art best practices. We do our best to share those practices with our colleagues and we also take the utmost opportunity to learn from their processes as well.

Senator REYNOLDS: Currently, what access do Australian researchers and members of the public have to the collection? Once you have gone through this process over the next few years, how do you see that tangibly changing?

Mr Taylor: I do not see any tangible changes, other than perhaps the take up in use of technology. Essentially, in answer to your question, particularly our research clients but all of our stakeholders and our clients use a number of means by which they access our collections. They do that via the web. I think last year we had about 40,000 digital pages of online exhibitions, so we do an awful lot of business via the web. We also do it by remote and by email et cetera. We also obviously have face-to-face visits. As part of our library services, which provide services internationally as well as domestically, we have a family history unit. That not only provides services to individual personnel but it also supports the link-up organisations that are based around the country—in fact, we train their staff, in terms of family history archival research.

Senator REYNOLDS: Can I just clarify: with the family history archival research, do you do that for individual family members or is that to teach other people how to actually capture and do the research?

Mr Taylor: We do both. We provide services to individuals for those people who want to connect with their heritage—particularly members of the stolen generation. We also provide training and support services to the link-up organisations that are based around the country. We have very favourable relationships with every stolen generation group that exists around the country as well. It is a very important part of our library, research and support services.

In terms of research interests, career researchers, senior and other academic interests, we provide all of the services that I just mentioned. But in particular, we enjoy a lot of face-to-face interaction with the research community. We are very strong in terms of providing support, particularly to our Indigenous communities. We do that in two ways: we either sponsor or support and receive visits from communities and we have a repatriation program,

where we visit communities and, to the maximum extent possible, repatriate those elements of our collections that relate to their communities and their families.

Senator REYNOLDS: That is wonderful. How many staff do you have, given the million-plus items that you have in the collection and all that work that you are doing?

Mr Taylor: At the moment, about a hundred. I will take that on notice, but around about 140. With the benefit of the recent budget enhancement, the staff numbers will rise.

Senator REYNOLDS: Thank you very much for that. It was very interesting. I know that there was an amendment to your bill that went through last year that made some governance arrangement changes, which I understand were done in consultation with you. Nearly a year after, how are the change in governance arrangements working?

Mr Taylor: They are working very well. The legislation was passed early this year in February. The main point of those legislative changes, which were strongly supported and endorsed by our council, had to do with the governance arrangements, the composition of council and the electoral processes that they support that actually gives rise to membership. In terms of our governance model, we have nine council members, five of whom are appointed by the minister and four of whom are elected by our members. The legislative changes did three important things. They provided for gender equity in the electoral process, they provided for the retention and permanent existence of an Indigenous majority on our nine-person council, and they gave the minister some flexibility in terms of the minister's ability to appoint and make changes to council.

Senator REYNOLDS: Thank you very much for that. I look forward to visiting some time and seeing some of the wonderful work that you are doing.

Mr Taylor: We look forward to that.

Senator REYNOLDS: That would be lovely, and thank you.

CHAIR: Thank you very much, Mr Taylor and Mr Ritchie. There being no other questions for AIATSIS, thank you very much, gentlemen, for your time today.

Australian Skills Quality Authority

[20:32]

CHAIR: Welcome, Mr Robinson and co.

Senator REYNOLDS: Good evening. Can you outline your new regulatory strategy please for the committee

Mr Robinson: Yes. Essentially, we have been evolving a regulatory strategy, which we originally started out with what inherited from the previous regulators that were established in each state and territory to do VET regulation, and that was to process applications for an initial registration or a re-registration, or to change the scope of that registration—so to add new courses and the like. We have been moving forward in trying to identify particular risks to the sector, both by looking at the risk of individual RTOs and making decisions about how much regulatory scrutiny we apply to each RTO based on that risk. We look at things like complaints information and information that comes in from stakeholders in the sector, and we use that to go beyond this issue of looking at each re-registration cycle of an RTO, to say, 'Are there some risks associated with that RTO here and now that we should be looking into right now?'

Senator REYNOLDS: So how many RTOs are there altogether?

Mr Robinson: Sorry, one other element of the first question.

Senator REYNOLDS: Sorry.

Mr Robinson: We are also looking at risks across the system, so we are going beyond the individual RTO risk to be identifying broader sets of risks that might be doing some harm in the sector. That is part of our work. We are becoming more strategic in looking at those issues. There are 4,600 RTOs roughly—I do not have the exact figure—and ASQA regulates around 4,000 of those.

Senator REYNOLDS: I can appreciate the need to have a very sophisticated risk based approach to this. Do you think that taking this approach is starting to assist you to better target your compliance activities?

Mr Robinson: Very much so, and that is the purpose of it. We reviewed our arrangements a couple of years ago and the government endorsed the proposed approach, which was to free up doing so much transactional work and looking at people who were not a high risk and to have much more scrutiny on people who we considered to be high risk. It is changing what we are doing. More of our audit work and investigatory work is being done on the basis of, for example, the complaints we get in from people about concerns about particular organisations and the like. We get to them much more quickly than we would have under the previous approach of waiting for them to apply for re-registration or a change to their registration.

Senator REYNOLDS: So it definitely is allowing you to put more of your resources into focusing on high-level scrutiny where the major risks are in your 4,000 organisations.

Mr Robinson: Indeed, and we have taken action to terminate the registration of some 10 per cent of that regulated community since we started, which is a very high—

Senator REYNOLDS: Over 400-odd?

Mr Robinson: Yes—389 I think is the figure.

Senator REYNOLDS: It is a bit late in the night for me to—

Mr Robinson: That is where we have actually taken the decision to cancel or suspend the registration of an RTO or refused to re-register it.

Senator REYNOLDS: That would certainly get the attention of the others as well, no doubt.

Mr Robinson: It has. We have also done work with other agencies like the ACCC and we are working more closely with the funding bodies as well around the country to identify from their information people that they are concerned about and for us to go and act on them from an earlier point.

Senator REYNOLDS: With the more focused compliance activities this year, are you focusing on any particular areas this year?

Mr Robinson: Yes. This year we have got a few priorities for our work. We are doing further examination of VET FEE-HELP providers that have been of concern. We worked through with the department looking at all of the VET FEE-HELP providers. We looked closely at 22 of them last year and we are looking at another 18 this year. The investigatory

work has started on nine of those already. They have been identified through an examination of the VET FEE-HELP information that the department has, our own complaints data and other information that we have gleaned about RTOs of concern.

Senator REYNOLDS: I understand you have some new processes for providing public notices of providers that are under investigation. Again, that is a bit of a tongue twister at this time of night. Is that correct?

Mr Robinson: Previously we had been not making public our regulatory sanctions until the appeal process had been fully exhausted but now we are in the process of making those decisions known at the time when we make a regulatory sanction. So if we decide to cancel the registration of a RTO we previously would have gone through a process of giving them a notice of intent. We are not publishing at that point but once we have taken a decision to cancel that RTO's registration we are publishing that information. Before we used to wait until they had had a chance to exhaust their appeal process. So in a sense the difference is: if the police make an arrest they publicise that they have made an arrest and then there is a subsequent stage when there is a conviction; in our regulatory sense we are making the decisions known at the time when the arrest is made.

Senator REYNOLDS: What is the importance of this? Why have you changed the policy?

Mr Robinson: We did get a lot of criticism last year about our work with VET FEE-HELP providers because although we had done a lot of things about those providers, we had not published the outcomes of where we had gotten to with those. More importantly, we also want there to be a deterrent effect to the other RTOs: if you are going to play in this space—

Senator REYNOLDS: You have to do the right thing.

Mr Robinson: people have to be informed about it.

Senator REYNOLDS: What would you describe as some of the complexities that you are currently facing once cases go to the AAT?

Mr Robinson: That is a good question. The AAT process is one where the AAT members who hear the case make a fresh decision, as though they were the ASQA regulator. It is not, 'Was the ASQA decision faulty in the first place?'—this may be some months or even up to a year later when it gets to an AAT meeting—it is, 'Can that RTO now provide sufficient information to say that it is compliant with the standards, even though it wasn't before?'

We are concerned about that issue, that in some cases people have been there before and have used the review process to finally scrape back into the system because they have done enough to suggest that they are going to mend their ways. We always follow up on those cases within a year, and when we go and look at them again some of them do achieve lasting compliance but some of them do not. We are concerned about the repeat offenders.

Senator REYNOLDS: Given that there is that time gap, do you also find that there is sometimes a disparity of information in terms of what is available to the AAT and to yourself?

Mr Robinson: No, the AAT has full information and they ask for further information from us, or our assessment of where the RTO is up to, at that point in time.

Senator REYNOLDS: It has come to my attention that in your newsletter of April 2016 you noted that in recent years ASQA has been shouting from the rooftops about the need to enhance training and assessment practices in the VET sector. For exactly how long have you been shouting this message?

Mr Robinson: We have done some national strategic reviews of different elements of training. We have found that poor assessment by RTOs—

Senator REYNOLDS: I have to pick you up there. My question was not what you found. You said that you had been shouting for a long time; I am just wondering for how many years have you been shouting from the rooftops?

Mr Robinson: Our first national strategic reviews were completed in 2013. But I have to say on this question that the government and people in the VET sector have picked up a lot of the issues that we have raised in our recommendations. That is what I was about to say. The minister has had a task force operating that is looking at assessment issues. That work is coming back to the minister for consideration on further measures that can improve the assessment issues.

Since we have started shouting from the rooftops, the standards have been enhanced and new standards around assessment have been put into place. We have run a huge number of workshops around the country over the last 18 months to educate people about the enhanced assessment requirements. We have had around 5,000 RTO representatives attend those workshops.

Senator REYNOLDS: My last question relates to the strategic review of RTOs offering aged and community care sector training. Are you familiar with that?

Mr Robinson: Yes.

Senator REYNOLDS: Could you outline for the committee what you see as the enhancements to be offered or available to the training package, and what benefits those will be to the sector?

Mr Robinson: In that review, which was released at the end of 2013, we have done a lot of work with the sector. There has been a revision of the training package, which included picking up our recommendations about specifying the workshop placements that were needed for clinical practice and the like. As I said, some new standards on assessment have been brought in across the board, and a number of other things that we have recommended have been followed up on.

Senator REYNOLDS: What do you see as the outcomes for the sector itself? What are the tangible benefits that you see that they will offer?

Mr Robinson: We are finding fewer people that are noncompliant in that sector than we did when we did that review.

Senator REYNOLDS: In aged care?

Mr Robinson: In aged care. We have continued to follow on, looking closely at aged-care qualifications since that review, and there have been some improvements.

Senator REYNOLDS: Thank you very much. That was very instructive.

CHAIR: Before we go to our meal break, those departmental officials involved in higher education can head on home. Thank you very much for what has been a long day. We will return after the break with outcome 1.

Proceedings suspended from 20:45 to 21:00

CHAIR: Let's reconvene. We are on outcome 1.

Senator Birmingham: Is it likely that skills and early childhood will face further questions?

CHAIR: Yes, I would suggest so. It is only higher education that is no longer required.

Senator LINES: We pre-empted this question through the secretariat, so hopefully the department cannot provide us with the number of families in each electorate receiving the CCB and CCR.

Dr Bruniges: Yes, I have that here for you.

Senator LINES: Thank you very much. Do you want to just table that?

Dr Bruniges: Yes, I will.

Senator LINES: We have had a number of releases from the Abbott Turnbull government talking about the cost of child care. On 2 February 2014, then Minister Ley put out a release talking about the importance of fee relief for parents. Mr Morrison on 26 February 2015 wanted to make the point, 'We need to ensure that the measures that we are engaged in are anti-inflammatory, do not drive up the costs' et cetera. Even the Prime Minister on 23 November 2015 and 4 February 2016 talks about cost, particularly affordability. If affordability is so important, why has the package been pushed back? What has changed?

Senator Birmingham: Firstly, I would say that we are pleased that, under our management, affordability has improved to the extent that the rate of price increases has slowed significantly compared with what was occurring under the previous government—increases, I think, are closer to three per cent under our government and were about seven per cent under your government. In terms of the package itself, as we have already canvassed tonight and have canvassed on a few occasions, the government was clear that it needed to fund and pay for the childcare reforms that we have proposed. Unfortunately, the numbers were not in the parliament to get the savings measures through in time for the successful implementation of the childcare reforms at the start date that was originally proposed.

Senator LINES: What is the out-of-pocket cost to parents from the government's decision to delay the jobs for families package?

Senator Birmingham: That would depend on the circumstances of the parent.

Senator LINES: Ms Wilson, do you have any figures on that?

Ms J Wilson: As the minister said, that would depend on the circumstances of the parent, the price of care, the number of kids, the age of children—a whole range of different factors.

Senator LINES: What costs for parents do you have in regard to the delay to the jobs for families package?

Senator Birmingham: Again, it depends on the circumstances of individual families.

Senator LINES: Does that mean you do not have any costs.

Senator Birmingham: That means that there is a whole range of hypothetical scenarios which—

Senator LINES: Perhaps the department can give us some of those hypothetical scenarios for what the costs will be for families.

Senator Birmingham: No. The department is not really in the business of giving hypothetical scenarios.

Senator LINES: So you will not say what the cost is?

Senator Birmingham: We would dearly like to see our legislation pass as quickly as it can in the next parliament.

Senator LINES: With the decision to delay the subsidy commencement by a year, how many families do you expect will not access child care as a result?

Senator Birmingham: Every other time I have sat here and faced questioning from you, you have drawn a presumption that as a result of our childcare changes that we are proposing somehow families might not be accessing child care. Now you are seeking to say that, by not having the reforms, there may be people not accessing child care. I am not sure you can have it both ways.

Senator LINES: Minister, can you just answer the question. Do you have the number or not?

Senator Birmingham: I do not believe we expect that any families will necessarily not be accessing child care.

Senator LINES: So you are saying that, as a result of you pushing back the subsidy, families will continue to access child care. Is that your answer?

Senator Birmingham: The childcare benefit will continue for a further 12 months, the childcare rebate will continue for a further 12 months and will be indexed for that 12 months, and the other payments with long-winded acronyms will continue as well.

Senator LINES: Given the claims that the government made—in fact, the department also made this claim—about how many more people would be in work because of your families and jobs package, how many people will miss out on work because these reforms have been pushed back?

Senator Birmingham: I do not dispute the fact that it is unfortunate that these reforms have not been able to go ahead in the time line that was originally announced, because we do think there are clear benefits from them. That is why we proposed them in the first place; that is why we stand by them and will take them to the next election.

Senator LINES: So you concede families will miss out on work.

Senator Birmingham: No, I concede that, if the Turnbull government is re-elected, it will present its childcare reforms to the parliament, which will be of benefit to Australian families.

Senator LINES: Ms Wilson, are you able to point us to materials—which, I think, you referred to a couple of estimates ago—around the claims the government was making about more people being in work?

Ms J Wilson: Sorry, Senator—point you to materials. I am not sure of the question.

Senator LINES: The department had materials that it published saying how this childcare package would lead to more people being able to—

Senator Birmingham: We do certainly believe our childcare reforms will increase workforce participation.

Senator LINES: Would you mind letting me finish? I am asking the questions, okay? You have not heard the whole question.

Senator Birmingham: I was just trying to be helpful with an answer.

Senator LINES: No, you are not trying to be helpful. You are just trying to be too clever by half.

Ms J Wilson: I am just trying to recall the discussion—I remember we had quite a long discussion. Are you talking about the research we did with ORIMA about the workforce participation?

Senator LINES: You certainly made the claim there would be increased workforce participation.

Ms J Wilson: That is right. We engaged ORIMA Research to do both qualitative and quantitative work, and out of that we got the information around the workforce participation, which we have talked to you about previously.

Senator LINES: Just flesh out what that research said.

Ms J Wilson: The qualitative research we undertook in April 2015 investigated potential impacts on workforce participation and found about 24 per cent of respondents with children under 12 would be encouraged to increase their workforce participation as a result of the subsidy changes.

Senator LINES: So one assumes, then, that 24 per cent of people will now not do that.

Senator Birmingham: I do not—

Senator LINES: Minister, you are on the public record—

Senator Birmingham: Senator Lines, you just made an assumption and I would like to deal with your—

Senator LINES: No, I did not. I just quoted Ms Wilson saying your government made the claim that 24 per cent—

Senator Birmingham: Senator Lines, your statement started with, 'So one would assume.'

Senator LINES: Twenty four per cent is your claim.

Senator Birmingham: We would stand by that modelling for when the proposal is implemented. I do not think the modelling suggests that that is an instantaneous effect by any means; it is, in effect, achieved over a period of time. We stand by—

Senator LINES: Will it be achieved over the next year without the subsidy?

Senator Birmingham: It will be achieved under our policy, which we hope and plan to have implemented. We stand by our policy. We have no idea what your policy is.

Senator LINES: So, if you are returned to government, that 24 per cent will not start in the upcoming financial year because you have delayed the start of the package.

Senator Birmingham: Senator Lines, we wish that you had cooperated with us to ensure the package could have started in the time frame proposed.

Senator LINES: Can you just answer the questions, please.

Senator Birmingham: As I said, is it regrettable that some of the benefits from this package will be delayed by 12 months? Yes, it is regrettable that you stood in the way of those benefits being realised 12 months sooner.

Senator LINES: In fact, referring to the study that you just outlined, Ms Wilson, and the research you undertook, Mr Morrison said on 10 May:

Based on 2011 Census data, this would translate to around 240,000 families being encouraged to increase their involvement in paid employment.

If you delay the package, that is 240,000 people in the upcoming year who will not increase their workforce participation. This is your workforce study.

Senator Birmingham: Yes, Senator, and it is 240,000 people who, right now, you are not committed at all to having increase their workforce participation.

Senator LINES: We are not talking about Labor here. If we are the government, then you can question us.

Senator Birmingham: We unfortunately may have encountered a 12-month delay due to the parliamentary processes, but ours is a 12-month delay; yours is no policy at all.

Senator LINES: Minister, I believe you are on the public record in relation to out-of-pocket costs of parents, saying that parents would have been better off by about \$30 a week under this jobs and families package. If you are saying they are \$30 better off under your package, one assumes that the reverse—that they are \$30 worse off—must also apply, because of your delay.

Senator Birmingham: It is regrettable that all the benefits from a package will not be realised in the time we would have hoped because we have not been able to succeed in getting the savings through the parliament to pay for the package. However, those benefits will still be realised in a range of different ways under a Turnbull government, because we stand by the policy and the reforms that are proposed, unlike the Labor Party, it seems.

Senator LINES: Do you recall mentioning the \$30 out-of-pockets costs?

Senator Birmingham: I recall it vividly and expressly and, as I said, I am confident that many benefits will be realised to Australian families as a result of our childcare reforms when they are implemented. I hope and trust that the Labor Party will support us in that if we are re-elected.

Senator LINES: Ms Wilson, at estimates in the past we have talked about the new IT system. We had quite an extensive discussion at the last estimates. How much does the department expect to save by delaying the IT system?

Ms J Wilson: There are no savings in the budget for the IT system. The money has been rephased to line up with the new implementation schedule.

Senator LINES: How much money has been rephased?

Ms J Wilson: Budget Paper No. 2, page 76, outlines \$199.4 million over four years from 2016-17. It is not actually broken down by years because, as is normal with government IT

processes, there is a requirement to take a second-pass business case to government which identifies the detail of the proposals and the time frame in which they would be delivered. Then government makes a decision to appropriate money in the years that match that proposal.

Senator Birmingham: The IT system is one of the critical reasons why, unfortunately, the delay has been necessitated, because of course we could not go and expend serious money on the IT system until legislation had passed the parliament. The failure to have the savings and reform measures pass the parliament meant that delays were creeping into that IT build process. Only this week one of the largest childcare providers in the country, in discussing the change, expressed their concern to me about whether or not it could have been implemented in a seamless way for parents, providers and government in the original time frame. It was the increasing risk profile around that that ultimately drove the government to the decision that had to be made.

Senator LINES: Ms Wilson, at the last Senate estimates I asked you a lot of questions about the IT system, because Labor was very concerned that not enough work had been done. In fact, when we asked you if the IT system would be ready on time, you assured us that it would be. Now we are hearing from the minister that there were some problems. At the last Senate estimates you did not draw this to our attention.

Senator Birmingham: Senator, do not misinterpret what I said. I said that because of the failure to pass the legislation, and because we were not going to expend large sums of money on the IT system without having legislation passed, a delay became required. Last estimates there was still hope that we might see the savings measures passed and the reform legislation passed. By the time it came to a budget decision, sadly, that was, clearly, not the case.

Senator LINES: Ms Wilson, at the last estimates you assured us that you were on track to operate that IT system from the 1 July start-up.

Ms J Wilson: The minister said that the world has—

Senator LINES: I am asking what you said, Ms Wilson. I am asking you to—

Ms J Wilson: I do not recall those exact words. I think I explained to you the processes which we were doing, which was an internal-to-government briefing of options that we had—

Senator LINES: At the last estimates you were confident that you would meet that start-up date. Mrs Pearce is nodding.

Senator Birmingham: If the legislation had passed in—

Senator LINES: Did you make reference to the legislation being passed?

Ms J Wilson: Yes. The IT system cannot be built until the final specifications are determined, and that requires legislation.

Senator LINES: But when we specifically asked you about if the legislation was not passed, you did not pass any comment about that.

Senator Birmingham: Did you specifically ask a question of that nature, Senator Lines?

Senator LINES: I ask the questions, Senator Birmingham.

Senator Birmingham: No, Senator Lines. You just sought to quote yourself without actually offering a quote. You said, 'When I specifically asked if the legislation was not passed, would the IT system be built?' I doubt very much you did ask that question, Senator.

Senator LINES: Are you accusing me of lying, Minister Birmingham? I would be very careful, if I were you. We had a very long and extensive discussion about the IT system, and we did talk about the legislation. Let's be very clear here: your government has never even brought it to the parliament—it has certainly never been to the Senate—so how would you know whether it would be passed or not? We raised those issues.

Senator Birmingham: I think you might discover that you were part of a lengthy Senate committee on the legislation. But, that aside—

Senator LINES: Well, if you read our ABCC report you would see that we said we would not vote for that too, but you still brought that to the parliament. So, you cannot have it both ways.

CHAIR: Okay. Let's go on.

Senator LINES: How much did childcare fees increase between the December quarter 2013 and now?

Senator Birmingham: By several per cent less than they increased on average under your government.

Ms J Wilson: December quarter of 2013, did you say, Senator?

Senator LINES: Yes.

Ms J Wilson: I do not have the time frame you are referencing.

Senator LINES: What do you have?

Ms J Wilson: I have from June quarter 2014 to June quarter 2015. That was 5.4 per cent across all care types.

Senator LINES: That is a bit different to the three per cent.

Ms J Wilson: Sorry, Senator, can I just hold that for one minute. That was across long day care, and it was a 3.6 per cent increase across all care types.

Senator LINES: Okay. We are looking at long day care, so 5.4 per cent. How many children and families will hit the CCR in each year of the forward estimates? Can you just read it out for me, please.

Senator Birmingham: Just to be clear: only children or families in long day care?

Senator LINES: That is usually what we ask about.

Ms J Wilson: Families that hit the cap are all families—not broken down by care type.

Senator LINES: So, what have you got there? Just read those out.

Ms J Wilson: The number of families hitting the CCR cap—the \$7½ thousand limit—in 2015-16 will be about 84,000.

Senator LINES: 2015-16?

Ms J Wilson: That is right.

Senator LINES: Across the forward estimates?

Ms J Wilson: I have 2016-17, but I do not have beyond that—108,000 in 2016-17.

Senator LINES: So, why don't you have beyond that?

Ms J Wilson: I just do not have it in the briefing I have in front of me.

Senator LINES: That is extraordinary that you would only bring half of the forward estimates. Can someone in the room get it.

Ms J Wilson: I can see whether someone else has that information, but I certainly do not have it in the brief I have in front of me.

Senator LINES: We ask you this nearly every estimates. I am really surprised that you have only two years worth of figures.

Ms J Wilson: The reason we do not have the numbers hitting the cap in 2017-18 was that was the time frame for the introduction of the new childcare subsidy and the cap was changing, as you know, so there was not going to be a cap for families under \$185,000, and the cap was increasing for families above that to \$10,000.

Senator Birmingham: The cap in the additional year will be indexed for the first time since your government's last budget imposed a cap.

Senator LINES: Can you outline each component of the childcare services support line item on page 39 of the PBS and state expenditure on each one over the forward estimates.

Ms J Wilson: The Inclusion Support Program, do you want me to read—

Senator LINES: The support line items on page 39.

Ms J Wilson: That is right but there are about seven or eight things that make that up.

Senator LINES: Yes, and we want to know the expenditure on each one over the forward estimates.

Ms J Wilson: If I start with inclusion support: in 2016-17, it is \$127,116,000; in 2017-18 it is \$131,176,000; in 2018-19, it is \$138,296,000; in 2019-20, it is about the same, \$138,296,000.

CHAIR: What is the percentage of the funding increase of the item?

Ms J Wilson: Of the inclusion support program? Actually that is a very good news story because there is a 25 per cent increase in that program to assist integration of children with a disability and children from non-English-speaking backgrounds and refugee communities into child care so it is a really good news story that is kicking off from 1 July this year.

CHAIR: So it is a 25 per cent increase?

Ms J Wilson: That is right.

CHAIR: That is fantastic work.

Senator Birmingham: Importantly the increase and changes to that program were not deferred and do apply as exactly as scheduled on 1 July this year.

Senator LINES: So how many families will receive CCR only in each of the next two years?

Senator Birmingham: I think Ms Wilson was still answering your previous question. She only got through the first.

Senator LINES: Well then stop interrupting.

CHAIR: I apologise, that is my fault.

Ms J Wilson: The Community Child Care Fund is 10,785 in 2016-17; 10,785 in 2017-18; 124,282 in 2018-19; and 125,346 in 2019-20. Then I have the additional childcare subsidy. There is nothing in 2016-17 or 2017-18 for that with the new scheme kicking in from 1 July 18. There is 81,209 in 2018-19 and 87,953 in 2019-20.

Then we have the Community Support Program, which is the current range for supporting a whole range of educators and providing support services. It has funding for the next two years: 134,706 in 2016-17; and 134,706 in 2017-18. And in 2018-19, it is replaced by things like the Community Child Care Fund and the additional child care subsidy and the child care subsidy.

Senator LINES: So those three elements?

Ms J Wilson: That is right. Then we have got the current Inclusion and Professional Support Program, which has about \$31,000 in 2016-17 when it is wrapping up the old new program and I read you the lines for the new program at the top. Then we have quality support, which is 6,992 in 2016-17; 999 in 2017-18; 8,010 in 2018-19; and 8,122 in 2019-20.

Senator LINES: So what is the quality support?

Ms J Wilson: I will see if I have got someone who can answer that question. We have a range of money we use to provide support for quality in terms of services but we also provide a contribution to ACECQA for its regulatory responsibilities. We make a contribution and each of the states and territories make a contribution. We pay about half and the states split the difference between them so that is largely the component for our contribution to ACECQA.

Senator LINES: What is the essential component?

Ms J Wilson: I do not have that information with me on this spreadsheet but I can take it on notice.

Senator LINES: The rest of the funds which are not for ACECQA, what are they for exactly?

Mr Palmer: We would have to take that on notice.

Ms J Wilson: I will have to get the breakdowns.

Senator LINES: So nobody knows?

Ms J Wilson: We fund a range of programs to improve quality.

Senator LINES: Such as?

Ms J Wilson: If you think about it, there is a program called RIPD, which is for Indigenous communities to improve teaching quality and program delivery quality. So there is a range of projects we fund, to a range of different organisations. That one we fund Queensland Department of Education to develop tools to improve quality and service delivery.

Senator LINES: That is the RIPD program.

Ms J Wilson: Yes.

Senator LINES: And what else?

Ms J Wilson: That is 'Remote Indigenous Project Delivery'.

Senator LINES: What were some of the others?

Ms J Wilson: They are the ones I can think of at the moment. The bulk of the line item would be a ACECQA funding.

Senator LINES: But you cannot give me that breakdown?

Ms J Wilson: I do not have that with me.

Senator LINES: So how many families will receive CCR only in each of the next two years?

Ms J Wilson: Sorry, how many families will receive CCR?

Mrs Pearce: For CCR only: for 2016-17, it is 371,000; and for 2017-18, it is 391,000.

Senator LINES: On page 40 to 42 of the PBS, the department has not been able to provide targets that the number of families to receive you CCB or CCR in 2017-18. Why is that?

Ms J Wilson: It says basically the targets will be similar to the 2016-17 in the text.

Senator LINES: But why can you not provide the information, the dollars?

Ms J Wilson: It is not the dollars; it is the number of families receiving CCR and CCB and all that reference is meant to say is it will be this similar to the numbers of 2016-17, which are stated in the column above.

Senator LINES: So why can't you provide the information? The dollars?

Ms J Wilson: It is not the dollars; it is the number of families receiving CCR and CCB.

Senator LINES: The numbers, sorry.

Ms J Wilson: I think all that reference is meant to say is that it will be similar to the numbers in 2016-17, which are stated in the column above.

Senator LINES: So why can't you provide the numbers?

Senator Birmingham: They are similar to what is in the column above.

Senator LINES: Why didn't you just repeat the numbers?

Senator Birmingham: It is not actually uncommon, if you look through the PBS, to see that that approach is taken in a number of instances. That is just to save space.

Senator LINES: Why wouldn't you have just put the numbers there?

Senator Birmingham: Sorry, Senator?

Senator LINES: Ms Wilson, why wouldn't you have just put the numbers there?

Ms J Wilson: Each of the rows in the column above are specific for a year. That one you are referring to is about '2017-18 and beyond', so it is not just about that year. This is a new finance format for PBSs, so there is detail about the first two years and, then, a broader statement for beyond that.

Senator LINES: Is part of the problem because the decision to delay the childcare changes was made with very little notice?

Ms J Wilson: As I said, that is the format for the new way of PBSs.

Senator Birmingham: There are a number of other instances where it is just referenced as per the previous year and so on, Senator Lines. It is not unusual to refer to the column above.

Senator LINES: Why is the government delaying the childcare changes that were the centrepiece of last year's budget?

Senator Birmingham: Senator, as I think I have outlined once or twice tonight, the government's decision to delay was, unfortunately, taken because the savings required for this reform had not passed the parliament. The risk profile, in terms of the successful implementation of the reform for families, providers and government, was heightened by the prospect that legislation would not be possible to be passed until late this year at the earliest.

Senator LINES: So if the reforms were urgent last year, what has changed to mean they are less urgent this year?

Senator Birmingham: I wish they had been implemented on time because I wish that the savings measures required for their implementation had passed parliament so that they could have been implemented on time.

Senator LINES: I am talking about your reforms.

Senator Birmingham: Yes, the two are linked. I want the reforms in place as quickly as possible, but I also want to make sure that their implementation is a success. It would, obviously, be a terrible situation if providers were not ready and were not equipped with the right support to implement the new model, and if families did not understand the new model appropriately and were not ready for it. Unfortunately, because the savings measures had not passed the parliament, the legislation for the reforms had therefore not passed the parliament and that risk profile was heightened. That is why it was necessary to adopt the 12-month delay and therefore have confidence that all areas of implementation can be undertaken in as seamless a way as possible.

Senator LINES: Minister, can you rule out dumping the package if the FTB savings do not pass the parliament?

Senator Birmingham: It is absolutely the government's intention to proceed with the reforms and to see that they are paid for.

Senator LINES: If the FTB savings do not pass the parliament, will you dump the package?

Senator Birmingham: I am not counting on seeing the FTB savings not passing the parliament. I am intending for the savings to be found and realised and for these reforms to be delivered upon. These are the only childcare reforms—

Senator LINES: Which savings? Are these new savings?

Senator Birmingham: No, they are not new savings. These are the only reforms to child care that any party is offering.

Senator LINES: It is a bit strange, Minister, to try to blame Labor for your current dilemma. When I put to you, 'If the FTB savings do not pass, will you dump the childcare package?' you are very firm that you will get your package up with your savings.

Senator Birmingham: I am very optimistic about the capacity of the next Senate to function better than this Senate has done.

Senator LINES: So it is optimism at this point.

Senator Birmingham: Optimism and determination. You can put your descriptor on it, if you like.

Senator LINES: I am quoting what you said.

Senator Birmingham: I am both optimistic and determined to see these childcare reforms implemented in the interests of Australian families.

Senator LINES: It is ironic. I started the questions by asking you how come, if the reforms were urgent last year, they are less urgent this year. You, then, gave this longwinded answer about how it was Labor's fault. Now, I am saying to you: if you do not get your FTB changes through the Senate, will you dump your package? You are now saying no.

Senator Birmingham: I am happy to share the Labor Party's blame with the Greens and Senate crossbench as well.

Senator LINES: It has nothing to do with the Labor Party. This is your package. You created the urgency around it, and you did not even present it to the Senate.

Senator Birmingham: No, Senator—

Senator LINES: You did present it to the Senate, did you?

Senator Birmingham: We did not create the urgency around it. We brought forward, after careful consideration and consultation, sensible reforms to child care that were fully funded by savings, and we are determined to see savings realised so our reforms can be implemented.

Senator LINES: If they are fully funded by savings, if the FTB does not pass the Senate, I can only conclude that you will dump the package.

Senator Birmingham: We are determined to find savings to ensure that the reforms are implemented.

Senator LINES: New savings from somewhere else?

Senator Birmingham: We have savings proposals. If there is an election in coming weeks, as is widely anticipated and as is the reason for us sitting here at this time on a Friday night, we will go to that election with our reform proposal for child care—paid for, as we propose for it to be paid—and seek a mandate for those reforms.

Senator LINES: Through the FTB. Is that what you are saying?

Senator Birmingham: They are the savings measures we have spoken of before.

Senator LINES: Right. If they do not get through that does mean you will dump the package.

Senator Birmingham: That is a hypothetical question. We are determined to see savings being realised.

CHAIR: It is a hypothetical and the minister has been asked this several times. In the interests of time, and I know people want to get to school—

Senator LINES: It is up to me to ask the question as much as I want to.

CHAIR: You can, but I thought school funding might have been important too.

CHAIR: You created urgency around child care. It is the centrepiece of your budget and then—poof—it does not even get presented in the Senate.

Senator Birmingham: You are welcome to go to this election without a childcare policy. We are going to this election with childcare reforms, and we are determined to see them implemented. It is regrettable that the parliament was not more cooperative, in this parliament, to see the savings realised that were required for them.

Senator LINES: What do you have to say to parents who will miss out on your promised increase in childcare support because you delayed these reforms?

Senator Birmingham: Vote for the coalition because, that way, you can be guaranteed they will be implemented in the next parliament.

Senator LINES: How can you guarantee that? You did not even present the bill to the Senate.

Senator Birmingham: We did bring the bill to the Senate. It was considered by a Senate committee. We also were clear that savings—

Senator LINES: How many other Senate committees—the majority report supported it.

CHAIR: On that point, Minister, and the report that was presented, did the Labor Party recommend the bill be passed?

Senator Birmingham: The Labor Party's position was unclear, from memory of the comments they made. They certainly wanted or suggested a whole bunch of changes that would have increased the cost of the reform further. What was clear, all along, was that the Labor Party, Greens and crossbench senators stood in the way of the savings for the legislation. I have it now. It says:

Labor Senators believe that the additional investment is poorly targeted to achieve policy outcomes.

Senator LINES: I am not denying that we did not agree with your report.

Senator Birmingham: And:

The Government simply has not convinced Labor senators of this committee of the policy merits—

Senator LINES: That is not the point. There have been a lot of reports we have a not agreed with. In fact, I do not think we have had a majority report.

Senator Birmingham: So we can be confident, in this election, that you will not suddenly decide to adopt our policy and that the reforms you have spent all night asking the reasons for their delay, you will never implement.

CHAIR: That is right.

Senator Birmingham: You will never implement those reforms.

Senator LINES: We have—as is our right—written a lot of minority reports that do not support the government's agenda. Never, in the past, has it stopped the government from having the courage to put the bill into the Senate. On this occasion, you delayed the reforms because you failed to present the bill to have us vote on it.

Senator Birmingham: We have always had a finite amount of time in the Senate and we prioritise based on what we think there is a chance of passing at times. Unfortunately, it was always clear that you, the Greens and the crossbenchers were not about to pass the savings measures. What also seems to be implied in your comments in this Senate report is that you will go to the election standing against these reforms. Australians will know they will get

improvements to child care under the coalition, as detailed in our policy, from 2018, and presumably nothing but what is currently there under the Labor Party.

Senator LINES: There has not been one matter in education which has been referred to the Senate legislation committee that Labor has agreed with. That has never before stopped you from presenting your legislation for voting on in the Senate. Those are the facts.

Senator BIRMINGHAM: I doubt that is actually the case.

Senator LINES: Really! How would you know? I have participated in the legislation inquiries and I am saying to you that we have presented minority report after minority report. There has not been one occasion when we have ever agreed with the majority, yet that has not stopped you putting your legislation in the Senate. So it is a bit false of you to sit there and say, 'Oh, Labor wrote a minority report, so therefore we didn't put our legislation up for a vote.' Please!

Senator BIRMINGHAM: Actually, as you well know, there are two sets of legislation. There is the savings measures and there is the reform measures. Under our government we pay for our reforms, and the savings measures needed to be passed before the reform measures could come to a vote.

CHAIR: I note that the department recently issued the June quarter data. What was the average cost increase under the previous government and how much was that in each year?

Ms J Wilson: The average fee increase from June 2008 to June 2013 was 7.8 per cent. The last quarter data we have, which is the June quarter, as you have indicated, indicates that fees grew by 3.6 per cent, which is the number I said before.

CHAIR: Yes, I realise that that was Senator Lines's question. So seven per cent under the previous government and 3.6 per cent under the current.

Ms J Wilson: In the June quarter 2015.

CHAIR: Yes, thank you.

Senator LINES: Can the department update us as to the assessment of how many families will be better or worse off in relation to the activity test, given that the package has been pushed back?

Senator Birmingham: All the elements of the package have been indexed, as we proposed, so I have not asked the department to undertake any revised modelling or the like. There is no particular need to, given the indexation parameters.

Senator LINES: Ms Wilson, are you able to update the information that was published in the minister's media release of June 30 about the activity test?

Ms J Wilson: As the minister said, the delay costings include adjustment to all the fee caps and all the income thresholds and the annual income caps. So all the 1155 will be indexed in 2018-19, and all those other rates we have talked about before will all be indexed consistent with what the legislation in front of parliament said would happen anyway.

Senator LINES: At the last estimates, you indicated that 37,000 families would be worse off as a result of the activity test. It is not clear whether these families were above or below the \$65,710.

Ms J Wilson: I think we gave you that detail in that question on notice we provided to you.

Senator LINES: Could you go over it again if you have it there.

Ms J Wilson: It is Senate question on notice 142. In relation to that—

Senator LINES: Is this from the Senate inquiry?

Ms J Wilson: No, this is from last Senate estimates. You asked a lot of detailed questions—

Senator LINES: Yes, I did.

Ms J Wilson: I might get Ms Mitchell to take us through that.

Ms G Mitchell: There was a table attached to that question on notice where we talked about the reasons why families might be better off or why they might receive less of a subsidy. For those who might be impacted by the activity test on an income of \$65,710 or less, we anticipate around 28,000 families will be impacted on.

Senator Birmingham: These are families that are not meeting the activity test requirement to work, train, study or volunteer around four hours per week.

Senator LINES: In response to the Senate inquiry into the jobs for families legislation you provided a breakdown which had a table. It had an activity test and allowed hours per fortnight. Under the figure of zero you had three per cent. Then under the allowed hours of 24 you had 5.3 per cent. Under the allowed hours of 36 you had 3.6 per cent. Are you familiar with that table?

Ms J Wilson: No. Are you talking about our submission to the Senate inquiry? I just want to clarify what you are talking about.

Senator LINES: It may have been in your submission. You provided that table.

Ms J Wilson: We are just trying to locate it.

Senator LINES: Does that table sound familiar to you?

Ms J Wilson: It does not sound familiar, no. The table we were reading off was in response to the question you asked—

Senator LINES: I appreciate that.

Ms J Wilson: not at the Senate inquiry but at the last estimates.

Senator LINES: I was talking about the Senate inquiry.

Ms G Mitchell: There is certainly no table of that kind in the submission.

Senator LINES: I will just check to see if it was a formal submission. It is your table, but it is not one that readily comes to mind?

Ms J Wilson: No.

Ms G Mitchell: No.

Senator LINES: You certainly provided it to the Senate inquiry. I wanted to ask you some questions about it. Maybe I will move on and you can have a look for that table. It has the activity test set out for zero hours, 24 hours, 36 hours, 72 hours and 100 hours. Then on the corresponding piece of that under zero hours it has three per cent of families. Under 24

hours it has 5.3 per cent of families. Under 36 hours it has 3.6 per cent of families. Under 72 hours it has 21.2 per cent of families. Under 100 hours it has 66.9 per cent.

Ms G Mitchell: Was that in response to one of our QONs from the Senate inquiry?

Senator LINES: I think it was. That is what I suspect.

Ms J Wilson: We are just checking, but it is not one we are—

CHAIR: We might go on with other questions.

Senator LINES: Yes. I am just making sure they understand what I am asking. Regarding the activity test exemption, what is the government proposing is the definition of 'volunteering'?

Ms J Wilson: We are happy to take you through that. We undertook some consultations in three states and territories last year. We tested this definition, and there was quite strong support for it. I will get Ms Mitchell to outline it for you.

Ms G Mitchell: The proposed definition is that it is when an individual undertakes unpaid voluntary work to improve work skills or employment prospects or for community engagement. To be recognised, voluntary work can be undertaken at a registered or recognised volunteer organisation or other charitable or community organisation which may include churches, sporting clubs or schools.

Senator LINES: What do you mean by 'recognised'?

Ms G Mitchell: It would be an organisation that was recognised as one that used volunteers.

Senator LINES: If it had not used volunteers in the past, does that rule it out?

Ms G Mitchell: There are recognised voluntary organisations such as The Smith Family, the Red Cross and so on. It would be those kinds of organisations or it could be other community organisations that are not necessarily recognised formally—

Senator LINES: By that meaning, they do not use volunteers.

Ms G Mitchell: No, they are not recognised formally as a volunteer organisation like the Red Cross but it could be a school or a church—

CHAIR: Like a football or netball club?

Ms G Mitchell: That is correct.

Senator LINES: I think that the football and netball club are recognised. What else might fall into 'unrecognised'?

Senator Birmingham: I think that if we are talking 'formalised' you would expect that they might hold a DGR status, for example. Football or netball clubs or schools in general—and there are some variances there for schools, but government schools, for example—do not tend to hold DGR status.

Senator LINES: Will it include volunteering at early learning centres?

Ms G Mitchell: Yes, that is our proposal.

Senator LINES: So, reading to children?

Ms G Mitchell: Yes, that is correct.

Senator LINES: Working in the school tuckshop?

Ms G Mitchell: That is under consideration as well.

Senator LINES: What else is under consideration?

Ms G Mitchell: It would be any voluntary work that was undertaken in one of those organisations that I mentioned—a community organisation, a school, a church.

Senator LINES: By 'under consideration' there is not a separate list?

Ms G Mitchell: No.

Senator LINES: A confirmed list and an under consideration list.

Ms G Mitchell: No.

Ms J Wilson: One of the things that we are looking at is parental engagement through the volunteering aspects. Interestingly, one of the things that people said last Friday was: 'Do you do it just during that hours of eight till five and anything outside of those hours like P&C is not considered volunteering?' They raised a number of interesting issues that we have now got to think and talk further about and talk to other people about.

Senator LINES: If that definition was changed or altered in any way so that a larger or smaller number of children and families might have access to subsidised child care, would this require the costings of the reforms to be altered?

Ms J Wilson: I think that we have answered this before in a question on notice. The basic range of activities allowed for substitution between work, training, study and a whole range of other activities—this would just shift people between those areas rather than increase a particular area. I think that the detailed response in one of the questions on notice would have provided it to you.

Senator LINES: If there was a light touch to the term 'volunteering', would the package cost more than it does now?

Senator Birmingham: I think that I have frequently described that it would be a light touch to the term 'volunteering.' That is exactly the type of definition that you just heard before.

Senator LINES: Has the department costed any alternative definitions of 'volunteering' other than the ones that Ms Mitchell described?

Ms G Mitchell: No, that is the only definition that is under consideration.

Senator LINES: How will casual workers be treated under the activity test? Will they be asked to average their hours or what will it be?

Ms J Wilson: We have talked to you about looking at providing people with variable hours of workforce participation, providing a three-month estimation process. Ms Mitchell can talk to that.

Ms G Mitchell: I think we discussed this at the Senate inquiry as well. The intention is that a family who had those irregular or casual hours would estimate their average hours of activity over a three-month period. Their hours might go up and down in individual weeks across that three-month period, but it is the estimate for the entire three-month period that would then determine which step of the activity test they were entitled to.

Senator LINES: What happens if they come up short?

Ms G Mitchell: Because everything is reconciled at the end of a financial year, if they came up short in one three-month period, it may well balance itself out in the next three-month period, for example. As we also discussed at the Senate inquiry, as we do now with CCB where we withhold a certain percentage of a parent's CCB payment, we are proposing to withhold a certain percentage of a parent's CCS payment to account for any reconciliation issues at the end of the financial year.

Senator LINES: You withhold what?

Ms G Mitchell: At the moment we withhold 15 per cent of the parents' CCB entitlement so that at the end of the financial year when the reconciliation is done the family does not fall into a debt situation. We have worked with DHS to see what amount would be appropriate in moving to a single payment. They have recommended 10 per cent as an appropriate amount of the new subsidy.

Senator LINES: I want to talk about the legislative out years customised model of child care, which I think you called 'locmocc'.

Ms J Wilson: I did; I should probably never have said that.

Senator LINES: It is a bit easier to say than the whole lot. What does locmocc predict childcare fee increases to be over each year of the forward estimates?

Ms J Wilson: I think we have given this to you before on a QON. Let me see if I have the information with me.

Senator LINES: While you are looking for that, can the department confirm that the cost of model for the childcare subsidy only includes first-round effects? Can you also advise if any modelling of second-round effects has been undertaken?

Ms J Wilson: We are only allowed to use first-round effects for costing purposes in an agreement with Finance.

Senator LINES: Do you do second-round effects?

Ms J Wilson: They are not permissible for costings.

Senator LINES: From Treasury?

Ms J Wilson: No, Finance.

Senator LINES: Are you still looking for the locmocc data?

Ms J Wilson: I do not have them updated to reflect all the parameter changes that happened in the budget this week.

Senator LINES: You don't have them?

Ms J Wilson: They update every time the budget comes in with a forecast that Finance agrees to. I do not have them with the new numbers with me.

Senator LINES: Thinking about preschool, under the universal access national partnership, can you provide the latest data on enrolment rates?

Senator LINES: I am after enrolment rates, attendance rates and access rates. Could you read it out and give a state-by-state breakdown as well?

Ms Gordon: The most recent data available for assessed performance under the universal access national partnership is the assessed performance against the 2014 year. This draws on

data from the ABS preschool collection. Taken together with the ABS population rates, it gives you the rates of attendance for children in the year before formal schooling. For children enrolled, it is the number of children aged four and five years attending preschool who were enrolled in the year before full-time schooling in a quality early childhood program divided by the estimated number of children who are four years old in that same year. Did you want the rates by state?

Senator LINES: Yes, please.

Ms Gordon: For New South Wales, it is 85.4 per cent; Victoria is 100 per cent; Queensland, 100 per cent; South Australia, 100 per cent; WA, 100 per cent; Tasmania, 100 per cent; Northern Territory, 94.2 per cent; and the ACT, 100 per cent. Overall in Australia, it is 100 per cent.

Senator LINES: Is that enrolment rate?

Ms Gordon: That is enrolment. To explain that a little bit further, a number of those are 100 per cent. Because the data is taken from two different sources to give you a rate, it means that a number of those numbers are over 100 and they are rounded down to 100, because you are taking actual enrolment that has been reported by preschool delivery services and it is divided by the estimated population. So the actual enrolments include both four-year-olds and five-year-olds, and then it is divided by the number of four-year-olds.

Senator LINES: And attendance rates?

Ms Gordon: In terms of 2014, attendance rates are: New South Wales, 96.5; Victoria, 95; Queensland, 96.4; South Australia, 98.5; WA, 96.3; Tasmania, 98.8; Northern Territory, 90.9; ACT, 97.5; and the Australian average is 96.2.

Senator LINES: What about access rates?

Ms Gordon: Under the national partnership agreement, the number of children enrolled is the measure for access. The two performance indicators under the national partnership are, firstly, the number of children enrolled and, secondly, of those enrolled, the number of children enrolled in a program for more than 600 hours a year.

Senator LINES: What are the figures for the access rates?

Ms Gordon: The access is measured as the enrolment—the number of children.

Senator LINES: How many are enrolled and attend a program for more than 600 hours per year, by state, if you have that?

Ms Gordon: Are you after the numbers that are enrolled rather than the rate?

Senator LINES: That attend more than 600 hours per year.

Ms Gordon: The attendance is actually measured as the children that are enrolled in those programs that attend for at least one hour of that program.

Senator LINES: One hour per week?

Ms Gordon: That is correct. If they have attended for one hour of the program then they are counted as attending.

Senator LINES: One hour per week, not one hour a year?

Ms Gordon: No. That is correct.

Senator LINES: Do you do any other analysis?

Ms Gordon: Under the national partnership agreement, the analysis is of the performance against the agreed performance indicators under the partnership, and that is what the states are assessed against.

Senator LINES: Can you tell us how many attend or are enrolled in 15 hours or more per week?

Ms Gordon: Those were the second figures that I gave you. Of those children that are enrolled in a preschool program, the number that are enrolled in a program for more than 15 hours a week, or the 600 hours a year. So that is the second of the performance indicators.

Senator LINES: That second line, so for New South Wales it was 96.5. That is the more than 15 hours.

Ms Gordon: That is correct—so, of those children enrolled in a preschool program, the proportion that are enrolled in a program for more than 15 hours a week.

Senator LINES: Do you have any other numbers?

Ms Gordon: In terms of the performance, under the national partnership there is the headline performance, which is all the children, and then there are sub-indicators against Indigenous and vulnerable.

Senator LINES: All the children?

Ms Gordon: Under the national partnership, the performance indicators are for all children, and then there are sub-indicators for vulnerable and disadvantaged and for Indigenous children.

Senator LINES: Is that the vulnerability index, or is this another measure?

Ms Gordon: The vulnerable and disadvantaged category is generally using the bottom quintile of SEIFA, with one exception—the ACT uses the AEDC to identify their vulnerable and disadvantaged.

Senator LINES: Ms Wilson, a final question, I think, about the Professional Support Coordinators program; is that you?

Ms J Wilson: Yes, it is.

Senator LINES: I am after the annual value of the Professional Support Coordinators program.

Ms Wilson: We are just getting the breakdown for you, Senator. Do you have another question, while we are looking for it, or can we take it on notice?

Senator LINES: No, I want you to try and find it, thanks.

Ms Wilson: Okay, we will have a look.

Mr Palmer: The amount for the Professional Support Coordinators is \$15.137 million for the 2015-16 year.

Senator LINES: That is the yearly cost?

Mr Palmer: Yes.

Senator LINES: I want to talk about where we are up to with nannies. Can you give us the statistics on the uptake of the program—the numbers?

Mrs Pearce: Yes. I can give you figures as of today. We have 140 children and 60 families that are in the CCMS system—

Senator LINES: Registered in—

Mrs Pearce: Registered in our system for payment.

Senator LINES: These are nannies?

Mrs Pearce: No, these are children.

Senator LINES: Sorry, but the 60 families are using nannies?

Mrs Pearce: Yes. You are talking about the nanny program—

Senator LINES: No, the 140 children and 60 families.

Mrs Pearce: Yes, with 30 that are currently in a queue to go into the system.

Senator LINES: Thirty what?

Mrs Pearce: Thirty families—

Ms J Wilson: Thirty families who have been matched and a start date agreed. They just have not made it into the registered system yet.

Senator LINES: What are the fees being charged, on average?

Ms J Wilson: Thirty-five dollars, on average, nationally.

Senator LINES: A day?

Ms J Wilson: An hour.

Senator LINES: Thirty-five dollars an hour. What are the highs and lows of those? What is the highest being charged?

Mrs Pearce: I do not have those with me, but they are roughly around \$35. I mean it would depend on the time of the day. Some of the providers have flat fees overnight and some of them have higher fees overnight, so it varies.

Senator LINES: What is the usage rate by families?

Mrs Pearce: I do not have a usage rate, at the moment. The numbers are still relatively small because we are, really, at the beginning of this project. It has taken quite some time for the providers to match families and nannies and to bed that process down, because it may be that a family has a range of different needs. There is a huge amount of variability, in terms of family needs. It is not a one-size-fits-all model, so it is—

Ms J Wilson: It is not full-time, though. It is not 50 hours a week. It was in the 20s of hours per week, the last time we had a look at it. But that is not dissimilar to when we talk about how many hours a week people put their kids in care in general. The average in the June quarter 2015 was 25 hours.

Senator LINES: At the Senate inquiry into the childcare leg in Feb you told us that the data reporting work for January to March 2016 for the nanny pilot was underway. Is that some of the work you just quoted from then?

Mrs Pearce: That is right.

Ms J Wilson: That is correct. We said we were waiting for the first quarter report—

Senator LINES: Yes, and it is finished?

Ms J Wilson: We have the first lot of information.

Senator LINES: So you have the January to March 2016 report?

Ms J Wilson: That is right.

Senator LINES: Has that data been reported?

Mrs Pearce: Reported where?

Senator LINES: Publicly reported.

Mrs Pearce: No, it is not a public report.

Senator LINES: Can you table a copy of the data for that period—January to March?

Ms J Wilson: We do not have a formal report. It is a contractual obligation, as we explained, for the providers to report to us. We were not planning to put that out in a formal report of any sort. It is just each service provider's requirement to report to us on how they are going.

Mrs Pearce: And it changes daily—the numbers of kids or families using the nanny pilot.

Senator Birmingham: This is a pilot program, and so within that there are plans for a proper and full evaluation.

Senator LINES: How many nannies are employed under the nanny trial?

Ms J Wilson: We do not have that information with us. It could be part of the reporting, but I do not have that information with me.

Senator LINES: If you have 140 children, one would presume there are not very many. Even if it is one nanny to one child, that is 140.

Ms J Wilson: There is a lot of work that service providers have had to do to bring on their own nannies, and that has been a big part of getting service providers to cover rural and remote areas as well. So I do not think you can assume what you just said. They could well have a lot of nannies on their books and they are still in the process of matching nannies to families.

Senator LINES: Yes, but I am asking about those employed. You have 140 children, so one assumes there are not many nannies.

Mrs Pearce: I was speaking to the providers two days ago and they were saying that they had a significant number of nannies on their books. They may not have actually employed them, but they are trying to match them to families. Once the matching process occurs and the care is provided, they would then be formally employed.

Senator LINES: Sure, but you only have another 30 families in the mix, waiting.

Mrs Pearce: But it changes every day.

Senator LINES: Yes, but they are not big numbers we are talking about.

Mrs Pearce: No, but comparatively I can recall some years ago we did a pilot project looking at other forms of care—like long day care, family day care and so forth—in terms of providing flexibility to parents. If you look at the figures for the same time in the first three months, in the family day care pilot we had 16 children—

Senator LINES: In the family day care pilot? What, 30 years ago?

Mrs Pearce: No, this was three years ago.

Ms J Wilson: It was 2013.

Mrs Pearce: It was 2013. In the long day care aspect of the same trial there were only nine children at that stage. One of the reasons we set this project up was that we were told by families at that time, and we learnt from that project, that families wanted someone in their own home, particularly if they were working overnight shifts, which many of the police and ambulance services were. They are the people we are really targeting.

Senator LINES: You talked about the difficulties you have had in regional and remote areas. So how many nannies are employed in regional or remote areas?

Mrs Pearce: I do not have that, but I know—

Senator LINES: What about families in regional or remote areas?

Mrs Pearce: It is a small percentage of those that we—

Senator LINES: Can you give us a state-by-state breakdown?

Mrs Pearce: I cannot. I do not have that.

Ms J Wilson: We provided a response to a QON on that. I do not know the number of it straight off the top of my head, but you asked for a breakdown by regional or metro, and we provided it to you in a QON after the last estimates.

Mrs Pearce: Of the families that applied, yes.

Senator LINES: What is the total number of hours claimed by all families under the trial?

Mrs Pearce: I do not have a total hours figure with me.

Senator LINES: But you have the figure?

Mrs Pearce: We may well have it in our system. We would have to do a search of the system to provide that.

Senator LINES: You said the average was 20 hours. Is it 20 hours by the number of families?

Ms J Wilson: No, I said 'in the 20s'. I did not say—

Senator LINES: No, I am not holding you to that. About 20.

Ms J Wilson: It was something like the early 20s.

Senator LINES: How many families registered for the program but did not engage a nanny at all in that first quarter?

Mrs Pearce: I think I mentioned that figure to you last time; there were 2,800, roughly.

Senator LINES: When do you think you will meet your target of 4,000 children?

Mrs Pearce: We are hoping to meet the target of 3,000 children but, as I—

Senator LINES: I thought it was 4,000.

Mrs Pearce: It is 3,000 families—sorry. Yes, 3,000 families. As I said, whenever you set these types of projects up it takes time to actually do the set-up phase, get families on board and sort out all the administrative side of things. Consequently, you would not expect to have your largest number of families at this point in the project, but it is beginning to really ramp up now.

Senator LINES: So you are at 60 and your target is 3,000. When do you think you are going to meet that target?

Ms J Wilson: There has been a lot of enthusiasm from the announcement in the budget about the increasing subsidy, so people who previously had not committed are now emailing the team and asking to now be reconsidered based on the—

Senator LINES: Yes, you are a long way from 3,000.

Senator Birmingham: Sure, we are. As I said, this is a pilot. We have listened to feedback already, and we have made some changes to the operation of the pilot. For each and every single family who signs up, this is support for their circumstances and their child care that has never been available to them before.

CHAIR: Going back to the previous government's flexibility trials, did the anticipated number of families join the previous government's flexibility trial?

Ms J Wilson: No.

Mrs Pearce: No.

CHAIR: How many were anticipated to join those trials?

Mrs Pearce: There was a range of different trials but, to give you an example, there was one trial where they really only had a very tiny percentage—I think it was something like 16 as opposed to 100, which was their target. All of them had problems, and we have learnt from those trials and tried to adjust.

CHAIR: And ameliorate that in this particular pilot?

Ms J Wilson: Yes. I think that, at the end of the whole trial—which was an 18-month process—there were 500 families anticipated to participate, and only 300 families who ended up participating.

CHAIR: The nanny pilot program commenced in January 2016. We are now four months into the trial. At the six-month stage under the previous government, how many families had actually signed up for those flexibility trials?

Mrs Pearce: I do not actually have the figures for the six-month stage but, as I mentioned earlier, in terms of the family day care trial at the three month stage there were 16 children; there were not that many more at the six-month point. For the long day care one there were nine children, and so on. The really good thing about this project is—

CHAIR: But you learnt from that?

Mrs Pearce: Yes.

CHAIR: And you have taken those learnings into this program?

Mrs Pearce: Absolutely.

Ms J Wilson: Also, the Productivity Commission found that the biggest thing that families asked for was a nanny in their own home. That was the resounding comment from all parents who participated in the Productivity Commission.

CHAIR: I remember that.

Ms J Wilson: The government is trying to respond the request of parents—

CHAIR: Nurses, coppers—

Ms J Wilson: That is right. Shift workers.

CHAIR: single parents who are trying to manage the realities of life.

Ms J Wilson: That is right.

CHAIR: How will you manage the provider-led recruitment announced in this week's budget?

Mrs Pearce: First of all, all of the families that may not have responded will be contacted. As I mentioned to you, I think, last time I was here, there were about 400 families that were on a list who had not made the cut-off time but who were still interested. We are contacting those families and telling them about the new subsidy rates. I can tell you from my discussion with the providers that there is a huge amount of interest. We have opened up our hotline again and there has been a lot of interest via the hotline, and some of it from families that did not fit into those groups. Those groups will be attended to first and given the opportunity to go into the pilot with the new subsidy rates, and then we will move on to others who have expressed an interest since.

Ms J Wilson: I think one of the interesting points is that, when we did this in December last year, we did the service provider tender and the family tender at the same time. So they were happening in parallel. Doing service-provider-led recruitment means we have a bunch of people who actually know how the program works, who know how to target families with multiple children and who will benefit most, consistent with the guidelines—that was the way we recruited the last cohort. We can have a lot more active management of people who would actually fit—

CHAIR: On the ground who know their communities.

Ms J Wilson: That is exactly right.

CHAIR: It sounds like you are still learning—

Ms J Wilson: We are.

CHAIR: which is the whole point of a pilot. How much say will providers have on who is going to be accepted into the program?

Mrs Pearce: The department will have the final say on that.

CHAIR: So the department will be ensuring that we can have that assurance that those families—

Mrs Pearce: meet the criteria.

CHAIR: Absolutely. Well, thank you for that guarantee, Mrs Pearce. Are there any further questions for outcome 1? Go for it, Senator O'Neill.

Senator O'NEILL: Minister, last estimates Senator Dastyari asked you about comments made by the finance minister who said—and I am quoting the minister here—on Sky News on 2 February:

As with anything, if any minister wants to suggest changes that have a negative impact on the budget bottom line, they would have to find other areas in their portfolio to pay for it through offsetting savings in other areas of their portfolio.

When we were last here you confirmed that that was the case for you and your department in relation to any additional spending that you put forward, and you told the committee here—and this is exactly what you said:

That is a correct reflection of the budget operating rules.

After further questioning from Senator Dastyari, you said:

What Senator Cormann has said is a correct statement in terms of the budget operating rules. It is always up to the cabinet of the day to ultimately make its determinations in relation to funding decisions, but Senator Cormann correctly reflects the budget operating processes, which are that portfolio ministers who wish to bring forward spending proposals need to offset those spending proposals. That is part of the government's desire to try and rein in the deficit that we inherited and to get the nation's finances onto a more stable footing.

Minister, what cuts have you and the department made in this budget to offset the \$1.2 billion that you say you are putting into schools to make up for the \$30 billion cut that you are continuing to stand by?

Senator Birmingham: Firstly, I dispute the very last part of your statement—that there is any cut to school funding in the future which will grow each and every year into the future—but I will deal with the substance of your question. I am pleased that you highlighted, in one of the quotes you read out there, that it is always up to the cabinet of the day to make a decision on these matters. The cabinet and ERC in the budget process managed to find other offsets and savings measures that facilitated the decision that was taken in relation to schools funding.

Senator O'NEILL: So what are the offsets for the \$1.2 billion in your portfolio?

Senator Birmingham: They did not relate to this portfolio. To be honest, I am not precisely aware of them. What I am aware of is that, right across the government, all of our additional spending commitments, such as the commitment in relation to schools funding, were offset by real savings in terms of reductions in other spending commitments whilst—

Senator O'NEILL: So you are telling me that your savings—

Senator Birmingham: Let me finish the answer, please.

Senator O'NEILL: Well, I have got the answer to the question.

Senator Birmingham: Whilst any revenue increases were put back into tax reductions within the government's budget.

Senator O'NEILL: For the rich people. That is right; I remember.

Senator Birmingham: No, Senator. You can play your class-warfare games over there if you want to.

Senator O'NEILL: It is not a game, Senator. We are talking about the education of a nation and we are talking about \$1.2 billion that you found from somewhere and you have given as tax cuts—as you said—to the rich.

Senator Birmingham: Senator, I was not the one who made the snide comments.

CHAIR: The funds were found across government.

Senator O'NEILL: I heard the senator's answer, Chair. Is the budget saving of \$1 billion a result of the 12-month delay of childcare reforms? Is that your offset?

Senator Birmingham: No, it was not.

Senator O'NEILL: Because the offset was not found in your department; is that what you are telling me?

Senator Birmingham: That is correct.

Senator O'NEILL: With regard to the delay in childcare assistance for families, none of that is related to the \$1.2 billion that you have clawed back?

Senator Birmingham: No, it was not.

Senator O'NEILL: Are you telling me that you really do not know where your good friends in cabinet found \$1.2 billion to give to you?

Senator Birmingham: The Expenditure Review Committee of cabinet, of which I am not a member, does undertake deliberations across every single portfolio area. We all go into the ERC, as individual cabinet ministers and other ministers outside of the cabinet, to make our bids for funding in parts of our portfolio, to discuss where savings might be able to be realised in our portfolio—that is all part of the normal budget procedure—and then, in the end, a final package in relation to the budget is, of course, presented and endorsed by the cabinet.

Senator O'NEILL: So you are telling me one thing now that is very different from what you said to Senator Dastyari, when you said:

... if any Minister wants to suggest changes that have a negative impact on the Budget bottom line, they would have to find other areas in their portfolio to pay for it—

and—

... portfolio ministers who wish to bring forward spending proposals need to offset those spending proposals—

and you implied within their own portfolio. Is that no longer the policy of the government—you are just finding money from anywhere?

Senator Birmingham: No, they remain the budget operating rules, but, as I said in one of the other quotes you gave at the outset, it is always up to the cabinet of the day to determine where exceptions to that may apply. Happily, in relation to schools policy, that is what occurred.

CHAIR: Congratulations, Minister.

Senator Birmingham: Thank you, Chair.

Senator O'NEILL: So the \$1.2 billion that you have found to offset the \$30 billion is an exception to the rule?

Senator Birmingham: The \$1.2 billion that will ensure schools funding grows from around \$16 billion in 2016 to \$20.1 billion in 2020 was found through the budget process.

Senator O'NEILL: On Sunday, you released another glossy brochure—this time called *Quality schools, quality outcomes*. On page 14 of that document it says:

For the 2018 to 2020 school years, recurrent school funding will be indexed by an education specific indexation rate of 3.56 per cent, with an allowance for changes in enrolments.

How did you come up with that rate of indexation of 3.56 per cent?

Senator Birmingham: I am glad you asked, because Mr Cook will give a very comprehensive answer, I have no doubt, into how the 3.56 per cent is calculated.

Senator O'NEILL: Well, I do have quite a number of questions I would like to get through, Chair.

Senator Birmingham: I am sure he will be as quick as he can.

CHAIR: Yes, I have got questions too, Senator. If we want to wait, I will ask mine now if you want to—

Senator O'NEILL: No, I just want to make sure I do not end up with a 15-minute answer. If I can get a short answer, that would be helpful.

Senator Birmingham: Mr Cook would not do that, but I am sure it is detailed.

Mr Cook: It is using actual data. It is using what we call a wage cost index. We looked at what the general spend in education is, and about 75 per cent of that spend is usually on teacher wages. The index is made up of the education subgroup of the wage price index—75 per cent of the index is made up of that and 25 per cent of the index is made up of the education component of the consumer price index. We then looked at what that looked like over the last 12 months, the last two years and the last four years at both a simple moving average, which means we just take the actual data; and then what we call an exponential moving average, which is where you weight the data towards the later years, so that you do not have huge spikes in the data. We have averaged that, and we got the figure of 3.56 per cent.

Senator O'NEILL: Okay, so that is quite different from previous conversations we have had about CPI in this forum. The document goes on to say in relation to the temporary indexation rate of 3.56 per cent:

This measure reflects more accurately the growth in education costs by focusing on factors specifically related to the education sector—

as Mr Cook has just outlined. Minister, if the 3.56 per cent growth rate reflects more accurately the growth in education costs, what does an indexation rate of CPI, which is currently less than two per cent, reflect?

Senator Birmingham: We have made a policy change to the education-specific rate, which more accurately reflects the cost in education.

Senator O'NEILL: We have been saying that to you for some time, Senator Birmingham.

Senator Birmingham: At this point in time it probably generously reflects the likely future costs given that the current inflation rate is significantly below where it was for the period of time of the calculation that Mr Cook outlined.

Senator O'NEILL: In previous conversations with you in this forum, I have asked you on a number of occasions if you could guarantee what would happen. Would there be a fall in funding if the CPI rate went down? You were absolutely strident in your support that basic CPI was all that education needed and that that was fine, but you have changed your mind.

Senator Birmingham: We have a very good policy that ensures that, off a record funding base, funding grows each and every year into the future and grows and is indexed in a manner throughout the life of the budget that nobody could dispute was keeping up with costs—and likely, given where inflation has gone, will in fact be ahead of costs.

Senator O'NEILL: So nobody could dispute that. My next question is: according to the budget, school funding indexation reverts back to the CPI rate after 2020, as announced in the

2014 budget. Your own report recognises that CPI does not keep up with the growth in education costs, so why is it your policy after what you have just said to revert to the CPI indexation after three years?

Senator Birmingham: The policy decision was taken for the life of the budget forward estimates, and what happens in future budget forward estimates is a matter for future budgets.

Senator O'NEILL: Okay, so this is the old four-year/10-year trick that we are starting to see in a few places? Well, maybe even shorter; the 2020s are not that far away.

Senator Birmingham: 2020 is a defined year in the budget forward estimates. It is four years away, actually.

Senator O'NEILL: Yes. We have got problems with these rubbery figures.

Senator Birmingham: There is nothing rubbery. I gave the exact precise answer there. The budget decision was taken—

Senator O'NEILL: You have changed your policy from CPI; now you have put it at 3.56 per cent.

CHAIR: The minister is answering the question, Senator; please listen.

Senator Birmingham: The budget decision was taken for the exact life of the forward estimates, which will see funding grow from \$16 billion in 2016 to \$20.1 billion in 2020.

Senator O'NEILL: And it goes back to CPI in 2020.

Senator Birmingham: And what happens when 2021 comes into the forward estimates next year will be a matter for next year's budget.

Senator O'NEILL: For the past two years since your government announced a \$30 billion cut to schools over the decade, you and your predecessor, Mr Pyne, as well as two prime ministers, have denied the funding cut. You have claimed for two years that indexing school funding at CPI was reasonable.

Senator Birmingham: I have denied the funding cut and I still deny the funding cut. Schools funding has always been forecast to grow under this government. It has grown at record levels during the life of this government and it will keep growing into the future. It will now grow at a more generous rate than was previously budgeted.

Senator O'NEILL: You have said it was growing at CPI and you have constantly said that that was reasonable. What has changed?

Senator Birmingham: The budget has changed, and we have made a commitment to increase funding in a manner—

Senator O'NEILL: The budget has changed in the reflection of evidence explained by Mr Cook, which is the evidence that we have been saying to you, through the whole of the period of your government, indicates that the CPI funding level that you proposed was absolutely inadequate.

Senator Birmingham: Well, I hope there is enough oxygen on your pedestal over there Senator O'Neill.

Senator O'NEILL: Well, I do not find those comments particularly helpful. Is it any coincidence that this eleventh hour admission comes a week before the election is called?

Senator Birmingham: It came in the budget, which is the usual time when governments make these decisions. This was my first budget as education minister and Mr Turnbull's first budget as Prime Minister.

Senator O'NEILL: And you have a bit of a problem with this political bandaid because most of the states have rejected your announcements. I will just go through them. From Victoria:

"It doesn't matter which way Malcolm Turnbull tries to spin it, this is another Liberal broken promise and a bitter pill to swallow for Victorian students and their families."

From South Australia:

"We don't need more Commonwealth testing, we need Commonwealth funding."

From Queensland:

"If the Government really cared about literacy and numeracy and prep and year one, then they would put their money into additional teacher aids in the classroom ..."

From New South Wales—my great state:

"NSW will continue to advocate for the full Gonski funding in its agreement with the Commonwealth government."

All of these statements were made on the 2nd of this month. Minister, why won't you listen to your coalition colleague in New South Wales, Mr Adrian Piccoli, and fully fund the Gonski reforms that your government promised to honour at the last election dollar for dollar?

Senator Birmingham: States and territories have always asked for more money from Commonwealth governments. They will always ask for more money from Commonwealth governments.

Senator O'NEILL: And you agreed to it before the last election, Senator Birmingham—or Mr Pyne did.

Senator Birmingham: It is as certain as night follows day that states and territories will always seek more money. That does not mean the Commonwealth government should always agree to more money. We have provided more money—

Senator O'NEILL: Senator Birmingham, do you deny that your government agreed to fund dollar for dollar the full Gonski reforms prior to the last election?

Senator Birmingham: We provided not only every single dollars that was in the budget forward estimates when we came to office but an additional \$1.2 billion—

Senator O'NEILL: Oops! You forgot to tell people about years 5 and 6, though.

Senator Birmingham: The budget does not go to years 5 and 6, Senator O'Neill.

Senator O'NEILL: No, but you have other projections going out 10 years now, and Gonski clearly went for six, Senator Birmingham. That is what was implied and that is what people understood—but you were lying to them there.

Senator Birmingham: You can believe what you want to believe, Senator O'Neill. When we came to office we delivered—

Senator O'NEILL: Nobody trusts you now, Senator Birmingham.

CHAIR: Senator O'Neill!

Senator Birmingham: When we came to office we delivered every single dollar that was in the budget, plus \$1.2 billion that your lot had decided to strip out for Queensland, WA and the Northern Territory. We put in extra when we came to office. We have delivered that. That has brought us to a record funding level.

Senator O'NEILL: That was money you took from the trades training centres and reallocated.

Senator Birmingham: That record funding level will see \$16 billion provided from the federal government for schools in 2016, and that will grow, if the Turnbull government is re-elected, each and every year in the future to \$20.1 billion by 2020.

Senator O'NEILL: On page 13 of your glossy document—

Senator Birmingham: My copy is not very glossy, but maybe you have got a better one.

Senator O'NEILL: Maybe it is just the shimmering nature of illusion that comes with promises that you make. On page 13 it says: 'Future funding arrangements should be underpinned by the following principles'. This one is about stability:

... the funding model should be stable and should not change significantly from year to year and funding needs to be indexed at a rate that will keep pace with the real costs of schooling.

Yet your government has abandoned the indexation rates of the Gonski reforms from 2018. In 2014 you announced CPI indexation from 2018. This week you have put a three-year indexation rate of 3.5.6 per cent. At the same time, you are indicating that you will refer to CPI indexation at 2020. How is that a stable funding model? Why are you reverting to CPI indexation when you concede that it does not keep up with the real cost of schooling?

Senator Birmingham: Decisions beyond the budget forward estimates are matters for future budgets.

Senator O'NEILL: Is that it? That is the security that your going to give to the whole education sector across the country?

Senator Birmingham: That is the reality, Senator O'Neill. When we do the budget each year, another year comes in to next year's budget. Obviously, those decisions are decisions that can be taken in future years.

Senator O'NEILL: Can I just contrast the fact that you can make the central tenet of your budget for corporate tax cuts a 10-year projection, but education can manage to get four and you will not go a day beyond that.

Senator Birmingham: You can give a speech for the next 22 minutes, if the chair lets you.

CHAIR: No, because the chair has got questions.

Senator O'NEILL: I have got plenty more to go. I have only been waiting all day.

CHAIR: Yes, well, that's Labor and how you have managed your time throughout the day. I am very disappointed that the claimed concern about school funding—

Senator O'NEILL: Isn't it?

CHAIR: and about a whole range of other things that this estimates committee has been unable to prosecute in the budget is a result of time-wasting all day.

Senator O'NEILL: It is questions and answers.

CHAIR: So please don't complain to me, Senator O'Neill, because I will go you minute percentage minute of total time on what the government senators have had a chance to ask in the two portfolios today and what the Labor Party and the Greens have had a chance to ask. I am happy to add it up and give it to you, but it is more than 300 per cent.

Senator O'NEILL: I just want to ask questions, Chair. Do you want to ask questions? I have got plenty more do go.

CHAIR: Yes, absolutely. Thank you. I want to ask about the select committee on school funding investment. My understanding is that Senator Dastyari, who was the chair of that particular committee, is quite strong in his rhetoric about funding our schools properly. He made a lot of outlandish claims in setting up this particular inquiry—and, I might add, in gathering his chairmanship. How much do you get to chair a select committee? Does anyone know?

Mr Cook: Sorry, Senator, I do not know.

CHAIR: Minister, do you know?

Senator Birmingham: Sorry, Chair. Can you just repeat the last part of your question?

CHAIR: For select committee chairmanship, what would Senator Dastyari be collecting?

Senator Birmingham: Is it an extra 15 per cent?

CHAIR: I think it is about 13 grand, maybe. I do not know, but it is all public. People have been concerned about Senator Dastyari's feigned concern over time on a range of issues when he was on the Economics Committee, using that to further his own ambition, in the way he treated the inquiry process in the Economics Committee.

Senator O'NEILL: Chair, your verballing and character assassination of Senator Dastyari is entirely inappropriate, especially with you being in the chair's role.

CHAIR: My concern is that Senator Dastyari has done exactly the same thing on school funding investment.

Senator O'NEILL: You should withdraw that.

CHAIR: I am wondering: with all of the reports—

Senator O'NEILL: Chair, point of order.

CHAIR: I am not here withdrawing.

Senator O'NEILL: You should really withdraw that. It is a very adverse reflection on Senator Dastyari.

CHAIR: Not at all. It is actually a public comment.

Senator O'NEILL: He is not here to defend himself.

CHAIR: I am happy to table that if you like—happy. April 2015. I am not the only person—indeed, many print operators have made the same assessment of Senator Dastyari's time—

Senator O'NEILL: It does not make it appropriate for you to do that.

CHAIR: To the Select Committee on School Funding Investment, of which Senator Dastyari is Chair: did that particular committee have hearings?

Mr Cook: Yes, I think it had two—one in Brisbane and one here in Canberra.

CHAIR: One here and one in Brisbane?

Mr Cook: That is my understanding.

CHAIR: Do we know how much those hearings actually cost?

Mr Cook: No. That would not be information the department would have.

CHAIR: Okay. So the Department of the Senate?

Mr Cook: The Department of the Senate would, no doubt, have that.

CHAIR: But would your department also have that sort of information?

Mr Cook: No.

CHAIR: The Department of the Senate—okay. In terms of reporting on the findings from those submissions to Senator Dastyari on this incredibly important issue of school funding investment—and you have heard Senator O'Neill's apparent concern about school funding investment—

Senator O'NEILL: It is very real.

CHAIR: and she is also a member of that committee, as well—I am wondering: has that committee put down a report?

Mr Cook: Not that I am aware of.

CHAIR: Has that committee put an interim report down—knowing that the Senate is about to be prorogued—like so many other committees which are interested in their inquiries continuing into the 45th parliament?

Mr Cook: Again, I am not aware of any report—interim or what.

Senator O'Neill interjecting—

CHAIR: Yes, lots of interim reports. Okay. I will have to follow that up with the Department of the Senate. It just seems that it is feigned interest, feigned 'upsettedness' and feigned carry-on when we actually had an opportunity for Senator Dastyari and Senator O'Neill, as a member of that committee, to put their thoughts on school funding investment to the Senate in an interim report in a timely way, rather than just running around having reckless press releases.

Senator Birmingham: There are still 17 minutes, I think, for Senator Dastyari to arrive—

Senator O'NEILL: It would have been good if we did not rush to a double dissolution. We could have actually continued the work of the parliament.

CHAIR: Senator O'Neill, are you saying that you actually considered writing a report?

Senator O'NEILL: Absolutely.

CHAIR: Really?

Senator O'NEILL: It is just inadequate time. I would like to go to the questions that are relevant today.

CHAIR: Other committees managed to table interim reports because the matters in front of those committees were of such importance.

Senator O'NEILL: Chair, can I return to these questions for the minister?

CHAIR: No. I have some questions on disability funding. I would like to go to looking at the budget announcement. Is it true, as many Labor Party senators have been claiming, that there are schools that are not getting disability loading?

Mr Cook: If the data from a school indicate that they are eligible for a loading, then they will receive that from the Commonwealth. How a state government school receive that is a matter then for the state government, so I cannot indicate whether the state governments pass that loading on to their particular schools.

CHAIR: What is the Commonwealth's level of funding this year and next year when it comes to supporting students with disability?

Mr Cook: In 2016, within the Australian Education Act, \$1.3 billion. The budget announcement added another \$55 million to 2016, which would make it \$1.4 billion. In 2017 it is \$1.4 billion, with another \$63 million announced in the budget, so that would be \$1.5 billion. So just in these two years, 2016 and 2017, it would be \$2.9 billion. Over 2014 to 2017, it is \$5.3 billion.

CHAIR: That is fantastic news, Mr Cook. You need to smile more when you give those sorts of numbers. I know it is late. But how much of an increase did the Catholic sector receive from the Commonwealth in funding for students with a disability compared to the previous targeted arrangements in 2013?

Mr Cook: I think the amount is about 220 per cent.

CHAIR: Say that again: 220 per cent?

Mr Cook: I think I might have given this evidence at previous hearings.

CHAIR: Well done, Minister.

Mr Cook: I am fairly sure it is about 220 per cent.

CHAIR: Fantastic. In terms of targeting the public spend to those most in need, this is a fantastic outcome.

Mr Cook: We actually think it is 223 per cent, just to put another three per cent on there.

CHAIR: Excellent—223. Brilliant. Can you outline how the National Catholic Education Commission came to the conclusion that 1,700 schools will have to close down if they do not get the extra students with disability funding.

Mr Cook: I am not aware of how they have used their calculations. I do not know what growth projection they might have used in terms of funds. I am sorry. That would have to be a question for the Catholic Education Commission.

CHAIR: Okay. To what extent are the states and territories responsible for funding students with a disability.

Mr Cook: States and territories are the majority funders of students with disability, because the majority of students with disability go to government schools, and state governments are majority funders of government schools. If you look at general funding, for example, I think the increase over the last 10 years, from 2004 to 2014, in general funding from the Commonwealth for government schools is about 66 per cent, and from the states I think it is about six per cent. If you equated that to disability, I think you would also find that

the Commonwealth has significantly outstripped state growth in terms of students with disability.

CHAIR: Well done—good leadership. What are the new categories of students being proposed under the nationally consistent collection of data model, and how might this affect future Commonwealth funding?

Mr Cook: There are four levels that are proposed, which state and territory ministers have been considering over the last several years. The first level would be what is called support provided within a quality differentiated teaching practice. That particular level does not attract any additional funding.

CHAIR: What is that, for anyone that is still up listening to Senate estimates on a Friday night?

Mr Cook: Probably my mum.

CHAIR: Okay. Hello, Mrs Cook! A shout-out to Mrs Cook!

Senator Birmingham: Somewhere there in Queensland!

CHAIR: Could you please let us know what that particular category means in real life.

Mr Cook: Basically, that means the teachers make the adjustment within the teaching program without additional financial supports—without having to spend additional money to provide that level of support. So the teacher will modify their program. It basically means that, for a student with disability, the disability does not require significant additional financial support other than a teacher saying, 'This is your particular learning; I'm going to adjust my program in a particular way to meet your needs.'

CHAIR: We are also offering some professional development, I guess, in another part of the portfolio, around teachers getting better at that. Okay, that is that category.

Mr Cook: The second category is what is called a 'supplementary adjustment'. The least level of funding that would be attracted is supplementary. It is a slight addition to what exists in the teaching program. The third level is called 'substantial', which is pretty self-explanatory, and the last one would be 'extensive'. In relation to the current loading within the Australian Education Act, that would probably be targeted at 'extensive', even though the children that might be captured in the current data may not actually be at that particular level.

CHAIR: The Australian Education Act did not actually get to that granular level in the definitions.

Mr Cook: No, they basically used a medical diagnosis, and that generally means the most extensive levels of disability.

CHAIR: That cut out a lot of students with real-life experience at school with their disability, didn't it?

Mr Cook: That is correct.

CHAIR: So this definition is much more realistic for managing students with a disability in schools?

Mr Cook: That is correct.

CHAIR: Are there any delays in the Nationally Consistent Collection of Data.

Mr Cook: No. The time line that is being adhered to is exactly the time line that was agreed to by the Education Council, I think back in 2013.

CHAIR: I remember that.

Mr Cook: That decision by all ministers was that the first year of national data would be collected in 2015, and that did occur.

CHAIR: Excellent, well done. Thank you.

Senator O'NEILL: The 3.56 per cent indexation rate merely reflects the increasing cost of education; it does not provide additional funding. How do you therefore make the claim that you will be able to deliver needs-based funding that increases resources for school and students where investing in different programs would improve student outcomes, compared to funding levels in 2017? In particular, will funding for some schools go up by less than 3.56 per cent to direct money to schools with a higher level of need? Will you vary it?

Senator Birmingham: As was agreed with the first ministers at the COAG meeting, the Commonwealth will engage in discussions with the states and territories and the non-government sectors around the future distribution model.

Senator O'NEILL: So some schools could get less than 3.56 per cent?

Senator Birmingham: We are committed, as I have made very clear, to ensuring that distribution of funding occurs according to need and that low-SES schools, students with disability, Indigenous students or small rural and regional schools receive additional support reflective of their additional need under any future funding formula.

Senator O'NEILL: Can you guarantee that no school will get less than 3.56 per cent indexation?

Senator Birmingham: As Mr Cook outlined before, the Commonwealth does not provide funding to the vast majority of schools in Australia; it simply makes notional calculations and then writes singular cheques to states or various school authorities, who then distribute the funding themselves. No Commonwealth government can make particular guarantees about the funding that arrives in a particular school.

Senator O'NEILL: We are going to disagree about that, but there is no guarantee. People could get three per cent, they could get more, they could get less. You cannot guarantee anything about the exact needs distribution. That is still to be negotiated.

Senator Birmingham: I guarantee that funding will rise from \$16 billion in 2016 to \$20.1 billion in 2020. I guarantee that we will work cooperatively with the states, territories and non-government sectors to deliver a distribution model that ensures that those who need extra support receive extra support.

Senator O'NEILL: Will funding for each state increase by at least 3.56 per cent?

Senator Birmingham: I think that I have already addressed the way negotiations will be handled and the approach that we will take.

Senator O'NEILL: So there is no guarantee—

CHAIR: I was going to score easy points, but I will not.

Senator O'NEILL: Minister Pyne made some comments in his role with regard to this:

... states and territories are responsible for school education. They own and operate schools - they employ teachers. I don't think it's right for the Commonwealth to try and cover the field of a state responsibility. I don't think it's right for us to tell the states and territories how to run their budgets.

Does that sound familiar to you? Do you remember that, Senator Birmingham?

Senator Birmingham: I do not remember it, but I will take you at face value.

Senator O'NEILL: It is attributed to Minister Pyne, and it sounds extremely familiar to me. That was the government's policy at the time that the Commonwealth funding discussion was happening. It said it should not be tied to a state contribution. Has the policy changed?

Senator Birmingham: If the Commonwealth is increasing its spending, as it intends to do so, I will not tolerate any state reducing its level of investment.

Senator O'NEILL: Did that policy change with you then, Minister Birmingham?

Senator Birmingham: Mr Turnbull and the government will not tolerate states cost-shifting to the Commonwealth.

Senator O'NEILL: Before, that was called an offence:

... as we said before the election we would have a no strings attached school funding model in time.

That was what Minister Pyne said. Are you saying that you want to have strings attached?

Senator Birmingham: I will not tolerate cost-shifting to the Commonwealth.

Senator O'NEILL: Is that an admission that the no strings attached policy failed and that money has been leaking out the bottom of the bucket, particularly in the Northern Territory?

Senator Birmingham: No, I am not admitting that. I am telling you the approach that I will take to future negotiations on school funding.

Senator O'NEILL: The department would tell you that this is exactly what the Labor Party's needs based funding agreements—that your government tore up—did. And now you are going to the election promising to do the same thing.

Senator Birmingham: I must say that is not what the department told me, but it is nice of you to try to put words in their mouth.

Senator O'NEILL: So you are going to make school funding that you put in contingent upon the conditions that you impose on the states. Is that correct?

Senator Birmingham: Yes.

Senator O'NEILL: That is very different from what Minister Pyne said.

Senator Birmingham: Christopher is a good friend of mine, but we are different people.

Senator O'NEILL: The policy has changed.

Senator Birmingham: The Turnbull government has made changes to school funding policy. That is crystal clear for the world to see.

Senator O'NEILL: Is the funding going to be distributed on a one-size-fits-all model or are agreements going to vary from state to state?

Senator Birmingham: I would hope that we would do much better than your government did and that we would not have 27 different funding agreements, which is what we inherited.

Senator O'NEILL: Just an answer to the question: will it be a one-size-fits-all model or will agreements be varied from state to state?

Senator Birmingham: I will work cooperatively with the states and territories and the non-government sector to negotiate distribution so that those who need more receive more. I will be aspiring to simplify what are currently very complicated funding arrangements with 27 different models of funding across the country that we inherited.

Senator O'NEILL: What funding arrangement will be offered to jurisdictions and school systems that refuse to sign up to the coalition government's conditions?

Senator Birmingham: We will cross that bridge if and when we come to it. I hope and trust that the states and territories are cooperative.

Senator O'NEILL: And if they do not sign up, will you still give them the money anyway?

Senator Birmingham: I do not know. Would you? Will you, if you win the election?

Senator O'NEILL: We did not, because they would not sign up. You called them, and you did not think there was a problem with that.

Senator Birmingham: I am asking what you will do after this one.

Senator O'NEILL: I will not be making policy announcements this evening for you. But the reality is—

Senator Birmingham: It is not terribly clear from your policy as to how you would stop states cost-shifting in the future.

Senator O'NEILL: I am going to disagree with you there. We have not got time for that debate. Could I just go to another one of the tenets of your education philosophy. I spoke with you last time about your determination to have performance pay as something that you thought was appropriate. You indicated that in your opening speech. When I asked you to rule it out—

Senator Birmingham: In my opening—sorry?

Senator O'NEILL: I said, 'So you categorically rule out performance pay,' and you said:

In case you did not know, Senator O'Neill, the Commonwealth does not employ any teachers. So it is a bit hard for me to performance pay teachers or for the Commonwealth to do so. We do not employ any.

So, by your own admission just a few months ago, you said it is hard for you to pay teachers on performance because the Commonwealth does not employ them. What has changed since then? How can you enforce the policy that you have now announced in recent days about performance based pay?

Senator Birmingham: Let us be clear, because you and some of your colleagues in the unions are seeking to put—

Senator O'NEILL: I am not asking you about that—

CHAIR: Minister Birmingham, you were seeking some clarification?

Senator Birmingham: Senator O'Neill, you have used the phrase 'performance pay'. I just want to be very clear and quote from the document that we are talking about linking pay progression for teachers to the nationally agreed Australian Professional Standards for Teachers. This is something, I think, that, to some extent, is already the case in New South Wales and occurred with the support of the New South Wales teachers' unions, I believe.

Senator O'NEILL: How will the Commonwealth affect changes to enterprise agreements to link pay progressions to teachers—

Senator Birmingham: The Commonwealth, in seeking to link pay progression for teachers to the nationally agreed Australian Professional Standards for Teachers, will make that part of our school funding negotiations with the states and territories.

Senator O'NEILL: Who is going to make the relevant assessments?

Senator Birmingham: There is already a process in place for the assessment against the Australian Professional Standards for Teachers; a process established by AITSL.

Senator O'NEILL: What is the administrative cost of doing that?

Senator Birmingham: If there are additional costs that AITSL needs in addition to what it is already doing to benchmark those teachers who are voluntarily choosing to pursue recognition as high-performing, highly accomplished lead teachers in our system then no doubt AITSL will speak to us about that.

Senator O'NEILL: And you are going to pay for it then—that will be a federal government investment of money?

Senator Birmingham: AITSL is funded, at least in part, by us, yes.

Senator O'NEILL: Who did you discuss the proposal with before announcing it?

Senator Birmingham: Sorry?

Senator O'NEILL: Who did you discuss this proposal with before you made the announcement?

Senator Birmingham: In relation to the Australian Professional Standards for Teachers, I certainly have discussed that with Professor Hattie, the chair of AITSL. In fact, I addressed the conference of highly accomplished and lead teachers and chatted to many of them whenever that conference was—sometime earlier this year.

CHAIR: I now declare the Senate estimates done for the Department of Education. I thank Minister Birmingham and Minister Cash—and I am sure Minister Ryan wished he could have attended. I thank officers of the Department of Education and Training and the Department of Employment and all the agencies who gave evidence to us today. I look forward to seeing you at future hearings. I also thank Hansard, Broadcasting and the secretariat.

Senator Birmingham: I would add my thanks to all the departmental officials as well as the secretariat and parliamentary staff for this extraordinary sitting of Senate estimates.

Committee adjourned at 23:00.