



COMMONWEALTH OF AUSTRALIA

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SENATE

STANDING COMMITTEE ON EDUCATION, EMPLOYMENT AND
WORKPLACE RELATIONS

ESTIMATES

(Additional Budget Estimates)

WEDNESDAY, 25 FEBRUARY 2009

CANBERRA

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**SENATE STANDING COMMITTEE ON
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS
Wednesday, 25 February 2009**

Members: Senator Marshall (*Chair*), Senator Humphries (*Deputy Chair*), and Senators Arbib, Cash, Jacinta Collins, Crossin, Fisher and Siewert

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

Senators in attendance: Senators Bernardi, Cash, Colbeck, Collins, Crossin, Hanson-Young, Humphries, Fielding, Fisher, Marshall, Mason, Milne, Parry, Payne, Ronaldson and Sterle

Committee met at 9 am

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

In Attendance

Senator Carr, Minister for Innovation, Industry, Science and Research

Senator Wong, Minister for Climate Change and Water

Senator Chris Evans, Minister for Immigration and Citizenship

Department of Education, Employment & Workplace Relations

Cross Portfolio

Ms Lisa Paul, Secretary

Dr Michele Bruniges, Deputy Secretary

Mr Ewen McDonald, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Ms Malisa Golightly, Deputy Secretary

Mr Graham Carters, Deputy Secretary

Mr John Kovacic, Deputy Secretary

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

Mr George Kriz, Chief Legal Officer and Group Manager Procurement, Legal, Investigations and Procurement Group

Mr Jeremy O'Sullivan, General Counsel and Group Manager Investigations, Legal, Investigations and Procurement Group

Mr Aloka Sinha, Branch Manager, Procurement and Contract Manager, Legal, Investigations and Procurement Group

Mr Shayne Howard, Branch Manager, Investigations, Legal, Investigations and Procurement Group

Mr Brien Armstrong, Branch Manager, Internal Audit Group
Ms Margaret Pearce, Group Manager, Parliamentary and Communications Group
Ms Linda Hall, Acting Branch Manager, Parliamentary Branch, Parliamentary and Communications Group
Mr Brant Trim, Branch Manager, Communications Delivery Branch, Parliamentary and Communications Group
Ms Shannon Kenna, Acting Branch Manager, Strategic Communications, Parliamentary and Communications Group
Mr Ben Johnson, Group Manager, People Group
Ms Sue Saunders, Branch Manager, People Services Branch, People Group
Ms Chris Silk, Branch Manager, Remuneration and Performance, People Group
Ms Robyn Kingston, Group Manager, Delivery and Network Group
Mr Justin Mein, Branch Head, Implementation and Risk, Delivery and Network Group
Mr Glenn Archer, Group Manager, IT Services Group
Ms Helen Skrzeczek, Group Manager, Applications Systems Group

Outcome 1 - Early Childhood Education and Childcare

Dr Michele Bruniges, Deputy Secretary
Ms Vicki Rundle, Group Manager, Early Childhood Development
Ms Robyn Calder, Branch Manager, Early Childhood Development Strategy, Early Childhood Development
Ms Joan Ten Brummelear, Branch Manager, Early Childhood Quality
Ms Helen Lamming, Branch Manager, Early Learning and Care Services, Early Childhood Development
Ms Kathryn Shugg, Branch Manager, New Early Learning and Care Services, Early Childhood Development
Mr Michael Manthorpe, Group Manager, Child Care Industry Taskforce
Ms Mary Balzary, Branch Manager, Child Care Industry Taskforce
Mr Daniel Owen, Branch Manager, Child Care Industry Taskforce
Ms Catherine Wall, Group Manager, Early Childhood Education and Workforce Group
Dr Russell Ayres, Branch Manager, Early Childhood Education Reform Branch, Early Childhood Education and Workforce Group
Mrs Susan Bennett, Branch Manager, Early Childhood Workforce and Indigenous Pre-school Branch, Early Childhood
Mr Bruce Wight, Acting Branch Manager, Performance and Analysis, Early Childhood Education and Workforce Group
Ms Lois Sparkes, Acting Group Manager, Early Childhood Programs Group
Mr Murray Kimber, Branch Manager, Child Care Policy and Payments, Early Childhood Programs Group
Ms Deborah Anton, Acting Branch Manager, Office Secretariat, Early Childhood Programs Group
Mr Anthony Parsons, Group Manager, Office Secretariat and Compliance, Early Childhood Programs Group

Outcome 2 – School Education

Mr Bill Burmester, Deputy Secretary
Dr Evan Arthur, Group Manager, Digital Education Group
Ms Shelagh Whittleston, Branch Manager, Digital Education Revolution Taskforce, Digital Education Group
Ms Rhyan Bloor, Branch Manager, Broadband Infrastructure Taskforce, Digital Education Group
Mr Chris Sheedy, State Manager, South Australia, Branch Manager, National School Chaplaincy Unit, Digital Education Group
Ms Rebecca Cross, Group Manager, Lifting Educational Outcomes Group
Ms Gabrielle Phillips, Branch Manager, Student Access and Equity Branch, Lifting Educational Outcomes Group
Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group
Ms Helen McLaren, Branch Manager, Careers and Transitions Branch, Lifting Educational Outcomes Group
Ms Regina Camara, Acting Branch Manager, Trade Training Centres Taskforce, Lifting Educational Outcomes Group
Dr Carol Nicoll, Group Manager, National Education System Group
Mr Anthony Zanderigo, Branch Manager, Reporting and Accountability Branch, National Education System Group
Ms Deb Rollings, Branch Manager, Policy, Grants and Reporting, National Education System Group
Ms Suzanne Northcott, Branch Manager, National Education agreement Taskforce, National Education System Group
Ms Susan Smith, Group Manager, National Initiatives Group
Mr Allan Hird, Acting Branch Manager, Teaching Reforms, National Initiatives Group
Ms Madonna Morton, Acting Branch Manager, National Curriculum, National Initiatives Group

Outcome 3 - Higher Education

Mr Jim Davidson, Deputy Secretary
Ms Fiona Buffington, Group Manager, Higher Education Group
Mr Rod Manns, Branch Manager, Funding and Student Support Branch, Higher Education Group
Ms Julie Randall, Branch Manager, Infrastructure and Endowment, Higher Education Group
Mr Jason Coutts, Branch Manager, Policy, Compacts and Accountability, Higher Education Group
Ms Catherine Vandermark, Branch Manager, Quality, Higher Education Group
Ms Anne Baly, Branch Manager, Higher Education Review Taskforce, Higher Education Group
Ms Lisa Schofield, Branch Manager, Infrastructure and Endowment, Higher Education Group

Outcome 4 - Vocational Education and Training

Mr Jim Davidson, Deputy Secretary

Mr Craig Robertson, Acting Group Manager, Tertiary Skills and Productivity Group

Ms Linda White, Branch Manager, Higher Skills, Tertiary Skills and Productivity Group

Ms Hilary Riggs, Acting Branch Manager, Skills Quality, Tertiary Skills and Productivity Group

Ms Suzi Hewlett, Branch Manager, Industry Engagement, Tertiary Skills and Productivity Group

Dr Caroline Perkins, Branch Manager, Tertiary Collaboration and Participation, Tertiary Skills and Productivity Group

Ms Robyn Priddle, Branch Manager, Foundation Skills and Pathways, Tertiary Skills and Productivity Group

Ms Christine Dacey, Branch Manager, Workforce Development, Tertiary Skills and Productivity Group

Ms Sue Beitz, Branch Manager, Head Secretariat Skills Australia, Tertiary Skills and Productivity Group

Outcome 5 – Transitions and Youth

Mr Jim Davidson, Deputy Secretary

Ms Margaret McKinnon, Group Manager, Youth and Industry Skills

Ms Gabrielle Burrell, Acting Branch Manager, Office for Youth, Youth and Industry Skills Group

Mr Neil McAuslan, Branch Manager, Policy, Funding and Performance, Youth and Industry Skills Group

Ms Katy Balmarks, Branch Manager, VET Technology & Recognition Programs, Youth and Industry Skills Group

Ms Alison Cleary, Director, VET Technology and Recognition Programs Youth & Industry Skills Group

Ms Donna Griffin, Branch Manager, Australian Apprenticeships, Youth and Industry Skills Group

Ms Jan Febey, Acting Branch Manager, Trades Recognition Australia and ATCS, Youth and Industry Skills Group

Outcome 6 – International

Mr Jim Davidson, Deputy Secretary

Mr Colin Walters, Group Manager, International Group, International Group

Ms Tulip Chaudhury, Branch Manager, International Quality, International Group

Ms Margaret Proctor, Director, Education and Professional Recognition Unit, International Group

Ms Linda Laker, Branch Manager, Strategic Policy and Stakeholder Engagement, International Group

Mr Robert Latta, Director, Corporate Management, International Group

Ms Di Weddell, Branch Manager, North Asia/Americas/Europe, International Group

CHAIR (Senator Marshall)—I declare open this public hearing of the Senate Standing Committee on Education, Employment and Workplace Relations. The Senate has referred to the committee the particulars of proposed additional expenditure in respect of the year ending

30 June 2009 for the portfolio of Education, Employment and Workplace Relations. The committee will examine this proposed expenditure as well as the annual reports for the department and the agencies appearing before it. The committee will begin today's proceedings with cross-portfolio and as far as possible follow the order as set out in the agenda.

The committee has resolved that answers to questions on notice are to be lodged by Thursday, 9 April 2009. Written questions on notice must be submitted by the completion of the additional budget estimates hearings on Friday evening. Under standing order 26, the committee must take all evidence in public session and this includes answers to questions on notice. I remind officers that they are protected by parliamentary privilege. I also remind officers that, in its orders of continuing effect, the Senate has resolved that there is no area in connection with the expenditure of public funds where any person has discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided for otherwise.

The Senate has resolved that officers shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer such questions to superior officers or to the minister. This resolution, however, does not preclude questions asking for explanations of policies or factual questions about when or how policies were adopted. Where an officer declines to answer a question, the grounds for this should be stated so the committee may consider the matter. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

I welcome the Minister representing the Minister for Education, Senator the Hon. Kim Carr. I welcome the Secretary of the Department of Education, Employment and Workplace Relations, Ms Lisa Paul, and other departmental officers as well as observers to this public hearing.

[9.02 am]

Department of Education, Employment and Workplace Relations

CHAIR—Minister, do you wish to make an opening statement?

Senator Carr—No, I do not. Thank you.

CHAIR—Ms Paul.

Ms Paul—No, thank you, Chair.

CHAIR—In that case, we will move to cross-portfolio questions.

Senator CASH—The first contract that I would like to look at is in relation to a redundant internet connection. The AusTender website has a contract of \$42,000 spent on a redundant internet connection. Just to start, can I clarify the department's understanding of the word redundant?

Mr Archer—If I understand the question, you are asking what a redundant internet connection is?

Senator CASH—Correct. What is a redundant internet connection?

Mr Archer—Essentially, we have a primary internet connection which accesses the main point of connection between the department systems and the public internet. A redundant one exists to ensure that, in the event of the failure of the primary service, you have an alternative path to connect to the internet.

Senator CASH—So it is not redundant in the sense that it is not working; it is a backup?

Mr Archer—That is correct.

Senator CASH—So it really is a working internet connection in the event that it is actually required?

Mr Archer—Yes.

Senator CASH—Where is this particular redundant internet connection located?

Mr Archer—We have a number of data centres in the ACT. I would need to check which of those data centres was providing that redundant service. It will be in north Canberra, though.

Senator CASH—My understanding is that \$42,000 has been spent on this connection. Why has \$42,000 been spent on it?

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

Senator CASH—That is fine, but just so I understand: what you are saying is that it is not actually redundant in the true sense of the word, in that it is no longer operative—

Mr Archer—That is correct.

Senator CASH—It is a connection that, in the event that it is required, will be operative—and is that why money is being spent on it?

Mr Archer—I am sorry; what was that last bit?

Senator CASH—Is that why money is being spent on the connection?

Mr Archer—Absolutely.

Senator CASH—Can I just get a better understanding of what money you would actually spend on a redundant internet connection.

Mr Archer—It would cover a range of things. For instance, you would have to put in equipment, hardware; there would be routers, switches, firewall services. You would have to pay the telecommunications provider for the service that they were providing you in relation to the physical connection to the internet. It would be those sorts of services.

Senator CASH—But what you are saying is that it is a working one; it is not not working—just so I understand the meaning of the word ‘redundant’.

Mr Archer—It is absolutely a critical part of our production environment, yes.

Senator CASH—I would like to some questions about recruitment of temporary staff. How many non-ongoing staff are currently employed by DEEWR?

Mr Johnson—Since the end of December 2007, the department has engaged 971 ongoing employees and an additional 518 non-ongoing employees.

Senator CASH—Sorry, what was that second figure?

Mr Johnson—Five hundred and eighteen non-ongoing employees have been engaged in the last year by the department, between December 2007 and December 2008. More broadly, in terms of your question, the department has 345 staff who are currently non-ongoing, as part of its overall staffing profile.

Ms Paul—In our current staffing base the comparator, the whole base, would be—Mr Johnson?

Mr Johnson—The overall base for the department is 5,862 staff, so roughly six per cent of that staffing profile is non-ongoing.

Senator CASH—Do you have the figures for 2006-07 in front of you?

Mr Johnson—No, I do not.

Ms Paul—That would be difficult to achieve actually, because of course this department was created from two previous departments and a significant portion of a third. To get to that we would probably have to take it on notice.

Senator CASH—That is fine. If you could do it, that would be great. How many non-ongoing staff have had their contracts terminated early as a result of the department striving to meet the efficiency dividend?

Mr McDonald —Senator, I am not aware of any that have been terminated early for that purpose, but we would have to take it on notice. Contracts end, obviously; they are for a period of time.

Senator CASH—Okay. If you could take that on notice, that would be appreciated.

Mr McDonald —Yes, sure.

Senator CASH—How many additional temporary staff does the department plan to recruit during this particular contract period?

Mr Johnson—I am not aware that we actually have a projected profile. We obviously use the engagement of non-ongoing officers as part of responding to emerging government priorities, so we do not project any particular target for 2009-10.

Senator CASH—Okay. I have a one more set of questions, in relation to some security has been provided for an ex-DEWR building. What is an ex-DEWR building?

Mr Storen—The department was formed as a result of machinery-of-government changes in 2008, from the previous Department of Employment and Workplace Relations, with the acronym of DEWR, and the Department of Education, Science and Training, DEST. In our records we have leases that span a number of years, so one of the ways of monitoring the 23 leases we have in Canberra is to refer to the buildings by the agency they came from. It helps us find them within lease files et cetera.

Senator CASH—So, in this case, the definition of an ex-building is not that it is no longer owned by the government but that it is no longer with a particular agency—or it is not with this agency.

Ms Paul—It is with this agency. It just means that the lease was first struck by the former department of DEWR versus the lease being struck by the former department of DEST. It would still be a building which is now a DEEWR building in which we have DEEWR staff.

Senator CASH—So the government does still own the building or has the lease on the building?

Mr Storen—I just caution that. We do have a small turnover of leases, so unless I know the building address I cannot be definitive that it is not one of the leases we may have shed.

Senator CASH—Is there a definition of ex-building?

Ms Paul—No. It was just our own internal shorthand for which former agency first struck the current lease. There is no other magic to it at all.

Senator CASH—What is the arrangement for security of the ex-DEWR buildings?

Mr Storen—When the department was initially established we had two different software products that provided security for the two different streams of buildings. Over the transition into DEEWR, we have amalgamated those security systems into one system, so we using a single software product and a single card system for the whole department now. The buildings are very slightly configured differently in terms of the swipes, whether it is a previous DEWR building or DEST building. It is one single security system with pass-in access through security cards.

Senator CASH—The contract I am looking at has an expenditure of \$7.5 million to be spent between 15 September 2008 and 11 December 2009. What is the nature of the expenditure?

Mr Storen—That contract sounds like the guarding services contract that provides the physical presence of guards at nominated buildings within our lease holdings. The two previous departments had separate contracts with the same provider. That contract is actually a restriking of a single contract with that one provider to give us schedules that now relate to the new department.

Senator CASH—How many buildings are the subject of this item of expenditure?

Mr Storen—That would provide us with coverage for 23 buildings within the CBD. We do have a number of state and regional offices that are also covered by that.

Senator RONALDSON—Why are they described as ex-DEWR buildings? Are they all described as ex-DEWR buildings?

Mr Storen—No. There is a proportion of ex-DEWR buildings and ex-DEST buildings. I will have to take that on notice to give you the exact proportion.

Ms Paul—I think we might just change the description to DEEWR buildings now.

Senator CASH—What you are saying is that there are staff within these buildings—these buildings are operational?

Mr Storen—That is correct.

Senator CASH—Could you just run through again the nature of the security services to be provided within the \$7.5 million?

Mr Storen—Briefly, that provides for the physical presence of guards at a number of the 23 buildings.

Senator CASH—How many hours a day would that be?

Mr Storen—We have 24-hour guard coverage service. That does not mean we have physical guards in every building 24 hours. We provide 24 hours within the CBD with the physical presence of guards during normal operating hours. For the rest of the buildings, the guarding service also provides a call-out service with a quick access phone number. By having a guard 24 hours within the city, we can then be assured that we get a quick response as well across the buildings. It also provides for guarding services at the buildings we have at Brindabella Park. The guards provide the normal physical barrier security of ensuring that staff swipe passes as they come through. They provide some services at the desk in terms of phone call access to staff for visitors, providing visitor passes for delegations and so forth. They also do foot patrols throughout the holdings of the department and what we call breach patrols on the floors in the buildings, which is checking our clean desk policy and, where necessary, issuing notices so that we can monitor our adherence to security arrangements.

Senator CASH—Do you know where the security guards are sourced from?

Mr Storen—Wilson is the security company.

Senator CASH—Okay. The taxpayer is obviously footing the bill for security in the buildings?

Mr Storen—That is correct. I have got a query about the dates that you referred to; my recollection is that the contract we entered into is actually a multiyear contract.

Senator CASH—Multi?

Mr Storen—Multiyear contract. It runs for a number of years.

Senator CASH—I have got: contract period, 15 September 2008 to 11 December 2009; contract value, \$7½ million; description, security guarding services for ex-DEWR buildings.

Mr McDonald—I think we would like to check that, if we can, just to make sure that that really is correct.

Senator CASH—It is from AusTender.

Mr McDonald—Okay. Thank you.

Mr Storen—That sounds correct. My recollection is that we have now got another contract in place, because that contract obviously went to 2009 and I think we have another contract in place for after that. The contract expires in December 2009?

Senator CASH—Correct.

Mr Storen—I just need to check what we have in place for after December 2009.

Senator CASH—Okay. Could you have a look at that, correct any details and provide that on notice?

Mr Storen—Yes.

Senator CASH—Thank you very much. Those are all the questions I have, Chair.

CHAIR—Are there other questions for cross-portfolio? Senator Mason.

Senator MASON—Welcome back, Ms Paul. I missed you last time!

Ms Paul—Yes. Thank you, Senator.

Senator MASON—Perhaps you did not miss me, but I missed you!

Ms Paul—I was not a well person at all.

Senator MASON—I want to address some other contract issues that have come to my notice, and there has been slight media attention to this as well. It relates to a positive psychology workshop that was held, I think, earlier this year. There are some documents and also some media reports about it, and the contract period was from 5 January to 13 February 2009. What was the purpose of the workshop?

Mr McDonald—The workshop was part of our suite of learning and development for our staff. We have corporate learning and development that we provide each year. The purpose of this was to link into our—

Senator MASON—Sorry, Mr McDonald—learning and development?

Mr McDonald—Yes. We have corporate learning and development priorities across the organisation where we invest in the skills of our staff. In relation to this particular one, it was linked into building our overall productivity in the organisation.

Senator MASON—To build overall productivity?

Mr McDonald—Yes.

Senator MASON—How many staff attended the workshop?

Mr McDonald—The cost of the course was about \$4,500, or slightly under that, per head, and 100 staff attended.

Senator MASON—When you say the cost, is that the cost that the department pays—

Mr McDonald—Yes, of the course.

Senator MASON—or the officer pays?

Mr McDonald—No, no. The department pays on behalf of the officer. So it was just less than \$4,500 and a hundred staff attended.

Senator MASON—Per officer, and 100 staff.

Mr McDonald—Yes.

Senator MASON—Those 100 staff, were they SES officers or specially selected staff?

Mr McDonald—No, they were a cross-section of staff from ASO4 and they were selected through an expression of interest—so people could put forward an expression of interest. We had a lot more people wanting to attend than we had places. You also might recall that, because it was at that period of time, the course required people to attend on a public holiday and a Saturday.

Senator MASON—What were the dates of the course?

Mr McDonald—The course commenced on the night of the 26th, I think, from memory, and went through to the following Saturday, so was a five-day course.

Senator MASON—So what are the dates?

Mr McDonald—From 26 to 31 January 2009.

Senator MASON—All right. So it was a cross-section of staff. Did you go, Mr McDonald?

Mr McDonald—No, I did not.

Senator MASON—Ms Paul?

Ms Paul—I opened it.

Senator RONALDSON—Did you stay?

Ms Paul—No, I was not able to stay, unfortunately.

Senator MASON—Mr McDonald, you mentioned \$4,500 per officer. Can we go through the contracts I have taken off the website. I have \$400,000 paid to the trustees of the University of Pennsylvania. Is that right?

Mr Johnson—I think the figures you are referring to are indicative figures from AusTender.

Senator MASON—These are just off the website, to be honest.

Mr Johnson—I appreciate that. The actual contract value with the University of Pennsylvania in designing, constructing and delivering the course was A\$256,000.

Senator MASON—So it was not \$400,000; it was \$256,000.

Mr Johnson—\$256,000.

Senator MASON—So \$400,000 is wrong.

Mr McDonald—That was an estimate. When it goes on AusTender, before the contract is let, there is often an estimate put in at that time.

Senator MASON—All right: so that is the trustees. The next one I have is \$209,000 to Martin Seligman, for his specialised or professional skills.

Mr Johnson—That is correct. We engaged the services and expertise of Martin Seligman and his company. The final figure for that contract was \$188,000.

Senator MASON—So there is that as well. You said it was held at—where was it held?

Mr Johnson—It was delivered at the boarding house facilities at Geelong Grammar School in Victoria.

Senator MASON—Not a school I attended, I am afraid. Mr Johnson, what is the costing—is it higher? I have \$155,000.

Mr Johnson—No, it was lower than that. The final costing was \$139,580.

Senator MASON—I might just say \$140,000, to make it easier for me—I am not very good with numbers.

Mr Johnson—In broad terms, that would be right.

Senator MASON—What does that add up to?

Mr Johnson—A total cost of \$584,000.

Senator MASON—\$584,000 so far. Do officers get travelling allowance to go?

Mr McDonald—In relation to travel arrangements, meals and accommodation were provided by the department. So no, that would be covered in that cost.

Senator MASON—How about airfares and travel costs?

Mr McDonald—That would be covered in that cost.

Senator MASON—In the \$584,000?

Mr Johnson—As Mr McDonald has indicated, the cost for managing the venue and supporting staff while at the course were provided in the contracting with Geelong Grammar School. There was an additional \$40,000 for travel for staff who attended the course.

Senator MASON—An extra \$40,000—that is what I am after. So that is roughly \$624,000—does that sound about right?

Mr Johnson—That is correct.

Senator MASON—Were there any other costs?

Mr Johnson—Those costs are GST exclusive.

Senator MASON—So we add 10 per cent, do we?

Mr Johnson—Yes, to the domestic component. GST was not applicable to the US payments.

Senator MASON—So how much is the overall cost if we add GST?

Mr Johnson—\$642,000, so an additional \$18,000 for GST.

Senator RONALDSON—Is alcohol included in those dinner costs or is it extra?

Mr Johnson—Not that I am aware of. Alcohol was not provided through the course. As Mr McDonald indicated, the 100 staff attended the course travelling on a public holiday, working through significantly adverse conditions—if you recall at the time that; I will go into that later, if you wish—in terms of the infrastructure that they were supported in during the course. They worked right through to the following Saturday to participate in the course.

Senator MASON—Did Professor Seligman bring his staff with him? What was his entourage?

Mr Johnson—He had a number of support staff.

Senator MASON—How many?

Mr Johnson—I will have to take that on notice, but from recollection there were a couple of supporting trainers from the University of Pennsylvania who assisted—

Senator MASON—Roughly, how many were there?

Mr Johnson—In the order of three or four staff, Senator.

Senator MASON—Is that all?

Mr McDonald—I think that we need to take that on notice, because I thought there were more than that. That was my recollection. We need to get the detail of that right, I think.

Senator MASON—I think that it is important.

Mr Johnson—To clarify, Senator, my recollection is that there were three or four staff who were working directly with Dr Seligman. There were also further support staff from the University of Pennsylvania, I think in the order of around 12 or 13 staff, who were facilitating and delivering the program over the five days.

Senator MASON—How many?

Mr Johnson—There were three or four staff who were working directly to Dr Seligman in assisting with the coordination of the course and a further 12 to 13 staff from the University of Pennsylvania who were assisting with running multiple workshops and seminars as part of the course. It was an intensive course that ran from the morning into the evening on each of the five days in both plenary and concurrent workshop forums—

Senator MASON—So three plus 12—that is 15. That is larger than the Prime Minister's entourage, isn't it, Senator Ronaldson?

Mr Johnson—As Mr McDonald has indicated, I would have to confirm that on notice, but as a general indication—

Senator RONALDSON—A press report said 28 people. Are you in a position to deny that was the size of the total group from the University of Pennsylvania?

Mr McDonald—I do not know where the press got that information. I am not aware of it being anywhere near that number. But, again, we need to confirm that.

Senator RONALDSON—So you think that it was at least 15.

Mr McDonald—No. From what Mr Johnson explained, that is about the figure I thought it was at the time so I would just like to take that on notice if possible and get the detail right for you.

Senator MASON—How was Professor Seligman chosen to conduct this workshop?

Mr Johnson—His services were sought by direct procurement in recognition of his international leadership in research in the area of wellbeing and resilience.

Senator MASON—Did you seek any Australian operators in the field or was Professor Seligman simply the outstanding international contributor?

Mr McDonald—No, we did not seek other people within Australia. Professor Seligman is well-renowned in this field and I think that, if you have had any opportunity to look at any of the research around the work that he has done—

Senator MASON—I have, and we will get to that in minute.

Mr McDonald—So the answer is no.

Senator MASON—And Ms Paul knows that I have. All right, we will get to that in a minute. Were there any negotiations about Professor Seligman's fees? If so, how long did the negotiations go? Did you simply pay what he wanted?

Mr Johnson—No, Senator, I think that it is probably relevant to indicate that we had the opportunity to work with Professor Seligman as he was already coming to Australia to provide further work in delivering seminars for part of the education sector and other parts of the corporate sector. So in that respect our negotiation with both the University of Pennsylvania and Professor Seligman leveraged off that opportunity—that is, he was already in the country and he was already running comparable seminars to a range of different audiences. We were able, as Mr McDonald has already indicated, to access he is well-recognised international expertise and research in this field.

Senator RONALDSON—Did you contract him to provide other services to the department over and above this particular seminar when he was in Australia?

Mr Johnson—Not that I am aware of. Not directly, Senator.

Senator RONALDSON—What do you mean by 'not directly'?

Mr Johnson—We were funding Professor Seligman for the delivery of the wellbeing and productivity training program for the department for those dates that Mr McDonald indicated. He has been involved in development of broader wellbeing approaches to teacher training and student support in Australia in the last few years and we were engaging his services on the back of a range of national programs that he had been running earlier in January. So we were not contracting him in that broader regard; he was providing those services to parts of the public and private education system.

Senator RONALDSON—When he was here on that extended trip he provided no other services, nor did anyone within the department, during the period of his stay?

Ms Paul—That is correct.

Mr Burmester—If I could add—

Senator MASON—Good to have you back, Mr Burmester.

Mr Burmester—Thank you. One of the programs that Dr Seligman ran was partially funded by the Commonwealth through the quality schools program. That was a pilot training course for school leaders and schoolteachers that was also run at Geelong Grammar. There were two courses, two pilot conferences. The total cost from the Commonwealth was, I think, \$350,000.

Senator RONALDSON—Was this held over the same period as our happiness conference or was that at a separate time?

Mr Burmester—It was a separate time. There were two conferences for school leaders and teachers. The first one ran from 11 January to 16 January. The second one was from 18 January to 23 January.

Senator RONALDSON—The department's cost in that was a further \$350,000?

Mr Burmester—They are not departmental costs. They were funds paid for out of the quality school program which supports innovation and innovation in teaching practice.

Senator RONALDSON—It was a direct cost of \$350,000 over and above—

Mr Burmester—That was the Commonwealth contribution to those two conferences.

Senator MASON—350?

Mr Burmester—Yes.

Senator RONALDSON—How much of that was paid to Professor Seligman or the University of Pennsylvania?

Mr Burmester—I have not got those splits, and I am not sure that we would have them. The conferences were set up under the auspices of Geelong Grammar who, independently and directly, have got arrangements with Dr Seligman. They then approached the Commonwealth to see if we would support the extension of those conferences to government schoolteachers and other schoolteachers. The Commonwealth made a partial contribution to additional seminars that were put on, on the condition that both public and non-government schoolteachers and principals would be invited to those seminars and therefore it fitted the criteria for the Quality Teaching Program. So I do not know how much of those funds went to Dr Seligman or what the arrangements were. We were supporting conferences that had already been instituted by Geelong Grammar.

Senator RONALDSON—What was the total cost of those conferences?

Mr Burmester—I would have to take that one on notice, I think.

Ms Paul—Much of the rest of the cost would have been supported by the state education systems or the Catholic education system and so on. The contribution from the Commonwealth was out of the multimillion-dollar program—I think it is several tens of millions of dollars—that supports teacher professional development.

Senator RONALDSON—These were Seligman conferences, were they, run by the University of Pennsylvania?

Ms Paul—Yes.

Senator RONALDSON—So another \$350,000 was paid by the Commonwealth to Professor Seligman and the University of Pennsylvania effectively, over and above the \$642,000 cost that Senator Mason was able to elicit.

Mr Burmester—The contribution from the Quality Teaching Program was to support conferences that had been arranged as professional development for teaching and school leaders.

Senator RONALDSON—But they were Seligman conferences, were they?

Mr Burmester—And they were additional to the ones that—

Senator RONALDSON—Yes, I think we have ascertained that.

Ms Paul—As we understand it, Professor Seligman has done his professional development approach to having an impact on schoolchildren in the UK and then he has also done it in Australia.

Senator MASON—Let us go back to where we started, Mr McDonald. So far as the 100 DEEWOR officers were concerned, what was the aim of the workshop?

Mr McDonald—The aim of the workshop was, as I said earlier, part of our investment in skills for our staff. Part of that is building the sort of organisation that is as productive as it can be and as motivated as can be. So part of our learning and development suite each year is corporate expenditure, and that is what this was.

Senator MASON—Investment in skills and productivity.

Mr McDonald—Yes.

Senator MASON—I have had a look at Dr Seligman and, according to some information on the web, he is a world renowned authority on depression and abnormal psychology. He is well known for his work on the theory of learnt helplessness. In 2002 he wrote an apparently famous book called *Authentic Happiness*. Apparently he is well regarded because of that. In another area I note that in 2002 he, famously, gave a three-hour talk on helping US soldiers to resist torture, based on his understanding of learnt helplessness. It was not preparation for estimates, was it, Ms Paul?

Senator CROSSIN—Have you read that, Senator Mason?

Senator MASON—No, I have not but I am not a psychologist nor do I claim to be. His research is famous because it demonstrates:

... that it is possible to be happier — to feel more satisfied, to be more engaged with life, find more meaning, have higher hopes, and probably even laugh and smile more, regardless of one's circumstances.

Is that right? Even the circumstances of being here before this committee? No matter what your circumstances you can be happy. Is that the message?

Mr McDonald—That is a selective quote out of some of his research. He has done wider research than that that talks about the impact, both in the UK and the US, that some of Professor Seligman's work has had in relation to building resilience, particularly in children and individuals. In relation to a productive workplace—

Senator MASON—Resilience? That applies to 100 officers in DEEWR? You need resilience training?

Mr McDonald—No. We were talking about the research.

Senator MASON—I have checked this; he is most famous for happiness—making people happy.

CHAIR—Let us let Mr McDonald answer the first question before we ask the next one.

Senator RONALDSON—He is not looking very happy, Chair.

Senator MASON—What are the other aspects of his research?

Mr McDonald—Mr Johnson has more detail on that research but certainly it is an emerging area of research, as you would have picked up from any of the research that you have done.

Senator MASON—So there is resilience training.

Mr McDonald—There is productivity in contemporary organisations. High productivity and motivation come from people being able to deal with adversity as it arises. This opportunity was a one-off opportunity—

Senator MASON—Is that the sort of course I need, Mr McDonald?

Mr McDonald—I think it is important to say that in relation to this particular course, when the cost per head, which was less than \$4,500 in relation to the course itself, is compared with other management courses for exactly the same thing it is certainly not at the high end.

Senator RONALDSON—It was \$6,500; let us not talk about \$4,500.

Senator MASON—It is \$642,000 divided by 100. Senator Ronaldson is right.

Mr McDonald—Even if we look at the overall cost and compare it with other courses that do not have those costs in, the cost of those courses is higher on a lot of occasions for fewer days work. I have examples I can provide. So in terms of the cost of management courses, this is not at the high end.

Senator RONALDSON—Perhaps you could take it on notice and give us some examples of courses where you have paid more than \$6,500.

Mr McDonald—I can provide some examples.

Ms Paul—For example, the Australian School of Business middle management course of five days in Sydney is \$8,349. The general manager program of 5½ days is \$12,000 exclusive of travel. The Melbourne School of Business Mount Eliza six-day course is almost \$8,000 exclusive of travel.

Senator RONALDSON—Perhaps you could take that on notice because I would be very interested to see what the outcome of these costs were in relation to those others.

Senator MASON—What sort of activities were engaged in over the weekend at Geelong Grammar learning to be happy and resilient? What did you do? Are there copies of papers and workshops that we can have?

Mr McDonald—The course was in relation to building productivity. In terms of the actual course itself we could get detail around the program that was conducted. However, I can tell you—

Senator MASON—Can you take that on notice please: to provide any written materials that were provided to participants.

Mr McDonald—As with most courses, an evaluation was done at the conclusion. This course was evaluated on a five point scale and every dimension of that evaluation was above 4.5. In some cases—

Senator MASON—Everyone was happy!

Ms Paul—It did not rate happiness; it rated satisfaction with the course delivery. I think our people are hard markers. But, interestingly, the evaluation from the national teachers professional opportunity, which preceded this, rated about the same. That is also, I understand, the case in Britain where the government has in the past contracted with Professor

Seligman for similar work into schools in terms of building resilience among students and into organisations in terms of building productivity among staff, as we did here.

Senator MASON—You keep talking about productivity and yet we know from his background that he talks about happiness, resilience training and learnt helplessness. Happiness is an aspect of productivity, isn't it? You can link everything to productivity, in the end. Good health can be linked to productivity.

Mr McDonald—Senator—

Senator MASON—Isn't that right? I think that is a fair point.

Mr Johnson—I can add to the comments that Mr MacDonald provided earlier—

Senator MASON—It is a good try, to say it is all linked to productivity.

Mr McDonald—I would argue that when staff are unhappy they are not particularly productive. That would be my experience. For staff to be productive they need to be motivated in what they do and part of this was building some strategies to help staff do that.

Ms Paul—Anything that we can do to help build the engagement of our people with the organisation is a good step. When any organisation—as you would be aware of in the private sector, too—measures staff satisfaction it will use measures of staff engagement and that goes to the commitment to the organisation and the productivity. As you would know, there is obviously a connection between engagement and commitment to the organisation and productivity.

Senator MASON—Senator Ronaldson has flagged this: the issue is a cost of \$642,000 or \$6,500 per participant. In an era of belt tightening and a global financial crisis that is a lot of money to be spending per participant from a department. How are we going to know whether there was an outcome that pays back to the community the cost of that? I did ask questions the other day of the Public Service Commission about absenteeism; you may have read about that in the paper. I do not know how DEEWR is going but from memory it is not going that well in terms of absenteeism, either. Is that right? I think it is getting worse.

Mr McDonald—In terms of absenteeism—

Senator MASON—How are we going to measure the outcomes?

CHAIR—Senator Mason, please! You have asked the question; let us just wait for the answer.

Senator MASON—How are we going to measure the outcomes?

Mr McDonald—In terms of the outcome, we are now looking to—

Senator MASON—It is \$6,500 each.

Mr McDonald—In terms of the outcome, the next step within the organisation will be to go through and embed that learning throughout the organisation—not just for the 100 people who attended but to embed that further into the organisation. We will do that through our people on the leadership committee that we have in our organisation. Some of the strategies that we have already discussed relate to a 'train the trainer' type approach, seminars in workplaces, and building some of that learning into our performance and leadership

programs. In relation to the outcomes, you would expect to see this embedded throughout the organisation over time—the learning that came from this course. That is my expectation.

Senator MASON—So we will see a drop in absenteeism, do you think?

Mr McDonald—Certainly in relation to the HR indicators core, as Miss Paul talked about, in relation to our staff survey, we will expect to see changes. In terms of our learning and development strategies it is very hard to pick one particular strategy that is having an impact, so you need to look across the board at your HR strategy overall. In relation to this outcome, this learning, we will be able to see that through our HR indicators that we look at continually across the board. That is what we would expect.

Senator MASON—So people might be more positive, might be happier and might be more resilient, but we are not sure that absenteeism is going to drop.

Mr McDonald—Staff satisfaction and staff engagement might go up in the organisation. That would be a possible outcome of this, a strong driver. One focus is on people recognising their strengths and being able to see that. That then flows through into their own work.

Senator MASON—You do not seem very keen to assure the committee that absenteeism is going to drop.

Mr McDonald—I can move on to absenteeism, if you would like to discuss that.

Senator MASON—Yes. It is very high.

Mr McDonald—In our people and leadership committee we do take that seriously. I agree with you, but it is not that high in relation to our sick leave and particularly given—and I think this is important for us—the circumstances that DEWR found ourselves in last year because of the change process we were going through. That is a factor for us. In addition, the Public Service Commissioner, I understand, mentioned that the flu epidemic in Canberra was quite severe last year and had an impact as well.

Senator MASON—Yes, I heard about the flu and people getting older.

Mr McDonald—It happens in DEWR as well. I do understand your concern in relation to that. We equally focus on that as an important area.

Senator MASON—It is a general issue for the Public Service Commissioner, but the problem is that the Commonwealth has spent a lot of money—and, I think, appropriately—on trying to decrease absenteeism and thus far it has failed. To this parliament that is very worrying because it costs hundreds of millions of dollars within the APS and the strategies have failed. You talk about the flu and people getting older. That is all very well. But the strategies have failed. In the end, let us not cut the cloth: that is a fact.

Senator CASH—Can I jump in there, Senator Mason. Can I also ask about staff turnover within the department. Are you aware of what the figure is for staff turnover?

Mr McDonald—We would have to take that on notice. From recollection, for all staff it was running at about 15 per cent. I am not sure what it is now.

Senator CASH—Is the trend increasing or decreasing?

Mr McDonald—It is decreasing.

Senator CASH—But it is still quite high—14 to 15 per cent.

Ms Paul—No, that is about average.

Mr McDonald—Yes. Again, I think in our case there were some unique circumstances last year in relation to the changes we were going through. Some functions were brought together et cetera.

Ms Paul—Our staff turnover has traditionally been quite low, relatively. We can take it on notice and get the precise numbers.

Senator CASH—We asked a question on notice and the figure given was 16.1 per cent staff turnover.

Ms Paul—So if we are at 14 now we are trending down.

Mr McDonald—I am pretty sure we are.

Senator CASH—Could you provide that statistic.

Ms Paul—Sure.

Senator CASH—Thank you.

Senator RONALDSON—Mr McDonald, ‘Building productivity’ was the theme of this conference, according to you. When you asked for expressions of interest, did you send out an email to staff? Did you send them out a brochure? How was that communication made?

Mr McDonald—From memory, we sent out an expression of interest via email.

Senator RONALDSON—Can you provide the committee with a copy of the email?

Mr McDonald—We can take that on notice..

Senator RONALDSON—I presume that would have referred to a building productivity seminar over the five days?

Ms Paul—That is right.

Senator RONALDSON—Did it use those words?

Ms Paul—Not necessarily. We will have to take it on notice and get it for you.

Senator RONALDSON—Was it or was not it, Miss Paul? Did it mention the words ‘building productivity’?

Ms Paul—Yes.

Mr McDonald—I think it did, from memory. I will check.

Senator RONALDSON—What were the criteria for the staff? Did you have to be unhappy to get one of the gigs?

Mr McDonald—No. It was an expression of interest from staff. The expression of interest process is not unique. We do that for other opportunities. Then there was a selection process conducted within each of the clusters in the organisation. They selected, from memory, up to 10 participants from each. There was the broad section of classifications that I talked about earlier. It was based on people’s interest in attending. There were criteria; I just cannot remember what they were.

Senator RONALDSON—I am just wondering why you would be paying 6½ thousand dollars for people to be taught how to be happy, when you actually did not know whether they were unhappy.

Ms Paul—For starters, it was not actually about teaching people how to be happy; it was about—

Senator RONALDSON—That is what the expertise—

Ms Paul—it was about building productivity inside the organisation.

Senator RONALDSON—That is what the expertise of Dr Seligman is.

CHAIR—That is not what we have talked about so far this morning, Senator Ronaldson, so just—

Senator RONALDSON—With the greatest respect, Chair, you might not be talking about it—

CHAIR—No, it is not with the greatest respect at all, because you are not showing any. So let Ms Paul—

Senator RONALDSON—But Dr Seligman has certainly got expertise in—

CHAIR—answer the question.

Senator CROSSIN—Order! Senator Ronaldson, I can hear the chair talking, I think.

CHAIR—Ms Paul, please continue with your answer.

Ms Paul—So just to clarify, as I started saying, it was not about making people happy, as it were. It was about both wellbeing and productivity inside the organisation, and we were fortunate enough to build leverage off Professor Seligman's and the University of Pennsylvania's very high international stature in these areas, particularly being familiar with his work with schoolchildren in the UK and Australia.

In terms of selecting our people for the opportunity—it was highly competed for because of Professor Seligman's very high international standing—we were particularly keen to choose people from an entire vertical slice through the organisation who would be able to take the learnings and use them in their broader workplace afterwards.

We were fortunate to be able to access the services of an organisation with such high international stature, but of course this is part of a suite of training opportunities, or learning and development opportunities, that every organisation goes through—hence my reference before to the fact that we could have gone to the AGSM or the Melbourne Business School. Every agency does training, but, because Professor Seligman was working nationally with teachers, we were able to leverage this opportunity, which was very fortunate for us.

Senator RONALDSON—Who initiated Dr Seligman's attendance in Australia? Was that the Geelong Grammar School or was that the department?

Ms Paul—It was Geelong Grammar, I think.

Senator RONALDSON—So Geelong Grammar came to you and said, 'We are bringing out this Professor Seligman; can you assist with defraying his costs?' Was that the approach from Geelong Grammar?

Mr McDonald—In relation to the departmental course, I think Ms Paul summed up that the costs were separate from those of the teacher program. In relation to Dr Seligman, as Mr Burmester said, there were two courses run there for teachers—

Senator RONALDSON—Have you got copies of the correspondence between Geelong Grammar School and the department which initiated this whole process?

Mr Burmester—Senator, if I could give you a bit of background on the reason why Dr Seligman was in Australia. Geelong Grammar have decided—their governing council and principal—to instigate a whole school program based around Seligman's work. They see that as important to the future of the kids that go to Geelong Grammar. Given that they were sponsoring their own internal development for all their teachers in a whole-of-school approach, they also thought, 'There's a broader education community that could benefit from the same work,' and they sponsored the two conferences that I talked about earlier. They involved teachers from both government and non-government sectors around Australia, so it was an open conference. People could nominate to go and then go to those conferences, to which the Commonwealth paid the \$350,000 contribution.

Senator RONALDSON—Did Geelong Grammar come to the department and indicate to you that the cost of bringing Dr Seligman and this massive entourage was going to be X hundred thousand dollars or \$1 million, whatever it might be, for a one- or two-month period and then start discussing with you how the department could help defray those costs? Was that the initial approach from Geelong Grammar?

Mr Burmester—Not as I understand it. The—

Senator RONALDSON—But you will give me the information, Ms Paul—

Ms Paul—We can take it on notice.

Senator RONALDSON—in relation to the correspondence between the department and the school?

Ms Paul—Sure.

Senator RONALDSON—And any phone discussions between the grammar school and the department in relation to Professor Seligman's time in Australia.

Ms Paul—We are happy to take on notice the trail of interaction; that is fine.

Senator MASON—For the record, I have here the Princeton alumni profile of Dr Martin EP Seligman:

Martin EP Seligman works on positive psychology, learned helplessness, depression, and on optimism and pessimism.

Does that sound right, Mr McDonald?

Mr Johnson—That is a dimension of his expertise but the research you quoted from previously is only one element of a broader application to organisational wellbeing. Our particular interest in engaging with Dr Seligman was in the context of pursuing strength based approaches to work, building on the strengths and capabilities of individuals in problem solving, strategic planning and building capability across the organisation. It is quite

appropriate to characterise his particular expertise in some of those areas but his research, as Ms Paul has indicated—

Senator MASON—That is how he describes it.

Mr Johnson—But that research has been applied far more broadly internationally—in the UK, Canada, the United States—in a range of applications in the education sector to look at building individual capabilities and productivity.

Senator MASON—Maybe he is a particular expert on optimism, pessimism, depression and positive psychology. That is what he says.

Senator RONALDSON—Was there a questionnaire sent out to participants as reported in the press and the 240 statements applying to them? Ms Paul, did you see that when you were opening this conference?

Ms Paul—No, I did not see it in opening but it was part of the preparatory work that people did. We can take that on notice and let you know what that was.

Senator RONALDSON—Perhaps we could have a copy of those 240 statements. It was reported that people were asked how well the 240 applied to them, including in the group: ‘I try to make sure that everyone feels included, I have no trouble eating healthy foods, I have never deliberately hurt anyone, I have always expressed my thanks to people who care about, it is important that I live in a world of beauty.’

Senator MASON—I do, Senator Ronaldson!

Senator RONALDSON—It is all sounding happiness based as opposed to the building productivity that you seem to believe it was based around.

CHAIR—Does anyone want to response to that?

Mr McDonald—In relation to that article—not that I have looked at it for some time—I think you said 240 parts; they picked out three or four, from memory. That is why we would have to take it on notice because that article was written before we had even held that course.

Mr Johnson—My recollection is that that questionnaire related to engagement with public and private sector teachers in the workshops Mr Burmester referred to previously.

Senator RONALDSON—Will you take on notice, please—a copy of the program for that week?

Senator MASON—The course materials outline.

Senator RONALDSON—In relation to this communication that you are talking about, the 100 people going out and spreading the word to their colleagues, what is the process with that? Have they been asked to write papers? Are they organising happiness morning and afternoon teas or happiness lunches? What is the process for spreading the word?

Senator IAN MACDONALD—Proselytising.

Ms Paul—I think we described that before. Perhaps Mr McDonald can repeat himself.

Mr McDonald—In relation to learning from the productivity cause, as I said earlier, our people and leadership committee will look at how to cascade that through the organisation and imbed that in the organisation. I referred earlier to a couple of mechanisms to do that. I

mentioned that there will be a train-the-trainer seminar in the workplace and people would provide seminars on their learnings coming from it. That is not unusual. We do that in the organisation more widely for other courses. We already have people who are very keen to do that.

Senator RONALDSON—Are the group of 100 overseen by a higher level bureaucracy or someone from the department who is going to be able to coordinate that who is spreading of the word?

Mr Johnson—As Mr McDonald indicated, we are adopting a coordinated approach to bringing together feedback from the workshop and structuring advice to our people leadership committee. Through the corporate functions in the department, we will be managing a comprehensive strategy to build on the investment in the wellbeing and productivity program.

Senator RONALDSON—So you are using the word ‘wellbeing’ in the description of the outcomes of this?

Mr Johnson—As I think I commented earlier, building wellbeing and capability of our employees, and strengthening their engagement in the department, is a critical component to driving improvements in productivity and performance. It is in that context that we will seek to take forward some of the learnings from the course in areas such as performance management, leadership and communication.

Senator MASON—Did you attend, Mr Johnson?

Mr Johnson—Regrettably, I did not.

Senator MASON—Who attended? Ms Paul, you opened it.

Ms Paul—I did.

Senator MASON—I just wish you had invited me!

Mr McDonald—There was a wide range of people.

Ms Paul—There was a wide range of people who attended, from right across the department, including—

Senator MASON—Mr Burmester, you did not go? You always strike me as a very happy fellow, anyway!

Mr Burmester—No. Unfortunately, I could not make it.

Senator MASON—Mr Kriz, you did not go?

Mr Kriz—No.

Senator MASON—What a pity.

Senator RONALDSON—Did any of the officers behind us go to the seminar?

Mr McDonald—I am not aware.

Ms Paul—Some officers would have gone. We could give you the details—the levels and so on—of who went.

Senator RONALDSON—Could I just take up the point that Senator Mason so emphatically made: if you look through all the work of Dr Seligman, I cannot read one word

about building productivity—which was the theme that underpinned this extravaganza of a week at \$6½ thousand a head. There is no mention of it at all.

Ms Paul—I would have to take issue with the word ‘extravaganza’. As I said, every organisation offers its people training opportunities and this one was quite inexpensive compared to the ones I have named before. What was the rest of your question?

Mr Johnson—Senator, as I commented before, I think a couple of the observations that you have made are on one dimension of not just Professor Seligman’s expertise but growing work in this area more broadly focusing on building wellbeing. In that context, some of the key themes that we focused on in the development of the program were around positive approaches to building on individual and organisational strengths and supporting communication and planning in that context. I would make the point—and I think I mentioned it earlier—that this links directly to a growing level of international activity around building wellbeing indicators at an individual, organisational and national level in the UK, the United States and Canada. In that context, our interest is not just in terms of partnering with the education sector domestically but in how as an employer we can build the organisational capability of our staff.

Senator RONALDSON—Wikipedia, on learned helplessness, states:

Seligman’s foundational experiments and theory of “learned helplessness” began at Cornell University in 1967, as an extension of his interest in depression. Quite by accident, Seligman and colleagues discovered that the conditioning of dogs led to outcomes that were opposite to the predictions of B.F. Skinner’s behaviorism, then a leading psychological theory ...

Seligman developed the theory further, finding learned helplessness to be a psychological condition in which a human being or an animal has learned to act or behave helplessly in a particular situation—usually after experiencing some inability to avoid an adverse situation—even when it actually has the power to change its unpleasant or even harmful circumstance.

This man is clearly an—

CHAIR—Senator Ronaldson, just one moment, please.

Senator Carr—Mr Chair, I was waiting for a question. We have now listened patiently for nearly 50 minutes to this attempt to ridicule and belittle international experts concerned with what is a standard in-service training program for employees of the department and for teachers. I am not certain of whether or not Senator Ronaldson intended to do that, but that is clearly the impression he has gained. It is now at the point where we are simply trying to denigrate and ridicule individuals. Is there a question here? If not, can we move on to something of more substance?

Senator RONALDSON—Senator Carr, I will—

CHAIR—Just a moment. Minister Carr—

Senator RONALDSON—Well, I have been invited.

CHAIR—Unfortunately, I cannot assist the senators on whether they want to take the high road or the low road. That is simply a matter for them.

Senator CROSSIN—Or the non-education road.

CHAIR—Senator Ronaldson.

Senator RONALDSON—You might call it the low road.

CHAIR—I do.

Senator RONALDSON—I think a million dollars of taxpayer' funds in relation to a happiness week, quite frankly, is not helping the Australian economy—

CHAIR—That is not the evidence that has been presented to you, Senator Ronaldson.

Senator RONALDSON—So there is no-one in this country—

CHAIR—You can continue to misrepresent what has been put to you as much as you like for your own purposes.

Senator RONALDSON—There is no-one in this country that can deliver a million dollars of building productivity seminar. That is outrageous.

Senator CROSSIN—Senator Ronaldson, the chair is talking.

Senator RONALDSON—That is absolutely outrageous.

Senator CROSSIN—Chair, on a point of order.

CHAIR—I am going all right here.

Senator CROSSIN—I think you should take a point of order. I am a bit tired of Senator Ronaldson talking over the top of the chair.

CHAIR—All right. Senator Ronaldson, do you want to come back and ask a question or not?

Senator RONALDSON—There is not one person in this country that can spend a million dollars on building productivity. That is outrageous.

Ms Paul—It was neither a million dollars nor happiness based.

Senator RONALDSON—It was a million dollars. You have actually funded the trip for this fellow to come out here with an entourage, this big group, to spread the word—

Ms Paul—We have already given the evidence on the cost.

Senator RONALDSON—when you could quite easily have contracted, as you said before, a lot of people in this country. Why did you not go to a local provider and spend a million dollars for an Australian provider?

Ms Paul—For starters, it was closer to half a million dollars and, secondly, if we had gone to a local provider, which there aren't any anyway, we probably would have been paying \$12,000 for five days, \$8,000 for five days, \$7,000 for five days, \$8,000 for six days, depending on what you wanted.

Senator RONALDSON—Yes, and they might have actually, for that \$12,000, had some expertise in building productivity, and nothing I have seen or read indicates that this is this man's background.

CHAIR—Senator Ronaldson, you are welcome to form any opinion you like but you are supposed to be asking questions.

Senator RONALDSON—If you think that is reasonable expenditure, others will make a judgment about that.

CHAIR—You have been given the answers. Have you got more questions on this topic?

Senator RONALDSON—People will make a value judgment about that, so I think I have probably finished on this particular area.

Senator MASON—Are you happy?

Senator RONALDSON—No, I'm not happy, Senator Mason—I'm not happy at all!

CHAIR—Yes, well, this is a theme with you and some of your colleagues at the moment, I understand.

Senator MASON—I am always happy, Chairman. I am a study in happiness!

CHAIR—And you can't count, and you keep telling us that.

Senator MASON—It is a theme of mine.

CHAIR—Do you have any more questions in the cross-portfolio area?

Senator MASON—Perhaps next time, Ms Paul, you can invite me along to the happiness seminar. I would love to come.

Ms Paul—Sadly, Senator, it was only for my own staff.

Senator JACINTA COLLINS—I think you really wish you had had a weekend at Geelong Grammar.

Senator RONALDSON—I did not think you guys liked Geelong Grammar. I am a bit surprised you let the conference be held there.

CHAIR—You have been launching into the vicious attack on that institution, Senator, not us.

Senator MASON—Back to other tenders. Ms Paul, just going through the last couple of tenders that I had to address, there is a project scoping in Saudi Arabia. I have no idea where I am going with this; you will have to help me. I understand from looking at the website that \$49,000 has been paid, for project scoping for Saudi Arabia from 1 September 2008 to 30 September 2008, to Tertiary Education Consulting Services in the area of vocational education and training. Why has project scoping occurred in Saudi Arabia?

Ms Paul—We could give you more details under the international section, which is the last on the list for today, when my international people would be able to help you on what the project scoping is. But, basically, I imagine this work is to support our international education effort and, by the sound of it, it is for vocational education. Of course, international education is now Australia's third largest export industry, at \$14 billion a year.

Senator MASON—Indeed. The minister and I know that.

Ms Paul—Saudi Arabia is one of our growing markets. We are doing increasingly well in Saudi Arabia and it is very important to Australia as a market because some of our traditional markets are in decline. So it is project scoping, I would imagine, although we can clarify this tonight, particularly if we need to give you more information.

Senator MASON—Yes. I just read of the contract and I am interested.

Ms Paul—I imagine it is about scoping the capacity for vocational education to have a presence in Saudi Arabia, which is all about supporting our export industry, basically.

Senator MASON—On your website, Ms Paul, there is a video or a movie on 12 months of achievements and you highlight your five greatest achievements over the last 12 months: (1) trade trading centres; (2) the Digital Education Revolution—and I might debate that with you, Ms Paul, but let us not debate that now—(3) child care; (4) building better universities; and (5) fair workplaces. What was the cost of making this video, if that is the right word?

Ms Pearce—I do not have an answer to your question but it would not be very much because we basically did it in-house.

Senator MASON—Do you feature in it, Ms Paul?

Ms Paul—I do not know—I do not think so.

Ms Pearce—I can take it on notice.

Ms Paul—It does not sound like one of the ones that I was in and I do not appear on our internet. I sometimes appear on our intranet but not on our internet.

Senator MASON—You do not have a homepage?

Ms Paul—No, nor do I have Facebook.

Senator MASON—How many staff hours were spent making the video? I do note that in that list of the five greatest achievements there has been no mention made of employment. Why is that?

Ms Paul—It probably depends on the timing of the video and what was happening at the time. We will look into that for you and give you the dates this was done and so on and the cost.

Senator MASON—Employment was not one of the great successes of the department in the video that was made?

Ms Paul—As I am sure we will be discussing tomorrow under the relevant item, the reform of the employment services system has been quite an outstanding achievement over the last year, actually, as well as of course a whole range of other measures which are more recent. Probably all of those things are more recent than this video. But we can confirm that for you.

Senator MASON—Are they listed in order of success? Are trading centres the greatest success, moving down to fair workplaces? Are they listed in order of success, Ms Pearce, do we know?

Ms Pearce—I cannot comment on that. I would have to take it on notice. I am not sure how it achieved that sort of order.

Ms Paul—I would be very surprised if it were, Senator.

Ms Pearce—I think that it rolls through, doesn't it?

Senator MASON—Why isn't estimates mentioned, Mr McDonald, as one of your great successes? Why don't I make an appearance, and the chairman?

CHAIR—For obvious reasons, Senator!

Senator MASON—Thank you very much! You did not mention the computers in schools program. Is it part of Digital Education Revolution?

Ms Paul—That is covered by the Digital Education Revolution—

Senator MASON—Then that is one of the successes?

Ms Paul—Absolutely.

Senator MASON—Ms Paul, that is sailing very close to the wind. We will leave it at that. Thank you.

Senator RONALDSON—I have a question about Samuel Dennis Glover who was given a contract for some \$46,000 between February 2008, according to the AusTender document of 6 February 2009, as a speechwriter. Who has got some information on that contract?

Mr McDonald—Ms Pearce would be able to help you.

Senator RONALDSON—What was the actual date of that contract?

Ms Pearce—I do not have the date of the contract but I can certainly take that on notice.

Senator RONALDSON—Is that contract still running?

Ms Pearce—Yes, it is. I think it was a deed of standing offer, but I would have to actually check that.

Senator RONALDSON—I understand it was for \$46,000 for 12 months. Do you know if that is correct?

Ms Pearce—That sounds correct, Senator.

Senator RONALDSON—And that contract has been extended?

Ms Pearce—It has.

Senator RONALDSON—How long has it been extended for?

Ms Pearce—The reason we extended it was because we went out trying to get some internal speechwriting resources about mid-year last year and could not pick up any speechwriters. It is very difficult to hire speechwriters and it particularly was last year.

Senator RONALDSON—Are you saying that there were not many speechwriters within the department?

Ms Pearce—We were trying to get permanent speechwriters. But what we have now done, as a result of the lack of success in picking up people as permanent speechwriters in the department, is go out to a panel arrangement. That is in progress at the moment and we are hoping to pick up a panel from which we can select speechwriters.

Senator RONALDSON—Has Mr Glover's contract been extended for a set period of time?

Ms Pearce—I would have to check on that, Senator.

Senator RONALDSON—You can take it on notice. How many external speechwriters are currently employed by DEEWR?

Ms Pearce—I would also have to take that on notice. I am not sure of that.

Senator RONALDSON—You know you have got troubles finding them, but you do not know how many speechwriters are actually employed externally by DEEWR?

Ms Pearce—No. I do not know—

CHAIR—Senator Ronaldson, the question has been taken on notice.

Ms Pearce—whether we have gone to a whole range of speechwriters or not. That is why we are trying to go to a panel arrangement—so that we actually have a list of people we can go to.

Senator RONALDSON—Who recommended Mr Glover for this position?

Ms Pearce—I cannot actually remember who recommended him, but—

Senator RONALDSON—Because it was not a tender position, was it?

Ms Pearce—No, it was not.

Senator RONALDSON—But you were having trouble finding speechwriters last year, and I presume Mr Glover was recommended to you, was he?

Ms Pearce—Yes, and I cannot remember who recommended him. But he has been used as a speechwriter across the Public Service; I do know that.

Senator RONALDSON—Can you take that on notice, please, as to where the recommendation came from.

Ms Pearce—Yes.

Senator RONALDSON—Now, you are aware of course, aren't you, that Mr Glover is a former Labor staffer who worked for three leaders of the former opposition?

Ms Pearce—I am not aware that he has worked for three leaders of the opposition, but I know that he has had some experience working as a staffer, yes.

Senator RONALDSON—Where was Mr Glover based?

Ms Pearce—I think he is based in Melbourne.

Senator RONALDSON—Was he based in a DEEWR office or was he based elsewhere?

Ms Pearce—No, he would not be based in a DEEWR office. We contract the speeches from him, so he would not be based in a DEEWR office; he would periodically talk to various people in line areas, depending on the speech he was writing.

Senator RONALDSON—So was he working out of a minister's office, for example?

Ms Pearce—No, definitely not. I think he just works from home.

Senator RONALDSON—You know for sure that he was not working out of a minister's office or you do not think he was?

Ms Pearce—I have no reason at all to believe he was working out of a minister's office.

Senator RONALDSON—Who was he writing speeches for?

Ms Pearce—He was writing speeches for the Deputy Prime Minister.

Senator RONALDSON—The Deputy Prime Minister. Was he writing speeches for anyone else?

Ms Pearce—I am not sure. You are talking about within our portfolio, Senator?

Senator RONALDSON—Yes.

Ms Pearce—No.

Ms Paul—It was broadly across the public sector, so he may be working for other portfolios that we might not know about—

Ms Pearce—That I do not know about, yes.

Ms Paul—That is Ms Pearce's point.

Senator RONALDSON—But the approximately \$46,000, 12-month, now extended contract was to write speeches for the Deputy Prime Minister?

Ms Pearce—Yes.

Senator RONALDSON—And for no-one else?

Ms Pearce—No, no—for the portfolio. But I think it was essentially for the Deputy Prime Minister. We could actually call on him to write other speeches, yes.

Ms Paul—Yes. He is a contractor, so we could call on him to write whatever speeches are—

Senator RONALDSON—I am sure that is absolutely right, but I got the answer that that actually did not happen and this man is a speechwriter for the Deputy PM. When you—

Senator Carr—Senator Ronaldson, you were told he writes speeches for the Deputy Prime Minister amongst other people. He is a contractor to the department.

Senator RONALDSON—No, that was not the answer I was given. The answer was that this particular—

Senator Carr—I think if you listened carefully—

Senator JACINTA COLLINS—It was the answer I heard, Senator.

Senator RONALDSON—Yes, well, of course you would have! The answer I was given was that Mr Glover may well work for other people within the Public Service, but this particular contract, which has now been extended, was to write speeches for the Deputy Prime Minister—

Ms Pearce—We could call on him to write speeches for any of the ministers, under the contract.

Senator RONALDSON—Yes, I know you could, but that was not what he was doing. As you said, he was writing speeches for the Deputy Prime Minister—which the *Hansard* will clearly show, thank you. You went out to seek speechwriting expertise for the department; are there any internal speechwriters at all within DEEWR?

Ms Pearce—Yes, we have a small team of speechwriters.

Senator RONALDSON—So why was it that you could not use that small team of speechwriters to write these specific speeches for the Deputy Prime Minister?

Ms Pearce—We have five ministerial offices within this portfolio. The volume of speechwriting is quite enormous. When we first set up as an agency, I do not think we anticipated the volume of speeches and we only had a small team to begin with. So we knew, when the volume started flowing, that we would need extra speechwriting capacity, and that is why we went into a contract. We immediately then started to advertise across the Public Service to get speechwriters. We did not pick up anybody that was suitable. Since then we have gone to a panel arrangement, which we are finalising.

Ms Paul—Of course, other people do write speeches for the Deputy Prime Minister, as they write for the other ministers and parliamentary secretaries in the portfolio. It really depends who is available and what the pressures are. The work does get spread around.

Senator RONALDSON—So you have Mr Glover doing the permanent speechwriting for the Deputy Prime Minister and others doing speechwriting for her as well?

Ms Paul—He is not permanent; he is a contractor. Our permanent people will write right across the board, including for the Deputy Prime Minister on occasion.

Senator RONALDSON—He has been appointed on a 12-month contract and he has had that contract extended. In the sense of that there is a permanent responsible. He is writing speeches for the Deputy Prime Minister on a permanent basis at this stage.

Ms Pearce—Do you mind if I add something? In my experience of running this area, it is not an unusual practice to bring in speechwriters to pick up the slack or to fulfil a particular role for us in the speechwriting area. I have had lots of experience of it in the past.

Senator RONALDSON—That is absolutely right; I could not agree with you more. My question to you earlier on was this. On whose recommendation was a former Labor staffer, who had worked with three leaders of the opposition, given this substantial contract, which has now been extended? You have agreed to take that on notice. I will await the answer with great interest. Do you know off the top of your head whether it was the Deputy Prime Minister herself?

CHAIR—The question has been taken on notice.

Senator RONALDSON—I presume you went out into the marketplace to get speechwriters to join this internal group. Could you provide me with copies of the advertisements that were put out to attract people to the Public Service to this internal group?

Ms Pearce—Yes.

Senator RONALDSON—Off the top of your head, do you remember when they were last done? I am not talking about external contracts. I am talking about attracting people as permanents.

Ms Pearce—I think it was about mid-year, but I would really need to check that. I know fairly soon afterwards we started investigating how we would go about setting up a panel, which is a fairly long process.

Senator RONALDSON—So you had not done that?

Ms Pearce—We did not do that until after we had gone through the process of trying to attract people. Once we had finalised the process and we did not pick up the anticipated speechwriters, we started to investigate what else could be done—and we narrowed it down to a panel arrangement.

Senator RONALDSON—When were those internal emails seeking expressions of interest sent out?

Ms Pearce—I think it was gazetted.

Ms Paul—There was a public advertisement.

Ms Pearce—It was a normal job advertisement.

Senator RONALDSON—When was that?

Ms Pearce—I will have to take that on notice. I think it was mid-year.

Senator RONALDSON—Was it when things had been desperate—by the middle of the year—that you did that?

Ms Pearce—Yes.

Senator RONALDSON—On what basis would you have put on Mr Glover back in February last year, when there was not apparently this sense of urgency? That only occurred in the middle of the year, when you started gazetting and seeking external contribution.

Ms Pearce—I think we fairly soon after our formation as an agency realised how much work we had. I would need to see what else we did in terms of developing our speechwriting capacity. I just cannot recall the sequence.

Senator RONALDSON—This contract was first discussed in late 2007 or early 2008, was it?

Ms Pearce—I would have to check on that. I cannot recall.

Senator RONALDSON—Will you take that on notice?

Ms Pearce—Yes, sure.

Senator RONALDSON—Thank you.

CHAIR—Are there any other cross-portfolio questions?

Senator FIELDING—Yes. Could you explain to the committee what the department is doing to address the problem of bullying in schools? I know there is a National Safe Schools Framework that was finalised some years ago. Can you take us through that and any other work?

Ms Paul—The experts from the department will be here for the next section, which is on schooling. I do not have them here now. For people with me now are from my corporate areas. We are very happy to discuss that at length but the right people are not here yet.

CHAIR—It is not really a matter that is in the cross-portfolio area.

Ms Paul—It is two sections further on.

Senator HUMPHRIES—I have some general questions about budget matters in the portfolio. On the two per cent additional efficiency dividend, you gave us some information on notice last time about how the department was coping with that. Can you update us on the measures the department is taking to deal with the efficiency dividend?

Mr Storen—We did answer a question on notice last time. With the two per cent efficiency dividend, it is very similar to the way the department has been dealing with the one per cent or 1¼ per cent efficiency dividend. It forms part of our beginning position for our budget strategy for the coming year. We set our internal budgets on a reduced base. We then work through a business planning process with our groups and states in terms of what they are able to deliver for the budget we are proposing. That is then subject to a negotiation with the groups and the states to ensure the budget coverage is sufficient, and then we provide them with assistance with prioritising tasks. With the rolling efficiency dividends that we have had in the public sector for quite some time now, managers are quite adept at identifying priorities and living within the budgets that they are provided. It is very difficult to go straight to the question: ‘There was a two per cent efficiency dividend—what specific reduction did you make to meet that?’ Because of the way we manage our internal budgets, it is part of the prioritising and business planning process that we undertake.

Senator HUMPHRIES—Well, has the exercise involved any change to the staffing establishment of the department?

Mr Storen—As part of the whole staffing establishment impacted on the two per cent efficiency dividend, the 1¼ per cent efficiency dividend and the range of budget measures—both budget measures that increase the staffing and budget measures that decrease it—yes, it does have an impact on the overall establishment for the department.

Senator HUMPHRIES—Can you give me, for example, the figure for the number of staff as of 30 June 2008 and the number of staff as of now in the department?

Mr Storen—I can give you some overall numbers. I will give these in terms of average staffing levels, which is the full-time equivalent. Generally, the actual number of staff will be more than that because of the effect of part-timers and so forth. Our ending position in 2007-08 was budgeted in the budget documentation at 5,490 ASL. Our budgeted ASL—ASL is a whole-of-year concept—was in the realm of 5,300.

Senator HUMPHRIES—So that is a reduction.

Mr Storen—It is a reduction. What we are actually running at the moment is in the realm of 5,400. I do not have the precise number with me.

Senator HUMPHRIES—Could you take that on notice?

Mr Storen—Yes.

Proceedings suspended from 10.29 am to 10.46 am

[10.46 am]

CHAIR—Order! The committee will recommence with questions in the cross portfolio area. I have been advised that the minister has been unavoidably detained for a short period. If there are questions that need to be referred to the minister, or questions directly to the minister, we will come back to them when the minister returns.

Senator HUMPHRIES—Thanks, Mr Storen, for the answers you gave before the break. Can you tell me whether you consider any of those projected or actual staff reductions that you expect by the end of this financial year to reduce any of the activities that you regard as core business of the department?

Mr Storen—In defining core business, are you referring to the program delivery activities of the department?

Senator HUMPHRIES—I am thinking about the level or quantity of any services that you provide, participation in any activities that might be regarded as central to the work of the department. You are in a better position to describe your core activities, I suppose, than I am. I am trying to get a feel for what exactly this means for the department and how you are coping with it.

Mr Storen—Much of the answer really goes to the core of priority setting and how we work with business areas on setting the priorities. The whole intention of business planning and priority setting is to precisely address the issue you are raising, which is to ensure that our staffing resources and other resources are applied to the most important core business deliverables. Any budgetary reductions we need to incur are from activities where we can rationalise the amount of effort involved, which might be administrative activities around the number of times a particular piece of work needs to pass through a set of hands.

Senator HUMPHRIES—I understand the process. I am really more interested in the outcomes. What does it actually mean for the outcomes in this department?

Mr Storen—It is hard to say until we get through to the end of the year. But I would say no, we have not impacted on core business deliverables.

Senator HUMPHRIES—Has that impacted on service standards in any way? I mean delivery times of things that you do.

Ms Paul—Not so far. I think because we have really tried to run a pretty tight prioritisation process and really hit the main themes. Touch wood but, I think, so far we are pretty right.

Senator HUMPHRIES—Are you working on additional capacity to do that sort of thing if you have to cope with further cuts this year?

Mr Storen—Additional capacity to work through priority setting?

Senator HUMPHRIES—And cope with less money?

Mr Storen—Yes. We have actually initiated an initiative within the department that we are calling better ways of working, which is looking across the breadth of the department, asking staff for their input as well as looking at various business processes about how we can rationalise the number of steps—in particular, processes—without losing the deliverables so that we can continue working within the budget that we were provided.

Senator HUMPHRIES—You might have seen the report in the newspaper the other day about sick leave. Can you give me an indication of whether there has been any greater taking up of sick leave in the department in the course of this financial year compared, say, with previous years?

Mr McDonald—As I said earlier, the department is a bit unique compared with other agencies because of what has been brought together—the three pieces of the old DEWR, the old DEST and parts of FaCSIA. So we have really only got diagnostics for this year in relation to that. As I said earlier to Senator Mason, we are focusing on how we can bring sick leave and absenteeism down. One of the ways of doing that is, I think, around ensuring that our people and leadership committee are focused on that indicator to see how things are going. Obviously we are also working across the organisation to ensure that, as the organisation moves out of its first year, a lot of the change that was going on in the department is starting to settle, so people are likely to be more engaged with the new agency rather than their old agency, if you like. We will also look at preventative measures, such as flu shots and the like, to see whether this year we can prevent that sort of winter spike that you get. So my experience with it is that you focus on it and have discussion about it and try to prevent illness. At the same time, I think you have to be careful that you do not get people coming to work who are ill as well. It is passed on to other people and you end up in a worse position. So it is just getting that balance right. So, yes, I agree. We are focused on it. We heard the earlier discussion that Senator Mason had.

Senator HUMPHRIES—Can you tell me if there are any changes underway or planned for graduate recruitment, cadetships or other programs for new blood in the department?

Mr McDonald—In relation to our recruitment for the year, we look at that overall. Mr Storen talked earlier about the budgets in particular areas. We then look at that against our overall objectives for the agency. We do that through our people and leadership committee. So this year I think we took in around 100 graduates and we are taking cadets as well. We have an ongoing desire—

Senator HUMPHRIES—So graduates as well as cadets, did you say?

Mr McDonald—As well as cadets, yes.

Senator HUMPHRIES—How many cadets, approximately?

Mr McDonald—I do not have that number with me, but we can certainly get it for you.

Senator HUMPHRIES—Thank you.

Ms Paul—We take some apprentices too, usually, Senator. So we will often take cadets and apprentices and graduates. But we can break that down for you, if you like.

Senator HUMPHRIES—What sort of apprentices do you take?

Ms Paul—Actually studying a certificate IV in government. So it is not a trades based apprenticeship.

Senator HUMPHRIES—You call them apprentices?

Ms Paul—Yes. They can be.

Senator HUMPHRIES—That is good to know.

Mr McDonald—And certainly getting new blood and entry level recruitment is an important aspect of us building the organisation over time. So it is an area that we do focus on. Our graduate program is quite extensive in the support we give our graduates to ensure they are engaged in terms of what it is like to be a public servant as well as with the organisation itself.

Senator HUMPHRIES—So you are not projecting any significant change to the volume of people that you put through as cadets, graduates or apprentices?

Mr McDonald—If you bring the previous departments together and look, you would say that the graduate numbers have decreased this year. However, there was a decision taken by people and leadership at the time that for this intake that has just come in—we aim to take in 100. I think it was marginally higher than that. That allows us to settle and see overall in the organisation what our ongoing requirement is going to be. But in terms of graduates it will be significant. It will be that sort of number. It will be 100 or a figure around that.

Senator HUMPHRIES—And that is only slightly lower than previous years?

Mr McDonald—Yes. I would have to get the exact figure, but from my recollection it is lower. The decision was taken—I do not know when—in the middle of the year, I think, that this year we would go for 100. We also have Indigenous cadets. We try to recruit Indigenous graduates as well. So we are very keen to build diversity in the organisation as well, as we go along.

Senator HUMPHRIES—Do you expect to achieve the difference between the 5,490 ASL, as of 30 June last year, and the 5,300 through attrition?

Mr McDonald—Yes. In terms of the staffing, yes, we would, and through some efficiencies of bringing the new agency together. So if you think about the corporate areas, for example—the areas I am responsible for—in bringing those areas together, there are opportunities to get efficiencies in relation to that. We might have had two CFOs or two HR managers. So there are some efficiencies there. As Mr Storen talked about earlier, we are also looking at efficiencies of process. That will feed into our ongoing recruitment target, if you like.

Senator HUMPHRIES—I will ask you some questions on notice about consultancies. Can you indicate just broadly whether the expenditure on consultancies has increased, decreased or remained the same this year, compared to last year?

Mr McDonald—I think Mr Kriz is best to handle that question, Senator.

Mr Kriz—It is a good news story for this department in relation to that sort of an issue. I have figures here that go back four or 4½ years. Whether you look at new engagements, ongoing engagements or whether you look at value expenditure or the total picture, it is all basically good.

Senator HUMPHRIES—Good as in less or more?

Mr Kriz—Good in terms of the fact that there has been no increase. There have been decreases, if anything. For example, in terms of value, they peaked in 2005-06. Since then, it has decreased significantly to be at the lowest point in 2007-08. These are full-year figures. In terms of—

Mr McDonald—So if you look at that, a good example would be our figures are trending down. In 2005-06, there were 456 contracts that were worth \$62 million. Last year, 2007-08, which are the latest audited figures I have, they looked at about 178, at a value of about \$20 million.

Senator HUMPHRIES—Sorry. I did not catch that.

Mr McDonald—At a value of \$20 million.

Senator HUMPHRIES—\$20 million in consultancies. How many consultancies for \$20 million?

Mr McDonald—The actual number for new engagements last year, 2007-08, was 178.

Senator HUMPHRIES—Did you say there were 450 contracts in 2005-06?

Mr McDonald—456.

Senator HUMPHRIES—That is quite a large reduction. What do you attribute that to?

Mr McDonald—In terms of the way it is trended, because those figures come from across the respective agencies, like the previous agencies that we have brought together, I cannot think of what circumstances were in place in 2005-06 that necessitated that. But there must have been something.

Mr Kriz—It fluctuates so much. In 2004-05, total newly let consultancies was 239. In 2005-06, it was 456. In 2006-07, it was 365. In 2007-08, it was 178. In part, it is linked into what the department has to deliver for the government of the day.

Senator HUMPHRIES—You said you had some figures on a four- or five-year projection. Can you table those for us?

Mr Kriz—Yes. I think I can. Would you like to get a table now?

Senator HUMPHRIES—That would be great. Thank you very much indeed. The government has introduced the Federal Financial Relations Bill, which appropriates money to Treasury to pass on to the states. Has this department received any appropriations that will be transferred to Treasury as part of that process?

Mr Storen—I will take the question a little more broadly, Senator. Yes, there are appropriations that were historically paid by this department that will be taken over through the Treasury payment functions. They fit within the schools, vocational education and training and the childcare area in descending order of size.

Senator HUMPHRIES—Can we have the details of those on notice?

Mr Storen—I can provide on notice the particular acts and the funding that will be transferred.

Senator HUMPHRIES—That includes the amounts that have been transferred?

Mr Storen—That is correct, yes, Senator.

Ms Paul—It would.

Senator HUMPHRIES—Thank you very much. I want to ask you a broader question about your capacity. I note the reduction in the number of consultancies and the reduction in

the staffing establishment. Do you believe that the department has enough analytical resources at its disposal to deal with the policy development and the conceptual issues that you need to confront by way of advice to the government or by way of developing programs and implementing them?

Ms Paul—I actually think we are well served. From my perspective, being able to see the capability that came from all the predecessor departments or their parts, I am really very impressed. I guess the larger organisation has afforded us to really achieve some scale in some of those areas. For example, the research and analytical group that we have is a substantial group with a lot of expertise—economists, econometricians, mathematicians and so on. It is impressive for me to see the capability there. Obviously it derives from the talents of those people. It also derives, I think, from the capacity to have large scale.

Senator HUMPHRIES—With the development of the Fair Work package, has this all been done by staff directly employed by the department, or were there consultancies let to prepare that legislation?

Ms Paul—I think largely it has been through our structure—our own staff who have been with the department for many, many years. I would need to either take that on notice, Senator, or ask tomorrow when the workplace relations folk are here whether we have used consultants. We may have. But we have a significant legal area in that area, of course, and it has been there for a long time.

Senator HUMPHRIES—Did your agency use any depreciation funding for recurrent expenditure in 2007-08?

Mr Storen—Yes, Senator. There is a parliamentary question I think we have answered that goes to a very similar issue that we could probably provide on notice to this committee, if you like. But part of our capital budget is funded through appropriation that covers depreciation expenses, yes.

Senator HUMPHRIES—Did your agency use any depreciation funding for recurrent expenditure this year, or has it used it so far this year?

Mr Storen—I am just struggling over the word ‘recurrent’, because in accounting parlance it has a different meaning. We have used appropriation provided to cover depreciation expenses for capital acquisitions this financial year.

Senator HUMPHRIES—Has any depreciation funding been used for purposes other than the replacement of capital items in 2007-08?

Mr Storen—In general, the depreciation funding is used for either the replacement or acquisition of new items or new capital items. I cannot think of an instance or year where that has got out of kilter. A financial year is to some extent an artificial artifice between periods. But in general, no.

Senator HUMPHRIES—If you become aware of that money being used for non-capital items, could you let me know. Can you tell me how much the department has spent on the replacement of capital items in the first six months of this year?

Mr Storen—I can do the first seven months, Senator. The capital acquisition so far has been \$45 million.

Senator HUMPHRIES—Is the department building any major buildings anywhere at the moment?

Mr Storen—The department is not building any major buildings as such, but we do have a lease arrangement with a building being constructed within the CBD in the city at 50 Marcus Clarke Street.

Senator HUMPHRIES—Is that the old QEII site?

Mr Storen—That is the QEII site. That is correct, Senator.

Senator HUMPHRIES—Are there any prospective major buildings that the department is looking at either building or leasing in the next year or two?

Mr Storen—Outside of the building being constructed?

Senator HUMPHRIES—Outside of that one, yes.

Mr Storen—No, Senator.

Ms Paul—Of course, once we have access to that building, we will consolidate our leases.

Senator HUMPHRIES—I want to ask you a couple of questions about the stimulus package. I am trying to think off the top of my head what was in the stimulus package, if anything, for this department by way of expenditure. Nothing springs to mind. Have I overlooked anything?

Ms Paul—Well, there was quite a bit in each of the separate packages. So some of the \$950 payment for study will be administered by us.

Senator HUMPHRIES—That is to whom?

Ms Paul—And, of course, the Building the Education Revolution of \$14.7 billion and schools construction program will also sit with us.

Senator HUMPHRIES—Of course.

Ms Paul—So you are welcome to ask questions on that under the schools items. On the payments one, we could certainly take those questions when the people are here who will be administering that, which is more in our income support area.

Senator HUMPHRIES—I am happy to leave it until then. That is fine. I think the advice we had yesterday was that there was only one question outstanding from this department from the last set of questions.

Ms Paul—Zero today.

Senator HUMPHRIES—Zero today. I think the last question was mine.

Ms Paul—Was it? I am sorry about that.

Senator HUMPHRIES—I do not want to be so shabbily treated in the future, Ms Paul.

Ms Paul—Absolutely, Senator. It must have come in late last night, and I do apologise.

Senator HUMPHRIES—Thank you. I have other questions on notice for you.

Senator CASH—I just have one question to go on notice to Ms Pearce. Are you able to provide a list of the speeches either written by or contributed to by Mr Glover, following on

from the questions from Senator Ronaldson? I just want to take you now to the national office accommodation project at 50 Marcus Clarke Street. The contract notice shows that there was a spend of \$67 million on fitting out the office. Was the contract put out to tender by the department?

Mr Storen—Yes, Senator. The estimate that we provided to the Public Works Committee, I think, was \$66.6 million in terms of the cost of the fitout. No, the cost of the fitout has not been put out to tender by the department. It has actually been put out to tender by the building developers. We have the option in the contract to do what is called an integrated fitout, which is fitting out the office space whilst the building is being constructed and having that managed by the builders themselves. So under the contract, we have exercised the right for the builders to go out to tender for all the works. At the moment, we are in the space of assessing the prices and the work packages that have come in under that process to assure ourselves that what we built is being built and has been tendered for and that it is within the budgetary constraints that we have.

Senator CASH—Just so I understand that, I estimate the works to cost \$66.6 million. Under the contract, either the department or the builder are able to put it out to tender. You have exercised the right for the builder to put it out to tender. What is the process by which the costs are actually monitored to ensure that they do fall within the estimate by the department?

Mr Storen—I will just clarify the \$66 million. There are actually two portions to the building works of the fitout. Around \$40 million is fitouts that can be done while the building is built. That has been subject to exercising this option through the contract. The balance of \$20 million-odd relates to work stations, loose furniture, chairs and so forth. The department has taken responsibility for that part of the process. We have not gone out to tender for the second category yet. In terms of ensuring—

Senator CASH—Will you go out to tender for the second category?

Mr Storen—Yes, that is the intention. In terms of the first category, the \$40 million, and the processes to provide us assurance, we have independently contracted our own quantity surveyor to provide us complete independent expert industry advice about the packages and the prices.

Senator CASH—In terms of 50 Marcus Clarke Street, is it a new building or is it an old building? I am hearing from you it is a new building.

Mr Storen—It is a brand new building from three levels of basement below up.

Senator CASH—Is that the entire building, or is that just the portion that the government will have?

Mr Storen—We have the lease option for the entire building.

Ms Paul—Once completed, under our current formulation, it will only house about half of my Canberra based staff.

Senator CASH—That was my next question. Who is going to be housed in this building?

Ms Paul—It will be DEEWR staff.

Senator CASH—And where are these DEEWR staff currently housed?

Mr Storen—I talked about 23 leases within Canberra. There are about 19 within the CBD and four at Brindabella Office Park. So the staff who will take occupancy of 50 Marcus Clarke Street will come from across that group. At the moment, we need to consider our lease strategies for our residual leases, how we manage the lease tails and so forth and the optimum occupancy for the new building in terms of business outcomes as well. So we have not populated it yet.

Senator CASH—So this is a purpose-built building, by the sounds of it. You are going to get staff who are currently distributed in other department buildings. Can I ask why it was decided to do that?

Mr Storen—We may have started the process three to four years ago. The previous education department commenced the process three to four years ago, when quite a number of large leases were coming up for expiry et cetera so we went out to market and basically asked the question, ‘We have a large group of staff to house. We would like to see some solutions.’ We did not prescribe whether it was a new building or whether it was refitted. We left open the question that we were open to a campus of buildings, not necessarily one single building. Through that process, we finalised this option. We worked through the cost-benefit analysis that is required with the Department of Finance and Deregulation to assure ourselves that, in terms of the cost of moving in, building fitout versus what would need to be required for other options was the best option for us.

Senator CASH—I want to clarify. Is it just Education staff who are going to be housed in the new building, or is it across?

Ms Paul—No, it becomes a DEEWR building.

Mr Storen—Hence Ms Paul said that up to half the department would now fit in because the previous project was based on housing the whole of one.

Senator CASH—In relation to the staff that are coming from the other buildings as those leases expire, what is actually going to happen to those buildings? So the leases will expire and the government will no longer have those leases?

Ms Paul—It is up to the building owners. They may well already be lining other tenants up. It is hard to know. Civic is very popular here, so usually there is not much gap.

Senator CASH—Has the department given any thought yet as to which buildings it will actually retain?

Mr Storen—No, Senator. The next phase that we need to work on is to strategically look at a combination of who we move into the new building and where we want to retain a presence within the existing buildings. It will work through a similar process of examining the cost-benefit of different options to how we would do that. It may even include an approach to the market.

Senator CASH—In terms of the \$25 million that will be spent on the office fitout as such, as opposed to the actual \$40 million on the building itself, this entails, I am assuming, the furniture, computers and things like that. Where do you source them from? Are they all going to be brand new or do you bring stuff over from the other offices?

Ms Paul—Part of the cost-benefit analysis, just for your interest, Senator, on this is that we have got quite a few leases at the moment where the furniture and fittings are actually very old and they are probably beyond their economic life. So we would be facing the same cost no matter where the space is. So that has been part of our equation, if you like.

Mr Storen—The next section of costs does not include IT equipment. What we are working with is to align the occupancy of the building with what is called an IT refresh. So as desktops and associated hardware come to the end of their useful life in other buildings, we would in the normal course do an IT refresh, which is new desktops. So what we are working with is to align the move to the new building with old PCs being refreshed elsewhere.

Senator CASH—When you say ‘old PC’, what is the definition of an old PC?

Mr Storen—With the accounting definition, I am pretty sure we use a three-year depreciation lifecycle. In actual fact, somewhere between three to five by the time you work through the logistics of a refresh.

Senator CASH—And that is what you would be basing this on? So if something is only 12 months old, it will come over to the new building?

Mr Storen—Or be redeployed in the existing buildings.

CHAIR—Are there any other questions in the cross portfolio area?

Mr Storen—Senator Cash asked questions about the security contract earlier.

Senator CASH—Correct.

Mr Storen—I have a little more information that could clarify it, if you like.

Senator CASH—Thank you.

Mr Storen—The contract that was gazetted is actually a five-year contract for \$7.5 million. The dates in the *Gazette* of September 2008 relate to when we commenced negotiating a new deed of variation on an existing contract. The existing contract is a three plus one plus one, so it was a three-year contract with a notional expiry date of December 2009, which you have mentioned. It then has a further two single year extensions that we could exercise. So the total value which we were required to gazette was that total original three plus one plus one for \$7.5 million.

Senator CASH—So the \$7.5 million relates to a five-year period. If you decide not to extend the contract after the initial contract period is up, what costs would be incurred for you?

Mr Storen—I could take that on notice. I am confident that it would be very close to a pro rata three-fifths of \$7.5 million.

Senator CASH—Could I get you to take it on notice and perhaps provide the figures for each of the periods. Could I also get you to take on notice, just in relation to this issue, the exact nature of the security services being provided under the contract.

Mr Storen—Yes, that is fine.

Senator CASH—Thank you very much

[11.17 am]

CHAIR—That concludes our questioning on cross portfolio items. We will now move to outcome 1, Early childhood education and child care.

Senator PAYNE—I want to start with some questions in relation to ABC Learning. This is the right area, Ms Paul?

Ms Paul—Yes, Senator.

Senator PAYNE—In a number of public comments in recent months, the minister has said that the government is working very closely with the court appointed receivers of the group known as the ABC2 Group, Mr Parbery and Mr Bryant. I understand they are managing the 241 centres which are receiving government support to remain operational. May I ask, in relation to that working situation for that process, whether the government's task force is still operational?

Ms Paul—Yes. Indeed, it will be the head of the task force, Mr Manthorpe, who will probably take most of your questions.

Senator PAYNE—Mr Manthorpe, can you tell us how many people are actually engaged within the unit that is supporting the task force?

Mr Manthorpe—Yes. We are quite a small unit. We currently have about 10 staff.

Senator PAYNE—Are any of those staff working with the court appointed receivers on a day-to-day basis?

Mr Manthorpe—We are certainly in contact with the court appointed receiver on a day-to-day basis, yes.

Senator PAYNE—How many of the 10 would have that role as their responsibility?

Mr Manthorpe—I would say probably three or four of us are in regular contact with the court appointed receiver.

Senator PAYNE—Can you inform the committee as to what that work particularly entails—what their specific roles are in relation to the management with the court appointed receivers?

Mr Manthorpe—Yes, Senator. I think it is important to make the point first up that the court appointed receiver is the decision maker in the matter of undertaking the expression of interest and sale process of the 241 centres. So we are in no sense seeking to direct the court appointed receiver, but we are, for obvious reasons, intimately interested in how that process is tracking. So we are keeping in touch with them to ensure it is on track. The court appointed receiver also is to have regard to the Commonwealth's views in undertaking their task. We have provided to the court appointed receiver suggested selection criteria to help guide their work. We are engaging with them on how they are tracking and how they are going about the task.

Senator HANSON-YOUNG—Can I just clarify something?

Senator PAYNE—Yes, sure.

Senator HANSON-YOUNG—Is that selection criteria for the successful bidder? That is what you are talking about as opposed to selection criteria for what is deemed to be a viable or unviable centre?

Mr Manthorpe—Yes. It is selection criteria around who will be the successful bidders for the centres.

Senator PAYNE—Thanks, Senator Hanson-Young. Is there any other specific advice or viewpoint that the federal government has provided to the receiver in that process?

Mr Manthorpe—We have provided some input as to how they might apply those criteria, but it is for them to determine the outcome of that process.

Senator PAYNE—What does that really mean? Input as to how they might apply the criteria. What do you mean by that?

Mr Manthorpe—I mean advice in terms of the way in which the criteria might be applied. We help them with the initial sort of shortlisting process. But it is for them to determine all of the decisions about how each bidder goes.

Senator PAYNE—So these are the criteria which include community benefit and meeting community need, demonstrated experience in the industry, financial viability and sustainability of the proposal, commitment to quality learning, willingness to take on the accrued entitlement of employees and diversity in the sector. Are they the factors which we are talking about?

Mr Manthorpe—Yes. I do not have the list of criteria right in front of me, but those ring a bell.

Senator PAYNE—A loud one, I would hope. Can you indicate what level of significance or importance is placed on each of those?

Mr Manthorpe—Only to the extent that we have suggested to the court appointed receiver that some of the criteria should be regarded as mandatory and some of the criteria should be regarded as desirable. The ones that are in the desirable category are those to do with the taking on of employee entitlements and the issue of diversity in the sector. The others around sustainability and quality et cetera we see as essential.

Senator PAYNE—So I can assume the others are mandatory if those two are desirable?

Mr Manthorpe—That is right.

Senator PAYNE—Where does that then fit with the minister's statement of 14 January, where she specifically emphasised diversity in long day care provision in an article reported in the *Age* business section? She specifically emphasised the diversity aspect and made a comment in relation to a focus on not-for-profit organisations. Can you give us some idea of the emphasis placed on that as a result of the minister's observations or otherwise?

Mr Manthorpe—Yes. The minister was, I think, reflecting on the criteria that goes to diversity, which we see as a desirable outcome. Specifically we have indicated to the court appointed receiver that we think it would be a desirable outcome if some economic scale of not-for-profit entity could gain some part of the outcome. But that is not to say that they have

to get the total outcome or anything of the sort. It is a matter for the court appointed receiver to work through that, having regard to that policy view.

Senator PAYNE—In the mandatory group of determinants of criteria, I suppose, do you rank those, Mr Manthorpe, in any particular order?

Mr Manthorpe—No.

Senator PAYNE—So they are of equal importance?

Mr Manthorpe—Yes.

Senator PAYNE—Can you advise the committee, then, when an application is being judged what emphasis is also placed on ensuring the best return for creditors who are involved in the process?

Mr Manthorpe—Yes, Senator. The way this works is that the court appointed receivers, Mr Parbery and Mr Bryant, do have to have regard to their obligations under the Corporations Law, which includes seeking to attain value for the asset that is under their control. But consistent with the agreement we have with them, which has been essentially worked through by the New South Wales Supreme Court in the context of appointing Mr Parbery and Mr Bryant, they also are to have regard to our policy views. So they are balancing all of those considerations in—

Senator PAYNE—Policy views, did you say?

Mr Manthorpe—Policy views inherent in the selection criteria.

Senator PAYNE—Are you able to give us any estimate in relation to the return to creditors that might be expected in this process?

Mr Manthorpe—I think that would be very premature.

Senator PAYNE—When might it be timely to ask that question, do you think?

Mr Manthorpe—Probably after the process is finished. Where the process is up to today is that binding offers for the centres are due today. It is only after the court appointed receiver has had an opportunity to look at those binding offers and determine the best possible outcome that can be achieved that we will have any sense really of how much might be paid for the centres.

Senator PAYNE—In the context of what you have just said, are you able to address the question of what would be expected if the group is not expected to provide any return for creditors? Is it feasible that any of the profits that might be raised could go towards offsetting some of the Commonwealth funds—the \$54 million—that is being used to keep the centres operational?

Mr Manthorpe—Yes. The arrangement we have with the court appointed receiver entails the Commonwealth getting back some of its money, depending on how much money the court appointed receiver accrued.

Senator PAYNE—So there is no discussion around proportions or percentages there yet?

Mr Manthorpe—I am sorry. We have not got any—

Senator PAYNE—Is there any discussion around proportions of money that might be returned to the Commonwealth, or a percentage of money that might be returned to the Commonwealth?

Mr Manthorpe—The way the arrangement is set up is as follows: first of all, if an entity comes along and wants to buy one of the centres, and the court appointed receiver determines that that entity is the best option, having regard to their commercial and our policy objectives and that the entity is prepared to pay a certain amount of money for the centre, the first obligation is to buy any assets that remain in the centre that belong to ABC. They are things like plant and equipment, toy equipment, microwave ovens and so on. Those items still belong to ABC, so if the entity wants to buy that material, that is the first port of call for the funding. Then moneys paid over and above that will come back to the Commonwealth up to the amount that we have paid out.

Senator PAYNE—Right. Can I come back to the engagement the Commonwealth has with the receivers. I think you mentioned, Mr Manthorpe, that there were three to four of your staff in regular contact with the receivers. Are you aware of any other Commonwealth employees working with the receivers?

Mr Manthorpe—Not at the moment. We did have a small team working closely with the receivers earlier in the process, as I indicated, around a shortlisting process, but that work is now completed.

Senator PAYNE—In relation to the EOI process, will the government be represented or members of your task force unit or, if you are aware, will any other Commonwealth employees be involved in the decision making process as to which tenders are successful?

Mr Manthorpe—Not the decision making process, no. That is entirely a matter for the court appointed receiver.

Senator PAYNE—So the Commonwealth government engagement is limited to the matters we discussed before in terms of the selection criteria and the input, I think you called it, on the application of those selection criteria?

Mr Manthorpe—Yes, and some assistance with the shortlisting, as I mentioned. Obviously we are funding the exercise. We want to know that the exercise is on track. We want to know that the exercise is proceeding satisfactorily and the court appointed receiver is keeping us closely informed of what is going on. But the point I would come back to and emphasise is that the decision making is theirs.

Senator PAYNE—Can you indicate to the committee why this group of centres was not able to be managed as a separate group by the first receivers, McGrathNicol, who took the initial expressions of interest? Why did the government think it necessary to seek a court appointed receiver for these 241 centres?

Mr Manthorpe—I would probably come at that this way. In the period November-December, from the point at which the initial receivership commenced until 31 December, the centres, including the 241, were within the ABC receivership itself. We were funding losses incurred through that period in respect of those loss making centres. At around about the early to mid part of December, the receiver concluded that he had no wish or intention, having

undertaken a detailed review of those centres' financial and operational circumstances, to continue operating them. Therefore, the risk was that had a further step not been taken by the government, care may have ceased at those centres for some thousands of families. So it was in that context that we sought to enter into a fresh arrangement, which is the court appointed receivership arrangement, so that the centres could be kept open and so that the services could continue to be delivered during a further period whilst arrangements could be made to determine the future of those centres.

Senator PAYNE—And was the request that the court appointed receiver be PPB made because Mr Parbery had been representing the government with the initial receivers?

Mr Manthorpe—Partly. It was made because Mr Parbery had already, through the work he had been doing for the Commonwealth, developed a strong appreciation of the circumstances of ABC. And the other factor I would inject there would be that there are actually not very many firms in Australia that can perform the sort of task that PPB is performing. One of the others might have been McGrathNicol, but they are already the receiver. Another one might have been Ferrier Hodgson, but they are already the voluntary administrator. So the combination of a limited range of choices and Mr Parbery's role in providing advice to us in advance of that time and the fact that Mr Parbery is without doubt a highly respected member of the insolvency profession was, I suppose, the combination of factors that gave rise to that judgement.

Senator PAYNE—I want to clarify something, Mr Manthorpe: the earlier advice to which you have referred Mr Parbery giving, was it that for which he was remunerated by the government?

Mr Manthorpe—Yes, Senator.

Senator PAYNE—Can you indicate the period of time that he was employed in that particular role and what the cost of that remuneration was to the government?

Mr Manthorpe—Yes. He was not employed, of course. He was contracted to provide advice to us. His contract term commenced around about the end of September. I do not have a precise date with me.

Senator PAYNE—Could you check that for me?

Mr Manthorpe—I can take that on notice, Senator. He continued to provide advice to us in a couple of phases through October and then to the point where the receivership commenced. When the company became insolvent, we engaged him and his firm to provide very detailed further assistance to us over and above what we had initially envisaged. That entailed a lot of work in ABC with the receiver to try to ascertain the real circumstances that were at play and to ensure that any payments that the Commonwealth made under the pre-Christmas arrangement were appropriately verified. That work has cost \$691,564.

Senator PAYNE—Thank you for that, Mr Manthorpe. For the period of PPB's appointment from December as court appointed receiver, can you advise the committee how much it is estimated that they will be remunerated for handling the sale of the ABC2 Group?

Mr Manthorpe—I do not have a figure on that at the moment, Senator, because the funding from that will be drawn from the \$34 million package of moneys. So I cannot give you—

Senator PAYNE—I see. So not from the sale but from the package that is already committed?

Mr Manthorpe—That is right. So the \$34 million includes a component for the cost of the court appointed receiver undertaking the sale task.

Senator PAYNE—So in terms of finalising the amount that the Commonwealth expects to pay to PPB for that particular role, do you expect that to be something we could know by 31 March?

Mr Manthorpe—Probably shortly after that, I would imagine, once they sort of do their final wash-up.

Senator PAYNE—So we can come back to that. In terms of that key date for so many people—31 March—is it still the expectation that the sale processes for these 241 centres will be completed by then?

Mr Manthorpe—Yes. Mr Parbery and Mr Bryant are on track.

Senator PAYNE—Can you advise us whether there is any concern that any of the 241 centres will not be sold as part of this current process?

Mr Manthorpe—I would prefer not to speculate about that, Senator, halfway through the sale process. I can say that there is certainly strong interest at the non-binding offer stage in all of the centres. There have been entities interested in all of the centres at the non-binding stage.

Senator PAYNE—Today I think you said was the close for the binding offers?

Mr Manthorpe—That is right. Today is the day of the closure of the binding offers, so I simply do not know and cannot predict precisely what the nature of the binding offers will be.

Senator PAYNE—In terms of the process, the non-binding offers and then the submission of binding offers, what is the process, Mr Manthorpe, if you have a group or an individual willing to take on a centre and who makes an offer in the binding category? If the receivers are not happy with their offer, do the receivers, under the arrangements, have the right to reject the offer, which would possibly force the closure of a centre?

Mr Manthorpe—The receiver's objective, and indeed our objective, throughout this whole process has been to ensure that the kids and the families have care. The receiver, in looking at each offer, is going to look at the factors I have already outlined. If entities are sound and meet the criteria and are financially viable, I would see no reason why the court appointed receiver would move to close a centre that looked like it had a sensible ongoing solution.

Senator PAYNE—One of the concerns which has been expressed in the parliament and elsewhere is the need for certainty for families, and very many Australian families, in this process. So I think it is important, if we can, to explore—to some degree at least—what could happen if centres are not sold. Is there the potential for them to be forced to close? What does

happen to parents in terms of the notice that they are given once federal funding, according to the arrangements in place, runs out on 31 March?

Mr Manthorpe—I do not want to speculate too much about what has not yet happened. I think that gets difficult. But what I can say is this: first of all, the department, and I think the government, have been acutely aware of the need to provide families with as much certainty and stability of care in this process as is possible. That is why the government stepped in very quickly immediately after the receivership commenced. That is why the government undertook further assistance and is providing further assistance through the court appointed receiver process and further funding. So I think that gives you a pretty clear indication of the government's desire for stability and certainty to be delivered as quickly as possible for as many people as possible. That is probably as much as I can say at the moment on that issue.

Senator PAYNE—I understand the caveats that you have put there, Mr Manthorpe, but the government obviously has to be looking at what may happen—

Senator HANSON-YOUNG—You are asking for a contingency plan, Senator Payne.

Senator PAYNE—I am not asking for anything, Senator Hanson-Young. I am not sure that I am in a position to ask for anything. I am sure the government would tell me that quite assuredly. But what I do want to know, and I am not the only person, I suspect, in this room and elsewhere who wants to know, is what planning is in place in this serious situation. There must be some consideration being given to the post 31 March environment. If there are unsold centres, is there a proposition about how they continue to remain operational and what parents can look forward to—and I use those terms with some irony—in this environment? It is very difficult for people who are sitting there looking at a calendar not knowing the result for their child. I think they want to understand what the future might hold for them as far as they possibly can. I do understand, Mr Manthorpe, that your crystal ball is probably in the same state of repair as mine—that is, broken. But notwithstanding that, the government does have the capacity to look forward.

Mr Manthorpe—Yes, Senator, but I am not sure what the question is.

Senator PAYNE—The question is: if we have unsold centres, if we have children in centres which do not have a guaranteed future, if we have parents wondering what is going to happen to those children in those centres, what consideration is the government giving to the future?

Ms Paul—I think, Senator, Mr Manthorpe has already said in answer to the same question, or a close one, that at the moment what we are seeing is that every centre has had an expression of interest made in the non-binding stage. It is probably not possible simply to go beyond what we currently know.

Senator PAYNE—Well, that is enormously reassuring, Ms Paul, if you are sitting on your side of the desk. But if you are sitting on our side of the desk, then it is not very reassuring for us to respond to constituents by saying, 'Well, we've got a process in place until 31 March. We can't provide any guarantees.' In fact, I am not seeking guarantees. I am simply seeking some advice on what is in contemplation in relation to all of the centres. I do not think it is unreasonable for the committee to be seeking advice on the post 31 March environment.

Mr Manthorpe—I can probably just repeat some commentary that I think the court appointed receiver and government have already made. To the extent possible, we are looking for future viable operators for the centres. It is plausible that in some cases children may need to be moved to other locations just as, regrettably, when the 55 centres closed at the end of last year, families were offered alternative care. At this point, I probably cannot go beyond that.

Senator PAYNE—Let me ask a question, then, about a specific component issue of centres and see if there is any planning with regard to that. If we are dealing with a centre that is in a regional or remote area that falls into this category, is the government giving any consideration to ensuring that a centre of that nature, if it perhaps is the only provider in the region, remains open as far as possible?

Mr Manthorpe—I think you are now asking us to go into areas of policy deliberation and advice to government that would not normally be something we would do in one of these committees.

Senator PAYNE—Perhaps the minister can help me, then. Minister, in regional and remote areas, where centres are potentially the only provider in those areas and where parents have nothing else on which to rely except for those centres that are in this category, is any concern or consideration being paid by the government to ensuring that a centre of that nature does remain open post the 31 March environment?

Ms Paul—It is probably worth saying here that at the moment the process is quite clear. Mr Manthorpe has outlined it. If those considerations need to be made, I am sure the government will want to consider a range of options. We could certainly do work in that area. But that is not the case yet, Senator, because relatively fortunately we are in the position of expressions of interest having been made on all centres. We will get a much better sense of what we are actually facing in terms of where the court appointed receiver is after today, when those binding offers close. So if you like, we can come back on notice and update you with that information—

Senator PAYNE—That would be helpful, Ms Paul—

Ms Paul—as soon as it is available once the court appointed receiver has gone through their work.

Senator PAYNE—I would appreciate that, Ms Paul. Let me clarify. Mr Manthorpe, when you were indicating to me the level of interest, I think you explicitly said that there had been interest in every single one of the centres. I think you said there had been strong interest at the non-binding offer stage. But Ms Paul has gone on to say that that is for every single one of the centres. Is that correct?

Mr Manthorpe—Yes. I thought I did say that.

Senator PAYNE—I am having trouble hearing, Mr Manthorpe.

Mr Manthorpe—I confirm what Ms Paul just said.

Senator PAYNE—Thank you. I just have a couple more questions in this area. They go to some of the issues around the licensing procedures for centres. I know in some states they can take up to six to 12 weeks. That is obviously much longer than the period between this closure

of the binding offers and the government's deadline of 31 March. What discussions has the government had with the various state governments on the licensing processes for any change of ownership of these centres?

Mr Manthorpe—There have been discussions with all of the state and territory governments about these matters. We have been keeping them in the loop about unfolding events at ABC for several months. It is true that they will have a part to play in processing licence applications from entities that are successful in the bidding process. Those discussions have very much been around the need for state and territory licensing authorities to, as much as possible, fast-track their processes so that it can be accommodated within the time frame. There might be typical time frames like those that you mention, but we are working with them to try to ensure that those time frames can be bettered in this particular, fairly unique set of circumstances. So we are hopeful that in the end that will not present an impediment to completing the process.

Senator PAYNE—And what have the state governments said?

Mr Manthorpe—They have all made it clear to us that they understand the need to be very responsive and move very quickly on this issue when the moment comes when entities are identified that require licences.

Senator PAYNE—Is there a process in place for those who may be seeking licensing approvals if they find themselves stuck in the mire of licensing red tape to come back to the Commonwealth or to seek assistance in that process, or are they out there on their own?

Mr Manthorpe—I am sure that during March we will be in close contact with licensing authorities, with PPB and state government people around ensuring that everything is being done that can be done to expedite the licensing process.

Senator PAYNE—I understand that. But there is no specific avenue, if you like, for a provider who is trying to sign up to seek assistance or guidance? Are you talking government to government there?

Ms Paul—Those avenues that we would be working out, in effect. So whatever it takes, basically, to accelerate, if necessary, those arrangements. That is what we will be talking to the states about during that period. Whatever avenues we come up with will be offered, no doubt, to the providers to help them through that process.

Mr Manthorpe—The other point is that PPB and my task force, including myself, have been around and visited state government people in all the major states—major in the sense of large numbers of centres where this is going to be an issue, to just talk through their process and make sure the licensing authorities are fully appreciative of where they are at and where we are at. They are at some pains to ensure that bidders are very clear about the licensing requirements. Another consideration here is that one thing that sometimes holds up licences is not state or federal bureaucracy but that applicants for licences might not be fully appreciative of the range of documentation or other requirements they have to meet. That can sometimes slow things down. So we are trying to pre-position everybody to move through this process as quickly as possible.

Senator PAYNE—We will watch that with interest, I think. Finally, in relation to the role of the first receivers—in relation to McGrathNicol—has there been any accounting received by the government on the expenditure of the initial block of Commonwealth funds, the \$22 million?

Mr Manthorpe—Yes, there has, Senator.

Senator PAYNE—Was it fully expended?

Mr Manthorpe—No, it is not. At this stage, we have paid \$10,125,660 for the period of 6 November to 31 December. We are expecting to pay a further approximately \$4 million, subject to final verification by PPB of the receiver's accounts of the expenditure.

Senator PAYNE—Sorry, subject to what provision?

Mr Manthorpe—Verification by PPB. One of the things we have PPB doing for us is making sure that whatever we pay to the first receiver stacks up.

Senator PAYNE—Is that \$10,125,660 itemised?

Mr Manthorpe—I do not have any breakdown of it here. I know that a portion of it met the receiver's costs. In fact, I would have to take on notice—that is, the receiver's costs versus the amount that is the loss-making centres.

Senator PAYNE—If you come back to us on notice, that would be helpful. In relation to the funds being utilised by the second receivers to maintain the operations of the ABC2 Group, that is the \$31 million, I think. Is that right?

Mr Manthorpe—\$34 million.

Senator PAYNE—\$34 million, sorry. Has there been any accounting received by the Commonwealth in relation to that expenditure so far?

Mr Manthorpe—Not yet. We are expecting the January account, as it were, very soon. We have made two payments in advance. That will also be all verified and worked through.

Senator PAYNE—And is it anticipated that that full amount will be spent?

Mr Manthorpe—I think it is a bit early to tell. I would rather not guesstimate that one at this stage. There is certainly no suggestion, though, that it will be overspent. It is a bit hard to know, but at this stage it is looking okay.

Senator PAYNE—Thank you for that.

Senator HANSON-YOUNG—I have questions in relation specifically to the ABC2 Group but then I have also got some broader questions. We might just go to the broad ones and then we can dig down, so to speak. Firstly, there are reports that since our last estimates meeting, where it was made quite clear that the department was alive—it has become the line of the whole saga, I think—to the issues and negotiations started between government, the receivers and ABC, the minister never actually met with ABC executives. Can you confirm that that is true?

Mr Manthorpe—In the period I have been working on the matter, I think that is true. Mind you, the period I have been working on the matter is quite brief. Before the receivership started, whether there were meetings with ministers earlier on—

Senator HANSON-YOUNG—So not since we put up the original \$22 million and then another \$34 million?

Ms Paul—I do not think so.

Senator HANSON-YOUNG—So we have handed over \$56 million to prop up centres, for all good reasons as to why we need to give parents security, and the minister did not meet with ABC executives?

Mr Manthorpe—Of course, ABC executives are not responsible for spending the money.

Senator HANSON-YOUNG—Has the minister met directly with the receivers?

Mr Manthorpe—I do not think so.

Senator HANSON-YOUNG—I will leave it there. Could you explain the extent of the connections between the directors of ABC Learning, Australian Education Trust and other property owners to whom ABC centres pay rent?

Mr Manthorpe—I could not do that in detail here, but I am happy to take it on notice.

Senator HANSON-YOUNG—But you do have details of those connections?

Mr Manthorpe—Well, to the extent I have access to company searches and things of that kind. So I am happy to take the question on notice, Senator.

Senator HANSON-YOUNG—That would be good. Going specifically to the ABC2 Group, the group of 241 centres, I understand you have clarified again today that the binding offers are due today. Could you inform the committee of what loss each of the 241 centres made in 2008?

Mr Manthorpe—No, I cannot. I am not sure whether we have that data or not. The reason I am thinking on this one a little is that, of course, ABC never finalised its financial statements whilst solvent for 2007-08. Certainly in undertaking their analysis of ABC's financial circumstances the receiver and, more recently, the court appointed receiver have been looking at data around centre by centre financial performance. So I would have to go back and look whether that would enable us to answer your question. I certainly do not have it with me today.

Senator HANSON-YOUNG—I take on board that perhaps all the finances for 2007-08 have not been clarified. But what about at least for the last quarter? Surely that would be something that you would need to be aware of, even picking out that 241 as opposed to the other 720?

Mr Manthorpe—Again, I would have to look at what we have got. I know that in arriving at the \$22 million figure and the \$34 million figure we had regard to some centre level financial information for a period of 2008. We had what we had, if you know what I mean.

Senator HANSON-YOUNG—Sure.

Mr Manthorpe—So that informed the way in which the amount of government funding was determined.

Senator HANSON-YOUNG—In determining the \$34 million figure, surely there would have been some thought to perhaps what losses were to be estimated for each centre to be made in the first quarter of this year, 2009?

Mr Manthorpe—Yes. The \$34 million was derived by having regard to what we knew about losses in the latter part of calendar 2008, and some assumptions around costs and performance and numbers and time that any subsidy might have to be paid, to arrive at a figure plus the likely expected overheads associated with receivers, head office costs, sale processes and the like.

Senator HANSON-YOUNG—So I can take from that that the \$34 million is expected to be able to cover those losses?

Mr Manthorpe—Yes. As I said before, we do not have a good read on the precise costs yet.

Senator HANSON-YOUNG—Do we know how much has been spent to date?

Mr Manthorpe—Yes. We have made under the \$34 million arrangement two advance payments of \$10 million each.

Senator HANSON-YOUNG—So \$20 million?

Mr Manthorpe—That is right. But before making a further payment, we are expecting to get advice on how much at least of the first tranche has been expended to start to get a sense of precisely the outcome. So I am unable to give a concrete position on the \$34 million spent, but I think it will be under.

Senator HANSON-YOUNG—So how did you arrive at the two \$10 million payments? What did you take into account to come up with the \$20 million total, given there are two different payments?

Mr Manthorpe—That was the nature of the contractual agreement we reached with the court appointed receiver and the receiver, in effect. We made a series of assumptions that gave us to anticipate that an amount in the order of \$34 million would be enough for January, February and March. We needed to fund those losses upfront or else the court appointed receiver and receiver would not have had any sort of working capital. Bear in mind the banks are not in this part of the game. So the expectation was that a \$10 million advance for the beginning of January and a further \$10 million for the beginning of February would be sufficient to enable that to happen.

Senator HANSON-YOUNG—Do you have an itemised list of what that money is being spent on, either collectively or centre by centre?

Mr Manthorpe—We know what it is intended to be spent on. That is, it is intended to meet the losses of the loss making centres. So money in minus money out and whatever is the difference.

Senator HANSON-YOUNG—But you do not have a list of what that money going out is?

Ms Paul—That is what Mr Manthorpe is saying we have not received yet. But we will be receiving it in great detail. Of course, it is our responsibility to reconcile that precisely.

Senator HANSON-YOUNG—Do we know if the utilisation numbers of centres has dropped since the beginning of the year?

Mr Manthorpe—I do not have current utilisation figures with me. I would have to take that on notice and see, one, whether we have it and, two, whether we would normally divulge utilisation data.

Senator HANSON-YOUNG—Well, I guess the reason I am asking is: when you calculated the \$34 million, was that based on the current utilisation at that time in December? Did it take into account a growth or perhaps drop in utilisation from 1 January? Obviously that would vary the amount of loss for each individual centre.

Mr Manthorpe—I might have to take that on notice, Senator. I know those were the sorts of considerations we were thinking about at the time we were arriving at the \$34 million figure, but I do not want to risk misleading you. I would rather just check out how best to respond to that question on notice.

Senator HANSON-YOUNG—Sure. If you could take that on notice, that would be great. Can you inform the committee of what information was provided by the ABC receivers to those who lodged an original expression of interest?

Mr Manthorpe—I am not sure—

Senator HANSON-YOUNG—For example, did it provide full income and expenditure details?

Mr Manthorpe—Progressively over the course of the EOI process, the court appointed receiver has been making more information available to bidders. So if someone had expressed interest at the very sort of early stage of this process and paid their small refundable deposit and signed a confidentiality agreement, they were given access to basic information upon which to start to develop non-binding proposals. That information has been supplemented as and when PPB has been able to get data that can sensibly be put on the site.

Senator HANSON-YOUNG—And did that include full income and expenditure for each of the centres?

Mr Manthorpe—I think it did.

Senator HANSON-YOUNG—Ingoings and outgoings?

Mr Manthorpe—It certainly included information on things like rent and salary expenses, I think, occupancy and so on.

Senator HANSON-YOUNG—And, given the fact that you are not sure whether you could give me the losses from each of the 241 centres in 2008 anyway, perhaps they were not given this information as well. What I was wondering was whether the income and actual expenditure in 2008 of each of the centres was given to those people who expressed an interest.

Mr Manthorpe—Say that again, Senator. I am sorry. I just want to make sure I have the right concept.

Senator HANSON-YOUNG—Was the income and actual expenditure of each centre for 2008 given to people who expressed an interest and, therefore, it is helping them inform their binding bid?

Mr Manthorpe—I would have to check that, Senator, in terms of precisely what data is up there for potential bidders.

Senator HANSON-YOUNG—You would assume that, if you are asking people to take on the running of 241 centres, or one of them or a collection of them, which have already been earmarked as perhaps not as viable as the other 720—you are asking people to put in expressions of interest—surely you want them to have the information of what kind of game they are getting into.

Mr Manthorpe—Well, we certainly want them to have—

Senator HANSON-YOUNG—Otherwise the government is going to be asked for more money in six months and 12 months to prop them back up again.

Mr Manthorpe—We certainly would want them to have information that would help them predict potential costs, revenues and the like. Whether you would necessarily need to give them past loss data is perhaps another question. Bear in mind they are not going to be responsible for those losses. They are historical and we are currently bearing those. So I understand the point you are making. I do think that PPB has been keen to provide a good level of information to potential bidders. But, beyond that, I would need to take the question on notice.

Ms Paul—Senator, to be able to assure you, I recall seeing that centre by centre the information is quite detailed—as you would want it to be, exactly as you say. Of course, the proof will be in the pudding in that bidders will not proceed if they do not feel they have enough information to act on. But so far the interest has been very, very high. So we can certainly come back to you with the categories of information that were provided. My own recollection, without having the detail in front of me, is that it was quite extensive.

Senator HANSON-YOUNG—I guess you are right; the proof will be in the pudding when we see the list of binding bids versus those people who have perhaps already put in a non-binding bid.

Ms Paul—That is right.

Senator HANSON-YOUNG—In addition to the amount of rent, did the information that was provided include full details of amounts of outgoings under the lease agreements? That is obviously in addition to the other kind of general outgoings.

Mr Manthorpe—I am not sure. This is a process that the court appointed receiver is doing. It is a commercial process, in a sense. They are working away at putting information up on their data room for bidders to view and form views about. They are doing that; we are not. I am not intimately across each detail that is on there. But I just come back to the point that I think they have been trying very hard to gather and present a sensible array of data for bidders to look at.

Senator HANSON-YOUNG—I guess the reason I am asking is that it would make sense, if there are specific requirements under a lease agreement—aside from just the weekly

amount that you pay to be in the building—that potential bidders, people putting in expressions of interest, need to be aware of all of those issues. As with my original question about various connections, surely people need to know what they are getting themselves into. By comparison, there have been other childcare centres that have gone into receivership—CFK, for example—where all of that information was publicly available. This is why I am trying to figure out what we do know and what we do not know.

Ms Paul—We completely agree with you, of course, that the need for information is very, very important. It is absolutely the case that the court appointed receivers, from our point of view, have been very diligent in the data they have been able to collect—it is not always easy—and the data that they have been able to portray. The point Mr Manthorpe is making is not in any way contradicting your point at all. It is simply to say that we are not in control of that process and so we do not have that information in front of us.

Senator HANSON-YOUNG—Have you had any feedback from anybody that they have asked for specific details in terms of the lease agreements?

Mr Manthorpe—I do not think I have had anyone approach me from out in the market asking for that sort of material, from memory. But certainly PPB have had people come to them wanting further and better particulars about all sorts of things. Where they can get that for them, they do. Bear in mind that as well as trying to derive information about costs and revenues and what have you from the ABC records, which have previously been described as not always terribly useful, the other place that they had to go and engage with is the landlords of the centres, who hold some of this information. So they have been going to and fro and putting material up. We all agree with the principle—

Senator HANSON-YOUNG—We have had the minister out saying, ‘We want to diversify the sector. We want to take this as an opportunity’. She specifically called upon non-profit organisations and community organisations to put in expressions of interest. That was pretty clear. I must say I do not disagree with her. I think we should be diversifying the sector. But if we already know these centres are being run at a loss—and that was the problem—what are those types of organisations in particular getting themselves into? In six or 12 months time we do not want to be in a situation where we are not offering security and it is going to come back to us, because we are going to have to do something to keep these centres open or to find somewhere else for these kids to go. Where is the government’s vested interest in making sure this information is out there and given to those non-profit and community organisations in particular that are putting in those expressions of interest?

Mr Manthorpe—At the risk of repeating myself—

Senator HANSON-YOUNG—Just repeat if you need to.

Mr Manthorpe—I will put it a different way, perhaps. What we are expecting PPB to be doing is providing as much information as can sensibly be provided to potential bidders so that they come in with their eyes open. That is what I think they are doing.

Senator HANSON-YOUNG—But what role is the task force taking to ensure that that is the case?

Mr Manthorpe—Well, the government is funding PPB to do the job.

Senator HANSON-YOUNG—Yes. But we do not even have an itemised list of what that money is being spent on. You do not actually know what that money is being spent on at the moment.

Mr Manthorpe—We have ensured, and PPB has ensured, that centre-by-centre information about a whole range of variables—on leases, on occupancy, on rent and on various other matters—is available to bidders in the data room that PPB has set up. I think what I keep coming back to is that, to the extent it is reasonable to do so, I understand that PPB is doing precisely what you want them to be doing. If it were the case that perhaps a constituent of yours or an entity felt they were not getting information that they thought they needed to in order to further their bid, I would be happy to take that up with people.

Senator HANSON-YOUNG—I am not necessarily saying that that is the case. What I am asking is: if they know, surely you know?

Ms Paul—We said we would get for you the categories of information. Certainly when I met with the court appointed receivers myself, I did see some of the data they had been able to collect on a centre, for example. It really is very extensive, particularly given the base they are starting from.

Senator HANSON-YOUNG—Sure.

Ms Paul—So I really do think we can assure you. It is just that we do not have it with—because, of course, it is the court appointed receiver's process.

Senator HANSON-YOUNG—I will move on. But I guess the thing that I am specifically interested in is the detail of the outgoings for these centres—the expenditure—because that is obviously the issue in terms of ensuring that a centre is sustainable.

Mr Manthorpe—We will take it on notice and come back to you with advice on what those outgoings are.

I will come back to one point we were talking about a moment ago—the issue of the lease agreements. One of my colleagues has just informed me that the lease agreements are generally on the website that bidders can access. It is a secure site that bidders can access. PPB may not have been able to get hold of all of them, but in the main the lease agreements are available to bidders.

Senator HANSON-YOUNG—That is a good entry into my next question, which is specifically about Austock. Austock is the responsible entity for many of the ABC2 leases. I do not know how many. Do you?

Mr Manthorpe—I think it is around 100.

Senator HANSON-YOUNG—That is 100 specifically out of ABC2?

Mr Manthorpe—That is right.

Senator HANSON-YOUNG—Do we know whether the Austock leases include additional outgoings over and above the usual outgoings in, say, a Law Society standard lease?

Mr Manthorpe—I do not know, Senator.

Senator HANSON-YOUNG—Can I get the details on that? Can you take it on notice?

Mr Manthorpe—I can take it on notice.

Senator HANSON-YOUNG—Again, if we want people to enter into the field of diversifying the sector, I think they need to know these things. It is above and beyond.

Ms Paul—The other level of comfort we can offer is the process itself. The process itself for bidders is absolutely clear—the information pack, which has the criteria and a range of other things. It is quite extensive. The process is very clear in terms of non-binding point and binding point. Once they pass the binding point, the level of information just goes up and up and up. Then they are able to, I presume, visit sites and so on. So the process itself helps a potential bidder get to a point where either they are absolutely confident or they are not.

Senator HANSON-YOUNG—I take that on board. I think you have explained that perhaps that information is being given to them. But, again, I guess I would see that the government would have a vested interest in making sure that the existing arrangements were sustainable. If they are not, perhaps we need to be a bit more robust about saying, ‘Well, this isn’t sustainable and we need to do something else.’

Ms Paul—Some of the mandatory criteria do go to sustainability and so on, as Mr Manthorpe said earlier.

Mr Manthorpe—Indeed. So they are the issues. The very issues you are raising are the issues that PPB will now be contemplating when it looks at the bids that come in and the circumstances of the centres that they are dealing with. I think it is probably important to make the point that we do not run these childcare centres. We certainly do not run the business of the landlords.

Senator HANSON-YOUNG—I understand that. But we have already put up \$20 million in this calendar year, \$22 million previous to that.

Mr Manthorpe—Yes.

Senator HANSON-YOUNG—Let us not forget about the 40 per cent almost guaranteed income because of all the different rebates and subsidies. So the government does have a vested interest in ensuring that, with these centres, whoever runs them is running them. This is taxpayers’ money we are talking about.

Ms Paul—And the government’s interest has always been in this matter certainty for parents, as we said before. So you are absolutely right. And my own view is that we have struck a really good balance in being able to guide the process. For example, Mr Manthorpe described the government’s input or our input into those mandatory and other criteria, which do go to some of what you have been saying. He described earlier our work in terms of the early EOI process and so on, balancing that with the legal requirement, of course, for the court appointed receiver to be independent and to respond to the court. And I think that balance has been well struck. As we say, we are more than happy to come back to you with the types of information. So I really do think it is quite extensive.

Senator HANSON-YOUNG—It would be great to see it come back. I understand that each bidder has to make their own decision absolutely.

Ms Paul—But they need the maximum information.

Senator HANSON-YOUNG—I am talking about in the longer term what responsibility the government has to ensure that we are not going to have to be forking out more taxpayers' money.

Ms Paul—Sure.

Senator HANSON-YOUNG—I am specifically interested in the Austock entity because we know that there are connections. Is it your understanding, Mr Manthorpe, that it will be expected that a successful bidder will have to agree by the current leases in this 100-odd Austock group? If so, does that mean that if there are any other additional expectations, criteria or restrictions on that lease they will have to be agreed to?

Mr Manthorpe—I am a little uncomfortable in trying to provide too concrete a response to that halfway through a sale process. The sale process is on track and is proceeding well. It is an orderly process. But the respective positions of different parties will be almost influenced by the extent to which there are binding offers and binding offers for which centres and by whom and so on. So I just do not want to—

Senator HANSON-YOUNG—Out of the 241 centres, does the successful bidder have to take on the existing lease the way it is? Is that part of the package?

Mr Manthorpe—Senator, I said what I want to say about that. We are halfway through a sale process. I do not think it is helpful to speculate about the precise commercial terms that are going to prevail in that process.

Senator HANSON-YOUNG—So you do not know either way?

Mr Manthorpe—That is not what I said. I have said what I have said, Senator.

Senator HANSON-YOUNG—Okay, I will move on. I am specifically interested in the Defence childcare centres, because they have been treated a little differently, for obvious reasons. Can you clarify for me how long ABC was the contractor for those centres?

Mr Manthorpe—It was some years, I think. From memory, it was a five-year arrangement.

Ms Paul—Yes.

Mr Manthorpe—It commenced in 2005.

Senator HANSON-YOUNG—Was ABC at any time given any subsidies to run those centres?

Mr Manthorpe—Not to my knowledge. My understanding is that ABC ran the centres. They accessed the usual payments from parents and payments from CCB and so on. They occupied the centres themselves. That is my understanding. If that is an error, I will correct that on notice.

Senator HANSON-YOUNG—That would be great. Do we know who the provider was before ABC took them on?

Mr Manthorpe—Yes, I do know who it was.

Senator HANSON-YOUNG—Did they receive a subsidy for running those centres?

Mr Manthorpe—That is going back quite a way. I would have to check that.

Senator HANSON-YOUNG—If you could take that on notice, that would be great. What I want to know is whether the previous contractor received a subsidy. Did ABC receive any subsidies beyond the norm? If so, how much?

Mr Manthorpe—I will take all that on notice.

Senator HANSON-YOUNG—Thank you. Where are we up to with looking for new operators of these Defence centres in general?

Mr Manthorpe—Essentially, Defence is looking at options for someone taking over the ABC contract for the remainder of its term, which is about another 12 months, until April next year.

Senator HANSON-YOUNG—And then it would be up for renewal again, would it?

Mr Manthorpe—That is right. I think Defence's expectation is that, if they renew at that point, they will undertake a full and open tender.

Senator HANSON-YOUNG—Are expressions of interest still open? At what stage are they?

Mr Manthorpe—My understanding is that some parties who may have had an interest have been in contact with Defence. Defence, in consultation with PPB—these centres live under the court appointed receiver's remit—is looking at options for novating the existing contract to a new entity.

CHAIR—We might suspend now for lunch.

Senator HANSON-YOUNG—Sure. I did not have many questions left.

CHAIR—We will be continuing in this area, though, so we will suspend until 1.30 pm.

Proceedings suspended from 12.30 pm to 1.30 pm

CHAIR—The committee will reconvene with questioning on outcome 1.

Senator HANSON-YOUNG—Continuing on briefly in relation specifically to the Defence childcare centres. I will recap. I asked if you knew whether any subsidies had been given to previous providers, including ABC Learning and whoever held the contract before them. Following on from that, do we know if any of the people who have put in an expression of interest have asked for a subsidy to help them run the centres?

Mr Manthorpe—I think I would be inclined to suggest that you ask that question of the Department of Defence to the extent that they are looking at different entities.

Senator HANSON-YOUNG—That is fine; I am happy to do that. Moving from Defence and coming back to the original question about what connections exist between the directors of ABC Learning, the Australian Education Trust and other property owners from whom various leases, particularly under lease 241, currently exist and to whom ABC Learning, when it was running these centres, paid rent. What steps has the task force taken to identify those connections?

Mr Manthorpe—We have done what I would describe as nothing more than routine research around the various entities. Early in the piece, before the insolvency, on the occasion when you and I were talking, we were doing research of that kind. It is important to note that

our principal objective in all of this is around sustainability of care. Although significant, some of those corporate structure issues are a bit secondary when what we really had to do was to keep childcare centres open.

Senator HANSON-YOUNG—I take your point, but if the childcare centre is not able to be run in a sustainable manner because the rents are too high, surely it is in our interests to find out why they are so high?

Mr Manthorpe—I do not want to add anything to what I said before lunch about the whole issue of the rents, conditions and so on that might sit around what the landlords are seeking through the process.

Senator HANSON-YOUNG—Sure.

Mr Manthorpe—The process is at such an important, but also an incomplete point, that I do not think it will be terribly helpful to speculate about that.

Senator HANSON-YOUNG—I take the point. Do we know what range of rent is being paid by ABC Learning centres in each state? Do we know what types of amounts we are talking about?

Mr Manthorpe—Not off the top of my head. I could take that on notice. We know, for example, that inner city centre rents are typically higher than, say, rural or regional rents. Different sized centres will also have different rents. But I could take on notice whether or not we can provide something that describes the range.

Senator HANSON-YOUNG—That would be great.

Mr Manthorpe—I would like to add one thing. This is commercial information, so in compiling it we may want to consult with parties to help determine whether or not we can hand it over. This is a market with parties who are competing with each other. I am not presaging that the answer will be no, and that we cannot give it to you, but I make that point.

Senator HANSON-YOUNG—If you could give me the information, that would be great. My other concern is whether the government has paid close attention to that information. I feel as though I am beginning to repeat myself. We have a vested interest in ensuring that whatever we are doing over the next 33 days that are left is a sustainable solution. If it is not, what is the plan for having a sustainable solution to ensure that the children being cared for in these current 241 centres will have somewhere else to go? If these new providers—whether we are talking about the provider who ends up running the Defence childcare centres or a selection of these 241—are not sustainable, is it not foreseeable that there will be a call on the government to bail them out if they go bankrupt?

Mr Manthorpe—I am not going to speculate about the outcome on 31 March, and I am certainly not going to speculate about the outcome in six months. What I will say that might help to round this issue out as best we can today is that one of the advantages of the process that the government has adopted is that decision making is in the hands of the court appointed receiver. The court appointed receiver is a person in a firm of considerable repute in dealing with companies that have gone broke. That is what they do. They are accustomed to working out the best way forward for companies that are suffering from financial issues. For the time being—and given that one of the criteria we have asked them to look at is precisely going to

the sustainability question you are coming back to—we have to let that process unfold. They are on track to complete the process on time. There has been considerable interest in the centres and they are open. I think we have to let that run.

Senator HANSON-YOUNG—Okay.

Ms Paul—I think it is worth saying that, as we said before, I am agreeing with you that the government has taken a really close and keen interest right through. The task force approach is intensive and dedicated. It has contributed of large amounts of money to ensure that certainty is offered to parents. Work has also been done on the criteria to help the court appointed receivers in terms of the EOIs and so on. So I really do think that there is a continuing high level of interest by government, as you suggest, and there will continue to be so.

Senator HANSON-YOUNG—In terms of keeping an eye on the ball and showing a keen interest, how closely are we watching the 720 centres at the moment? How stable do you think they are?

Mr Manthorpe—My impression is that the receiver has been able to get to a place where there is a fair bit of stability. I say that without being in receipt of detailed reports about profits and losses and things of that kind in respect of the 720 centres. I do not have deep intelligence on the matter. However, my impression is that there is stability in that part of the structure. We are keeping in touch with the receiver on a regular basis to see what is going on. That is probably all I need to say on that.

Senator HANSON-YOUNG—In relation to the 55 centres that closed down by 31 December, do you have thorough records that show that all children in those centres have now been successfully relocated to somewhere else?

Mr Manthorpe—Yes. We are absolutely confident that they were offered places at reasonably nearby locations, primarily in other ABC Learning centres. In a small number of cases there may have been a need to call on other centres, but they were places where we knew there was capacity. So we absolutely know that every parent was offered that alternative. We know that something in the order of one-third of the parents took up that offer. Bearing in mind that it was the end of the calendar year when the 55 closed, we know that a significant number of the children left childcare and went to school. We do not know precisely what happened to others who did not take up the offer. We have not attempted to track them individually. That is the position with those ones.

Senator HANSON-YOUNG—Moving away from ABC to general child care, it is seven or eight months since the introduction of the 50 per cent childcare rebate. Do we have any data that shows the average cost of long day care across each of the states since that came in? Has it changed? Is there any evidence to show that costs have gone down, that they have stayed the same or that they have gone up? Do you keep any of that information and do you collate it to see what impact the rebate has had?

Mr Kimber—We have not been tracking that sort of data in terms of the particular fees. However, I can inform you that for the first quarter—July to September 2008—\$280 million was made available under the childcare tax rebate, and that assisted some 504,000 families.

Payments are being processed for the second quarter—October to December—and \$172 million is being made available to 370,000 families, which is an average of \$559.

Senator HANSON-YOUNG—That is in terms of what people have claimed and received. Does the department keep any record of the average cost of child care in the different states and different regions?

Mr Kimber—I would have to take that on notice and provide some further details.

Senator HANSON-YOUNG—I know there is research on MyChild.gov.au.

Mr Kimber—That is right.

Senator HANSON-YOUNG—What is the average cost that a parent should be looking at—‘That is what I am prepared to spend and that is good value for money’?

Mr Kimber—As you said, fee data is collected through MyChild.gov.au. The childcare tax rebate is payable for the gap fee that parents have to pay, which is the difference between the childcare benefit and the total fees charged by the centre. That is calculated at the 50 per cent rate. Fee data is collected and available on the MyChild.gov.au website.

Dr Bruniges—We know from the hits on the MyChild.gov.au website that it has been quite high.

Senator HANSON-YOUNG—Last time we were here it had only just been launched.

Dr Bruniges—That is right. I can give you around the website as of 31 December, and I am told we had 813,000 hits on the website, moving through to November, when we had 1.2 million.

Senator HANSON-YOUNG—I wonder how many of those were parents who had kids in ABC Learning Centres.

Dr Bruniges—I am sure it was a very helpful and timely site for them to go to. We are monitoring hits on the website, which gives us some kind of measure of what parents are looking for. I am sure that that website will be able to provide further information for parents.

Senator HANSON-YOUNG—That is great. Is the minister around?

CHAIR—I am sorry, the minister is unavoidably delayed. He should not be too long. If you have questions for the minister—

Senator HANSON-YOUNG—I will ask the department, but you may feel that you may need to defer them. I refer to the budgeted building of new centres that was discussed in last year’s budget. Off the top of my head, 32—

Ms Rundle—It was 38.

Senator HANSON-YOUNG—Thank you for correcting me. Do we know where they are up to? What is the process from here?

Ms Rundle—Of the 38 priority locations, funding has been approved and announced for Craigieburn, Port Melbourne, St Kilda and Yarraville in Victoria, Wulagi in the Northern Territory and Beaconsfield in Tasmania. A competitive request for proposal process is currently open for a centre in Hazelbrook in New South Wales and an evaluation is currently underway for a similar process for Weipa in Queensland. Six centres are being established as

autism-specific sites. Of the remaining 24 locations, 18 are in areas where ABC centres have closed or are currently operating with government support. The Australian government is carefully considering how to deliver early learning and care centres in the remaining locations on a case-by-case basis. This analysis is going to take account of the work that is currently being undertaken by ABC2 Group.

Senator HANSON-YOUNG—So there is some ABC2 Group—

Ms Rundle—Yes.

Senator HANSON-YOUNG—I will leave it there for now and give somebody else a go.

Senator HUMPHRIES—I want to go back to ABC Learning for a minute and ask about what meetings took place in the period between ABC Learning's share price taking a plunge at the beginning of last year and its going into receivership or administration towards the end of the year. I understand that the Deputy Prime Minister made it clear that she did not believe any meetings between representatives of ABC and ministers were appropriate. Was that and is it still the government's position? Let me put it another way. Have there been any meetings between representatives of ABC Learning and ministers of the government?

Ms Paul—We have answered that before, I believe.

Mr Manthorpe—I think not in the period between, say, February last year and when the receivership commenced.

Senator HUMPHRIES—Okay.

Mr Manthorpe—I think not. But if I am incorrect, I will obviously correct that later.

Ms Paul—Earlier on Mr Manthorpe talked about meetings that he would have known of since his time leading the task force. If there is anything else, we will let you know.

Mr Manthorpe—It is certainly the case that between when the task force was established on 24 September and the receivership there were no meetings between the company and ministers.

Senator HUMPHRIES—Okay. A report on the Australian website on 30 January this year quoted Deputy Prime Minister Gillard as saying that a she had made it clear that ABC must deal with public servants and that they could not meet with ministers and the government. I would be interested to know whether any such meetings occurred.

Ms Paul—We understand not.

Senator HUMPHRIES—Of course, one of the ABC Learning representatives was—and possibly still is—former Labor minister Con Sciacca, who I understand was a paid consultant to ABC for a long period last year. Did the department have any meetings with him?

Mr Manthorpe—I met with a member of his company at one point.

Senator HUMPHRIES—Mr Sciacca's company?

Mr Manthorpe—Yes, not Mr Sciacca personally. I met with a member of Mr Sciacca's company.

Senator HUMPHRIES—And that is the only contact between Mr Sciacca or his company and the Public Service?

Mr Manthorpe—I had some phone conversations with that same individual. I think I met him only once. But I certainly had a handful of telephone conversations with him in the period between when my task force was created and when the receivership commenced.

Senator HUMPHRIES—You said from—

Mr Manthorpe—When my little task force started on 24 September and on 6 November when the receivership commenced. I spoke to a representative of Mr Sciacca's company on a few occasions and met with him once.

Senator HUMPHRIES—So you were not involved in this before that point. Is it possible for anyone else to indicate whether there were previous meetings?

Ms Paul—I would be very surprised if there were. We could check it out, but I would be very surprised if there were any previous meetings.

Senator HUMPHRIES—I note that Mr Sciacca was in parliament in mid-March. He was acknowledged in the gallery. I am particularly interested to know whether there were any meetings between ministers, ministers' staff or public servants at around that time or at any previous to the time you referred to, Mr Manthorpe.

Mr Manthorpe—I think there were certainly meetings between public servants and various representatives of ABC. They were by far the largest provider of long day care. It would only be to be expected that there would be some contact about various issues.

Senator HUMPHRIES—Sure, but not specifically with Mr Sciacca or his company other than that meeting you referred to?

Mr Manthorpe—I cannot accurately go back before 24 September on the issue of meetings with Mr Sciacca.

Ms Paul—We will take that on notice, although I suspect that there is nothing beyond that.

Senator HUMPHRIES—That can be taken on notice. I draw your attention to the directive that is referred to in this media report about not having any ministerial contact with ABC. Do we know at what point in time this decision was promulgated by the minister?

Ms Paul—I do not know so much that it was a decision. I am not sure to what you are referring.

Senator HUMPHRIES—It is in a report on the *Australian's* website and it is dated 30 January. I will quote it exactly. It states:

But Mr Sciacca said yesterday—

I assume that means 29 January—

he had never brokered meetings with any government ministers to discuss the stricken childcare company, as Education Minister Julia Gillard had "made it clear" that ABC must deal with public servants.

Mr Manthorpe—I can make one comment on that. It is broadly consistent with the position that Mr Sciacca is quoted there to have been describing. That is, that the understanding I had with minister's officers, once the task force was established and once the

issue was gaining very significant momentum, was if representatives of ABC wanted to deal with government I was the representative of government in that context.

Ms Paul—Yes.

Mr Manthorpe—That is how I operated and that is how I understood things.

Ms Paul—That is right. You are right, the minister was clear about that. Thank you for the reference, because I just wanted to make sure. Hence, it would have been Mr Manthorpe meeting with Mr Sciacca's company and so on.

Senator HUMPHRIES—Are you able to tell me anything about the code of conduct that was established shortly after this government came to power relating to the conduct of former ministers or members of the Labor Party with respect to dealing with the government?

Ms Paul—I would have to check, Senator.

Senator HUMPHRIES—The minister is here. Perhaps I can direct that question to him. I am sorry not to give you time to take a breath, Minister. We are discussing Mr Con Sciacca's involvement in ABC Learning. I understand that Mr Sciacca, through his company, has had dealings with this department. Are there any guidelines of the kind that the Prime Minister enacted with his code of conduct at the beginning of this government's life that are meant to influence the behaviour of former members of the Labor Party in dealing with officers or members of the Labor government?

Senator Carr—Former members of the Labor Party?

Senator HUMPHRIES—Or former MPs representing the Labor Party in the federal parliament.

Senator Carr—Mr Sciacca has not been a minister for some considerable time. He would not be troubled by any protocols. As I understand it, he is undertaking a lawful business. I am not certain why Mr Sciacca would be impacted in any way by the guidelines that have been issued about former ministers within two years.

Ms Paul—We would have to check.

Senator Carr—I will take it on notice to see if there is anything further I can add to that.

Senator HUMPHRIES—You are not aware of—

Senator Carr—I cannot see how that would be relevant in regard to party membership. I am not certain that that would be a consideration in any case.

Ms Paul—Of course, we also met with Larry Anthony, who was a director of ABC.

Senator Carr—And he was a minister more recently than Mr Sciacca.

Senator HUMPHRIES—Are there any rules about ministers in the present government dealing with former ministers?

Senator Carr—Only the guidelines that have been outlined and articulated clearly. Mr Sciacca has not held executive office for a great many years. It was not a prohibition on employment, was it? That is not what you are suggesting.

Senator HUMPHRIES—No, I am just asking whether there are any rules governing the way ministers in this government now—

Senator Carr—Previous Labor governments of 13 or 14 years ago?

Senator HUMPHRIES—deal with lobbyists.

Senator Carr—I am not aware of those, or in the Whitlam government for that matter.

Senator HUMPHRIES—I will have to read *Hansard* to catch those words of wisdom. I understand Mr Sciacca is now a secured creditor of ABC because apparently he has not been paid by ABC. Are you aware of whether any of the money provided by the government to assist with the aftermath of ABC's collapse may be used to pay a creditor of that kind?

Mr Manthorpe—I do not think it could or would be because Mr Sciacca was a creditor in advance of the receivership. None of our money is being used to meet the earlier debts accrued by people. There is a range of creditors and the money is not being used for that. The money is being used to meet the losses that are being incurred in the childcare centres, the receiver's costs and all the other things we talked about this morning. So, no, I would be very surprised if any of the money had found its way to Mr Sciacca.

Senator PAYNE—I want to go to the issue we were discussing in the last estimates hearings and the plans for the construction of the 260 new early learning and care centres.

Ms Rundle—We discussed earlier in the hearing where the first 38 centres were up to. Would you like us to repeat that?

Senator PAYNE—You answered in response to Senator Hanson-Young in respect of the first 38? Just let me go through these questions. Ms Rundle, I think we were talking before about three being signed off by the minister last time.

Ms Rundle—Yes.

Senator PAYNE—Can you tell us what other centres have now been formally approved by the minister?

Ms Rundle—Of the 38 locations, funding has been approved and announced for Craigieburn, Port Melbourne, St Kilda and Yarraville, Wulagi and Beaconsfield. Additionally, a competitive request for proposal process is currently underway for a centre in Hazelbrook in New South Wales. We are currently assessing proposals for Weipa in Queensland.

Senator PAYNE—Weipa in Queensland or Weipa in the Northern Territory?

Ms Rundle—Weipa in Queensland.

Senator PAYNE—You will have to bear with me; I spent the lunch break at the dentist. If I sound less articulate than you might hope, that may be why and I am going to use it as an excuse. Where did you say Hazelbrook and Weipa were up to in the process?

Ms Shugg—There is currently a competitive request for proposal process in relation to Hazelbrook. A competitive proposal process has recently closed in Weipa and we are currently assessing proposals put forward.

Senator PAYNE—Can you confirm that the funding agreements for Wulagi and Craigieburn have been signed?

Ms Shugg—No, the funding agreements have not yet been signed.

Senator PAYNE—When do you expect that to happen?

Ms Shugg—We are going through a process at the moment of negotiating some of the technical terms within the funding agreement that we had proposed to the relevant state governments. We are relatively close in relation to Tasmania, and hopefully also in relation to the Northern Territory. We still have a way to go in developing the Victorian one. Given the way in which the Victorian government is working with us, they will not actually be managing the construction process. They will be assisting us with funding local governments to undertake that process. The terms of the funding agreement itself have taken some time in working through.

Senator PAYNE—So that pertains to Port Melbourne, Yarraville, St Kilda and Craigieburn—

Ms Shugg—That is correct.

Senator PAYNE—and the Beaconsfield one is in Tasmania?

Ms Shugg—That is right.

Senator PAYNE—Has the department done any updated studies on the 38 identified budgeted centres that we are talking about with regard to demand for childcare places and vacancy rates? I think they were identified in then opposition policy.

Ms Shugg—Obviously we were looking at unmet demand and we spoke about that when we met last time. Given the situation with ABC, yes we have been doing some additional work on the parameters of unmet demand in the priority locations.

Senator PAYNE—Can you give the committee any information about the results of that work?

Ms Shugg—We are in the process of finalising that in giving advice to the government about the remaining locations. We could talk in general terms about the methodology that we are following if that would be helpful.

Senator PAYNE—That would be helpful information to have on the record. Then I will probably ask on notice whether if, once the advice to the government is finalised, the committee can receive further information as well.

Ms Shugg—Sure.

Senator PAYNE—Is it currently the intention to proceed with the construction of all 38 of those centres?

Ms Shugg—When you say ‘proceed with the construction’, it was always envisaged that this initiative would be flexible about how we delivered early learning and care in specific locations. With some of the ones that we have already announced we are not building a brand new facility.

Senator PAYNE—Perhaps I should say ‘construction and/or creation’.

Ms Shugg—The answer is, yes, it is.

Senator PAYNE—Is that still within the parameters of the \$144 million outlined in the budget over the next four years?

Ms Shugg—The \$114.5 million?

Senator PAYNE—Yes, I misread my note. That works out, I think, at about \$2 million each.

Ms Shugg—The \$114.5 million includes both a capital component and the additional costs that accrue to the commonwealth in establishing new childcare places. So it includes, for example, the CCB cost, the childcare tax rebate cost, et cetera that would accrue to the commonwealth once a new childcare centre had been established. The capital component is worked out on an average of \$1.7 million per centre. But obviously that will vary up and down depending on exactly what we are doing in each particular location.

Senator PAYNE—Certainly. Can you advise the committee whether the department knows how that compares with the average industry cost of building a childcare centre, where that is and what is being done by you?

Ms Shugg—We can provide you with some information in general. But obviously it will depend very much on which location you are looking at. A childcare centre in, for example, Weipa will have different cost structures than a childcare centre in a metro area.

Senator PAYNE—Okay.

Ms Shugg—We can certainly give you some general information. I think the other point worth mentioning here is that the initiative was not necessarily about always meeting the full cost of the construction of a new early learning and care centre. The government was very clear that we would be looking for opportunities for co-investment and working with stakeholders where we can to establish these centres.

Senator PAYNE—I presume that stakeholders in this case include state government, local government, community providers—

Ms Shugg—Exactly.

Senator PAYNE—Who am I leaving out?

Ms Shugg—Private providers. In Hazelbrook we have not been specific about who we would be trying to draw proposals from. We have simply said, ‘We have made a commitment to establish a centre in this location. Here are the parameters that we are looking at. Please bring forward your proposals.’

Senator PAYNE—Can you advise the committee how many people are employed to implement this policy area?

Ms Shugg—I would have to take that on notice; I do not have the detail with me.

Senator PAYNE—That would be great. Ms Shugg, you corrected me before to say that it is not all about construction and that there may be existing facilities that are converted or enhanced or whatever it might be.

Ms Shugg—Yes.

Senator PAYNE—They do not have to be existing childcare centres, they may be a facility currently used for something else. Is that right?

Ms Shugg—Yes. To give you a practical example, at Wulagi in the Northern Territory we are working with an existing primary school. They have a stand-alone preschool on the site and the primary school has some unused parts. We are refurbishing that so that we can provide a full early learning, care and transition service through to the primary school itself.

Senator PAYNE—Okay. Are the applications required to be submitted by 2 March?

Ms Shugg—That is in relation to the Hazelbrook process.

Senator PAYNE—For Hazelbrook and Weipa?

Ms Shugg—Yes. The Weipa process closed on 2 February.

Senator PAYNE—And Hazelbrook closes in March?

Ms Shugg—Yes.

Senator PAYNE—I will use that as an example. What is the process once the documentation is submitted for Hazelbrook?

Ms Shugg—We will have to assess that against the advertised selection criteria. As is the case with the Weipa proposals, we are also seeking some professional assistance about ensuring that the proposal is reasonable in terms of the construction itself. Then we would need to negotiate a funding agreement with the successful recipient.

Senator PAYNE—To go back to the capital component that we talked about in relation to the cost, I think you said \$1.7 million.

Ms Shugg—On average.

Senator PAYNE—Does that just include the physical environment or does that also include things like equipment and furniture?

Ms Shugg—In the main it is about the physical environment. But, as I said, we have been trying to be very flexible about what we provide with the initiative. A lot of the additional stuff that may be provided will depend on the proposal being put forward to us.

Senator PAYNE—My phraseology might not be correct, but if it is a big, round proposal, then it may well contain requests for support in terms of furniture, equipment and so on, and that would be considered as part of the process that the department is undertaking for each application?

Ms Shugg—I would think that would be very rare. I am just thinking back to the ones we have already dealt with; for example, the Craigieburn or Yarraville type of proposal. There we are working with the local government. The entire proposal has been costed, as has our contribution. That would be primarily focused on the construction of the childcare component of the centre. But whether or not that will also provide some of the fit-out has not been determined at this point.

Senator PAYNE—In the arrangements that the Commonwealth is making and the negotiations with the states, is it envisaged that the centres remain property of the Commonwealth?

Ms Shugg—No. One of the things we have said from the beginning of this initiative is that the Commonwealth government will not own any of the facilities.

Senator PAYNE—So you will transfer it to state government, local government or whatever it might be or to the provider?

Ms Shugg—We have said that we will not be providing funding for land for these centres. In most cases, whoever owns the land would be the owner of the facility once it is constructed. For example, where we are working with a state school, that would be state land and the state government would own the eventual facility. We require of the funding recipient a purposes agreement, which would say that the facility must be used for a particular purpose for a period of time.

Senator PAYNE—What is the period of time?

Ms Shugg—In most cases it is 20 years.

Senator PAYNE—And I assume the use specified is a childcare centre or an early learning and care centre?

Ms Shugg—Yes.

Senator PAYNE—So they cannot turn it into a library in four years if the whim takes them?

Ms Shugg—If they were to do, there are provisions within our funding agreement that would require them to pay back either all or a reducing percentage of the funding that we have provided.

Senator PAYNE—Okay. In the process of allocating or awarding tenders or whatever you are calling it—

Ms Shugg—Making a grant to a funding recipient.

Senator PAYNE—Is preference being given to any particular sort of provider—private providers, non-profit providers, or anything like that? Do the criteria that the government is using to make its assessment contain any guidelines in relation to those issues?

Ms Shugg—I think there are a couple of levels there. The government has made very clear its priorities around delivering these on schools and other educational facilities. Obviously that is a priority. In terms of a general request for proposal, which has happened in the case of Weipa and Hazelbrook, we have not assessed any of those to finality yet, but there has not been any priority expressed within the documentation.

Senator PAYNE—Was any priority expressed in the documentation for Craigieburn, St Kilda and Wulagi?

Ms Shugg—There was not, but they were brought to our attention through discussions with the Victorian state government. In Victoria, local governments play a very strong role in the delivery of early learning and care. The state government worked with us to identify proposals that would provide an integrated childcare centre in the locations announced during the election campaign. They were done through an agreement between the three levels of government. We did not go out for a request for proposal in those locations.

Senator PAYNE—I am trying to get an understanding of how stakeholders in this particular space will be able to fully participate in the process if the advertised or promoted priority is for the establishment of these centres in schools and other educational facilities. For example, how does a private provider engage in the process to run one of those centres?

Ms Shugg—In the very beginning of the initiative we ran a registration of interest process whereby we opened it up to hear from anyone who wanted to be involved about their interest in delivering early learning and care in the priority locations and then separately in the other locations—that is, the remaining 222. We did say upfront that we would begin by talking to state governments about delivering this. But in those discussions we used the information that was provided in the registration of interest process. In some locations the state governments have school facilities that have appropriate land available and a school community that is interested in providing early learning and care. In those cases we are dealing directly through that process. Where that is not the case, we are opening it up for a general call for proposals.

Senator PAYNE—So is it feasible that there will be a diversity in providers in the 38 that are currently budgeted for.

Ms Shugg—That is the expectation that we have made clear to all of the state governments that we are talking with.

Senator PAYNE—And the final determination on who is the successful operator is made by the department?

Ms Shugg—The minister makes the final decision in relation to whether or not we can proceed. In assessing the call for proposals, the department would make an assessment and then make a recommendation based on that assessment to the minister.

Senator PAYNE—In relation to the ones which have been signed off—Craigieburn, St Kilda, Wulagi, Port Melbourne, Yarraville and Beaconsfield—that is six—

Ms Shugg—That is correct.

Senator PAYNE—Has the minister has made the ultimate decision on who the operator is to be?

Ms Shugg—She has made the decision about who we will provide a grant to.

Senator PAYNE—Does that mean the same thing?

Ms Shugg—In some cases it does. For example, in Beaconsfield we are making a grant to the Tasmanian state government. The early learning and care centre will be constructed on a state primary school site and we have agreed with the state government that there will be a general call to the market for a proposal. At this stage a childcare provider has not been agreed.

Senator PAYNE—I see.

Ms Shugg—But the minister has made the decision to make a commitment of X million dollars to build the childcare centre.

Senator PAYNE—After the general call is made in relation to providers, who makes the decision as to the choice of provider?

Ms Shugg—In the case of Beaconsfield it will be the Tasmanian state government with advice from the department.

Senator PAYNE—Your department?

Ms Shugg—Yes.

Senator PAYNE—Does that mean that every single one of the 38 centres is different as to the determination of provider?

Ms Shugg—Yes, that is right.

Senator PAYNE—Are the criteria for the determination of provider the same for each one?

Ms Shugg—We have set out in public material the criteria that we see as important in identifying a suitable provider for an early learning and care centre.

Senator PAYNE—So that is yes.

Ms Shugg—Yes.

Senator PAYNE—I will use Beaconsfield as the example you nominated. Is the Tasmanian state government required to have regard to those criteria as publicised in its selection of the provider?

Ms Shugg—Yes.

Senator PAYNE—Will the Tasmanian state government be required to run a formal tender process for that?

Ms Shugg—The agreement that we have reached with the Tasmanian state government is that they will. We did not require it of them. It was our preference, but we did not require it of them.

Senator PAYNE—If the committee had an interest in understanding how each of the centres comes to fruition in terms of construction where that is relevant, development where that is relevant, and selection of provider, which is going to be relevant in every case, then at this point we looking at 38 separate sets of arrangements with a view to 222 sets of arrangements.

Ms Shugg—There will be groupings of arrangements. We are looking at the requirements of each location and how we can best meet the needs of the families in that location.

Senator PAYNE—What do you mean by ‘groupings of arrangements’?

Ms Shugg—For example, in a number of the local government areas in Victoria where we have reached agreement, local government itself is a well-reputed provider of early learning and care. As part of the agreement that we have reached with them, they will provide the service themselves.

Senator PAYNE—I may come back with some questions about that specific aspect when I have a look at the answers further. The next group of centres in terms of the original leaves us with 222 more centres to plan for as I understand it. Has there been any reassessment of that policy given the current situation in the childcare industry?

Ms Shugg—I think when we spoke last I said that the government's preference was to deliver the remaining 222 centres through a national partnership with the states and territories, and we were in the process of negotiating that at that time. Prior to the finalisation of the national partnership, the government decided not to include the early learning and care centres in the current set of agreements. There was a number of reasons for that, but obviously the impact of ABC was one of them.

The others were that there was also a COAG agreement to develop a national strategy around early childhood development. It made sense to roll out the remaining 222 centres as part of a cohesive strategy in dealing with early learning and care. The other one was to ensure that we could effectively learn the lessons from delivering the first 38 and apply that to the remaining 222.

Senator PAYNE—In the COAG process, what is the priority given to contemplating the delivery of these centres in areas of critical childcare shortage?

Ms Shugg—It was always part of the requirements that the 260 early learning and care centres be located in areas of unmet demand for child care. That was one of the requirements we had built into the draft that we were negotiating at the time.

Senator PAYNE—I refer to the list of the 38 centres that have identified locations. As I understand it, those localities were identified and compiled before the end of 2007 because they were part of a campaign commitment by the then opposition. Is any reassessment being done in relation to those locations? For example, are you looking at more recent vacancy rates to check they are the most suitable areas?

Ms Shugg—As I said before, we are doing that in relation to the remaining sites and we are in the process of providing advice to the government.

Senator PAYNE—At the same time, is there any contemplation given the high level of interest we were told about this morning by officers in the ABC2 Group in those centres which were deemed unviable in certain ways? That suggests a willingness in the private sector to pursue investment. Has there been any reassessment of the policy about the government's involvement in this area to pursue the use of those private interests over spending further commonwealth funds?

Ms Shugg—I am not sure I understand the question.

Senator PAYNE—I am going to use my visit to the dentist again as an excuse. Let me restate that. The government's approach to child care looks at two policy areas at the same time. One is this area of significant Commonwealth engagement and growth. We are looking at 38 centres in four years and then 222 more down the line. At the same time we are managing a significant problem in relation to 200-plus centres that are currently the subject of expressions of interest. I was told this morning that there is a very significant level of interest in those centres. Has any reassessment been done, in this situation where we are looking at spending significant Commonwealth funds, to say that perhaps there is some capacity for take-up from this side of the equation?

Ms Shugg—The two are not separate. We are obviously working together to ensure that the outcomes we get for families are the best that we can in the given location. We have done

a range of work around where priority locations co-exist with ABC2 Group locations and looking at the unmet demand in those locations. But obviously in some of those locations there will be unmet demand in addition to continuing with the centres in that area. The other point I would make is that, as I said before, the early learning and care centres are being delivered in partnership with other providers. We are looking at tapping into the market that wishes to invest in the delivery of early learning and care in this side of the initiative as well.

Senator PAYNE—One of the gaps that I see in this discussion is the commitment in six locations to autism specialist centres, if that is—

Ms Shugg—Autism-specific centres.

Senator PAYNE—In the discussions we have had so far, I do not see any of those particularly advanced. What is their status?

Ms Shugg—The Department of Families, Community Services and Indigenous Affairs, which is managing the implementation of that part of the initiative, has been out to the market and it is very well advanced with the assessment of the proposals that have come forward.

Senator PAYNE—Does that mean that they are as advanced as the one at Hazelbrook?

Ms Shugg—Further advanced. Their process closed late last year. It is going through the assessment.

Senator PAYNE—Can you provide me with any further information on those six centres?

Ms Shugg—I can provide you with the locations that were advertised for them.

Ms Paul—And the status of the agreement process?

Ms Shugg—I can do that as well.

Senator PAYNE—Do you want to take that on notice?

Ms Shugg—I will do that on notice.

Senator PAYNE—Thank you very much. I have a couple of other questions. I think we discussed briefly on the last occasion, or perhaps I ended up putting it on notice, a question about the Child Care Access Hotline.

Ms Shugg—Right.

Senator PAYNE—It was not you?

Ms Shugg—No.

Senator PAYNE—I think the procurement plan says that we are looking at the estimated month of approach to market as November 2008 to February 2009. But I cannot find it currently listed on the AusTender website. Can you give me some indication of progress on that tender process?

Mr Wight—The department has a broader hotline that operates for a lot of the programs across the department. As you would understand, this is a flow-on from the bringing together of the three departments. In doing that we are actually looking at bringing the access hotline within the bounds of the broader contact centre. The broader contact centre's contract has a longer time period. Therefore, we have sought and got approval to extend our contract to

April next year. That will line us up with that broader departmental contract so that we can go to market with the access hotline as a component of the broader departmental contact centre contract.

Senator PAYNE—So anyone living in hope has just had their hopes dashed if they were looking for that on the AusTender website. The reason for the delays is that effectively you are trying to roll it into the broader system you have just described to me.

Mr Wight—That is correct.

Senator PAYNE—Is that for the purposes of the changing nature of the Child Care Access Hotline, or is it about improving the system? What are the reasons?

Mr Wight—It is about economies of scale and efficiency of process. We will certainly put into that tender process the same requirements for the access hotline to deliver. Irrespective of whether it was done as a separate processes or in the broader process, we will be seeking the same requirements in terms of service delivery.

Senator PAYNE—In the processes of deciding how to deal with that, has the department given any consideration to the sort of system they have operating in some centres in Victoria? It is a bit like wotif.com for child care. I think they call it ChildCareNow.com.au. Parents can book places online. Did the department look at those options?

Mr Wight—You would be aware that the department has a website—MyChild.gov.au—where we provide information on those services that have chosen to list on that website. The department has—

Senator PAYNE—That is MyChild.gov.au?

Mr Wight—Yes, MyChild.gov.au I will just get a plug in for the website. The department has not particularly considered getting into the management of waiting lists. The managing of waiting lists for individual services is an issue for the services.

Senator PAYNE—I have a question about the MyChild.gov.au website. As I understand it, parents cannot really tell how many vacancies there are or for what age the vacancies are applicable. They have to contact each centre specifically to find out. Is that correct?

Mr Wight—At the moment the website does not contain vacancy information. If a parent rang the Child Care Access Hotline, they would certainly be advised about whether there were vacancies at a centre. That information includes for a long day care centre whether there are vacancies for a zero to two-year-old or vacancies more broadly.

Senator PAYNE—Is any thought being given to upgrading the MyChild.gov.au website or to revamping it so that it is more user friendly?

Mr Wight—There are plans to expand the MyChild.gov.au website. They include the provision of vacancy information. Work is being carried out in consultation with the sector itself to work out how best to provide vacancy information. The MyChild.gov.au website will also be improved by providing the ability to do searches of surrounding postcodes and to provide mapping functionality and a number of other planned improvements around the delivery of information through that site.

Senator PAYNE—That sounds positive. What is the time frame for that?

Mr Wight—The time frame for surrounding postcodes and mapping information is about the middle of the calendar year; that is, the middle of this year. Vacancy information is certainly a longer term project. It will be later this year.

Dr Bruniges—One of the issues of vacancy information is the fact that there is no common definition of a vacancy across the system.

Senator PAYNE—What is a spare space?

Dr Bruniges—Yes. The individual childcare centres may include a half day or a full day. It is best for parents to get that information at the local level. But it is not comparable to aggregate it up to a total. We need to work through some definitional and measurement issues to ensure that it is reliable and robust data before we put it on the website.

Senator PAYNE—I think that is important. Hopefully this calendar year, if you combine Mr Wight's response and that information, we should have a more user-friendly, more helpful site operating through My Child.gov.au.

Dr Bruniges—I think I talked about site hits before. The website is pleasing in terms of informing parents of locations. We hope to build on that in time to provide a more fulsome range of information that will be useful for parents. We are treating it as a staged operation.

Senator PAYNE—I have a couple of questions about the childcare management system. Can you tell us how many providers are now reporting on the CCMS?

Mr Parsons—As at Monday this week, 9,139 providers have moved across and are operating in the CCMS system.

Senator PAYNE—What proportion of the total providers is that?

Mr Parsons—It is 9,139 divided by roughly 11,500.

Mr Kimber—It is 73 per cent.

Senator PAYNE—Thank you very much. Is there an expectation that, as was planned, all providers will be using it by June of this year?

Mr Kimber—There is a legislative requirement that all approved services need to be using CCMS for the transmission of information by 1 July this year. The department expects to have the vast majority of services operating on CCMS by late March or early April.

Senator PAYNE—What will you do to them if they do not?

Mr Kimber—As I said, we plan to have the vast majority of our services operating by late March or early April. There is a legislative requirement that to maintain their childcare benefit approval they operate in the CCMS environment from 1 July.

Senator PAYNE—So they will lose their CCB approval?

Mr Kimber—As I said, it is a requirement that they operate.

Senator PAYNE—Is the system monitored to ensure that those who are on the system are submitting their data on a weekly basis?

Mr Kimber—Services are required to submit their data in the fortnight following childcare usage. We do monitor that. But if services want to receive payment of CCB on behalf of their parents they must submit that data.

Senator PAYNE—When you finally get all of the providers online and there are no recalcitrants—which will be an admirable position, I am sure—what intention is there to work with that data publicly, particularly vacancy rates? Is that going to be released publicly on a regular basis?

Mr Kimber—That is a matter for development. As Mr Wight just outlined, vacancy information is collected and provided through the Child Care Access Hotline. That vacancy information is also collected through the CCMS system. But, as Dr Bruniges outlined, the work needs to be done in terms of definition so that consistent data is reported before we can make that further available.

Senator PAYNE—I would like to ask some questions about the Census of Child Care Services. I think that historically—at least in 2002, 2004 and 2006—the census was carried out in May each year. Why was last year’s census pushed through in the last week of November instead?

Mr Wight—The childcare census as you referred to it is in fact no longer conducted. A lot of the information that we used to collect through the census process is now available through our general administrative data. It is through the collection of information that is delivered via the child care management system. Therefore, there is no need to gather a lot of the base information through the census process that we used to conduct.

Senator PAYNE—What do you call what you did in November?

Mr Wight—That was a survey of providers. It was designed to gather a small component of information that is not available through our administrative systems. There are two main areas of information that we do not collect as a part of our normal administrative data. They relate to special needs children and staff educational qualifications. Therefore, we conducted a survey of a subset of services to gather that information.

Senator PAYNE—Special needs children and—

Mr Wight—Educational qualifications of staff.

Senator PAYNE—Will the results for those two areas be made public?

Mr Wight—They will be made public.

Senator PAYNE—When?

Mr Wight—The exact time?

Senator PAYNE—Ballpark.

Mr Wight—It certainly should not be too far in the future.

Senator PAYNE—I am just trying to put together material that was in the pre-survey information sheet that was issued with the 2008 survey and the information that you have just given me. You are still referring people to the childcare census team for follow up. It was still seeking information about numbers of children and so on.

Mr Wight—In relation to the number of children, I was only seeking information about those children with special needs. In terms of broad numbers of children and the age distribution, we can now gather that information from our administrative data collection. We do not need to do a census of the whole industry to gather that information.

Senator PAYNE—I do not want to run through the whole census and waste your time or the committee's time. However, it does refer to how many children are attending this service during reference week. I cannot see any earlier information that says it is only about special needs children. How many children of Aboriginal or Torres Strait Islander origin are there and how many speak or have parents or guardians who speak a language other than English at home? Question 5 goes on to deal with children who need additional assistance, which I assume refers to special needs children. You are seeking the general information up front. However, at the same time it is compacting that information, if you like. I gather you grouped ages together so that children up to three years of age were combined under one category. In the 2006 iteration of this process they were split by age groups: one, one to two and two to three. Are you indicating to me, Mr Wight, in relation to the information that you collect otherwise than through this process, that you have that information separately and that is why you do not need to do it?

Mr Wight—That is correct. Our data collection now includes the date of birth of the child. If we need to gather information on age range at a particular point in time, we can derive that information from the date of birth. So our normal administrative data collection provides us with that information. Therefore, in asking the industry for a particular set of information we have certainly tried to rationalise it down to the basic information we need to deliver our outcome and to reduce the administrative burden on the sector.

Senator PAYNE—I am sure they would be grateful for that. I will come back with some further questions on notice in relation to the survey/census when I look at the *Hansard* and put those together with the discussion.

CHAIR—Do you have more questions on outcome 1?

Senator PAYNE—I have a couple of questions in relation to preschool and before that the national quality standards. Are they still in outcome 1?

CHAIR—Yes, so we should do them. I think everybody else is waiting for outcome 2.

Senator PAYNE—I will put those questions on notice if that will help the committee. I thank committee very much.

CHAIR—Thank you, officers from outcome 1. We will now move to outcome 2, School education.

Senator MILNE—I would like to start on the issue of the COAG agreement that was signed with the states towards the end of last year covering the conditions that apply to accessing Commonwealth funding for public education. Can you reiterate for me the conditions that apply in terms of accessing that funding? I will provide some context for the question. My concern at the time that the bill was split into dealing with non-government schools separate from public schools through COAG was that with the financial crisis looming state governments would have less revenue than previously for their public sector

and that they may cut education funding and not comply with the Commonwealth's conditions across some of the projects they have access to. For example, the Tasmanian government has indicated that it will have a \$130 million shortfall in GST receipts this year. It is starting a system of vacancy control—that is, not filling jobs and all that sort of thing. Can you take me back to what the conditions were for state governments accessing those various programs—some of which were contestable by the private schools as well as by the public schools and others? Have you gone back and had a look at the likely impact of the collapsed revenue streams on public schools being able to access that money around the country?

Dr Nicoll—The states and territories signed up to a national education agreement. That agreement outlined a number of commitments to outcomes and to targets reflecting a change in the financial framework between the Commonwealth and the states and territories. There has been a move from an input framework, which was the underpinning of the previous system, to an outcomes approach. Payments will be made by Treasury to state and territory treasuries. It will be to each state and territory to meet the commitments they have made in terms of the COAG outcomes. Those are things such as all children being engaged in and benefiting from schooling, young people meeting basic literacy and numeracy standards and overall levels of literacy and numeracy improving and Australian students excelling by international standards. There is also one in relation to social inclusion, which includes outcomes for Indigenous children and a transition outcome.

Then there are COAG targets. These give a level of specificity in terms of what states and territories are expected to achieve with the funding and any other funding that comes from the Commonwealth. One is to lift the year 12 or equivalent attainment rate to 90 per cent by 2020, halving the gap for Indigenous students in reading, writing and numeracy within a decade, and to at least halve the gap for Indigenous students in year 12 or equivalent attainment rates by 2020. The reality is that from our departmental point of view we will be looking at the states and territories in terms of their achievements against the National Education Agreement. There are national partnerships that go with that. Payments themselves are taken care of now by Treasury and not by us.

Senator MILNE—When we talked about this before, you said that if the states do not meet those objectives they do not get the additional funding at various levels and so on.

Dr Nicoll—It may be correct in relation to national partnerships where there are some reward payments that are components of the national partnerships. In terms of the SPP that underpins the NEA, there are essentially no consequences in terms of the sorts of things you are talking about.

Senator MILNE—What about those particular funding streams that can be contested by both private and public schools?

Dr Nicoll—The Commonwealth still runs or has retained some in the non-government sphere. We rolled a number of programs into the SPP for the states and territories. I can tell you what they are. We could not roll in some of them for the non-government sector. So we are continuing to maintain those programs over the next four years. We will be running them the way they were run before the COAG agreement.

Senator MILNE—In terms of how they were run before, what do the states have to provide to qualify? Do they have to do dollar for dollar?

Dr Nicoll—Money has been rolled into one bucket. They have to achieve the outcomes, the targets and the outputs that have been agreed as part of the national education agreement. There is a level of input analysis that we will continue to do in relation to the non-government sector that we will not be doing anymore for the states and territories in relation to individual programs.

Senator MILNE—My concern here is that if you are running a vacancy-control program across the public sector, and that includes education, in order to meet those benchmarks in the state, the current teaching staff will have to do so with less staffing.

Dr Nicoll—Part of the underpinning of that approach is to give the states and territories greater flexibility in terms of prioritising education. The intent is certainly that they will fund education appropriately to achieve the targets and commitments that they have made. I should add that it is not only DEEWR that is engaged. The COAG Reform Council will also be monitoring outcomes and targets for each state and territory and will be making achievements against them public. So there is an accountability framework for the states and territories that in many ways is stronger than the input approach. Now they are accountable for achieving particular things, not just ticking off on having done things through an input approach.

Ms Paul—The amount of funding from the Commonwealth has gone up substantially. I was a little concerned when you talked about fewer teachers. From the Commonwealth point of view, the amount of funding has gone up significantly. The four years of funding under this national education agreement is \$146.5 billion, including Indigenous education. That is about \$10 billion more than the allocation for the previous four-year period. Of course, that is not accounting for some of the other initiatives, including, for example, the \$14.7 billion for building the education revolution.

Dr Nicoll—I want to be clear that it is not that the agreement offers less money. The four-year increase in the calendar year approach across schools funding is 89 per cent. If you just want to look at government schools and not at the NPs, but include Indigenous education and the building the education revolution, it is a 115 per cent increase that the Commonwealth is investing in government schools in Australia.

Senator MILNE—Is there any requirement that the states maintain their level of commitment to education, or can they just downsize to take advantage of the increase in Commonwealth funding and therefore not increase overall education funding?

Dr Nicoll—With an outcomes approach they will not be able to achieve outcomes or targets they have signed up to without a considerable continuance of the investment that they have made in education.

Senator MILNE—That being the case, what happens when they do not meet their targets? This is nothing to do with what we are talking about, but Tasmania has a \$130-million shortfall in GST revenue and a \$200-million black hole in its income stream. The whole public service is now on notice. They are going to try to shield education, health, police and another area from that, but the rest of the public service will take a big hit. My concern is that we have locked in four years of funding for non-government schools and they will be able to

maintain their funding. However, if the states cost shift and take advantage of the increased Commonwealth funding and reduce their own inputs, the gap between non-government and government schools will widen, particularly in terms of staff.

Ms Paul—Of course, the COAG Reform Council will hold them to account as well. What states have signed up to is that the outcomes will be measured by the COAG Reform Council. I think there is quite a bit of pressure to meet the outcomes across every state. I am not denying that states have budgetary pressures.

Senator MILNE—When you say that there will be pressure to meet the outcomes, what sort of pressure do you mean? We have just heard that there are no enforcement or penalty provisions or whatever. What sort of enforcement will be involved if they fail to meet the outcomes? What will happen to them?

Ms Paul—We can provide more information. However, as I understand it, under this COAG global approach to financial relations reform, any action required will be taken via COAG. These things now all rest not just between us and the states, of course, but between the premiers and the Prime Minister. It has all been elevated to COAG. We can probably get some more information on that question. I think it is will be a global answer and not just in regard to schools but to all of those—

Senator MILNE—I suspect that is the case. That is why I did not want to lock in the non-government school funding for four years. I wanted to keep it open until we saw the ramifications for public education of the financial meltdown. Now that it is occurring as I expected it to occur, is there any mechanism for the department to go back and start monitoring? If this is happening in Tasmania, it is clearly happening around the country to varying degrees. I want to ensure that the gap between public and private education in this country does not get worse in terms of staffing and provision of personnel. There must be some mechanism to monitor this situation given that it is an unprecedented collapse.

Dr Nicoll—A variety data will be through the ANR and ROGS that will enable the Commonwealth to look at the performance of states and territories. But our focus in terms of what they achieve will be on the outcomes and targets and their achievements against the targets that all the premiers and first ministers have signed up to. That is the underpinning for this framework and that is what our focus will be. We will be looking to monitor that very carefully.

Senator MILNE—When does the first review process start for those two processes that you mentioned—and I do not understand the acronyms?

Mr Burmester—ROGS is the Report of Government Services that is prepared annually by the Productivity Commission. Part of the COAG communique from before Christmas was that it would review its reporting processes. They have to report back to COAG. So there will be a new reporting framework across the country for provision of government services at both the Commonwealth and state level. It is a detailed annual report. There are about 200 pages just on education in the current edition.

The COAG Reform Council also has a responsibility to report annually against the outcomes achieved in each of its areas. We have been informed by the COAG Reform Council that it will report first on education because we work on a calendar year rather than a

financial year. The CRC will be tabling its first report in early 2010 on achievements in the education sector.

Senator MILNE—While I appreciate that you need to have your four-year data and so on, it is pretty obvious to anyone observing what is going on now in terms of staffing in schools—and everywhere else, but schools I am particularly concerned about here. Minister, I wonder if there is not some mechanism through the COAG process of getting some informal assessment of what is going on in terms of public school staffing in the face of collapsed GST receipts from the Commonwealth. Not all states are as dependent on Commonwealth GST receipts as is a state like Tasmania, for example.

Senator Carr—I am sure the states would argue that they are. The question about state maintenance of effort is not new to education. These circumstances we now find ourselves in as a result of the economic crisis accentuate those issues. The secretary has outlined to you the processes by which COAG has entered into these arrangements. There is an expectation that agreements will be honoured and we look forward to the implementation of those commitments by state governments as well as by the Commonwealth. It has equally been pointed out that Commonwealth expenditures have increased by 115 per cent, so there would be no question about the Commonwealth's commitment to these agreements, and there would be an expectation that the states would share that commitment.

Senator MILNE—There is a disconnect though between educational outcomes and costs shifting.

Senator Carr—Yes.

Senator MILNE—There is no penalty currently for cost shifting.

Senator Carr—It is not clear to me from the answers given today that that is the case. There is a question of prejudging these issues, and there is no intention to do that. The states have signed up to these agreements. They are obliged to meet their commitments, and we have an expectation that they will. We start from that presumption.

Senator MILNE—I feel sorry for the teachers who will have to do twice as much.

Senator Carr—I do not think that is a fair comment.

Senator MILNE—I know.

Senator Carr—If an agreement has been entered into, how do we assume the agreement will be broken?

Senator MILNE—Because if you have a vacancy control policy across your state service, you will not have as many people teaching.

Senator Carr—You have indicated to us that that does not necessarily apply to the school system. The state of Tasmania has entered into agreements.

Senator MILNE—I know.

Senator Carr—As has every other state in the Commonwealth.

Senator MILNE—I know.

Senator Carr—And we expect them to be honoured.

Dr Nicoll—Senator, if I could add to that, the intergovernmental agreement outlines a reporting framework that includes reporting on gross state and territory expenditure in education and a number of other areas. It will be required that states and territories report on their effort, their investment, and that will be monitored.

Senator MILNE—When you say a report on that, is that the end of a calendar year or is it six monthly?

Dr Nicoll—Within six months of the end of each financial year.

Senator MILNE—So at the end of this year at least we will have that figure from around the country for the various states.

Dr Nicoll—That is correct.

Senator MILNE—At least we will be able to go back and have a look at that at that point.

Dr Nicoll—Senator, could I add that in relation to one of the government's new programs, Building the Education Revolution, there is an expectation that states and territories will maintain effort. That is a condition of the national partnership. While the inputs on the NEA and the other national partnerships may have been removed, there is in that national partnership a clear requirement that states and territories maintain their expenditure on capital over the next four years.

Senator MILNE—Thank you. Just as a follow-on question from that, do we have any idea how many of the new buildings in primary schools around the country might be libraries?

Dr Nicoll—No, Senator, we have not. I think it would be inappropriate to speculate at this point. The order of priority under BER, as it is coming to be known, is that libraries are to be the first choice: that will be the highest priority for schools. But if a school has an up-to-date library and does not need one, it can go down a cascading number of priorities. It is not possible to speculate at this point. We will know after the first round how many schools have put their hands up for libraries. Judging from anecdotal feedback, it certainly seems that many schools will be. I spoke with the national principals association on Monday. A number of the representatives there were talking about libraries as being the thing they will want as their first priority.

Senator MILNE—My next concern is that a library is not much good unless you have a teacher-librarian to set it up, first of all, and then to oversee it and run it. To maximise the dollar spend on infrastructure you need the human input. I am well aware that teacher-librarians are a training cost to the state. Is the Commonwealth going to take any role in conditionality with school libraries that, if people have a library, they must be able to staff it with a qualified teacher-librarian?

Dr Nicoll—Senator, we will not be going down to that level of conditionality, but we would expect that in any proposal that a school put forward to its state or territory, or its Block Grant Authority, it would have a plan for how it will staff the facilities that it is seeking to have built. As you said, it is a state responsibility in the case of government schools, and a schools or system responsibility in the case of non-government schools. We are not intending to put any conditionality on that. We expect that to be part of the planning that a school or a system would be putting in place.

Senator MILNE—If a school puts forward a proposal for a new library, but does not have any plans to employ a teacher-librarian, would it still get the funding for the library, or would those who put forward plans for both be prioritised?

Dr Nicoll—In part that will depend on the size of the school. There will be many schools which, because of their size, may not have a teacher-librarian as a full-time staff member anyway. But that will be a matter for the state or territory process, or the BGA process, to examine. It is not something that we will be enforcing as a condition.

Senator MILNE—In terms of the infrastructure spend, I have had a few queries from various people in the education system. In many places, education departments, because of demographic changes, costs and so on, are looking at amalgamation options. In many cases, they are still at the stage of discussions with their communities; they have not actually made those decisions. They want to know before they make that decision who will determine who gets the money in the sense that the education review says that there is \$12.4 billion to build large-scale infrastructure at every one of the country's 7,500 primary schools. They want to know who has the last say. Is it up to the principal of the school and the parent body to determine whether they want the building or not, or is it going to be devolved to the state education department to determine which schools will get it? Do you understand the question?

Dr Nicoll—Yes, I do. The ultimate decision is made by the Deputy Prime Minister. She will approve the projects that will be funded. However, your question goes more to the issue of the level of consultation that is going to take place with principals and school communities. It has been written into the guidelines very clearly that a high level of consultation must take place. But there is an inherent challenge or tension because of the time frame in which this has to be rolled out. The primary purpose of BER is to support jobs and to inject money into the economy as quickly as is possible. A number of states and territories have been embarking on processes in terms of mergers and amalgamations, and your own state is one of those.

Yesterday I spoke with the director-general in Victoria. He said there is a process that is ongoing in Victoria that will probably take two or three years, but this is an opportunity for schools to think very hard about and bring forward some of the decisions about potential amalgamations so that we maximise investment in schools. If there are two schools that in two years time will have come together, this is an opportunity to pool the allocations and build a new school. I think all of us would agree that it makes sense to allow them to do that.

It means that in this process principals and communities have to move faster than they would have liked to do. It is also true that bureaucrats will be uncomfortable in having to speed up this process, but it has to happen. If the government is to maximise the impact of this investment in infrastructure it needs to happen quickly. It will be a challenge but it is written in the guidelines that schools, principals and communities must be consulted. Yesterday I had a teleconference with all the national coordinators of the Building the Education Revolution and I made it very clear that consultation with school communities was essential and they needed to bring their schools with them when making their decisions. I think they understand that process.

Senator MILNE—In many ways this infrastructure spend has brought to a head a number of issues that have been simmering in school communities for a long time. Before these people make a decision as to whether or not they agree to the amalgamation they want to know that, if they stand their ground and say that they do not want to amalgamate, they will not amalgamate. As the policy states that every primary school will get a new building, will they get their new building if they insist on having it, or can the state override a primary principal and school council community agreement? Is the agreement between the principal and the community and the Commonwealth, or can the state thwart their efforts to achieve a new building?

Dr Nicoll—The scenario that you have outlined is one about which the Deputy Prime Minister has been concerned. There is now a clause in the guidelines that states that schools that have a concern about the outcomes of the allocation process can put their concerns in writing to the BER national coordinator, which is me. In outlining that I will look at their case, I will go back to the states and territories with the guidelines of the program, and I will say to them, ‘Have you dealt with the consultation process appropriately? Has this school been consulted? Is there a good reason for the outcome at which you have arrived?’ Ultimately it will be a matter of us looking at these things on a case-by-case basis. At this stage I cannot make a call on that, other than to say that schools will have an opportunity to go beyond either the state or the territory, or the Block Grant Authority, to put a case about why they feel that the guidelines may not have been appropriately applied.

Senator MILNE—Thank you for that. I think that clarifies things considerably for schools in this position. I appreciate that.

Senator FIELDING—I started a few hours ago on a topic, so you have the direction in which I want to head from now on. I will probably repeat my first thoughts on this issue. Could you explain to the committee what the department is doing to address the problem of bullying in schools? As I said, I know that a National Safe Schools Framework was finalised some years ago. Can you take us through that and any other work that you are doing? I think I should get a pretty good answer to this, as it has been three or four hours since I last asked this question.

Ms Cross—As you mentioned, there is a National Safe Schools Framework which was signed off by all Commonwealth and state ministers in 2003. Through that National Safe Schools Framework we work closely with those jurisdictions to ensure that there is a safe and supportive environment for students in schools. The National Safe Schools Framework is about to be reviewed, and we have just let a tender to review the framework to ensure that it is up to date and responsive to recent developments, in particular in the area of bullying where there has been an increase in the incidence of cyber bullying with changes in technology.

Under the National Safe Schools Framework we have spent \$7.6 million and we have used that money to work with state and territory systems, to provide a range of materials, resources and professional development, and to contribute to events such as National Safe School Week. We are also on a safe and supportive schools community committee which has put together a website that is effective and well received. The website is called Bullying. No Way! We recently started a scoping study and we have written to all states and territories. I am doing a

stocktake of their programs on violence in schools to establish how effective the range of strategies has been.

In addition, we are part of a broader cross-government effort, which is led by the Department of Broadband, Communications and the Digital Economy, where the government allocated \$125.8 million for cyber safety. Within that it is also looking at cyber bullying. We are on those committees and subgroups that are looking at those issues. We have also undertaken a range of projects that I can outline for you if you are interested. I guess that the bulk of that effort is working with the states and territories through those normal mechanisms to create an environment in which schools are safe.

Senator FIELDING—I appreciate your general overview. Do you know how many hits the website Bullying. No Way! has had?

Ms Cross—No, we would have to take that question on notice. We know that it has had very positive feedback from the people who use it and it is actively supported by state and territory systems.

Senator FIELDING—How long has it been up and running? From when did it start?

Ms Cross—I would have to check that for you, but certainly that committee has been running for a number of years. It would have been running for a considerable number of years.

Senator FIELDING—Could you take that question on notice and provide me with the statistics relating to the number of hits on a monthly basis—you would have those monthly records since it started—so that I can get a feel for how it is going?

Ms Cross—We will check to establish whether that is available.

Senator FIELDING—What is your assessment of the extent of the bullying problem and have you attempted to measure the problem?

Ms Cross—I do not think we have measured the size of the problem. Obviously, to some extent it is one of those issues that receives a lot of media attention, and that can generate further attention. We have contracted Edith Cowan University to conduct a national survey of up to 7,500 students and that is looking at the prevalence of covert bullying and its relationship to overt bullying. But even that is only a small sample, so it would not quantify in any way the level of bullying.

Senator FIELDING—I would be interested in seeing that research. When is it due to be completed?

Ms Cross—That should be finalised over the next couple of months, Senator.

Senator FIELDING—We all know that it gets media attention because it is every parent's worst nightmare and it is a fear that we all have. I can see why it gets media attention. Any parent would be concerned about the extent of the bullying problem. Quite clearly, at a federal level we do not seem to have a handle on it. That is not a complaint, but if we are trying to solve an issue of concern we need to have a better handle on it. What impact are the measures being undertaken by the federal government and other governments across Australia having on the problem? It is one thing to measure it to establish where it is at, but we also need to

know that what we are doing is making a difference. Does that make sense? I have always believed that you have to measure something and I believe that we need to get a better handle on the extent and the level of bullying across Australia. Are the measures being undertaken at a federal and other government level across Australia having an impact on the problem?

Ms Cross—As I said, Senator, the National Safe Schools Framework is about to be reviewed. The framework comprises a set of principles relating to how schools should operate and it covers appropriate responses that schools can adopt to address bullying and to try to prevent it from happening. Those are the sorts of issues that will be looked at in the review of the National Schools Framework to establish whether it has been effective, not just in reducing the incidence of bullying but also in ensuring that teachers, parents and schools have a range of strategies for dealing with it and responding to it if it occurs. That will form part of the review. The review will also look more broadly at general issues of student wellbeing and how we manage this within that broader context.

Senator FIELDING—Everyone might want to chip in after I have asked this question. Is the incidence of bullying declining or increasing, or do we not know?

Ms Cross—I do not think we know. We could check to establish whether any of the states or territories are recording incidents of bullying. One of the issues is that if you encourage people to report it might be seen as an increase in incidents, whereas it is not an actual increase. Part of the strategy for dealing with bullying is to encourage people to report it so that it can be dealt with. When you gather the statistics you find that they do not give an accurate impression of what has happened. We do not have those statistics but I can certainly see whether any states or territories collect them as a matter of course.

Ms Paul—Years ago and closer to now quite a deal of research has been done on bullying in Australia. I think the original framework was based on research that probably tried to identify the extent of bullying, which is what you are trying to get to. While we may not have collected the data in the past I think there is a body of research, so far as I can remember it, in the schooling research area that goes to this. I think we can look back to establish what is relevant. That will probably help us to get a handle on the extent of bullying. I think there is commentary here and there about the reporting factors to which Ms Cross has referred. In relation to measuring it well, the Commonwealth has not really needed to do it directly; there has been a body of research on it. We are happy to come back with that information.

Senator FIELDING—I am sure that you can see the relevance of my question.

Ms Paul—Yes.

Senator FIELDING—Here we have a federal government that is saying it wants to do something, which is fine. I agree that most parents would want to see more done but we are not sure whether bullying is increasing or declining.

Ms Paul—I think the review will also deal with the effectiveness of the strategy, which is important for us.

Senator FIELDING—I will come back to this point at the next estimates committee to establish whether you have a better handle on it as a result of the work that you are doing. Frankly, I think it is a matter of concern. As you know, bullying can be dangerous to children.

An article in the *Daily Telegraph* this month stated that one teenage male student had been given a broken arm, had been king hit, and had been harassed by five other students. As I said, every parent has nightmares about this sort of stuff. I am not feeling greatly reassured that we have a handle on the size of this problem.

Ms Paul—As you said, Senator, it is a very serious thing.

Senator FIELDING—I am not suggesting that you are not saying it is serious; I am just questioning you to establish whether or not it is increasing or decreasing. I also want to establish whether you have a good handle on this issue.

Ms Paul—That is fine. I have undertaken to look into the matter.

Senator FIELDING—I will leave it there. Obviously, quite rightly, there has been a lot of focus on the importance of schools teaching our kids essentials such as reading, writing and arithmetic. However, I think parents would think that it was just as important—if not more important—for the children to be kept safe. What will the government do to ensure that the incidence of bullying rapidly declines? Do you see what I am getting at here? I need a reassurance that the incidence of bullying will decline. Without measuring it you will not know.

Ms Paul—The survey about which Ms Cross talked is also essential. We agree with you in relation to the importance of these issues, Senator.

Senator FIELDING—I assume that you would know of Dr Michael Carr-Gregg? He is a psychologist who speaks out on quite a few of these issues. He has suggested that the problem of bullying is so great we should have a national bullying summit so that we can look at all the policies and practices across Australia, because there is such a difference between the approach of each state and territory, so that we can start to solve the problem. Would you be willing to hold a national summit?

Ms Paul—It is certainly something that we could think about. I would probably want to talk to him. It sounds as though you know him and you would be interested. I do not think I have met him. I am not sure whether all the state and territory approaches are as different as that because there is this national framework that Ms Cross has been describing. But that is not to downplay the importance of the issue at all. I would like to think about it, and to think about what it would mean, but I am happy to take the notion on board. Perhaps we can pursue that. He has probably written some things and so on, so I am happy to have a think about it.

Senator FIELDING—I would appreciate that. Obviously you would need to check with the minister.

Ms Paul—Of course.

Senator FIELDING—I just think he is someone who has a pretty good reputation on this issue, and he has some expertise. He has made quite strong statements which I think we, as a nation, should take seriously. I do not think that a national summit would do any damage; in fact, it might ensure that the expertise we have across the board is utilised, and experts are taken on board.

Ms Cross—It does not go exactly to the point of the national summit but, as I mentioned, we are conducting a scoping survey that will gather information on the range of approaches

that are in place in all the states and territories. We also have the officials committee which brings together all the jurisdictions to share information on what they are doing, to share best practice, and to look at effective intervention strategies. Although each state has its own policy, and each school would have its own policy, there are a number of mechanisms that try to ensure we get the best possible response and share that across jurisdictions.

Senator FIELDING—Summits are not unfamiliar to the Rudd government; it has already held them. I tend to think that this is a significant national and federal issue for parents across Australia. They are very concerned and they feel that not enough is being done in relation to this issue. I encourage the minister, who is present, to think strongly about holding a summit and drawing on experts across the country. It cannot do any damage to get ideas coming forward in such a way. Have you seen the research paper that was published late last year by the Australian Family Relationships Clearinghouse entitled *Working with families concerned with school-based bullying*?

Ms Cross—I believe that the relevant area in my group would be familiar with that research. A specific part of my group looks at these issues.

Senator FIELDING—Minister, have you read that at all?

Senator Carr—No, I have not read that paper, Senator.

Senator FIELDING—I was wondering whether you could have a look at it. I can ask you but I cannot tell you to do things, Minister. But this is a significant problem.

Senator Carr—It is a significant problem at the moment. We could hold a number of meetings and there is no end of questions that need attention. The officers have indicated that they are prepared to consider your proposals. I am just wondering how much further we can take this.

Senator FIELDING—Was the department consulted by the author?

Ms Cross—I would have to take that question on notice.

Senator FIELDING—It is such a significant problem that you have to take that question on notice.

Senator Carr—Fair crack of the whip! You asked the officer whether the department was consulted about an author's comment. It is only reasonable for the officer to respond in the way in which she has. There is no point in trying to make a point about that.

Senator FIELDING—It is a pretty significant issue.

Senator Carr—You have made your point several times now. If you think this is the way to get ahead then keep going. However, I must say to you that we are reaching a point where we are going around in circles.

Ms Paul—Senator, we simply might not have the person here who would have dealt with the author. We would hate to give you the wrong answer.

Senator FIELDING—I just wanted you to clarify whether the department is seen as a central source of advice and expertise on the problem of bullying. Do you see what I am trying to get at? I am asking this question to establish whether there is a central source of advice and expertise on this issue.

Mr Burmester—Part of the approach that the Commonwealth department takes is that dealing effectively with bullying will always be a school-based approach. Therefore, responsibility for the strategies and the implementation of effective strategies will depend on the local schools and the school authorities to which they report. We have always worked within the national framework with the state jurisdictions to establish broad guidelines and strategies that underline the importance of bullying.

Our department and state officials are participating in a review of the framework, which includes a stocktake of existing and effective practices. That underlines the fact that state jurisdictions take this issue seriously and want to get on top of it. There are processes in place but at the end of the day they will always involve school-based practice. There is a limit to what the Commonwealth department can do other than work constructively and in collaboration with school authorities.

Senator FIELDING—Frankly, that answer concerns me more than any other answer I have had. You are saying that it is okay at a federal level to get into reading, writing and arithmetic, but basically you are saying that it is a state issue. I become a bit concerned—

Mr Burmester—No, Senator, it is not a state issue.

CHAIR—That is not the evidence that the witness just provided.

Senator FIELDING—The inference was that state schools have more control of this issue. You are quite happy to say that the states should listen to us with regard to reading, writing and arithmetic but not with regard to bullying.

CHAIR—Senator Fielding, you asked a question and the witness responded. You cannot simply reinterpret the answer and re-present it as though it was said, because that is not the evidence before the committee. You can ask the question again if you want to and you can obtain another response, but I think I agree with the minister: we are moving around in a bit of a circle.

Ms Paul—I might be able to help you in relation to your concern, Senator. Of course, we are central. We are absolutely central because it is a national framework. The Safe Schools Framework is a national approach. At the beginning Ms Cross dealt with a wealth of activities and approaches that fall under that framework. Mr Burmester—and, of course, he can speak for himself—is simply trying to point out that there is a large number of players, all of whom are important. Most important, naturally, is the school community. But that certainly is not to resile from the centrality of the National Safe Schools Framework.

Senator FIELDING—Just to follow up on that answer: with reading, writing and arithmetic will we have national standards but not for bullying?

Ms Paul—We have this national framework.

Senator FIELDING—That is slightly different, though.

Ms Paul—I am not sure what national standards would be in this context. I think the appropriate response, which has been the case for many years now, is that this seems to be as well accepted and as successful as the National Safe Schools Framework.

Senator FIELDING—The research paper to which I was referring, entitled *Working with families concerned with school-based bullying*, states that there is an important role for family relationship practitioners in helping families deal with bullying at school. Has the department considered supporting such strategies to help children and families affected by bullying?

Ms Cross—Sorry, Senator; I missed the beginning of your question.

Senator FIELDING—I was referring earlier to a research paper entitled *Working with families concerned with school-based bullying*. That research paper states that there is an important role for family relationship practitioners in helping families deal with bullying at school. Has the department considered supporting such strategies to help children and families affected by bullying?

Ms Cross—I am not aware of having directly considered it as you have described it. But when we look at responses to bullying we look at the roles of the school, the teachers, the parents and the children themselves. We look at it broadly to establish a range of strategies that can help people cope if they have been subject to bullying. It may well be that within the resources and materials that we have developed we refer to that type of assistance and other forms of counselling and support. But it would be in the broad context of looking at a whole range of effective strategies for addressing bullying and supporting people.

Senator FIELDING—It might be too much to assume that you are aware of the respected outreach worker Les Twentyman, who said that he knew of 10 teenagers who had committed suicide in the past eight months after being bullied online. Mr Twentyman is quoted in the *Age* as saying that online bullying has reached epidemic proportions. Do you agree? How is online bullying addressed in schools, and what are the difficulties in tackling this area of bullying?

Ms Cross—Senator, I think the government has recognised that there are increasing incidents of what we would describe as cyber bullying with changes in technology. As I mentioned, the government has committed \$125.8 million to cyber safety. So there are a number of elements within the cyber safety plan. As I said, particular elements look at cyber bullying within schools and a range of projects look at the use of the internet and there are a range of initiatives under that. That is led by a different department. Our department is involved in all those things that impact on schoolchildren. I could not say that there has been an increase but I think the fact that the government has responded in that way would suggest that there is considerable concern.

Senator FIELDING—Thank you.

Senator MASON—I might start with a melancholy administrative issue. Is that all right?

CHAIR—Yes.

Senator MASON—It is a melancholy and disappointing issue. Minister and Ms Paul, you may recall that I asked a question on notice on at the estimates committee hearing on Wednesday 22 October about when a copy of the review into on-costs for the National Secondary School Computer Fund would be available to this committee. Do you recall that question?

Senator Carr—Yes.

Senator MASON—Minister, you may recall that you made a commitment or you gave a serious undertaking. The question that I asked was: can the committee be confident that this information will be given to it by 28 November? Minister, you said, ‘It is my expectation that you will get a proper and considered answer by 28 November.’ I learned from members of the media that that report was leaked to them on 27 November, and it appeared in the media on 27 November. Is that right?

Senator Carr—I am sorry; I do not follow this department’s media appearances.

Senator MASON—The report about on-costs first arrived publicly, not by virtue of an answer to a question of this committee but by virtue of a leak to the media. Is that correct?

Ms Paul—I cannot comment on that. I do not know.

Senator MASON—Can you answer this question? First it was made publicly available and it was in the *Canberra Times* on Friday, 28 November. Let me ask you this question: Was this publicly available before then? Does anyone have a date before that, Ms Paul? No.

CHAIR—Stop answering your own questions.

Senator MASON—All right, let me ask this question. Ms Paul, to your knowledge did this report publicly arrive before that date?

Ms Paul—I do not know. Maybe Dr Arthur knows.

Senator MASON—You are looking happy. Did you go to the happy seminar, Dr Arthur?

Dr Arthur—No, Senator.

Senator MASON—That is a pity. All right, carry on.

Dr Arthur—The report was made available following the conclusion of the meeting of the Council of Australian Governments on 28 November. As I understand it, it was a COAG decision to make it public on that date.

Senator MASON—It was a decision of COAG to make it public on that date. Is that right?

Dr Arthur—That is my understanding. I am sorry—it was on 29 November. I have been corrected.

Senator MASON—All right; it was on 29 November. It is my information that this committee did not receive a copy of the report.

Dr Arthur—It was made available publicly on that date.

Senator MASON—Hold on; let me finish. This parliamentary committee—not the public but the parliament to which you are accountable, believe it or not—did not receive a copy of this report until 24 December, or Christmas Eve. Is that correct?

Ms Paul—If that is the case, my apologies, Senator. Clearly we could have sent it earlier, after it had been made public. Perhaps we felt that having been made public by COAG it was then in the public domain. I take your point about our respect towards this committee, which is always an important matter. I apologise for the slow referral of a public document which obviously we could have sent after it had been made public by COAG. As I said, I do not recall those dates, but I take your word for it. We will certainly—

Senator MASON—Or I could ask the secretariat. Is that correct? That is my information. It was made available. I assume—

CHAIR—I do not want you asking the secretary questions.

Senator MASON—I will ask you, Mr Chairman.

CHAIR—You can. What would you like to ask me?

Senator MASON—When was that report made available to this committee? My understanding is 24 December.

CHAIR—Let me ask the secretary. We will take that question on notice.

Senator MASON—I can tell you that it finally got to committee members—I can tell you exactly when it did—on Monday, 5 January 2009 at 9.20 a.m. Believe it or not, Ms Paul, you and the executive are accountable to this parliament. That is what the Constitution says. The report should have gone first to this committee or at least at the same time as it was made publicly available. Do you agree?

Ms Paul—I have offered that apology to you.

Senator MASON—All right.

Senator Carr—Senator Mason, it is also on the departmental website. Departmental officers have explained that it was made public on 29 November. It was sent to the committee and it was put on the departmental website. I remember sitting here for 12 years and being told that reports were on departmental websites and that I should refer to them. I might offer that same advice to you now.

Senator MASON—Hold on; I will not let that go by. You and the department are responsible to this parliamentary committee—first and foremost under our Constitution. It is no excuse to say that it was publicly released because that is not implementing your duty under the Constitution, is it?

CHAIR—Order!

Senator Carr—I do not think the Constitution refers to this estimates committee, Senator.

Senator MASON—It refers to parliamentary accountability, Minister. Do you not understand that?

CHAIR—Order! The points are well made, but Ms Paul has apologised to the committee. On behalf of the committee, we accept your apology, Ms Paul. We will now take a break for afternoon tea.

Proceedings suspended from 3.44 pm to 4.01 pm

CHAIR—The committee will reconvene. We are taking questions in outcome 2, School education.

Senator MASON—I refer Ms Paul or Dr Arthur to the government's digital revolution website. On 18 October last year the digital education revolution fact sheet states:

Where to next?

Round Two

- The second phase of the National Secondary Schools Computer Fund will be used to bring every secondary school across Australia with students in Years 9-12 to a computer to student ratio of 1:2.

Is that right Dr Arthur?

Dr Arthur—Yes.

Senator MASON—As you know, Dr Arthur and Ms Paul, I read what is on these websites—I suppose because I have nothing better to do. Recently, the second-last paragraph of the new website www.deewra.gov.au/schooling/digitaleducationrevolution has this to say about supplementary round 2:

Every secondary school across Australia has now had the opportunity to apply to achieve a 1:2 computer to student ratio.

Do you notice that subtle change in language?

Dr Arthur—I note the change in language but I am not aware of any particular significance in relation to it.

Senator MASON—The first statement that I read out strikes me as a guarantee. It states that the second phase of the fund will be used to bring every secondary school across Australia to a student computer ratio of one to two. The new website states:

Every secondary school across Australia has now had the opportunity to apply to achieve a 1:2 computer to student ratio.

There is a guarantee in the first statement. The second statement refers to the fact that schools will only have the opportunity to achieve the ratio, not that they will get it.

Dr Arthur—Round 1, round 2 and round 2.1 were all application-driven processes. Therefore, the language in the fact sheet referring to round 2 carries with it the implication that schools that apply will get a ratio of one to two. It is not the policy, nor would it ever be the practice of the Australian government, to compel schools to apply. All that the language in round 2.1 does is make that reality a little more explicit.

Senator MASON—Dr Arthur, you understand though, do you not, that when you change language in the same circumstances that usually means that you are changing the policy?

Dr Arthur—I am aware of that principle.

Senator MASON—That is the usual legal principle.

Dr Arthur—I am well aware of that principle in relation to the interpretation of statutes. However, I do not think that the laws of judicial interpretation necessarily work well when applied to other documents.

Senator MASON—Do you understand why I am sceptical after the past 15 months or so?

CHAIR—Are there further questions on outcome 2?

Senator MASON—In relation to statutory interpretation, no. Minister and Dr Arthur, I move to the review of computer on-costs that I mentioned before the break. Minister or Dr Arthur, if you disagree with any of this, please tell me. The review settled on the sum of \$2,500 as being the legitimate and additional costs of installing and maintaining computers over four years. Is that right?

Dr Arthur—Yes.

Senator MASON—Is it fair to say that the review rejected higher estimates from the states? I think the national average total was \$4,468 per computer. Is that right?

Dr Arthur—The review document itself is entirely explicit on that point—the estimates from the states and territories—and it then sets out the considerations that led the review team to come to the figure that it did.

Senator MASON—I agree. These higher estimates were rejected because the review considered that—and this is on page 7, so that I do not mislead anyone—some of the costs have been overstated by the states. Others are not or were not very well supported by documentation and other costs can be reduced through adopting efficiency measures. Is that right?

Dr Arthur—That is certainly what the review says in the executive summary. In the body of the reports there are detailed discussions of all those points and the intention of the report was certainly to make completely clear and public the rationale that led to the conclusion that you have cited, Senator.

Senator MASON—We agree on that. Be that as it may, I think it is fair to say that it leaves a difference of about \$2,200? Is that about right? That is the difference between what the Commonwealth offered and what was the average state estimate.

Dr Arthur—A proposition, which is the figure there, was put to the review team by the states and territories. Another proposition was put to the review team by New South Wales based on its model, which is a figure lower—in total \$2,500 for computers and the total cost and ownership for a computer. Your arithmetic is correct in relation to the difference between \$2,500 and the figure put forward in the submission from the chief information officers in the states and territories.

Senator MASON—All right, so we agree. Minister, I might direct my next question to you or to Ms Paul. There is still concern in the states that they have not received enough money. Western Australia and Victoria have complained, and I have the articles here.

Dr Arthur—Senator, I am not aware of any communication at an official level that the states and territories have in any way reneged on the agreement that was arrived at by COAG that the proposition put by the Commonwealth was an entirely acceptable and appropriate contribution to the rollout of school computers.

Senator MASON—That is quite a different thing. That does not stop politicians sniping, Dr Arthur.

Dr Arthur—I do not think I said that, Senator.

Senator MASON—No, but I am saying that. It is a very different issue. You are not suggesting that the concerns of state premiers have not been voiced? You are not suggesting that, are you?

Dr Arthur—As program manager I am only concerned that official government-to-government agreements have been entered into and the program will be delivered according

to those agreements. As I have said, to date I have had no indication that I should have any concerns on that score.

Senator MASON—That is good. Minister or Dr Arthur, are there contingencies from the Commonwealth to supplement the amount under the agreement in any circumstances?

Ms Paul—That would be a matter for government. But, at any rate, the states and territories all signed up to this arrangement in the COAG meeting of 29 November. That is where it rests at present.

Senator MASON—Under the agreement there is no room for supplementation by the federal government?

Ms Paul—That is precisely what was dealt with through the Grimes report, which is what we have been talking about. The states have agreed to it and signed up to it.

Senator MASON—Under the agreement there is no room for any further supplementation?

Ms Paul—The agreement is the agreement and they have taken the supplementation—the \$807 million extra supplementation—and that is the nature of what they have signed up to.

Senator MASON—That is fine. Dr Arthur, correct me if I am wrong, but I recall that computers are said to be redundant after four years?

Dr Arthur—The report itself deals with that issue and comes to the conclusion that, for the purpose of this program, four years is an appropriate time interval after which a computer is regarded as no longer being an educational utility.

Senator MASON—After four years the hardware would need to be replaced; is that right?

Dr Arthur—That is correct, Senator.

Senator MASON—After four years who will replace the computers?

Dr Arthur—That is addressed in the report, Senator. The report states that the cost of \$2,500, in addition to the \$1,000 provided in the initial policy, was something that should be calculated as applying during the build up to a one-to-one situation, but that it would not be an appropriate figure when the program was in, if you like, maintenance mode. The report states that it is premature to try to reach a firm view on that figure at the moment because we were talking at least three and a half years out in relation to any computers provided under the program at the time the report was written. It has some language and some figures that provide some estimates of what might be an appropriate figure for that period. That issue is explicitly addressed in the report.

Senator MASON—Yes, but we have been through this before, Dr Arthur, and \$800 million later we discovered that things were not quite so clear. So we will take this slowly. I think I have every right to take this slowly after what happened.

Dr Arthur—I can provide you with an assurance on that subject, Senator. As I recall, the final year of the funding is calculated taking that into account, and it provides for \$200 million in the Commonwealth forward estimates for the years 2012-13 which, so far as the Commonwealth is concerned, is in the maintenance period. That issue has been taken into account in the current forward estimates.

Senator MASON—Good. Let us take this slowly. I did this a while ago, Dr Arthur; I took it slowly. Remember we discovered that the Commonwealth had largely underfunded a program to the tune of \$100 million. We will take it slowly and at my pace because I am not very good at numbers. After four years computers are redundant. Would you agree with that?

Dr Arthur—Yes, Senator.

Senator MASON—Are we already six months or 12 months into the program?

Dr Arthur—In relation to the funding provided under the program—

Senator MASON—This is for new computers.

Dr Arthur—The first round provided funds as from 1 July 2008.

Senator MASON—So we are six, seven or eight months into the program, or somewhere around there?

Dr Arthur—Indeed.

Senator MASON—In addition, previously there were computers in schools?

Dr Arthur—Yes, Senator.

Senator MASON—That is right; isn't it?

Dr Arthur—Yes, Senator.

Senator MASON—It is not just those computers; in a sense there was incremental redundancy; is that correct?

Dr Arthur—Correct.

Senator MASON—With the ongoing incremental redundancy, plus the redundancy for the new computers in the new program—and we are eight months or so into the new program—who will pay for the ongoing costs incrementally?

Dr Arthur—That issue was addressed by governments in coming to the figures that were agreed on at COAG and the figures which are in the forward estimates. It was done on the basis that across Australia, taking into account the number of computers that were in existence—a position that we thought was reasonable for what effort states and territories and other jurisdictions would take in the provision of computers anyway—

Senator MASON—I do not follow that. I am not following the answer.

Dr Arthur—If you would just let me complete the answer, Senator Mason.

Senator MASON—Could you start again and take it slowly. Maybe I am not so smart. Could you start again? I did not follow the answer.

Dr Arthur—My apologies, Senator. It is tricky because I will explain in words quite a complex calculation that exists in the spreadsheets that underlie the figures. I will do my best to make clear the assumptions that we used to reach the final figure.

Senator MASON—I want to know who is paying for it. We have gone through this process before.

Ms Paul—Dr Arthur is explaining that.

Senator MASON—Maybe I am stupid and I just cannot follow it, Minister; that is all. I do not know whether you can.

Dr Arthur—I intend to make it clear, Senator.

Senator Wong—Quite possibly I cannot. But, Senator, I think Dr Arthur is entitled to answer the question.

Senator MASON—That is right, but I am also entitled to an answer that I can understand.

Senator Wong—If Dr Arthur could respond you can then follow up with subsequent questions if you require to do so and we will ensure that he clarifies it.

Senator MASON—Minister, over the past 12 months or so we have gone over this same issue.

CHAIR—Yes, but you have asked the question.

Senator MASON—Take it slowly, Dr Arthur. Remember that I am very slow. Take it very slowly.

Dr Arthur—Perhaps I will start at the bottom and work up. We are calculating that 30 per cent—

Senator MASON—No—

CHAIR—Order! Without interruption, Senator Mason.

Dr Arthur—Our assumptions are that 30 per cent of the computers that will need to be provided in the future to maintain a one-to-one situation will need to be paid for—both the computers and their on-costs—by education authorities. The Commonwealth will be responsible on an ongoing basis for 70 per cent of costs. In the period building up to one-to-one—

Senator MASON—Would you just repeat that? I am sorry.

Senator Wong—Oh, come on! How difficult is that?

Senator MASON—Minister, I have to follow this up and I have to write this down.

Senator Wong—In the future 30 per cent of computers will need to be paid for by education authorities and 70 per cent will be paid for by the Commonwealth.

Ms Paul—In the past, before this program, 100 per cent of computers had to be paid for by education authorities. So it is \$2 billion versus \$807 million.

Senator MASON—Just say it again, but say it slowly.

Dr Arthur—I can certainly say it again, Senator Mason.

Senator MASON—I did not waste the department's time last time, believe me. I would not argue with that, Minister.

Senator Wong—I could not possibly comment, but others might need to comment.

Senator MASON—\$800 million later that was the figure minister.

CHAIR—If you let me chair the committee we might get somewhere. Dr Arthur, you were some way through your answer.

Dr Arthur—Let me repeat my answer. On an ongoing basis we will expect states, territories and non-government education authorities to meet the costs of 30 per cent of buying computers and paying for on-costs to maintain a one-to-one situation.

Senator MASON—For computers and on-costs?

Dr Arthur—Yes. The Commonwealth will be responsible for 70 per cent. In the period when we are building up to a one-to-one situation the Commonwealth will meet both the computers and the on-costs for new computers. The Commonwealth will strike a figure on an estimation of what was a reasonable total cost when we get to the replacement of computers paid for under this program. It will not be \$2,500 per computer because most of the costs associated with establishing the infrastructure for those computers will already have been met.

Senator MASON—All right. When is that likely to happen? When will that conciliation occur?

Dr Arthur—It does not become a live issue until four years from the start of the program. I cannot give you a date on which we will reach a firm agreement with education authorities on the figure.

Senator MASON—I am not asking for that, Dr Arthur. You are saying four years from 1 July last year; is that right?

Dr Arthur—Correct.

Senator MASON—So what is that?

Dr Arthur—The overall process had been agreed by COAG. The principles underlying this are the 70 per cent, the 30 per cent and the fact that the Commonwealth only pays for on-costs when there is a new computer and when infrastructure issues need to be addressed. Those principles have all been agreed by COAG. All that is to be settled is the detail of a figure, and we will approach that when it is appropriate do so.

Senator MASON—After four years the provision of new computers and the on-costs will be the expense of the Commonwealth?

Dr Arthur—Yes, Senator. We have already, as we appropriately should do, arrived at estimates of that, and those estimates underlie what is in the current forward estimates.

Senator MASON—Have the states agreed to that arrangement? Are they happy with that?

Dr Arthur—As I just said, Senator, they have signed up to all the principles that I indicated because those principles drove the calculation of the \$800 million. As I have said, all that remains to be settled is the detail, which will be, as was the Grimes process, a fact-driven process to reach an appropriate figure for the Commonwealth to contribute in a maintenance phase.

Senator MASON—I will have to keep my eye on what goes on in the negotiations over the next couple of years. Is that right, Dr Arthur? Is that what I should be doing?

Dr Arthur—The results of those agreements will be reflected in the Commonwealth estimates and, therefore, obviously you will have an opportunity to fully investigate the basis on which they are calculated.

Senator MASON—That is good, because last time you said that I had to follow and it was a lot harder than it should have been, was it not? I do not hold that against you.

Senator Wong—You were still learning then, Senator Mason. You were still learning.

Senator MASON—I have that now. I understand exactly where we are going, which is a good thing.

CHAIR—I am pleased too. Do we have more questions on outcome 2?

Senator MASON—We do. I refer, next, to connectivity. Again, correct me if I am wrong, Ms Paul and Dr Arthur. From what I recall, \$100 million is budgeted for in the Fibre Connections to Schools initiative, which is part of the original \$1.1 billion. Is that right?

Dr Arthur—Correct.

Senator MASON—How many schools already have a fibre connection?

Dr Arthur—That is a number that Ms Bloor will be able to provide.

Ms Bloor—Last year we did a survey of government and non-government schools. According to the response to that survey, 47 per cent of schools currently have fibre connections.

Senator MASON—Forty-seven per cent. Let me just write that down.

Dr Arthur—I add that we know informally that that number is out of date, but we have not resurveyed.

Senator MASON—Was this based on last year?

Ms Bloor—As at August last year.

Senator MASON—Let me just check the information that I have, which is slightly different. I accept—

Dr Arthur—It is perfectly possible.

Senator MASON—I have here a baseline of school connectivity across jurisdictions and sectors. The percentage mentioned there is 47 per cent.

Ms Bloor—Yes.

Senator MASON—That is the figure that Ms Bloor mentioned earlier. However, appendix 6 to the report refers to 40 per cent.

Ms Bloor—It is 47 per cent across all schools. From memory, as at last August that is of the order of 58.6 per cent of government schools, 12.1 per cent of independent schools and around 10 per cent of Catholic schools.

Senator MASON—So it varies. Let us refer for the moment to 47 per cent. It says 40 per cent here and 47 per cent there, but we will leave it at 47 per cent for the moment. Is that all right? So there is \$100 million to connect schools without a connection. That is right, is it not? You might find it very simple, but I like to keep it simple.

Dr Arthur—Indeed.

Senator MASON—I have the calculator out again, Dr Arthur. Do you recall the calculator?

Senator JACINTA COLLINS—Senator Mason, please! You are starting to verge on the ridiculous.

Senator MASON—Senator Collins, this is very important. I have to take it slowly because the information is complex and it takes a while to absorb. We have 2,650 schools. Is that right? I think we agreed on that figure before.

Dr Arthur—That sounds reasonable.

Senator MASON—I have to times that by 53 per cent to get the schools that are not connected, which is 1,404.5 or, let us say, 1,405. Would you give me that?

Senator JACINTA COLLINS—My nine-year-old is doing basic maths.

Senator MASON—I was not very good at maths, Senator Collins.

Senator JACINTA COLLINS—Maybe you can extend your skills on an occasion other than this?

Senator MASON—No.

Senator JACINTA COLLINS—Without insulting people in the committee.

Senator MASON—I learned this technique from Senator Faulkner. He goes very slowly with a calculator. I learned all my tricks from him.

Senator JACINTA COLLINS—I do not think so.

Senator MASON—Oh, yes I do.

Senator JACINTA COLLINS—I do not think so.

Senator MASON—I should know, Senator Collins.

CHAIR—Senator Mason, ask your question.

Senator MASON—So 1,405 schools are not connected. Is that right?

Dr Arthur—Of that order, Senator Mason

Senator MASON—How much money do we have? Is it \$100 million?

Dr Arthur—Yes.

Senator JACINTA COLLINS—So roughly half are connected. That was hard.

Senator MASON—Do we have to divide \$100 million by 1,405?

Dr Arthur—Senator, I believe if you take two zeros away it will give you the answer.

Senator MASON—I cannot do that sort of thing, Dr Arthur. Does \$71,000 sound right? Let us say \$71,175 or so, to round it up. Does that sound about right?

Dr Arthur—I am assuming that is right.

Senator MASON—That would be the average cost to connect the 1,405 schools that are not connected. That is what the government has allowed.

Dr Arthur—Yes.

Senator MASON—Of course, that excludes upgrades to existing schools which we might have to do to get the 100 megabits per second.

Dr Arthur—If a school is on fibre there would not be any capital cost for the fibre itself. If a school is on optical fibre, that by definition is capable of carrying at least 100 megabits per second. The issues that arise are the recurrent costs of the provision and the active equipment, which is available on that fibre. I speculate that in almost every case the active equipment that is provided for schools on fibre is likewise capable of 100 megabits per second.

Senator MASON—I am not a technician but what you are saying—and correct me if I am wrong—is that this is a hardware issue rather than an issue of capital cost.

Dr Arthur—The promise of government was to provide fibre to schools capable of 100 megabits a second.

Senator MASON—Yes, I understand. If you agree that it is \$71,000 per school, do you know that \$71,000 would be enough to connect each of those schools, on average?

Dr Arthur—At this moment it is not possible to answer that question because there is a variable that one needs to know to answer that question. That variable is the distance from the school to existing fibre.

Senator MASON—Sure.

Dr Arthur—That is something that is rapidly changing in any case in Australia, and that is subject to major change within Australia as a consequence of the program being administered by the Department of Broadband, Communications and the Digital Economy.

Senator MASON—That is Senator Conroy's department, is it not?

Dr Arthur—Yes, indeed.

Senator MASON—Yes.

Dr Arthur—The rollout of a national broadband network will provide fibre to the node or whatever exactly is provided in the tender process—which I do not know—to meet that government's commitment. I am not in a position to speculate in any way about that process. All I can say is that, on its face, that process is intended to radically transform the footprints of optical fibre throughout Australia. It is not possible to speculate on the costs, school by school, of providing connections until at least that variable is determined.

Senator MASON—All right then. How do you know that the \$100 million will be enough?

Dr Arthur—Senator, I think we have canvassed this issue before. The department was not involved in the generation of that costing. We have \$100 million. We have a number of things happening, most particularly—and this was made explicit in the government's policy—the connection with the National Broadband Network process. We have an obligation as officials to use the \$100 million in collaboration with other networks, most particularly the National Broadband Network rollout, to achieve the government's objective.

Senator MASON—This is not another partnership arrangement with the states, is it? We do not know how much this will cost and the evidence is that we do not know whether \$100 million will be enough. If it is not enough we will need some more money, again.

Dr Arthur—Senator, you are correct. At the moment, this is not the subject of any formal agreement with the states and territories.

Senator MASON—Here we go again.

Dr Arthur—However, the history of this area is one of significant and continuing investment by the states and territories. I think it is now the case that all the schools in Victoria are already linked to fibre. I think 50 per cent of schools in Western Australia and New South Wales are linked. I am aware from discussions I had last week with the chief information officer in New South Wales that they are in the process of a major acquisition that will lead to a very significant increase. As I say, while this is not part of a formal partnership agreement, there is very clear evidence of the commitment of the states and territories to invest in this area.

Senator MASON—We do not know who will pay for it, how much they will pay, and whether \$100 million will be enough.

Dr Arthur—All I can say is what I have already said, Senator. There are already investments in the states and territories.

Senator Wong—I make the point that you are doing an admirable job in the context of what is occurring here—

Senator MASON—I am not criticising your department at all.

Senator Wong—Just hang on a second. This is in the context of an historical and substantial investment by the Commonwealth in the digital education revolution—over \$2 billion, of which this is one component. You can poke at it all you like but, in reality, this government is living up to its commitment to substantially invest in Australian schools and in Australian education in the digital education revolution. You can make your political points if you wish, but we are stomping up.

Senator MASON—Minister, I do not criticise Dr Arthur or the department at all. This is exactly the same scenario as with computers. We had \$1 billion which was not enough to cover the on-costs. We now have \$100 million for fibre to the schools. Let us say that 50 per cent of schools are not connected. You are right; we do not know whether \$100 million will be enough. That is why I took the time to use my calculator because I suspected that that was the case. We again have a situation where we cannot be sure that this parliament will not be asked to vote for more money to connect these schools to the network. That was my suspicion, and I am right.

Ms Paul—Of course, the point here is that this \$100 million is additional, as the minister and Dr Arthur said, to this effort which was solely the responsibility of the states or the other systems. As Dr Arthur said, it builds on a significant base of activity and fibre connection that is already going on, which is positive as it enables us to use that \$100 million as efficiently as we can.

Dr Arthur—And it is being developed in collaboration with a \$4 billion investment in the National Broadband Network.

Senator MASON—Thank you, Minister, for putting a nice gloss on it.

CHAIR—Okay.

Senator MASON—I think I have made my point, Mr Chairman. It is a fair point.

CHAIR—No, it is not at all. Ask questions and you will get the answers.

Senator MASON—I have got the answer.

Senator JACINTA COLLINS—And you did not need the calculator for it either.

Senator MASON—I needed it.

CHAIR—Do you have more questions on output 2?

Senator MASON—I certainly do.

Senator Wong—Can you fit the \$2 billion on your calculator?

Senator MASON—I can. It has gone from \$1.1 billion to \$1.9 billion, and it will cost more. This is the problem.

Senator Wong—That is a lot of zeros. Do you have all the zeros there?

Senator MASON—I do not want to make light of it, Minister, but \$800 million is underfunded and it will be more.

Senator Wong—Senator, it is a pity that you did not apply this to your government when you were in office. What sort of contribution did it make to this?

Senator MASON—You are in government now and you are not doing very well. The education revolution is a fiasco. That is what the public thinks.

Senator Wong—That is not true. This is a massive investment in Australian schools.

Ms Paul—In addition, the \$807 million was for a range of activities that originally had not been encompassed in the commitment. It was not a question of underfunding; it was a broadening of scope.

Senator MASON—If you want me to move on Mr Chairman, I will. I refer, next, to administration costs. I think Dr Arthur would be the appropriate person to answer my next question. In the report on on-costs, no money is allowed for administration?

Dr Arthur—More properly, there is a discussion that reveals that what was called administration costs in the proposition put to the report by the states and territories contains a number of items that could not be substantiated. In certain cases it was covered elsewhere in their costings. The view was taken that money should not be provided against the heading ‘administration’ in the document that was put to the report.

Senator MASON—So there is no money, as it were, for project management. Is that right?

Dr Arthur—No, that is not the appropriate conclusion.

Senator MASON—Give me the language.

Dr Arthur—I will just find the right wording.

Senator MASON—I do not see any money for administration.

Senator Wong—Hang on, Senator Mason.

Senator MASON—I have read the reports.

Senator Wong—You have asked him a question. Dr Arthur is looking at the report in order to ascertain the answer.

Senator MASON—He has had very good day; he has been very helpful, minister.

Senator Wong—That is good. I am pleased that you recognise that.

Senator MASON—I acknowledge that.

CHAIR—All the officers are being very responsive to your questions. I would appreciate it if you would give them an opportunity to answer the questions that you ask.

Dr Arthur—I turn your attention to page 76 of the report which contains a summary of the analysis. The indication that we have is that the costs included in this item may have been included elsewhere; therefore, as I said earlier, we did not think it appropriate to provide an allocation against this description, this rubric, within their funding request.

Senator MASON—What rubric is that?

Dr Arthur—What we are saying, therefore, is that those costs are covered elsewhere in the costs estimated by the states and territories.

Senator MASON—Sure, but what rubric are you referring to?

Dr Arthur—I am referring to program management—2.8.

Senator MASON—Thank you. That is all I wanted to know. Program management?

Dr Arthur—Yes, Senator Mason.

Senator MASON—That is the word I used before.

Dr Arthur—What I am saying is that the information provided against that category indicates, amongst other things, that those costs are included elsewhere.

Senator Wong—Is that not a relief for you, Senator?

Senator MASON—I used the right words. You will recall, Minister, that I used the words ‘program management’. I thought I was right but everyone else did not think so. I hate being right, Minister.

Senator Wong—You hate being right.

Senator MASON—What is power remediation?

Dr Arthur—That is when you have insufficient power, whether that be in relation to supply for an entire school or supply to particular classrooms to deal with the increased load generated by an increased number of devices.

Senator MASON—Right. It is like circuit boards or something—upgraded circuit boards?

Dr Arthur—It can be a wide range of things. In a hypothetical case, a very remote school that required a major upgrade to the power supply to that school, could install circuit boards or power switches. It could be a range of things.

Senator MASON—In the report the Commonwealth did not make allowances for state concerns about power remediation. Is that right?

Dr Arthur—The report featured the conclusion that there was insufficient data to incorporate a notional allocation for power remediation costs. These costs can vary considerably across schools. If energy efficient practices are adopted, the requirement for power remediation can be avoided or minimised. On page 78 and page 79 the report goes into its reasoning for coming to that conclusion.

Senator MASON—It can be avoided or minimised. I do not think it can be totally avoided. I do not think any one state could avoid it totally, but it can be minimised. But there is no allowance at all.

Dr Arthur—I think it is appropriate at this point to refer back to some general principles adopted by the report. I believe it took the view that there were savings to the states and territories and education authorities from the general provision of funds under this program, and that it was necessary to come to a view of what was a reasonable overall cost. In some cases it took the view—and this is explicit in the report—that some of its costs were probably on the high side of what could be achieved. In other cases, it took the view that the costs could not be fully substantiated and a figure should not be included. It did not take the approach—and this is entirely explicit in the report—that every possible cost should be agreed and added up.

Senator MASON—Sure.

Dr Arthur—It took the view that there should be a balanced estimation and a figure, which was considered to be reasonable in all the circumstances, was arrived at and accepted by the states and territories.

Senator MASON—Am I right in saying that power remediation is the largest single cost item in the whole program, or the states claimed it was, more so than the capital cost of the laptops? Is that correct?

Dr Arthur—That is correct, Senator.

Senator MASON—Mr Chairman, I have some questions on the stimulus package. I do not know whether my colleagues have other questions relating to this output.

CHAIR—We might go to Senator Fielding.

Senator MASON—Sure.

Senator FIELDING—I appreciate that. Thank you, Senator Mason, for allowing me to chip in. You may have seen Noel Pearson's comments in the *Weekend Australian* calling for more action to stamp out wagging from school, especially in disadvantaged communities. Mr Pearson said that state education ministers should have to table quarterly reports explaining chronic non-attendance. In December last year the parliament passed the schooling requirements bill to make social security payments conditional on children attending school. What else is the department doing in relation to non-attendance?

Mr Burmester—Currently a review is being compiled by a unit called the school attendance unit within the department that proposes a range of initiatives that can be undertaken to ensure enrolment and attendance at school as both sides are important. That report will be forwarded to AESOP, which is a senior officials meeting, so that educational leaders of all jurisdictions and the Commonwealth can consider appropriate action. From that

it would then be referred to MCEETYA, which is the ministerial meeting. I am not sure, but I think attendance is mentioned as one of the COAG targets. Obviously, to attain school outcomes and year 12 completions, children have to attend school. That would be part of getting to the end of their school career. At this point processes are in place to review our strategy on attendance.

Senator FIELDING—When will the report that you mentioned be finished?

Mr Burmester—I think it will be referred to the next meeting of the senior officials group.

Senator FIELDING—What is the report called?

Mr Burmester—I cannot remember the exact title. It was prepared by the school attendance unit and involved reports from two consultants who reviewed the area. It is an extensive report that needs to be referred to the committee. I just cannot remember its title.

Senator FIELDING—You were saying that it had been finished?

Mr Burmester—The consultants have completed their work and provided the department with a report. That report now needs to be forwarded to the senior officials.

Senator FIELDING—Is it something that can be tabled once it has been finalised?

Mr Burmester—Once the committee and MCEETYA have considered it, yes, it would be appropriate for it to be tabled.

Senator FIELDING—Thank you for that. I imagine that kids in disadvantaged communities who skip school are risking an education that might help to pull them out of disadvantage. I know that various things are being done and the research that you mentioned might also touch on that. How important is a good education to children's future life chances?

Ms Paul—It is important, Senator. A range of data is available. Research tells us that the quality of teaching is usually the most important factor, but that socioeconomic status and the disadvantages faced by students are also statistically significant in relation to their chances. That is one reason why the government, through COAG, is committed to a national partnership for low socioeconomic status schools, which will go towards dealing with some of the things you raised. Some of the projects or approaches that could be considered under that new national partnership could go to attendance issues for a local community and so on.

Senator FIELDING—Would the department see any problem with Mr Pearson's suggestion that state education ministers should have to table quarterly reports on chronic non-attendance, or the number of non-attendees, or those wagging school? Do you see any problem with that at all?

Mr Burmester—Currently an annual report is required of all school authorities. I do not know whether that could be moved to a quarterly report. That could be part of our consideration of this major report that I have talked about. The annual report is a requirement. It reports on attendance, I think, during the survey period, which is May in each year.

Senator FIELDING—I think Mr Pearson's suggestion is that every quarter the numbers should be tabled so that you can see whether it has been improved on a quarterly basis rather than waiting every year for a sample. Is that something that you are considering?

Mr Burmester—There may be pragmatic problems in collecting data that way within the current school system. That would have to be something that we explored.

Ms Paul—I am happy to look at it. I state that also in relation to your earlier point. The appropriate avenue through which to look at it is to pick up on this report that the unit is putting together and then raise it with senior education officials from across the country. I am sure that they have also seen Mr Pearson's comments, so I imagine that they will be thinking about it.

Senator FIELDING—From the answer that you gave earlier I am trying to work out whether you are saying that schools do not capture this information at the moment, therefore they could do not the reports? Do you know whether schools capture people who are wagging, or non-attendees?

Mr Burmester—Yes, Senator. All school systems and schools have such arrangements in place. The missing point—and this is revealed in the work that the consultants have done—is that there is no central national system to assemble those individual school reports. That is one of the propositions that is raised in those reports that need to be considered. Individual schools are certainly required to track it. In fact, all school legislation in the states obviously requires it.

Senator FIELDING—You can see why Mr Pearson is suggesting that we should make it mandatory and that those figures are reported at a federal level on a quarterly basis, given that they have been captured at the school level. If we add those up—we might even be able to use Senator Mason's calculator—

Senator MASON—You are welcome, Senator Fielding.

Senator FIELDING—It seems to me to be a reasonable suggestion, given the focus on its importance. We should be measuring these outcomes.

Ms Paul—You can see the advantage—and I am sure that this is what Mr Pearson is getting at there—of being able to gauge changes over the course of a school year, for example. I can see those advantages from a quarterly approach. It is an interesting comment. We have come a long way just in the creation of this unit. There was no national approach to this before. We now have it and we are happy to do that. It is certainly something that we could consider raising at a national level. Obviously we have to involve all our state colleagues and the independent and Catholic systems.

Senator FIELDING—Could I go a step further? Could the federal government, for example, tie funding for schools to an obligation on state education ministers having to table quarterly reports in their respective state and territory parliaments so that the problem of non-attendance or wagging school is a public problem and not something that stays hidden from us all?

Ms Paul—That would be a matter for government, of course. I said to you today, Senator, that we will certainly have a close look at what Mr Pearson is saying and find out what is possible in the first instance on the national level—'national' being all the systems in the states and so on.

Senator FIELDING—Could you outline why you would not require the states to provide those statistics on a quarterly basis? I find that strange. Are there any reasons why you would not? Could you find some reasons why you would not want that information on a quarterly basis?

Senator Wong—You might want to try to resolve this matter by agreement, Senator.

Senator FIELDING—That is a good point. I appreciate it. Have you at a federal level asked the states to provide these figures—not a sample, but the figures—on a quarterly basis?

Mr Burmester—We have not asked for them on a quarterly basis. It has been a requirement of funding in the past for the annual report on attendance, which is used as a proxy for a measure of attendance. It is a performance indicator. It varies between states and jurisdictions and so on. There is a level of reporting required at present. Your request or suggestion is that we make that a quarterly requirement rather than an annual requirement.

Senator FIELDING—I think it is slightly different from just that. Can you go through exactly what is reported on an annual basis? Is it the actual numbers of lagging or non-school attendance? Can you go through that? I think you said it was a sample and a proxy versus adding up exactly what the schools are reporting individually.

Mr Burmester—The indicator we select for this purpose is an attendance rate, which is the aggregate number of days in attendance over the number of days possible in the survey period. There is an obligation to report that annually, as I said. We do not collect and assemble data continuously throughout the year or on a quarterly basis. We just require it annually. We collect the number of days that are attended at a school out of a possible total number. The formula is the student population by the survey period and how many actual attendances happened, and that becomes the attendance rate.

Senator FIELDING—For example, you would not know how many kids have skipped school. You just know that there is a percentage figure of days that have not been attended. It could be only a few, or it could be a lot. They are percentages, are they not?

Mr Burmester—Yes.

Senator FIELDING—In a school of 1,000 kids, you do not know whether that is 100 throughout the year or a smaller number, do you?

Mr Burmester—It is only a performance indicator. It is not a precise measure of which children attend school. We cannot physically do that on a national basis because there is no collection of data to achieve that outcome. But by requiring this on an annual basis as part of our agreements with the states, they are required to have in place attendance systems that possibly could be used for further purposes.

Ms Paul—Now that we have this work, on a national level there are more of the systems in place that are necessary to meet Mr Pearson's requests. It certainly is something that we can pick up on and find out what is possible and, if so, how fast.

Senator FIELDING—I will come back to this next time. I want to have a look at the figures you have because I do not think they are capturing what Mr Pearson is suggesting; they are certainly not on the frequency but also on the level of detail. The detail is there. Given that we do not have to use Senator Mason's calculator, it can be by spreadsheets and so

on. It can be collected pretty easily. It is not that difficult. You could aggregate the data pretty quickly.

Ms Paul—We are happy to look at it too.

Senator FIELDING—Okay.

CHAIR—Are there further questions on outcome 2?

Senator MASON—Chair, while we are dealing with the stimulus package, there are questions for Friday on Indigenous education. But that is for Friday?

CHAIR—Yes.

Senator MASON—The next questions I have relate to the stimulus package and Investing in Our Schools.

CHAIR—Is this the right area?

Dr Nicoll—Yes.

CHAIR—Well, it is over to you, Senator Mason.

Senator MASON—Thanks, Chair. I want to go to Building the Education Revolution—BER. I think that is the acronym at the moment. Can I go to the time lines for the program? Under Primary Schools for the 21st Century, under round 1 construction must start no later than June 2009. Is that correct?

Dr Nicoll—That is correct.

Senator MASON—Are you going to meet that deadline?

Dr Nicoll—Yes. Schools and states and territories and block grant authorities will meet that deadline.

Senator MASON—What is the next deadline? When does round 2 start by?

Dr Nicoll—Projects must commence by the end of July 2009.

Senator MASON—How many are under round 1? Is it 20 per cent?

Dr Nicoll—That is correct.

Senator MASON—How many are under round 2?

Dr Nicoll—Forty per cent.

Senator MASON—And round 3?

Dr Nicoll—Forty.

Senator MASON—Minister, I hope you get the cooperation of the states to meet these time lines.

Dr Nicoll—If I could add something?

Senator MASON—Yes, please.

Dr Nicoll—The states and territories have indicated an extraordinary level of cooperation to this point and have fully engaged in the partnership that this embraces. They are working

very hard with their schools on a daily basis to roll out the program, as are the non-government block grant authorities.

Senator MASON—Yes, I am sure the states are delighted. But my short experience in politics tells me that infrastructure projects when you are dealing with the states will be very difficult. That is not meant to sound at all cynical. Anyway, we will wait and see. Clearly this is something that we will be addressing later in the year. There is not much I can ask about because the time lines have been set. I acknowledge that. I think they are quite ambitious time lines. I do not think that is being in any sense over the top.

Dr Nicoll—No. They are challenging.

Senator MASON—Okay, that is fine. There are a couple of interesting things, though, in relation to Building the Education Revolution, BER. In schedule D3 of the national partnership agreement, it states:

As the cost to the Commonwealth Budget is intended to be one-off—

This will bring a smile to your face, Mr Chairman—

any ongoing administration, maintenance or co-investment costs associated with the expenditure are to be borne by the States

Is that right?

Dr Nicoll—That is correct.

Senator MASON—We are going to make sure that the states pay any ongoing costs.

Dr Nicoll—That is correct, and the Catholic systems and independent schools. They have all taken that on board.

Senator MASON—Outcomes are listed. There are objectives and outcomes. The outcome under D6(a) is, 'Economic stimulus and job creation in local communities.' How will that be reported?

Dr Nicoll—We are developing an online portal that will enable each project to report. That will provide information about the number of people who are employed on site in each school project. That will produce a picture for those projects to see exactly what is going on in terms of the impact on local economies.

Senator MASON—It will be noted somewhere how many people are working on particular projects funded by the Commonwealth under this arrangement.

Dr Nicoll—Yes. But I would like to add a word of caution: I do not think it would be appropriate either now in the future to consider an aggregate perspective on that because there will be some level of duplication of tradespeople across particular communities.

Senator MASON—I was going to say that. It is hard to actually measure.

Dr Nicoll—We will get an accurate measurement and quantification of who is working on particular school sites in those communities, but were you to just add those up, I think that would not provide you with a total picture. There will be duplication. Because of the way this is being rolled out, there is an extraordinary level of cooperation being embarked upon in local communities. That means that people are seeing this as working across sectors. The

public-private division between schools is being considered quite differently in the partnerships that are being developed as schools see that they have to work with local communities and the tradespeople in those communities.

Senator MASON—It is a massive project for the states' share. It is not something that I can ask many questions about because it is too early. But, as you say, they are challenging time lines. I am sure that over the next few months, and certainly by the time of the October estimates when the rubber will have hit the road, my colleagues on this committee and I will be asking questions about whether the time lines have been met. Ms Paul, you will be earning your money, as will the Minister, I suspect.

Senator Chris Evans—That is a good time to enter the debate!

Senator MASON—Welcome, Minister. In terms of what will be included, I understand that \$12 billion will be made available but the Commonwealth will not be paying for any equipment—

Dr Nicoll—That is for primary schools?

Senator MASON—Yes, for primary schools.

Dr Nicoll—Yes, Primary Schools for the 21st Century.

Senator MASON—No equipment or fittings and so forth?

Dr Nicoll—Fittings will be included, Senator. Where there are appropriate fittings to make that building operational for the purpose for which it has been designed, they will be allowed as part of the funding arrangement—for example, a library, which is the government's top priority in this program, there will be the capacity for schools to pay for bookshelves, to pay for the ICT that might be needed to set up that facility in an appropriate way—

Senator MASON—I understand.

Dr Nicoll—So that we have libraries that will be able to cope with the digital age.

Senator MASON—Okay. We have the library and we have computers in them. I am a senator for Queensland where it is very hot. What about air conditioning?

Dr Nicoll—Within Primary Schools for the 21st Century, to make the building fit for its purpose, air conditioning or heating would be allowed.

Senator MASON—Yes, but is that is under a different program?

Dr Nicoll—No, that is under Primary Schools for the 21st Century.

Senator MASON—Okay. As part of the capital cost, that will include air conditioning.

Dr Nicoll—If it is appropriate to make that building suitable for use by students and teachers and the community, then, yes, that would be included, if the school wished—if it was within the indicative funding allocation that that school was in, judging by that school's size.

Senator MASON—I receive questions about this. What you are saying is that if it is Central Queensland or North Queensland, whatever, with tropical and subtropical climates, they will be able to have an air-conditioned library or hall.

Dr Nicoll—In addition, though, they will also be expected to construct the building according to sustainable building practices and to make sure that it is energy efficient. Where appropriate, and we would take it that this is the case certainly in your schools in Queensland, it should include appropriate insulation, solar panels—a string of things which are outlined in the guidelines—to ensure that the building is sustainable for the long term. If air conditioning and heating were appropriate to make that building as usable as is possible, to maximise its use for students, teachers and the community, then they would be allowed.

Senator MASON—Similarly heating and so forth?

Dr Nicoll—That is correct, under Primary Schools for the 21st Century.

Senator MASON—In the granite belt in Queensland, for example.

Dr Nicoll—I beg your pardon?

Senator MASON—In the cooler areas of Queensland.

Senator Chris Evans—Senator, you should try to take a broader perspective as a representative of the national parliament. Senator Cash has not brought you to heel with all this reference to Queensland.

Senator MASON—And the cooler areas of Western Australia—Albany, for example.

Senator Chris Evans—It is pronounced Al-bany, Senator. Again you show your lack of awareness. Do that in WA and you will get whacked around.

Senator MASON—Righto. That is fine because I have already received emails about this. This is an issue that is hot to trot in Queensland. Under that BER program—

Dr Nicoll—Under the Primary Schools for the 21st Century program, yes, that would be allowed.

Senator MASON—That is fine. One of the coalition government's more successful programs was the Investing in our Schools program. You may remember that. What that did was allow schools to determine their priorities, such as for constructional procurement. Does that make sense?

Dr Nicoll—Yes, it does.

Senator MASON—I have pulled off the web a list quite at random. In New South Wales, there are things listed like procurement of ICT computer equipment, floor coverings, hospitality room equipment and first-aid sick bay room equipment. Will they be covered under the new arrangements?

Dr Nicoll—Under which element?

Senator MASON—Under the Primary Schools for the 21st Century program.

Dr Nicoll—The primary school program works on a cascade of priorities. The government's first set priority is libraries, and then multipurpose halls. If a school has both a library and a multipurpose hall that are appropriate and up to appropriate standards, then they may also go to the third category, which is classrooms. If the sorts of things you are discussing are necessary to fit out that building for the purposes for which it is designed, then those things may be considered. If a first-aid facility was necessary for an assembly hall

which was going to be used by students, that would be acceptable as part of the hall. It would be a commonsense approach to prepare that hall to be ready for use.

Senator MASON—I have to concede you are ahead of me here because I was confusing the programs. Under the pride program—

Dr Nicoll—Yes, the National School Pride Program.

Senator MASON—You cannot apply for air conditioning or heating, for example, under that, can you?

Dr Nicoll—That is correct.

Senator MASON—But you can under the other.

Dr Nicoll—That is correct.

Senator MASON—That makes sense. Can we go to the National School Pride Program. That is \$1.28 billion, is that right?

Dr Nicoll—That is correct.

Ms Paul—The Primary Schools for the 21st Century program is \$12.4 billion, and the National School Pride Program is the amount you named. Then there is the \$1 billion for the Science and Language Centres for the 21st Century.

Senator MASON—The pride program is for refurbishment and shade structures and so forth.

Dr Nicoll—It is for minor infrastructure or minor refurbishment.

Senator MASON—I thought that was what Investing in our Schools was for, Ms Paul. You do not need to comment. It just reminds me of that. Minister, I have this sense that I have seen it all before.

Senator Chris Evans—Not on this scale, Senator.

Senator MASON—But I think you get the drift.

Senator Chris Evans—No-one has said there were not good things achieved under the previous program. I presented a number of the cheques myself and have been to a few of the openings.

Ms Paul—That was a billion-dollar program which ceased in early 2007. One of the big things to keep in mind here, which Dr Nicoll discussed with Senator Milne earlier, is that the focus here is stimulus. It is all part of the economic stimulus package. That is why there is a focus on construction. It is about stimulating local economies in terms of tradespeople and construction workers and so on. I would just put that context around it.

Senator MASON—All right. On the Investing in our Schools program, there has been some controversy over this issue. Ms Paul and Minister, I am not sure who will be able to answer this. There has been some controversy in the media and I thought you might be able to help me with this. This is off the website for Investing in our Schools, the deewr.gov.au_recognition/default website. It states, 'Investing in our Schools (IOSP) recognition requirements'. I understand about recognition requirements and so forth.

Like the Minister, I have been to schools and I understand what schools have to do to recognise the funding arrangements. It also says in relation to inviting a minister for education to an opening ceremony that schools should not invite a minister or their local member directly. The department coordinates all opening ceremony requests between the minister's office and the school. The minister generally appoints an Australian government representative to officiate at the ceremony. In 2008, an Australian government representative was defined as being a member of the Australian Labor Party. Is it not a bit unusual to express it like that? I have never seen the expression 'a member of the Australian Labor Party'. Usually it is referred to as a member of parliament or a minister or their representative. It just strikes me as a very unusual way to describe the appropriate person.

Dr Nicoll—I would have to check, but my understanding is—

Senator MASON—This is on the website.

Dr Nicoll—Indeed it is there, but as I understand it, the language is very similar in this form as to what it was under the previous government.

Senator MASON—I might be wrong.

Senator Chris Evans—I am sure the word 'Labor' was not there, though.

Senator MASON—This is the interesting part, Minister. I do not think it said a member of the Liberal Party or a member of the National Party. I do not think it did state that.

Senator Chris Evans—Certainly I would agree that it would not have said the National Party.

Senator MASON—Let us not go there, Minister.

CHAIR—You are politically National Party.

Senator MASON—I am sure I transcend the divide.

Senator Chris Evans—Do not get him going on that issue.

Dr Nicoll—I cannot say exactly what was there under the previous government. My understanding is that it was very similar to the words that are there now.

Senator MASON—Ms Paul, can you help? I feel certain it did not mention the conservative political parties. I am sure that is right, isn't it?

Ms Paul—It may have. We would have to check and take that on notice. This language is targeting schools so they need it to be precise. It is trying to put it in simple language that is able to be understood. I am happy to take it on notice. I do not know whether we have access now to what was on the website under the previous government, but if our people here are saying that it was similar language, I imagine it was similar language.

Senator MASON—I thought it was the minister or the representative, which at one level might amount to the same thing. But it strikes me that it is in a sense a putatively partisan reference that I am not sure is appropriate.

Ms Paul—I think it is trying to spell out clearly who is in government and it is trying to keep it pretty simple. My recollection is that the previous website under the previous government was quite similar.

Dr Nicoll—Senator, if you go on a few pages in that same document, there is a clarifying entry for schools which states, ‘Whom else can I invite to an opening ceremony?’ In that it is very clear that the ceremony is to be open to any party. It states:

Schools are welcome to invite any member of parliament, federal or state, as a guest to an opening ceremony to acknowledge Australian government funding and the achievements of the school with the community. Invited guests may also speak at the ceremony if invited to do so. However, they may not officiate.

The earlier piece that you have that is headed ‘Inviting the Minister of Education’ is about the officiating process. It is not about what a school can do in terms of the breadth of the invitations they may wish to extend.

Senator MASON—So clearly there is still no problem or prohibition, for example, if it is a Liberal electorate with a school being opened and that Liberal member being invited or coming along, is there?

Dr Nicoll—No, there is not.

Senator MASON—I understand. I just want to make that clear. It is just that I cannot remember that wording being explicitly partisan in the past. I might be wrong.

Ms Paul—It certainly went to the government of the day, as this one did. I do not think there was much difference. The intent was the same.

Senator Chris Evans—Senator, it is about representing the minister and the government. As you say, the clear distinction is whether or not there is any sense of precluding the local member who may not be a part of the government. I think Ms Paul has made it clear that is not the intention. There were similar circumstances in the immigration area as well when the local member of parliament was always invited, but did not necessarily officiate by representing me.

Senator MASON—Can you take that on notice?

Senator Chris Evans—Yes.

Senator MASON—Can you give me what the previous wording was?

Dr Nicoll—We will attempt to track that down, Senator.

Senator MASON—I have in front of me Building the Education Revolution guidelines. It is a turgid document and I will not take you through it, Dr Nicoll, Ms Paul or Minister. I do not want to do that, but I just want to clarify a couple of things. In terms of the eligibility criteria on page 8, it states that each state, territory and BGA will conduct a competitive process seeking expressions of interest from secondary schools within their sectors and then submit a priority list of projects to the Commonwealth for approval, which will be derived according to the criteria of, first, demonstrated need or disadvantage; second, demonstrated need for the specified building; third, demonstrated readiness and capacity to begin and complete construction of the building within the 2009-10 financial year. I understand all that. Then it states that the department will convene an assessment panel which will make recommendations to the Deputy Prime Minister who will decide which projects are funded. In the end, it will be a decision of the Deputy Prime Minister.

Dr Nicoll—That is correct.

Senator MASON—Maybe this is the bad lawyer in me, but again I am surprised that it does not state that it will be a decision of the minister or the Minister for Education. I am not going to be difficult here. It is just an unusual description. I know Ms Gillard is the Deputy Prime Minister; I am aware of that. But do you see the point, Ms Paul? It is unusual depicter, isn't it?

Dr Nicoll—No, I do not think it is strange. She is our minister. The guidelines are for now. Were there a change of minister and that was not the case, we would change the guidelines accordingly to represent that. But the reality is that she is the Deputy Prime Minister and she is our minister.

Senator MASON—Why didn't you say 'to the minister'?

Ms Paul—Because we have happened to state 'to the Deputy Prime Minister', which is also correct. I do not think it is major point.

Senator MASON—Yes, but you will have to change it, of course, if there is a reshuffle or whatever, won't you?

Ms Paul—We might have to anyway, but I think it is just fine.

Senator MASON—It is unusual depicter.

Ms Paul—It is a fine point, Senator.

Senator MASON—It is.

Senator Chris Evans—Senator Mason, I have always regarded you as a deep thinker and as a big picture man. I think you are quickly ruining your reputation.

Senator MASON—I notice these things because they are not what I expect when I am reading a document. It is an unusual description of the minister.

Senator Chris Evans—I know you have great respect for office in the parliamentary system. I think the department is showing due respect to the Deputy Prime Minister of the nation.

Senator MASON—Yes, I do. I have no further questions on the stimulus package.

CHAIR—Senator Cash, do you have questions on outcome 2.

Senator CASH—I do not have questions on outcome 2.

CHAIR—Senator Mason?

Senator MASON—Mr Chairman, my next questions relate to Indigenous education, but that is set down for Friday. I have questions on higher education. I have no questions relating to outcome 2.

CHAIR—We will conclude outcome 2.

Ms Paul—Chair, may I ask a question?

CHAIR—Yes, you can.

Ms Paul—Is there anything in the youth transition area which might be better dealt with here than under outcome 3 or 4—youth and career? I am sorry: I should have mentioned that earlier.

CHAIR—You mentioned it earlier today.

Ms Paul—There may not be anything.

Senator Chris Evans—She said hopefully!

[5.24 pm]

CHAIR—I thank everyone for their indulgence. With the agreement of senators at the hearing, we intend to move to outcome 6, which is international influence. We believe that will not take long and we will be able to release those officers instead of having them stay until 11 tonight.

Ms Paul—Senator, we may be missing a few people for that outcome, so we will do our best.

CHAIR—Let us see how we go; we will probably be okay.

Senator CASH—I have questions that follow questions I asked at the last estimates hearing in relation to international enrolments. The answer I received to question EW759/09 stated that the higher education sector has shown no indication of a downturn in recent months. I just want to know whether there is any update on that answer. Is the advice still current?

Mr Walters—We do have updated figures which we can supply, but the general picture at the moment, I am glad to say, is that across the board enrolments are holding up. It is what we would expect because there is quite a pipeline for international enrolments. People do not decide on the spur of the moment to come here. What you are seeing at the moment is the result of decisions that would have been taken quite some time ago. People often save for years to fund their children's education here, so we would not necessarily expect a downturn. I know there are difficult global financial circumstances. We would not expect to see a downturn immediately, and we are not.

Senator CASH—I believe the figures quoted in response to my question were as at September 2008. Would you be able to provide the updated statistics to perhaps February 2009?

Mr Walters—Of course we can supply them up until the latest available date. I will take that on notice; we can certainly supply them up to December.

Senator CASH—Thank you very much. You probably saw an article in the *Australian* newspaper on 19 January entitled 'Overseas students pull out'. The article claims:

Universities and other educators contacted by the Australian reported an increase in deferrals whilst forecasting a decline in lucrative international enrolments as prospective students struggle to finance overseas education.

What is the department's response to that media article?

Mr Walters—We made some inquiries at the time of one or two people mentioned in it. They felt that perhaps their comments had been overstated in the article. We could not identify

much in the way of hard evidence to support it at the time. Obviously everyone is looking out for signs that the global economic problems could be having an impact: that is natural. But when we made inquiries about that article we could not find any particular evidence to support the assertions made in it.

Senator CASH—May I ask what inquiries you made in relation to the article?

Mr Walters—I do not have the article in front of me but I think it quoted one or two people, and we did sort of make inquiries along the lines of the sources quoted.

Senator CASH—In relation to other questions I asked, number 764/09 and 765/09, the answers note that universities are asked their views on future enrolments on an ongoing basis, but the answers stop there. Are you able to advise specifically what the universities are indicating at this time in relation to international enrolments?

Mr Walters—Yes, I can. Obviously we talk to them all the time. The general impression I am getting from talking to senior staff at the universities is that they are reasonably confident, at the moment certainly, because they have a pretty firm idea who is coming, with the academic year just beginning. You have a pipeline effect. Bear in mind that enrolments for this year will include new students commencing, but also people continuing for the second year, third year and fourth year. So it would be quite surprising if the people continuing had dropped out anyway. You have quite a lot in the pipeline of students, and then you have your new commencers.

Certainly, virtually all of the senior academic staff I have spoken to in universities recently are still reasonably confident that for 2009 things will hold up. Obviously for 2010 for new commencers, we simply do not know. People will be taking their decisions over the next few months. Very few of us have a crystal ball to know how the world economic situation will turn out. But as of right now, in the feedback people have given us they are reasonably confident that things are looking quite good for 2009.

Senator CASH—Has the department updated or changed its policies and practices in relation to international students?

Ms Paul—In what regard, Senator?

Senator CASH—In relation to the enrolment of them.

Mr Walters—Enrolments are a matter for the universities. The department's position in all of this is to provide support to the universities in their international marketing efforts through our counsellor network and through providing advice on market conditions, and so on and so forth. But we have not changed anything in recent times in that respect. We try our best to provide the best support we can to the sector and indeed to the other sectors—the VET sector and the ELICOS sector and so on.

Senator CASH—In another answer to a question I asked, number 760/09, the department referred me to the Australian Education International website, which is to publish data within six weeks of the end of each reference month. I have been trying to ascertain the data for December, but that actually has not been published yet.

Mr Walters—That is what we were talking about earlier, so I have undertaken to take that on notice. But we are hoping that that will be published very soon.

Senator CASH—Is there a reason why it has not been published, contrary to what it states on the website—that it will be published within six weeks?

Mr Walters—We might have said about six weeks, or something like that. It might be a few days overdue, but we are hoping to get that out very soon.

Senator CASH—You have had no instructions to not publish the data.

Mr Walters—We have not really had the data in. We have shown it to the Deputy Prime Minister's office, and I think it is ready to go very soon.

Senator CASH—When you say 'very soon', are we talking about the next few days or the next week?

Mr Walters—Hopefully, within the next few days.

Senator CASH—They are all the questions I have. Thank you, Chair.

Senator MASON—My question is in relation to Saudi Arabia. Perhaps Mr Walters can help me. I looked at the AusTender website. There is a contract there with the department showing that \$49,000 has been spent on projects scoping from Saudi Arabia from 1 September 2008 to 30 September 2008. That was paid to the Tertiary Education Consulting Services in the area of vocational education and training. I just wonder why project scoping has occurred in Saudi Arabia. I am sure there are very good reasons for it, but I just want to know.

Mr Walters—The study was undertaken to further investigate opportunities identified by a joint industry and government mission to the Kingdom of Saudi Arabia in May 2008. The study was funded. The amount I have been given is \$17,500. I think the figure you might have got is because we set a limit on these contracts sometimes and do not necessarily spend up to the limit. But advice I have is \$17,500.

Senator MASON—I see.

Mr Walters—If that proves to be incorrect, we will correct that on notice, Senator, but that is the figure I have been given. It was funded for the international component of the 2005-08 Commonwealth-State Agreement for Skilling Australia's Workforce. The scoping study was undertaken by Gregor Ramsey AM, principal consultant of Tertiary Education Consulting Services, who was selected in the select tender exercise based on his pre-eminent expertise with both Australian and Middle East education and training systems. A report recently was provided to the department and it will be submitted to the National Senior Officials Committee, which is a committee of Commonwealth and state officials. It oversees expenditure in this area. It will not be publicly released because it contains commercial-in-confidence information provided by Australian vocational providers on the basis that their responses will be confidential. The intention of the report is to guide further work in the vocational sector's engagement with the Middle East.

Senator MASON—So there might be some potential there.

Mr Walters—Yes.

Senator MASON—That was Ms Paul's guess earlier today, actually. Has scoping of other countries occurred? Are there similar scoping studies elsewhere?

Mr Walters—I would have to take that on notice. We certainly from time to time look at development work in different parts of the world as market opportunities arise. What has been happening in the Middle East is that the student numbers have been going up. We are aware of different opportunities that come up. For example, some of the Middle Eastern governments offer scholarships to their people to study overseas. It is obviously in Australia's interests to get in on that kind of activity and see if we can attract some of those people to come here.

Senator MASON—Yes, obviously.

Mr Walters—There are some really good prospects around the region. The other kind of activity which is often available in places like the Middle East is consultancy services for some of our people to assist the governments with the development of their own vocational sectors. You will appreciate there are a number of governments in the Middle East that are all looking to develop their own education systems. We believe that Australia has a growing reputation as a good source of expertise to help them. It is all those kinds of opportunities we are looking for.

Senator MASON—Yes. Australia has some Australian universities and campuses not only in Saudi Arabia but also elsewhere in the Middle East. We have some university campuses.

Mr Walters—We have an education counsellor who is based in Dubai. His job is to look after a number of countries in the Middle East. He is a busy chap and he has to get around to a number of those places, identify good opportunities and then talk to providers and ourselves about how best to utilise those and see how we can push the idea that Australia is a very good destination for students and a very good source of expertise in developing their education systems.

Mr Davidson—There was a delegation from the Middle East in January this year which consisted of senior officials from Saudi Arabia, the Emirates, and Iran and a couple of other countries as well.

Senator Chris Evans—Senator, I met with the ambassadors from a range of Middle East-Arabian countries recently. They raised with me some issues they had about student visas, et cetera, and we have improved the servicing of those. They are engaged with us in making sure those things are running as smoothly as is possible. They are keen to open up educational activities. They requested a discussion with me about those things. We are trying to make that facilitate access as much as is possible for them.

Senator MASON—Thanks, Minister. I have no further questions on international.

CHAIR—That concludes outcome 6. I thank the officers for attending. I have been advised by senators participating in estimates so far today that there are some questions in outcome 5 but that they are in a suitable form to be put on notice.

Ms Paul—Okay.

CHAIR—On that basis, we can finish with outcome 5 too. I thank those officers for attending.

[5.38 pm]

CHAIR—We will now move to outcome 3, higher education. I welcome officers attending for outcome 3.

Senator MASON—In June and in October last year, I asked the department—it might have been specifically Mr Walters, from memory—about criteria for disbursement of funds from the Education Investment Fund. I asked what the criteria used for disbursement of funds would be, or exactly what facilities and institutions comprised the three or four categories of eligibility—those being higher education facilities, vocational education facilities, research organisations and major research institutions—and, just as importantly, how many individual facilities, institutions and organisations there are in each eligible category. We know of course there are 39 universities. I also asked how the funds will be carved up between the various categories and what the criteria will be for making grants out the fund's capital as opposed to its proceeds or the interest on the capital. I was told that those matters would be decided by the government and announced in due course. I just want to know what has happened. Do we know the answer to any of those questions? Can you help me, Ms Randall?

Ms Randall—Senator, I shall try to. The first round of the Education Investment Fund was announced on 16 February. Guidelines are in the public domain for that round. The guidelines set out the eligibility requirements and they go to higher education providers, vocational education providers and research institutions. The guidelines also set up the criteria which speak to the extent to which projects address national priorities; the alignment of the project with the applicant organisation's priorities and strategic directions; the projected positive impact on enhancing institutions or applicants' capacity; the result in improvements consistent with the level of investment; the extent of co-investment and collaboration; project quality and readiness; and the capacity of the organisation to support, maintain and integrate new infrastructure into their business operations.

Senator MASON—Thank you. In terms of the fund itself, are there any different criteria between the expenditure of the capital as opposed to the proceeds or the interest from that fund?

Ms Randall—I am not sure I understand the second part of that question.

Senator MASON—Is the capital of the fund available for those institutions—those higher education, vocational education and research organisations?

Ms Randall—Yes. The government, in announcing the fund, indicated that it would draw down from the capital and the earnings of the fund.

Senator MASON—So the capital will be available. In comparison to the coalition's Higher Education Endowment Fund, the pool of applicants is broader because it is not just universities but rather broader categories.

Ms Randall—It has a larger cohort of applicants.

Senator MASON—Fine. This may sound like a strange question, but what is the size of the fund? How big is it?

Ms Randall—At 30 December, the size of the fund was \$6.48 billion.

Mr Davidson—That is the current value of the assets in the fund. In announcing the EIF, the government stated it had allocated \$11 billion to the fund.

Senator MASON—Let us go back. I want to take this slowly, as I always do. Ms Randall, how much was that?

Ms Randall—The current value of the fund is \$6.48 billion.

Ms Paul—At the announcement of the Education Investment Fund, the government announced that the Education Investment Fund would be an \$11 billion fund, building on the \$5 billion from the previous Higher Education Endowment Fund.

Senator MASON—I thought it was five plus one, Ms Paul.

Ms Paul—Yes, that is right.

Mr Davidson—It is six. It is \$6 billion of assets transferred from HEEF.

Senator MASON—So HEEF was \$6 billion. The value at the moment is \$6.48 billion, so there is only half a billion dollars more. When are you going to get to \$11 billion? Why are we missing \$4½ billion?

Ms Randall—The government indicated when it announced the funds that it would make additional contributions to the fund as macro-economic circumstances allowed. The Nation-building Funds Bill 2008, which established the fund, requires the government to deposit \$2.5 billion by the end of June.

Senator MASON—Of this year?

Ms Randall—Correct.

Senator MASON—\$2.5 billion?

Ms Randall—Correct.

Senator MASON—At the moment, it is \$6½ billion; the pool of applicants is much broader than it was under the coalition's HEEF arrangements; but by 30 June, it will be \$8 or \$9 billion?

Mr Davidson—It will be \$9 billion.

Senator MASON—And the pool of applicants is much greater. It is a lot less than the original promised, Minister?

Ms Paul—No, this was the way it was announced to be rolled out.

Senator MASON—Correct me if I am wrong, but you mean rolled out in the sense that both the interest and the capital would be available.

Ms Paul—That is right.

Senator MASON—Is that available for infrastructure projects for the universities.

Ms Paul—Yes.

Senator MASON—Does it have to be infrastructure projects?

Ms Randall—It has to be capital development.

Senator MASON—So it will be \$9 billion by 30 June.

Mr Davidson—Well, the bill that has been passed by parliament says there will be an additional government contribution of \$2.5 billion into the EIF before 30 June 2009, so that would bring the total in the fund to \$9 billion.

Senator MASON—When will we reach \$11 billion? What is the program?

Ms Randall—There is not a specified program for reaching \$11 billion. The government indicated that it would make additional deposits to the fund as macro-economic circumstances allow.

Senator MASON—You cannot do any better than that? So we may or may not get to \$11 billion.

Ms Paul—That is clearly a matter for government.

Senator MASON—Yes. I thought there was something fishy about this.

Ms Paul—It is not fishy at all. We have just explained several times that it is a matter for government according to the act, and that it is made clear in the act.

Senator MASON—Yes, but at the big launch it was \$11 billion and it was all going to be wonderful; and now we are at \$9 billion perhaps as at—

Ms Paul—We are up to \$9 billion.

CHAIR—Proceed with your questions.

Senator MASON—You have to give me a bit of a break, Mr Chair. That was a pretty fair effort. Can we go to round 1 of the EIF. That was called and granted at the end of last year. Is it right that \$580.5 million was given only to universities?

Ms Randall—That is correct. The 41 Higher Education Support Act table A and table B universities were eligible applicants, and the \$580.5 million funding announced was within that cohort.

Senator MASON—Was round 1 of the EIF delivered as part of the PM's nation-building package?

Ms Randall—Yes, it was.

Senator MASON—In all, \$550 million was given to projects under the EIF. Is that right?

Ms Randall—It was \$580.5 million.

Senator MASON—I am sorry, yes.

Ms Randall—And there was an announcement that funding would flow out over a period of five years.

Senator MASON—All right. Of this \$580 million, \$304 million was the first lot of interest from the coalition's \$6 billion HEEF. Is that right?

Ms Randall—That is not exactly right.

Senator MASON—Can you help me?

Ms Randall—The announcement around the Higher Education Endowment Fund assumed that the first tranche of funding would be around \$304 million. The returns on the fund were

not actually going to provide for such a large investment so the \$304 million comprised expected returns on the Higher Education Endowment Fund plus money that would come from budget.

Senator MASON—But do we know how much the interest was on the HEEF? Can you be more precise?

Ms Randall—I would have to take on notice how much the interest was at that point in time.

Senator MASON—But it was estimates to be about \$304 million. Is that right?

Ms Randall—No. It was estimated to be less.

Senator MASON—How much?

Ms Randall—I may have to take that on notice. I will have to take that on notice.

Senator MASON—There is no ballpark figure at all?

Mr Davidson—I think we would rather give you an accurate answer.

Senator MASON—All right. That money, whether it is \$304 million or a bit less, of the nation-building package was not actually new money then from the government; it was actually rebranded from the coalition's HEEF. Is that right?

Mr Davidson—It was government money.

Senator MASON—Yes, but it was rebranded.

Ms Paul—No, that is not correct, as Ms Randall has described.

Senator MASON—Ms Paul, why is that not correct?

Ms Paul—She has described the make-up of the money already.

Senator MASON—I am not saying the fund—I am not quibbling about the \$304 million. It may be less; okay, I accept that. I am not quibbling about that. But the amount, whatever it was—\$200 billion or \$300 billion—was interest from that fund.

Ms Paul—No. Ms Randall has just explained that it was not, but we need to take the question on notice to get the answer.

Senator MASON—So it was not rebranded; it was not interest—

Senator Carr—We have answered the question three times now.

Senator MASON—It is a pretty fair question to ask what the amount is.

Senator Carr—But you have asked it three times and you have received an answer three times so it is fair not to have to answer it again.

Senator MASON—Oh, come on, Minister. You should have gone to the happiness course. You might be better off.

Senator Carr—Yes.

Senator MASON—In relation to the other \$276 million, was that extra money from the government—from revenue, as it were—or did that come from the capital of the Education Investment Fund?

Ms Randall—That will be paid out over a period and it will come from the capital and returns on the Education Investment Fund.

Senator MASON—The capital and the interest on the EIF.

Ms Randall—Yes.

Senator MASON—Right. So we are following that up. I turn to round 2, or the bonus round. On 16 February the government announced a bonus round of funding under the EIF in a bid to stimulate the economy. On 16 February the government invited not just universities but also VET providers and research organisations to apply for this special bonus from the EIF. Is that right?

Ms Randall—The eligible applicants are higher education institutions, research institutions, and vocational education and training providers.

Senator MASON—Applications are due by 2 March?

Ms Randall—That is correct.

Senator MASON—How much money will be granted in this current round?

Ms Randall—The government has not set an amount of funding for the current round.

Senator MASON—So we are not sure—or it is not set. I am not trying to be argumentative there. So the department has not been informed of how much money will be available for grants under this bonus round.

Ms Randall—The government has not determined how much money it will make available for this round.

Senator MASON—All right. In terms of time lines, you mentioned that applications are due by 2 March. When will successful applications be announced?

Ms Randall—I would expect successful applications to be announced mid-year.

Senator MASON—This is a common theme at the moment, I know, but bear with me—when will construction start or the capital works commence? Is there any requirement about that?

Ms Randall—There is no requirement. The government has indicated it will give priority to projects that are now what is called shovel ready.

Senator MASON—Oh, yes; I know the term shovel ready.

Ms Randall—But the start date will depend on the individual projects that are successful.

Senator MASON—So priority will be given to the ones which can commence work more expeditiously.

Ms Randall—Correct.

Senator MASON—I will follow that up at the next estimates. It is still too early. Finally, will the money granted from this current round—that is, the bonus round—be drawn from the EIF's capital or from the interest?

Ms Randall—That is a highly technical question. I would probably have to seek advice from the Department of Finance and Deregulation on exactly how that would work. It would come from money that is available from the Education Investment Fund.

Senator MASON—It is an important question because we need to know how long this fund is going to last if we keep spending the capital, you see. That is why I ask. Could you take that on notice?

Ms Randall—Indeed.

Senator MASON—Thank you very much. Round 3 of the EIF will be later this year or perhaps early next year. Is that right?

Ms Randall—The government has not indicated when it will open the next round of the Education Investment Fund. I would anticipate it might be announced mid-year.

Senator MASON—In the middle of this year?

Ms Randall—I would anticipate that this is the case.

Senator MASON—That is earlier than I thought. Will the money made available in round 3 be drawn only from the interest or from the capital?

Mr Davidson—I think we are moving into speculative territory.

Senator MASON—I have to ask the question because it does have policy ramifications.

Mr Davidson—I do not think we can speculate. I think, as Ms Randall has indicated, we have not got a clear indication from government about a third round or the timing of it.

Senator MASON—And the government has not made a policy regarding the distinction between the expenditure of capital and interest?

Mr Davidson—I think the issue for the allocation of funds will be a decision for government in the budget context.

Senator MASON—Sure. But what I am saying is that there has been no policy distinction.

Mr Davidson—No.

Ms Randall—It has not been predetermined.

Senator MASON—That is fine. So we cannot rule out the possibility that the capital might be spent. That is really my point.

Ms Paul—That will be a matter for government. We would need to go to the Department of Finance and Deregulation to seek advice, as Ms Randall said.

Senator MASON—All right. Do we know whether the pool of applicants will be again the same size, or will it be restricted, or do you not know?

Mr Davidson—If you are talking about round 3—

Senator MASON—Yes, round 3.

Mr Davidson—I think we would be simply speculating. I cannot see that that would be useful for you.

Senator MASON—No, that is fine if it is. That is all I want to know. I just want to know where we are at.

Mr Davidson—No.

Senator MASON—You have enjoyed my company for a long time now, Mr Davidson. I will be here in June and I will be here in October. It is fine. As long as I know what is coming up.

Mr Davidson—Senator, I will not be, unfortunately.

Ms Paul—This is Mr Davidson's last estimates.

Senator MASON—You will be happy that you will not be coming here again.

Ms Paul—We should congratulate him on his attendance at estimates over the years.

Mr Davidson—No, I might come as an observer next time.

Senator MASON—Thank you, Mr Davidson, and the best of luck to you. Some of the less fortunate officers will have to come back, I suspect, but that is fine. We do not know.

Mr Davidson—I still have a few hours to go.

Senator MASON—That is fine.

Senator COLBECK—My questions are about tertiary deferment rates, particularly in regional areas. You would be aware of some information that came out during January about the deferment rate for country students being at three times the rate of city students. Are there any plans to combat this level of deferment rate?

Ms Buffington—We will have to take your question on the deferment rate on notice. Obviously we have a lot of regional development funding, but I will need to look into the deferment rate.

Senator COLBECK—I will take it a little bit further with some figures out of Victorian country secondary colleges that were almost double the numbers from metropolitan schools. I suppose that is the sort of information that will come up in your research. I am not sure whether we are straying outside the parameters of what we are talking about, which is income support for students, but is that something that has been looked at as part of a policy program that could assist? The Victorian parliamentary inquiry into how tertiary education is affected by where you live indicated that the cost of supporting a child away from home is about double that of one who lives at home.

Ms Paul—I am not sure where to take income support issues. Income support issues were considered by Bradley, and I know that there are some questions on that, but there is an income support area for discussion tomorrow. We may not have the people here for that now. I am not sure, unless Mr Davidson has a view on that.

Senator COLBECK—If it is involved in the Bradley review, effectively it is caught up in that process and would be under consideration by government.

Ms Paul—That is correct.

Mr Davidson—Yes, it is actively under consideration.

Senator COLBECK—So questions about whether the age of independence should be reduced would be considered as part of that Bradley process.

Ms Paul—That is right. For any of those sort of questions we will give you the same answer—which is that they are under consideration or could be under consideration.

Senator COLBECK—Do you have any information with respect to the deferment rates and the impact on deferees not taking up study at all? You will have a higher proportion of students coming from regional areas that defer, and then a percentage of those who do not come back to study at all.

Ms Buffington—Again we will have to take that on notice. In terms of deferment, there is a whole range of issues depending on what is going on in the labour market. In regional areas of Western Australia and Queensland universities have found a high rate of deferment over the last few years. There are those considerations. Certainly we are looking at a small upswing in applications coming in as the economy is cooling off. There is a trend towards increases in applications. It is too early to project, but it would appear that there is actually an increased uptake of higher education as the labour market cools.

Senator COLBECK—I come from an area that has one of the lowest retention rates in the country—the north-west coast of Tasmania. I think that is behind only the Northern Territory. So I have an obvious interest in this. If there is any information you can give me on what programs are in operation, that would be good. But it appears that most of it will come out through the Bradley review process.

Ms Buffington—Is that programs, or progress?

Senator COLBECK—I think the program side will be informed by the Bradley review process, but information on those statistics would be of interest.

Ms Paul—Senator, we can certainly pull out on notice statistics on commencements and to some extent on student destination as well.

Senator COLBECK—I would be interested also in whether the high deferral rate leads to a higher dropout rate.

Ms Paul—I will have a look at it and see what we can pull out.

Senator COLBECK—Thank you.

Mr Davidson—You might get better information from, in your case, the University of Tasmania. They probably have more on that.

Senator MASON—Can we do placements in this?

Mr Davidson—It is still in higher education, though, Senator.

Senator MASON—No, it is not in higher education. VET and productivity places is where I want to go next.

CHAIR—Have you finished with higher education?

Senator MASON—I think I am finished with higher education, as of now.

Senator Carr—Well, on that basis—

Senator MASON—I am sorry—no, you are right, Minister. You are helping me. I do have some quick issues on Bradley and on the student fund.

CHAIR—We will see you after dinner, Mr Davidson.

Senator MASON—I do not think I will be long.

Mr Davidson—You will see me well after dinner if we are going on to do productivity places.

CHAIR—We will now suspend until 7.30 pm and we will resume with outcome 3, Higher education.

Proceedings suspended from 6.03 pm to 7.30 pm

CHAIR—We will reconvene on outcome 3, Higher education. Just before we go to questions, the secretary of the department advised the committee earlier that Mr Jim Davidson will be retiring in the time between now and the next estimates. On behalf of the committee, I want to formally thank you for your many years of fine public service and the many years of appearing before this committee during estimates. You will be missed.

Mr Davidson—Thank you.

CHAIR—Congratulations. On behalf of the committee, we hope you enjoy your retirement.

Mr Davidson—Thank you very much.

Senator MASON—In celebration of that, Mr Chairman, I do not think I will detain Mr Davidson very long.

Mr Davidson—I am here right to the bitter end, Senator!

Senator MASON—I do not think I will be too long. In the higher education area I have two lots of questions. One relates to the student services fee proposed under legislation that has been introduced in the House of Representatives, and I have a couple of questions on the Bradley review. The government has introduced legislation for a student amenities fee, I understand. If the legislation is passed, it will be effective, as I understand, from July this year. If so, do you know whether universities will be able to charge the full \$250 for the second half of this year? Do we know what the answer to that is?

Mr Manns—No. The bill provides that the maximum amount that can be charged for the second half of 2009 is \$125.

Senator MASON—So it will be \$125. So it is half of the \$250?

Mr Manns—That is right.

CHAIR—I have some unfortunate advice—

Senator MASON—I know what you are going to say, Mr Chairman.

CHAIR—I have been advised by the secretary that it creates some problems with the standing orders for us.

Senator MASON—I will be very quick.

CHAIR—Be very quick because we are having a hearing next Wednesday.

Senator MASON—It is in Melbourne. I think I am coming to that.

CHAIR—Yes.

Senator MASON—That is next Wednesday in Melbourne.

CHAIR—I am sure you will be able to ask all your questions of the department then.

Senator MASON—I can hardly wait, and I am sure the department can hardly wait. That is fine. It is of no concern to me, Mr Chairman—unless you have questions, Senator Cash.

Senator CASH—No.

Senator MASON—We will wait until next week. Thank you. What stage are we up to in response to the Bradley review into higher education? Do we have a timetable for a government reply?

Ms Baly—The Deputy Prime Minister issued a press release a couple of weeks ago indicating that she would make a response to it in early March.

Senator MASON—So this is where we are at. It will be the government's response to the Bradley review. Fine. Do we have any idea of how much the review cost to conduct?

Ms Baly—Yes. I can tell you how much the review cost. In the current financial year, the total cost of the review was \$1.3 million. In the last financial year, it was \$350,000.

Senator MASON—Can you give me the disaggregated costs? In other words, is it for travel or for salaries? What is the make-up of that?

Ms Baly—Yes. I can do that for you. The total for payments to panel members was \$165,765.

Senator MASON—\$165,000, yes.

Ms Baly—The figure for commissioned research and other consultancies was \$393,000. These figures are for the current financial year. For travel it was \$172,877. Staff salaries were \$559,772.

Senator MASON—\$559,000 is for staff salaries?

Ms Baly—And the figure for general administration was \$43,050.

Senator MASON—And that all adds up to \$1.3 million?

Ms Baly—It is \$1.3 million for this current financial year.

Ms Paul—It is against the bottom line of the staff of the department. So that \$500,000 figure that Ms Baly mentioned is just part of the overall base for the department. It was not extra, as it were. In other words, we absorbed the cost.

Senator MASON—I see. No, I understand. That is fine. Thank you very much. That is all I have on higher education.

CHAIR—Thank you. That completes outcome 3. We will move to the last outcome left on the agenda, which is outcome 4, Vocational education and training.

Senator MASON—I have a few questions on trade training centres and then a couple on productivity. That is all I have.

Ms Paul—Trade training centres are actually a schools measure, so we do not have the people here for that. That comes under outcome 2. But obviously I can take some stuff on notice if you wish.

Senator MASON—Isn't that wicked?

Ms Paul—Sorry about that.

Senator MASON—It is all right.

Ms Paul—I know. It is a crossover.

Senator MASON—It is a crossover, isn't it?

Ms Paul—Yes.

Senator MASON—That will make it even faster. I am being chopped down here, Mr Chairman. It is not looking good.

CHAIR—It is part of a cunning plan, Senator Mason!

Senator MASON—This will be over in a few minutes. What I might do then, Ms Paul, is put them on notice.

Ms Paul—Of course.

Senator MASON—On the trade training centres, let us go to productivity places. Am I right in suggesting that another 10,000 productivity places have just been announced? Is that right?

Mr Davidson—That is correct.

Senator MASON—Who is administering them? If there are 10,000 more, the department is administering those 10,000?

Mr Davidson—Yes.

Senator MASON—How many people have commenced training to date under the productivity places for job seekers?

Ms Hewlett—We had 65,287 commencements in the job seeker places under the Productivity Places Program.

Senator MASON—Was that 65,287?

Ms Hewlett—Correct.

Senator MASON—How many people have completed training?

Ms Hewlett—How many people have completed?

Senator MASON—Yes.

Ms Hewlett—There are 28,660 people who have completed training. That is job seeker places.

Senator MASON—So for job seeker places, we have 65,000 commencing?

Ms Hewlett—Yes.

Senator MASON—And for job seeker places we have 28,660 completed. Right?

Ms Hewlett—Yes.

Senator MASON—How many people have commenced training to date under the program for existing workers?

Ms Hewlett—We have agreements and memoranda of understanding in place with all of the states and territories to deliver approximately 10,000 existing worker places. We also have contracts in place with the industry skills councils to deliver another 1,250 existing worker places. As we have different reporting arrangements with the industry skills councils and the states and territories, we do not have real-time reporting so I cannot give you information on the number of commencements or completions within the existing worker places.

Senator MASON—That was my next question. It was about completion. So you cannot give me any more than that?

Ms Hewlett—We are expecting reports from the industry skills councils in March. There is staggered reporting in the memoranda of understanding with the states and territories.

Senator MASON—Is the department spending any money on assessment fees?

Ms Hewlett—Assessing the proposals?

Senator MASON—Yes.

Ms Hewlett—That is being undertaken by existing departmental staff.

Senator MASON—Within the resources of the department?

Ms Hewlett—Yes.

Senator MASON—I was looking at the websites. I will get to the website in a minute. As at 30 January this year, I understand that not all states had finalised negotiations to offer the training for existing workplaces. I understand that places were supposed to be on offer from 1 January this year. I think initially it was going to be from 1 July, but some states had not signed up. I was looking at the South Australian website. I will just read it out. Let me know if things have changed. It says:

The launch of the DFEEST Productivity Places Program for Job Seekers was originally scheduled to be early January 2009. This has been delayed pending finalisation of the administrative agreement between the State—

That is, South Australia—

and Australian Governments.

Any dates mentioned below are subject to an unknown project commencement date—as soon as the definite date is known, it will be publicised along with specific information regarding the application process.

Have we moved along? Do we know any specific dates?

Ms Hewlett—The implementation plan for South Australia has been agreed between departmental officers.

Ms Dacey—It is very close to finalisation.

Ms Hewlett—It is very close.

Ms Dacey—It is close to finalisation. We are expecting it imminently.

Senator MASON—So you cannot tell me the date?

Ms Dacey—It is subject to final sign-offs.

Senator MASON—That is fine. But it is close?

Ms Dacey—Yes.

Senator MASON—You cannot indicate to the committee that that is soon? There is no information you can tell the committee?

Ms Dacey—I just do not have it within me to give you an exact date.

Ms Hewlett—But the implementation plans are signed off by the Deputy Prime Minister and the minister responsible for training in the relevant state.

Senator MASON—I understand. Has any state or territory managed to commence offering both productivity places for job seekers and existing workers from 1 January this year? Has any state managed to do that?

Ms Hewlett—Yes. The states and territories are delivering existing worker places under the memoranda of understanding that were negotiated last year. So all of the states have them in place and they are at varying stages of implementation. So Western Australia is delivering places and South Australia is delivering places. But all of them have existing worker places which they are delivering.

Senator MASON—Do you mean the agreements are all in place but some have more advanced implementation than others?

Mr Davidson—There were two stages. There was the stage which was from 1 July last year, where pending finalisation of the overall agreement between governments we offered the states the ability under a memorandum of understanding to actually offer the existing worker places.

Senator MASON—This is obviously old. Well, it is not that old. It is taken from the website. You mention that there has been officer agreement. It appears from the website that the South Australian government will not be offering any training for existing workers until July 2009.

Ms Hewlett—The South Australians are offering a number of places under their memorandum of understanding at the moment.

Senator MASON—Training for existing workers.

Ms Hewlett—They have nearly 2,000 places up and running for existing workers in their pilot in South Australia.

Senator MASON—The pilot, yes. But further funding from existing workers will only be available from July 2009. Is that not right?

Mr Davidson—It might help to just explain it.

Senator MASON—Yes, please.

Mr Davidson—To go back: I think the original announcement was made that job seeker places were available from 1 April. That was kind of stage 1. Stage 2 involved this memorandum of understanding with a range of states, where they could take up the option of commencing with the existing worker places. I think most or all—

Ms Hewlett—All.

Mr Davidson—All states took up that offer. Then stage 3 requires the formal sign-off. The national partnership was signed off by the COAG meeting at the end of last year. Then the documents need to be signed between the relevant ministers. We are awaiting an implementation plan from each state. South Australia's implementation plan has been signed.

Senator MASON—Can the department provide the dates that each state and territory signed on to the program? That would be easy enough to provide, would it not?

Ms Hewlett—For the memorandum of understanding?

Senator MASON—Yes.

Ms Hewlett—Okay. New South Wales signed the MOU on 1 December 2008. Victoria signed the MOU on 11 December 2008. Queensland signed the MOU on 22 August 2008. WA signed the MOU on 4 September 2008. Tasmania signed the MOU on 25 August 2008. The Northern Territory signed the MOU on 20 October 2008. The ACT signed the MOU on 15 December 2008.

Senator MASON—And the ACT is offering productivity places?

Ms Hewlett—The ACT is offering productivity places under the pilot, yes.

Senator MASON—The COAG meeting of November last year, I understand, agreed that a national data portal would be established by 2012. Is that right?

Ms Hewlett—That is correct.

Senator MASON—But it was agreed in the meantime the Australian Vocational Education and Training Management Information Statistical Standard—AVETMISS, I understand, is the acronym—would be used. Is that right?

Ms Hewlett—That is correct.

Mr Davidson—It is the standard. It is a statistical standard.

Senator MASON—Does AVETMISS track job outcomes?

Mr Davidson—No. It does not.

Senator MASON—So it does not track them at all?

Mr Davidson—No.

Senator MASON—Does AVETMISS track the number of courses an individual might take?

Mr Davidson—No. It does not track an individual. The data collection does not track a particular individual through a range of courses, no.

Senator MASON—So it cannot be sure of the job outcomes or track the individual. What does it track?

Mr Davidson—It tracks a whole range of statistical data which is presented on regular intervals in relation to apprenticeship and trainee uptake, which is all part of apprenticeships and trainees by industry classification by state. The other area that it tracks is largely the student outcomes survey—the student survey—which comes out annually.

Senator MASON—Like a satisfaction—

Mr Davidson—No. It is more what courses people undertake.

Mr McAuslan—The NCVER runs a survey, which is the student outcomes survey. It actually does provide the department and the government with information about where people end up after they have completed their training. But that does not link directly with AVETMISS. AVETMISS, as Mr Davidson has been outlining, is a standard that is used by all states and territories to keep track of all of the training in the government funded system. At the moment it is not well suited to tracking individuals' progress through their training experience.

Senator MASON—Or job outcomes, apparently.

Mr McAuslan—Well, it does not go that far. But certainly one of the things that we are looking at with AVETMISS is to improve some of its capability to assist with improving reporting under the Productivity Places Program.

Senator MASON—So is that the transition between AVETMISS and this national data portal, as it were, in effect?

Mr McAuslan—Basically, that is correct. The portal is a longer term goal for all states and territories and the Australian government.

Senator MASON—It is a better model for policy development, is it?

Mr McAuslan—Well, it is basically going to be a portal that provides information that will be useful to those who are looking for information on what is happening through the Productivity Places Program.

Senator MASON—I follow. Thank you.

Mr McAuslan—The reason why we have set a 2012 deadline is that some of these things take a considerable amount of time to actually get done in the system.

Senator MASON—You are enhancing, in effect, AVETMISS? You are enhancing its capabilities?

Mr McAuslan—Yes.

Senator MASON—Is it right that implementation plans were supposed to be provided by each state and territory by 12 December initially? Is that right?

Ms Hewlett—Initially that was right.

Senator MASON—And there were extensions to—

Ms Hewlett—The implementation plans were due to be provided to the Commonwealth after the agreement was signed. The initial date promoted in the communiqué was 12 December.

Senator MASON—And there was an extension provided for, was there?

Ms Hewlett—Yes.

Senator MASON—Why was that?

Ms Hewlett—There are a number of processes that the states and territories have to go through to identify, for example, the trajectories of training delivery and a number of states needed to get cabinet approval for funding for the program. So there were a number of steps that people needed to put in place and go through before developing and submitting the implementation plans to the Commonwealth.

Senator MASON—And were all the plans approved, then, by the Commonwealth?

Ms Hewlett—We are in the process of approving the implementation plans.

Senator MASON—They have all been approved by the states?

Ms Hewlett—There are still—

Ms Dacey—They have all been submitted to us.

Senator MASON—They have all been submitted?

Ms Hewlett—Apart from the Northern Territory's.

Senator MASON—Apart from the Northern Territory's?

Ms Dacey—Yes.

Senator MASON—Any indication when they are going to submit theirs?

Ms Dacey—I think the latest advice I have is that we are expecting it soon. But that is probably not that helpful to you.

Senator MASON—Did any of them require any revision or further information? Was there any toing and froing between the states and the Commonwealth?

Ms Hewlett—There were certainly a number of areas that we sought clarification on from the states and territories in that process, as in any negotiation process.

Senator MASON—I agree with that. Can you tell the committee what areas that revolved around?

Ms Paul—I do not know that we could, to be honest.

Senator MASON—Is that a little bit beyond the pale, Ms Paul?

Ms Paul—It probably is. It probably goes to—

Senator MASON—It might be on the edge a bit. But there was some jostling anyway or there was some negotiation? That is fair enough?

Ms Paul—I think it would be fair to say we probably sought extra information. I do not know that I would call it jostling.

Senator MASON—Okay. You sought extra information. That is fine. Let us go to qualifications briefly. Is it true that some of the qualifications on offer require someone to also undertake an apprenticeship or traineeship in order to use the qualification? I have

information, in effect, that some of the qualifications require another apprenticeship or traineeship in order to use it. Is that right?

Ms Hewlett—To use it? I would say that would be correct.

Mr Davidson—I think some of the qualifications do have training contracts. They fall within the ambit of apprenticeships and traineeships, yes.

Senator MASON—You think that might be right?

Mr Davidson—Yes.

Senator MASON—Can you tell the committee, Mr Davidson, what they are? Can you give me some examples?

Mr Davidson—Not off the top of my head.

Ms Paul—We would have to take it on notice.

Senator MASON—Take it on notice. Thank you. What percentage of the places taken up so far was for certificate II courses? Do we know that?

Ms Hewlett—We have had 23,474 commencements in certificate II qualifications.

Senator MASON—Sorry? 23,000?

Ms Hewlett—23,474.

Senator MASON—What percentage is that of the overall amount?

Ms Paul—One-third.

Senator MASON—I have not got my calculator.

Ms Paul—It is about one-third.

Senator MASON—You are right. That is fair enough. How many more certificate II courses will be available over the duration of the program? Do you have any idea?

Ms Hewlett—In the original election commitment there were 91,000 certificate II places available over the life of the program. We have added another 26,000 certificate II places in the structural adjustment announcement in October. So that is—

Senator MASON—117,000?

Ms Hewlett—Yes, it is about 117,000. I think it is about 30 per cent of the available job seeker places and about 13 per cent of the overall places available under the program.

Senator MASON—Great. Thank you. What percentage of certificate III and above courses currently listed on the priority occupations list require some sort of prerequisite or for the student to undertake an apprenticeship or traineeship concurrently?

Mr Davidson—I think we would have to take that on notice.

Ms Hewlett—I think we have provided some information on that in a previous question on notice.

Senator MASON—Is it precisely the same question, though? I am not sure it is.

Ms Paul—Why don't we take it on notice?

Ms Hewlett—Yes.

Ms Paul—We will make sure you get it.

Mr Davidson—I think we can give you the answer.

Ms Paul—But I doubt if we will have it here.

Senator MASON—Do we know how many students have dropped out of their courses prior to completion? I have asked this before or something similar.

Ms Hewlett—Yes. About 18,700 people have withdrawn prior to finishing their qualification. So about 11,800 of those withdrew prior to commencement and about 6,900 withdrew after commencing but before completing.

Senator MASON—So what percentage is that?

Ms Hewlett—It is about 8.8 per cent. There is an attrition rate of about 22 per cent if you combine the students that withdraw prior to commencement with the students that withdraw after commencement but prior to completion.

Senator MASON—I wonder how that compares with universities.

Mr Davidson—It is about 30 per cent of first year university students.

Senator MASON—Is it that high?

Ms Paul—Yes.

Senator MASON—Do you mean students that go prior—using the same criteria—and after the first semester?

Mr Davidson—I am pretty sure of this. I will check if I am giving you the wrong information.

Ms Paul—No. I think that is right.

Mr Davidson—About 30 per cent following their first year of university do not continue.

Senator MASON—That is high. Professor Bradley wants to reduce that markedly, I know.

Ms Paul—She does.

Senator MASON—It is a worthwhile aspiration. Again, this may be difficult to provide. You may wish to take it on notice. Can the department provide a list of all the courses with the pass rate for each? Is that possible?

Mr Davidson—Productivity places courses?

Senator MASON—Yes.

Ms Hewlett—So completions against the qualifications?

Mr Davidson—We could do that for the job seekers.

Ms Hewlett—Yes. You could do that for the job seekers. But I do not have anything here.

Ms Paul—Is that what you mean by the pass rate?

Senator MASON—Yes.

Ms Paul—You mean completion?

Senator MASON—The pass rate. How many people pass?

Ms Hewlett—Do you mean how many people get the qualification?

Senator MASON—What percentage of people pass?

Mr Davidson—We can only give you that for the cohort that have completed.

Senator MASON—Yes, sure.

Mr Davidson—For the job seeker places for people who completed, we would be able to break that down.

Ms Paul—That is the 28,000 that have already completed.

Senator MASON—Yes. That would not be too onerous, would it?

Senator Carr—Probably.

Mr Davidson—Yes.

Ms Paul—We will give it our best shot.

Mr Davidson—I believe that the system that we have in place would enable us to give you that answer.

Senator MASON—I am conscious of not setting too many hares running. I would not want to do that. I will have questions on notice, Mr Chairman, relating to trade training centres. I got caught up in the melee earlier. Other than that I have finished.

Senator Carr—That sounds very good, Mr Chairman.

CHAIR—Thank you. That completes our hearing today. Thank you, Ms Paul, Minister and your officers. Thank you, Hansard. The committee is suspended until 9.00 am tomorrow.

Committee adjourned at 7.59 pm