



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 3 JUNE 2009

CANBERRA

BY AUTHORITY OF THE SENATE

TO EXPEDITE DELIVERY, THIS TRANSCRIPT HAS NOT BEEN SUBEDITED

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

LEGISLATION COMMITTEE

Wednesday, 3 June 2009

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

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

Senators in attendance: Senators Back, Brandis, Bilyk, Cash, Collins, Cormann, Fisher, Hanson-Young, Humphries, Macdonald, Marshall, Mason, Parry and Payne

Committee met at 9.00 am

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

Consideration resumed from 2 June 2009

In Attendance

Senator Carr, Minister representing the Minister for Education

Department of Education, Employment and Workplace Relations

Outcome 1—Office of Early Childhood Education and Childcare

Ms Lisa Paul, Secretary

Mr Michael Manthorpe, Deputy Secretary

Ms Robyn Calder, Branch Manager, Early Childhood Development Strategy Branch, Early Childhood Development

Ms Irene Kraus, Section Manager, New Child Care Services Branch, Early Childhood Development

Ms Madonna Morton, Branch Manager, New Child Care Services Branch, Early Childhood Development

Ms Joan Ten Brummelear, Branch Manager, Early Childhood Quality Branch, Early Childhood Development

Ms Chris Jeacle, Acting Branch Manager, Early Childhood Development Strategy Branch, Early Childhood Development

Ms Catherine Wall, Group Manager, Indigenous Pathways and Early Learning

Mr Russell Ayres, Branch Manager, Early Childhood Education Reform Branch, Indigenous Pathways and Early Learning

Mr Matthew Hardy, Branch Manager, Performance and Analysis Branch, Indigenous Pathways and Early Learning
Mr Michael Power, Director, Performance and Analysis Branch, Indigenous Pathways and Early Learning
Ms Kathryn Shugg, Branch Manager, New Early Learning and Care Services, Early Childhood Development
Mr Anthony Parsons, Group Manager, Early Childhood Programs Group
Mr Murray Kimber, Branch Manager, Child Care Policy and Payments, Early Childhood Programs Group
Mr Daniel Owen, Branch Manager, Child Care Industry Taskforce, Early Childhood Programs Group
Ms Lois Sparkes, Branch Manager, Early Childhood Programs Branch, Early Childhood Programs Group
Ms Deborah Anton, Acting Branch Manager, Finance and Budget Management, Early Childhood Programs Group
Ms Gillian Mitchell, Branch Manager, Building the Education Taskforce
Ms Vicki Rundle, Group Manager, Early Childhood Development

Outcome 2—Schooling and COAG

Ms Lisa Paul, Secretary
Dr Michelle Bruniges, Deputy Secretary
Mr Chris Sheedy, Branch Manager, National School Chaplaincy Unit, Digital Education Group
Ms Rhyann Bloor, Branch Manager, Broadband and Digital Education Branch, Digital Education Group
Ms Rebecca Cross, Group Manager, Lifting Educational Outcomes Group
Dr Gabrielle Phillips, Branch Manager, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group
Ms Judy Petch, Director, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group
Ms Cathy Jubb, Director, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group
Ms Helen McLaren, Branch Manager, Careers and Transitions Branch, Lifting Educational Outcomes Group
Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group
Mr David De Silva, Branch Manager, Trade Training Centres Taskforce, Lifting Educational Outcomes Group
Dr Carol Nicoll, Group Manager, National Education System Group
Ms Marg Sykes, Branch Manager, Infrastructure Funding and Coordination, National Education System Group
Mr Tony Zanderigo, Branch Manager, Reporting and Accountability, National Education System Group

Ms Leonie Horrocks, Branch Manager, Schools Policy, Grants and Reporting, National Education System Group
Ms Susan Smith, Group Manager, National Initiatives Group
Ms Suzanne Northcott, Branch Manager, National Education Agreement Taskforce, National Education System Group
Ms Shelagh Whittleston, Branch Manager, Digital Education Revolution Taskforce, Digital Education Group
Ms Nina Downes, Acting Branch Manager, Teacher Workforce Reforms Branch, National Initiatives Group
Dr Evan Arthur, Group Manager

Outcome 3—Tertiary, Youth and International

Ms Lisa Paul, Secretary
Mr Bill Burmester, Deputy Secretary
Ms Margaret McKinnon, Group Manager, Youth and Industry Skills
Ms Katy Balmarks, Branch Manager, VET Technology and Recognition Programs, Youth and Industry Skills Group
Ms Angela Hewson, Acting Branch Manager, Office for Youth, Youth and Industry Skills Group
Ms Robyn Priddle, Branch Manager, Foundation Skills and Pathways, Tertiary Skills and Productivity Group
Ms Donna Griffin, Branch Manager, Australian Apprenticeships, Youth and Industry Skills Group
Ms Jan Febey, Branch Manager, Trades Recognition Australia and ATCS, Youth and Industry Skills Group
Ms Sue Beitz, Branch Manager, Skills Australia Secretariat, Youth and Industry Skills Group
Ms Fiona Buffington, Group Manager, Higher Education Group
Ms Anne Baly, Branch Manager, Higher Education Review Taskforce, Higher Education Group
Mr Jason Coutts, Branch Manager, Policy, Compacts and Accountability, 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
Ms Catherine Vandermark, Branch Manager, Quality, Higher Education Group
Mr Craig Robertson, Group Manager, Tertiary Skills and Productivity Group
Dr Caroline Perkins, Branch Manager, Tertiary Participation and Equity, Tertiary Skills and Productivity Group
Ms Linda White, Branch Manager, Higher Skills, Tertiary Skills and Productivity Group
Ms Maryanne Quagliata, Branch Manager, Skills Quality, Tertiary Skills and Productivity Group

Ms Christine Dacey, Branch Manager, Industry Engagement, Tertiary Skills and Productivity Group

Mr Tony Fernando, Branch Manager, Workforce Development, Tertiary Skills and Productivity Group

Mr Neil McAuslan, Branch Manager, Policy, Funding and Performance, Tertiary Skills and Productivity Group

Mr Colin Walters, Group Manager, International Group

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

Mr Scott Evans, Branch Manager, Multilateral, Middle East, South and South-East Asia, International Group

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

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

Outcome 4—Employment and Strategic Policy

Dr Alison Morehead, Group Manager, Social Inclusion and Participation Group

Ms Robyn Shannon, Branch Manager, Income Support Policy Branch, Social Inclusion and Participation Group

CHAIR (Senator Marshall)—I declare open this public hearing of the Senate Education, Employment and Workplace Relations Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2009-10 and related documents for the Education, Employment and Workplace Relations portfolios. The committee must report to the Senate on 23 June 2009 and it has set Friday, 31 July 2009 as the date by which answers to questions on notice are to be returned.

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

The document read as follows—

Order of the Senate—Public interest immunity claims That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

- (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).
- (d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(Agreed to 13 May 2009.)

(Extract, Journals of the Senate, 13 May 2009, p.1941)

The committee will begin today's proceedings with Outcome 1 and then follow, as near as possible, the order as set out in the circulated program. Proceedings will be suspended for breaks as indicated on the program or as otherwise agreed. I welcome the Minister representing the Minister for Education, Employment and Workplace Relations, Senator the Hon. Kim Carr, Departmental Secretary Ms Lisa Paul and other officers of the department.

[9.02 am]

Office of Early Childhood Education and Childcare

CHAIR—Minister or Ms Paul, would you like to make an opening statement to the committee?

Senator Carr—No.

Ms Paul—No.

CHAIR—We will move straight to questions. Senator Payne.

Senator PAYNE—I wanted to start with questions around the CCMS this morning. There was a media release issued by the parliamentary secretary on 7 May which indicated that all childcare services have now transitioned to the CCMS. Is that correct?

Mr Parsons—That is correct. The number of childcare services that have transitioned to CCMS is 12,525. That represents 99.9 per cent of childcare services. The few that are remaining relate to the final ABC settlement.

Senator PAYNE—Are they expected to transition in due course?

Mr Parsons—They have to transition by the end of the financial year to comply with the legislative requirement.

Senator PAYNE—So in the next 20 or so days they are on the way?

Mr Parsons—Correct.

Senator PAYNE—Is there an expectation that any of those will not have transitioned by 30 June?

Mr Parsons—Not as far as I am aware.

Senator PAYNE—Thank you. We have 12,525. Is that all providers who receive the childcare benefit from government? Is that correct?

Mr Parsons—With the exception of those.

Senator PAYNE—What is the number of the ones remaining between now and 30 June?

Mr Parsons—It varies a little from day-to-day as the court appointed receivers finalise documentation with purchasers.

Senator PAYNE—As of yesterday, perhaps?

Mr Parsons—I would say that it is somewhere around the 30 to 40 mark as they are flowing through. If I am grossly wrong I am happy to come back and correct that figure.

Senator PAYNE—With the operation of the CCMS, does that allow the provider to submit the data from their centre on a regular basis, whether it is weekly or fortnightly, and you use that information to make the CCB payments?

Mr Parsons—That is correct. The childcare providers are required to input attendance data for children at their centre within a fortnight of that attendance. As that information comes

through it is then used to make the payments of the childcare benefit to the families via, in most cases, the childcare provider.

Senator PAYNE—Does the data have to be received by you before the CCB can be paid?

Mr Parsons—Correct.

Senator PAYNE—Once you have got that data it would then enable you to be able to determine the utilisation rates at all of the childcare centres across Australia. Is that right?

Mr Parsons—It would certainly allow us to tell how many children were enrolled in sessions. It does not tell us, necessarily, the session durations that they have available. If you were trying to derive an occupancy rate, some childcare places only make available childcare appointments in blocks of units, and that varies from one provider to the other. I can certainly tell you how many children were in sessions at the providers. I can tell how many children were reported sick at the sessions. I can go close, but I cannot give you a definitive on the converse, because some childcare providers will say that they will not accept a child for anything less than a half a day or a full day. Therefore, if it is a full day and there is only a half-day attendance, they will say that the afternoon is not free.

Senator PAYNE—Is there in contemplation any tweaking of the system to give you a more precise picture?

Mr Parsons—We are looking at how we can improve the precision of the data that we get from the childcare providers. We are very interested in an ongoing agenda to do that. Another piece of the puzzle is that the providers actually get their data through to the CCMS system which is operated by the government through third-party software packages that they purchase which assist in the day-to-day running of their centres. I can make all the changes that I might want to the government system, but I do need corresponding changes to be made to the software that they use to pass the information through.

Senator PAYNE—You might not know this, but how many varieties of software are out there that providers use to send you that information?

Mr Parsons—Twenty-three.

Senator PAYNE—Twenty-three packages?

Mr Parsons—Different packages, yes.

Senator PAYNE—From the way that you have just explained it to me, does the data that you can get give you a capacity to identify areas where there is an oversupply of spaces or, conversely, unmet demand?

Mr Parsons—It does not give me any view of the demand side. It only gives me a view of consumption, if you like, of places. I do not know, from that data, whether there is a queue of people outside the childcare centre waiting to enrol their children but there are no spots available, or whether the childcare centre is not fully utilised. I can only tell you how many children are enrolled. I do not get a demand side view.

Senator PAYNE—Not having handled one of these software packages myself, let me ask you a question and then if it is totally impractical, please just tell me. If you are getting data

from a childcare centre that you know to have say 30 places, but it is indicating to you that its utilisation level is at 12, would that indicate to you an unmet demand at the other end of the numbers?

Ms Wall—At the last hearings we indicated that we are working on strengthening our capacity to gather meaningful vacancy data. The problem, at the moment, is that with the vacancy data that services report there is no definition.

Senator PAYNE—No definition of what?

Ms Wall—No definition of a vacancy. When a provider enters the figure 1, it can mean one hour, one half day or one day. At an aggregate level it is not helpful in us determining what vacancy levels are around the country. We are currently working on the development of a definition and we would provide that to services so that they would report against that definition so, for the first time, we will be able to collect much more meaningful data. Against the information we currently use on supply, it will give us a much better picture of what is happening.

Senator PAYNE—I might have a very simplistic understanding of this, which is entirely likely. I would have thought that finding a definition of vacancy was possibly not too difficult. I could lend you a dictionary.

Ms Wall—There are many definitions. We could go with half a day, a full day or a session. Sessions vary across providers because they open for different hours. We have been doing some consultations with peak organisations and working through the best definition, bearing in mind that any definition will have pros and cons.

Senator PAYNE—How long do you think it might take to come to a definition?

Ms Wall—We expect that we will be in a position to move forward with that quite soon.

Senator PAYNE—Will it be this financial year or this calendar year?

Ms Wall—It would certainly be this calendar year.

Senator PAYNE—In terms of the aggregated data which the department has available to it from the material that you collect through the CCMS, I am trying to get a handle around what you can actually tell from the information that you have. When we spoke previously we talked about the last so-called childcare census, which was in about 2006; is that right?

Ms Wall—That is correct, yes.

Senator PAYNE—You told the committee about a provider survey that took place towards the end of last year.

Ms Wall—That is correct, yes.

Senator PAYNE—But there is perhaps a subtle point of difference between the childcare census and the provider survey.

Ms Wall—That is correct.

Senator PAYNE—If I recall correctly, that point of difference was around children with special needs in particular.

Ms Wall—Yes. Prior to the introduction of CCMS we collected information on child care through a national survey. We are obviously collecting most of that data now through the system, but there are a few data items that we are not collecting at the moment, which are around children with special needs, workforce characteristics of the staff and one other item. We did a small sample collection at the end of last year to collect that additional information. That information was from long day care centres; it was not from vacation care centres. In the next month or so we are going to collect another sample of vacation centres so that we have got the picture. We now need to look at what is the best way of capturing all the data that we need, on an ongoing basis, and that analysis is underway right now.

Senator PAYNE—Has the census ceased?

Ms Wall—It did, yes.

Senator PAYNE—That makes the last effective picture that we have of child care, statistically at least, one that we got three years ago.

Ms Wall—That is correct.

Senator PAYNE—Do you give any thought to publicly releasing the data that you collect through the CCMS fortnightly?

Mr Parsons—We have not done that as yet, largely because the roll-out has only just completed. As the information comes through and we are satisfied with the quality of the data, there would be some of that data that government may choose to make available if it is helpful to consumers. If we put the ABC small cohort aside, the month of May would have been the first full month of reporting. Once we are comfortable that all those 23 software packages that feed the data through are doing so reliably we will be in a position to take stock and see if there is any of that which would be of sufficient quality and of use to parents.

Senator PAYNE—I am not sure whether this would be a question to ask on notice. In fact, I think I will put it on notice. Will the minister consider publicly releasing the data that is collected through the CCMS, and if not, why not?

Ms Wall—Sure.

Mr Parsons—Yes.

Senator PAYNE—And when we could expect that to happen. What sort of breakdown can you provide in terms of location? There is obviously a national suite that you have, but can we do that by state and postcode as well?

Mr Parsons—We essentially get unit-level records for children from childcare centres. I can check this, but I would imagine that we are able to track the data back to a childcare centre so then you can obviously aggregate by state and postcode.

Senator PAYNE—I want you to bear in mind any privacy aspects of the provision of the data as well.

Mr Parsons—Yes.

Senator PAYNE—In terms of the operation of the CCMS, can you tell me how many people are employed on the help desk, as it is known?

Mr Parsons—The help desk has a core staffing of roughly 25 people. As you would expect, during the roll-out where there was a peak of activity while providers were getting used to the system and so on, we actually staffed up to just over 40. We did that by taking on temporary and contract employees.

Senator PAYNE—Do you have an assessment of the annual cost of operating the CCMS?

Mr Parsons—There are two components. There is the charge that the Department of Families, Housing, Community Services and Indigenous Affairs charges for running the computer software. Then there is effectively that help desk support area that we spoke of. I can come back to you with the exact figures for both. I do not have them to hand.

Senator PAYNE—That would be very helpful. In doing that for me can you also give me an indication of how that compares to when the system was administered through the Centrelink process?

Mr Parsons—I will do my best. I may not be able to come back today on that one.

Senator PAYNE—I understand. That is fine. Thank you. I would like to talk about the 260 childcare centre commitment thing. Ms Rundle, when we were discussing this on the last occasion you indicated that, of the 38 priority locations for phase one we had funding approved for six—Craigieburn, Port Melbourne, St Kilda, Yarraville, Wulagi and Beaconsfield—that the tender process was underway for two more and that the autism centres were well progressed. Could you provide us with an update on those 14 centres?

Ms Rundle—Of the 38 locations, we have progressed 22 locations. Nineteen of those are the mainstream locations, which are not the autism centres. Would you like me to read those out to you?

Senator PAYNE—Yes.

Ms Rundle—In New South Wales they are Bondi Junction, Fairlight, Falconbridge.

Senator PAYNE—What was the second one?

Ms Rundle—Fairlight.

Senator PAYNE—Thank you.

Ms Rundle—Falconbridge, Hazelbrook, Inner West Sydney, Killara, Milperra, Newcastle, North Ryde and Queanbeyan. In Victoria they are Craigieburn, Port Melbourne, St Kilda, Yarraville and Upwey. In Queensland there is Weipa. There is Beaconsfield in Tasmania. In the Northern Territory there are Wulagi and Palmerston. Three of the six autism-specific centres have now been announced for Melbourne, Adelaide and south western Sydney. You would be aware that they are being implemented by FaHCSIA and they would wish to take questions on further detail. The remaining three autism-specific centres in Brisbane, Perth and north-west Tasmania are currently open to a selection process for north-west Tasmania. Negotiations between FaHCSIA and interested parties are continuing in Brisbane and Perth. Finally, the two centres in Hazelbrook and Weipa are at different stages of

assessment. We are currently finalising the funding agreement for the provider in Weipa and we are undertaking the assessment for the Hazelbrook centre.

Senator PAYNE—You said in the list, in relation to Sydney, that it was Inner West Sydney. Is there a more specific location than inner west?

Ms Rundle—No, not at this stage.

Senator PAYNE—Why is that when all the others are suburb specific?

Ms Rundle—We are working with New South Wales DET and currently working through a request for proposal process, so we will see what occurs in that process and what providers might come forward to indicate their interest.

Senator PAYNE—In what time frame do you envisage that location to be more specifically finalised?

Ms Rundle—Very shortly.

Senator PAYNE—Weeks or months?

Ms Rundle—In the next few weeks.

Senator PAYNE—Out of those 38 priority locations, how many are left to go?

Ms Rundle—There are 13 left. There are mainstream services left, not the three autism centres that I have just talked about. Of the 13 mainstream ones there are five in Victoria, four in Queensland and four in Western Australia.

Senator PAYNE—Is it still the government's intention to proceed with establishing centres in those 13 remaining areas?

Ms Rundle—Yes.

Senator HANSON-YOUNG—Senator Payne, can I just ask a question?

Senator PAYNE—Yes.

Senator HANSON-YOUNG—Can you read those states out again for the 13?

Ms Rundle—Victoria, Queensland and Western Australia.

Senator HANSON-YOUNG—Thank you.

Senator PAYNE—In how many of those areas were there ABC centres which have closed or were part of the ABC2 group that was operating with government support?

Ms Rundle—There were 12 locations.

Senator PAYNE—Can you tell us what the current status of the ABC centres in those localities is?

Ms Rundle—On 12 April the court-appointed receiver, PPB, announced the outcome for the ABC2 group and those 12 centres will have had new operators identified.

Senator PAYNE—How many?

Ms Rundle—All of those 12 areas had new operators identified.

Senator PAYNE—When I was discussing this on a previous occasion with the department we were talking about the demand, generally speaking, and vacancy rates. Given the situation with ABC I think the department advised me that you were doing additional work on the parameters of unmet demand in those priority locations. Did that work proceed and was it completed?

Ms Rundle—Yes, it did.

Senator PAYNE—Was it completed?

Ms Rundle—It was.

Senator PAYNE—Can you advise the committee what story it told about unmet demand in those areas?

Ms Rundle—My answer to the earlier question really answers that—that is, that the ABC centres in all of those locations proceeded. So I think there is every evidence that there was demand.

Senator PAYNE—So—notwithstanding the difficulties experienced through the whole ABC centres process, and now the fact that we have new operators identified for all of those—the government is still proceeding with the plan for its new centres in those locations?

Ms Rundle—Correct.

Senator PAYNE—In terms of the centres that we have been discussing for some time, are any of those centres operational yet?

Ms Rundle—Do you mean the earlier ones?

Senator PAYNE—Yes.

Ms Rundle—They are not at the moment.

Senator PAYNE—They are not at the moment?

Ms Rundle—No. It is envisaged that some of those centres will be operational by the middle of 2010. I would need to check the exact ones. I think I have them in my notes today. I know that there were one or two at the end of 2010. Of course, we are seeking to have more implemented by the end of 2010 in line with the commitment.

Senator PAYNE—Can you say that for me again? Did you say the middle of 2011?

Ms Rundle—No, I said 2010.

Senator PAYNE—I cannot read the notes that I just wrote down as you were saying that. Can you say it again for me?

Ms Rundle—The commitment is to have the centres operational by the end of 2010. To put it another way, we are progressing quite well with that. We know for a fact that some centres will be operational by the middle of 2010. Some of them, as you would know from the answers at last estimates, are not full builds but refurbishments, so there is a variety of ways of approaching these. The answer is that all of the centres are envisaged to be operational by the end of 2010.

Senator PAYNE—That is all of those—

Ms Rundle—Thirty-eight.

Senator PAYNE—That is going to make it pretty busy from now until the end of 2010 based on the pace so far.

Ms Rundle—In all of the negotiations that we have had with states and territories, and also with other parties, we have made it very clear that in entering into an agreement with us that is what we would wish them to achieve.

Senator PAYNE—It is a shame they did not get rolled into the education revolution, so called. Just logically, looking at the pace so far, what makes it as slow as it seems to be? And what makes you confident that, given that pace, you will get to 38 by the end of 2010?

Ms Rundle—A lot of this work, as you would know from previous answers, has been done in collaboration with the state and territory governments. In many cases they and their local councils have been undertaking feasibility studies. It has taken a while at the front end of the process to work through some of the issues. You can see from last time that we have sped up the rollout. Last time we had six, but this time we have 22 in a matter of months. We are confident that we can progress quite quickly. We did have a little slow-down when the ABC event happened, because it would have been irresponsible of us to have continued without giving due consideration to the impact of that, which we have now done. As you know, that is resolving now. We are confident that we can progress it within the time frame.

Senator PAYNE—And confident that the demand exists to progress with all of these as well?

Ms Rundle—These are election commitments. As we have said before, our job is to implement the election commitments in those areas.

Ms Paul—As Ms Rundle said, we have done a review which shows, in our view, that there was demand. The ABC centres are all continuing in those areas and so on. That is what slowed us down. We were doing that review, but it has been positive.

It is important to note that, at the front end of these things—and I think we may have discussed this before—you have all the slow stuff at the start. You have negotiations, feasibility studies and site identification. There may be things that need to be done on the site. Then you start with your DA and all the rest of it. It is not surprising that the time would be at the front end. Nonetheless, we did have the slow-down while we considered the impact of the ABC centres.

Senator PAYNE—Saved by you, Ms Paul. I had visions that, because it was an election commitment, we were going to build it and then let it sit there empty if the demands were not there.

Ms Paul—No. We have done more sophisticated analysis than that.

Senator PAYNE—That is an enormous relief.

Ms Rundle—The other thing is that, clearly, when these go into the market, the market will make its own commercial decision.

Senator PAYNE—Where does that leave the remaining centres, up to 222 in the 260? If I read the minister's statement correctly they are going to be for consideration when 'the childcare market is settled'. The fact sheet that is available on this says that they would be established progressively by the end of 2014 and delivered as part of the COAG NPA. What does 'when the childcare market is settled' mean?

Ms Rundle—There is a range of issues in considering the remaining 222 and the government has said that it is still committed to rolling out the 222, but it would wait for the market to settle down, as you have just described.

Senator PAYNE—Settle down from the ABC Learning experience or are there other factors?

Ms Rundle—That is correct: settle down from the ABC experience. Also, we want to take some learnings from the implementation of the first 38 because they are being implemented differently in different jurisdictions. Finally, there is the development of the Early Childhood Development Strategy, which is a national strategy that is going to COAG in July of this year. That is going to point the direction for future policy in Australia for children and their families generally and that is also going to guide us in terms of how we might roll out future infrastructure.

Senator PAYNE—If you say that it will also include an assessment of the operation of the first 38, does that mean that there will not be a decision made about proceeding with the other 222 until all of the first 38 are operational?

Ms Rundle—No, I do not think that is the case at all. We are already taking some learnings from those that have been implemented or agreed so far. We are building those into our advice that we are giving to government along the way. It is fair to say that the time frame is one for the government to consider, subject to the advice that we provide.

Senator PAYNE—As I recall from the original commitment it was a pretty straightforward commitment for 260 centres across Australia. Are these the only qualifications that have been made by the minister and the government, that we will have to wait for the childcare market to settle and then we will have to look at the experience of the priority centres, which will take us until the date that you gave me before, at least until the end of 2010, and that assumes a relatively perfect environment for all of that? Are there any other caveats that we should be expecting around the next 222 that you are aware of?

Ms Rundle—Not that I am aware of. I cannot speculate. That is a matter for government to consider.

Senator PAYNE—Minister, are you aware of any other caveats we should be expecting on the next 222 centres?

Senator Carr—No. I am not aware of any other caveats.

Senator PAYNE—Can you assist us by giving a guarantee that there will not be other caveats arising as matters of convenience for the government?

Senator Carr—I am not in a position to give you a guarantee about those matters. Frankly, I am not aware that the question would ever arise.

Ms Paul—Perhaps I can explain the sequencing. It is a commitment for between now and 2014. It has been our consideration that it makes sense to look at the experience from the beginning of the rollout of the first 38. That does not require waiting until they are all operational, but to learn the lessons about how we negotiate those, where they go and so on. It particularly makes sense to look at the larger number in the context of the ABC experience. I think that is responsible. I think it would be hard to do anything else. Nonetheless, we do not want to unduly delay. It is important to get these things underway. I am sure we will be able to, but the ABC situation is not entirely settled yet, as you know. I am sure we will talk about that this morning.

Senator PAYNE—I can promise you that.

Ms Paul—I am happy to give an update or even take on notice offering you the sequencing that we are seeing.

Senator PAYNE—All right, that would be helpful. Based on what you have just said, Ms Paul, and what Ms Rundle has said in terms of the experience of the rollout, one of my colleagues has drawn my attention to the experience in one of the locations in the first group announced at Port Melbourne, in the Port Phillip City Council area. The media reports that have been brought to my attention show that there are apparently planning issues and conflicts in regard to that site, particularly concerns from an existing kindergarten, which I think is called Lady Forster Kindergarten. Can you tell me what the current status is of the plan as to the proposed centre there?

Ms Rundle—We are aware of the issue in Port Melbourne. This is a local matter for the Victorian government in particular and the Port Phillip City Council. They are working through that with the kindergarten. Of course, we are very interested and willing to participate in that process.

Senator PAYNE—Have you played any role to date?

Ms Rundle—We are working with both parties in an effort to get a really good outcome for children and their families, but it is still being worked through at the moment.

Senator PAYNE—In terms of the funding for that area, are there any time limits or caveats on the funding, such as having to have it resolved in a particular period of time?

Ms Rundle—No. Clearly, we would like to progress the matter as quickly as we could. We are interested in working through it to get a resolution that meets the needs of all parties and gets a good outcome for families in that area.

Senator PAYNE—It seems to me, from reading the media and from information given to me by colleagues, that the existing centre feels threatened—that is perhaps the best word for it—or certainly envisages an adverse impact on itself. Is that something that you would have expected? Is it something that you can think of ways to avoid so that families who take great care about the care and support of their children are not put in this situation?

Ms Rundle—It is certainly not the intention and was not the intention of the Australian government to have a negative impact on any other centre or service that might be present in that little configuration that we are talking about on that site. All parties are aware of the particular concerns of all of the parties because it is not just Lady Forster Kindergarten but other parties as well. So far, in our view, there is a real willingness to work towards that in a collaborative way to get an outcome so that all parties are recognised and the autonomy of existing parties can still be maintained in a different sort of integrated setting. Again, I really cannot comment in any more detail than that until it is worked through. This is really being led by the Victorian government. We are working with them collaboratively, but we are not the lead party in resolving the issue.

Senator PAYNE—What if a resolution cannot be achieved?

Ms Rundle—I do not believe that will be the case, but I am not willing to speculate on that outcome yet.

Senator PAYNE—Senator Hanson-Young, do you have anything to add on this?

Senator HANSON-YOUNG—No. I really want to talk about ABC.

Senator PAYNE—That will make Ms Paul's morning because she just predicted that. Do you want to start?

Senator HANSON-YOUNG—Yes, thank you. Firstly, I wanted to touch on the PPB process. Mr Manthorpe, the last time we spoke we had a conversation about where things were up to because we were midway through the expressions of interest process. I think we were right up to the date of final bids. Can you tell me how many expressions of interests there were? I am not talking about final bids, but about expressions of interest.

Mr Manthorpe—From memory there were 510 expressions of interest at the stage preceding the binding offers date that we were at the cusp of, as you correctly recall of the last time we were here. I will just check that. It was 515.

Senator HANSON-YOUNG—How many binding bids were there?

Mr Manthorpe—There were a number over 200, as I recall. On or about 25 February there were around 180 and that number grew in subsequent days and weeks to 268.

Senator HANSON-YOUNG—How many of these expressions of interest were from non-profit organisations?

Mr Manthorpe—I do not have that breakdown with me. We would have to take that one on notice.

Senator HANSON-YOUNG—That would be a good.

Mr Manthorpe—There was certainly a number, but I do not recall the number.

Senator HANSON-YOUNG—Could you tell me how many non-profit organisations were listed in the final binding bids?

Mr Manthorpe—Yes. I will take that on notice.

Senator HANSON-YOUNG—You cannot tell me? I am referring to the binding bids.

Mr Manthorpe—Of the 268?

Senator HANSON-YOUNG—Yes, of the 268.

Mr Manthorpe—I will take that on notice. There were certainly some, but I do not have the number with me.

Senator HANSON-YOUNG—How many nonprofits were successful?

Mr Manthorpe—If you include one or two local governments, there were five not-for-profits that have ultimately picked up centres, including Mission Australia, which picked up the largest single slice of the centres.

Senator HANSON-YOUNG—Do the five include local government operators?

Mr Manthorpe—Yes. There were a couple of local government authorities, councils, a couple of other small ones and Mission Australia.

Senator HANSON-YOUNG—When you say five, obviously Mission Australia took on a lot. Are you saying five providers as opposed to the number of centres that they are operating?

Mr Manthorpe—That is right.

Senator HANSON-YOUNG—Do you have the figures in front of you as to how many of the 241 centres are being run by non-profit providers?

Mr Manthorpe—I think I do have that. It is 35.

Senator HANSON-YOUNG—That is 35 out of the 241.

Mr Manthorpe—Thirty-five out of those that were sold.

Senator HANSON-YOUNG—How many are remaining that have not been finalised yet?

Mr Manthorpe—In responding to that question I probably need to describe the various categories that the centres have been in to help clarify that. The court-appointed receiver started with seeking to sell. There were 241. That number reduced to 237 because a very small number closed or were otherwise dealt with in the period of the court-appointed receivership and did not ultimately go to sale.

Senator HANSON-YOUNG—That is right.

Mr Manthorpe—Of the 237 that were subject to the announcement by the court-appointed receiver on 15 April, we expect that 216 or a number very close to that, are being sold. I say that because there are still settlements occurring in a minority of centres. The number that was announced on 15 April was that 210 had a new operator identified or a contract signed. That number has grown a little since 15 April as some centres that were otherwise unresolved at that point have moved to a resolution. Two hundred and sixteen is the approximate expected sale number. That leaves 21 others. Eighteen have closed or are in the process of closing. If my arithmetic serves me right, that leaves three. You might recall that on 15 April there were eight in a category that were, at that point, unresolved in the sense that they had neither found an operator nor had they been identified for closure, but with alternative child care available for the families. There were eight in that category at 15 April and that number has now fallen to three.

Senator HANSON-YOUNG—Taking the 18 that have either closed or are in the process of closing, plus the 50-odd that closed before Christmas, are there any others that I may be missing that have closed from the original stack?

Mr Manthorpe—If I may say so, ‘stack’ is a very good description of them. There was a little cohort of four that were the difference between the 237 and the 241. I can explain what happened to each of those if you want me to do so.

Senator HANSON-YOUNG—Yes, that would be helpful.

Mr Manthorpe—One of them in Brisbane burnt down before the receivership commenced and the children from that centre were placed nearby. One of them was in South Australia and closed, essentially for safety reasons. There were some incomplete building works at the site.

Senator HANSON-YOUNG—Which centre was that? Do you remember?

Mr Manthorpe—Westfield North. There were a very small number of children at the centre. There was some incomplete building works at the beginning of the receivership that stopped when the receivership started, and so PPB made what we think was a sensible decision to close it in the circumstances. There were two others, one in Tasmania that was where the lease that ABC had on the building expired and another entity came in and took it over, so it continues in other hands. The other one was in Western Australia where, in light of the receivership, numbers of children at the centre fell very sharply and so too did numbers of staff. It was not a metro centre.

Senator HANSON-YOUNG—It was not viable.

Mr Manthorpe—It got to the point where it was not only not viable but not meeting the regulatory requirements around staff-child ratios and the like, so PPB worked with ABC, in consultation with us, to offer the families alternative care. That accounts for the other four.

Senator HANSON-YOUNG—In total we have 75. Is that right?

Mr Manthorpe—There are 55 and 18, making 73. It depends on whether or not you count the one that burnt down before the receivership started. Perhaps we should not count that.

Senator HANSON-YOUNG—We can leave that one if you like.

Mr Manthorpe—It is around 75 out of about 1,100. I can tell you that for the whole 75 in every case alternative care has been offered to the families of the children.

Ms Paul—There has been quite a good transference of staff too.

Mr Manthorpe—Indeed, there has.

Senator HANSON-YOUNG—What was that?

Ms Paul—There has been quite a good transference of staff too. So not only have the parents achieved ongoing support, but the staff have, on the whole, achieved ongoing employment, too.

Senator HANSON-YOUNG—With other centres?

Ms Paul—Yes.

Mr Manthorpe—Often with ABC. In quite a number of the cases where the children could be offered places in nearby ABC centres, bearing in mind there was this proliferation of ABC centres in some locations, there have been opportunities to place the ABC employees with ABC.

Senator HANSON-YOUNG—How many of the owners that were announced on 15 April, in the big list, have subsequently fallen through?

Mr Manthorpe—Very few. I am aware of three centres of the 237 that were in the sale process where, unfortunately, what looked like secure deals on 15 April, either because contracts had been signed or were expected to be signed, have not come to fruition. I believe there are three.

Senator HANSON-YOUNG—The reason I ask is that I know of at least one in my home state. I just wondered how many others there were.

Mr Manthorpe—I might just add that on the upside there have been some that were identified as likely to close but have been retrieved. Overall, and notwithstanding the fact that it is obviously regrettable that any of the deals fell through, the outcome is pleasing.

Senator HANSON-YOUNG—How was that communicated to parents? Obviously, for parents who had their children in one of those centres, they have gone through the turbulence of November, December, January, February, March and April. They have a new provider, the centre is going to stay open and then it falls through. How has that been managed? I understand it is only three, but it does not help those involved.

Mr Manthorpe—Absolutely. We really understand that. I can sincerely say that we have sought throughout this entire process to act in a way that had regard to where parents are. In respect of the three, I cannot give you detail on precisely who spoke to who, on which day and when, but basically there would have been written correspondence. Also, in respect of those three, there were quite intensive efforts to contact each of the parents because of the particular circumstance of those three where they had been given an indication that it was likely that there was a future for their centre and then it turned out that was not the case. There were efforts to communicate by phone or in person with the parents. Also, efforts were made to ensure that the parents were given information about alternative childcare opportunities because, relatively fortunately, for each of those three there was nearby childcare capacity that was able to take those families.

Senator HANSON-YOUNG—Out of those three, are you saying that we have not found new operators for them? The original deal that was announced on 15 April fell through for three of these centres?

Mr Manthorpe—Yes.

Senator HANSON-YOUNG—Since then have we found new operators for those three centres or are they now on the closure list as well?

Mr Manthorpe—No. The centres that I am talking about in this whole exchange are those, in effect, that were deals confidently and reasonably understood to be sound. They have fallen over and consequently the centre has had to close.

Senator HANSON-YOUNG—That is interesting. That is separate to what was on my mind in terms of the Norwood centre in South Australia. Their provider fell through from 15 April and they have subsequently been given a new provider. How many other centres are in that particular situation?

Mr Manthorpe—In that category there are very few. The picture I would put on the table is that overwhelmingly the deals that were announced are being progressively put into place.

Mr Owen—I think Norwood was one of the few where there was quick action to find another prospective operator.

Mr Manthorpe—We can take on notice whether there were any others. I cannot recall any others. There may have been one or two.

Senator HANSON-YOUNG—If we take the three that will be closing where the particular deal has fallen through, the Norwood example and if there are any others—keeping in mind, I understand you are saying that there is not that many of them—it would be good to know how many from the original 15 April list have not fallen through altogether. I am also interested in whether those providers were in the non-profit list or privately run operations.

Mr Manthorpe—We are happy to take that on notice.

Senator HANSON-YOUNG—With the transition between the 216 centres, how was the process managed for retaining or interviewing staff who had been there under the existing operators?

Mr Manthorpe—I can provide some general comment on that, although I imagine that the precise techniques that new operators brought to bear would have varied from one to another, as that is substantially a matter for them. The headline information on that is that the very large majority of the new operators took on the existing employees. Of the 216 centres, we know that in 182 the employees who were there in the ABC world are still there. Most of the new operators took on the employees. Most of those operators also took on the accrued employee entitlements of those employees and employed them with similar or the same terms and conditions as had previously been the case. The accrued employee entitlement part of that story is quite important because in a normal insolvency situation that is not necessarily the case. What has to be remembered about this whole episode is that we are dealing with a very large insolvent entity, so to have secured an outcome where most of the new operators were prepared to take on the accrued entitlements was, from our point of view, a good thing and reflected selection criteria that we asked people to bring to bear.

Senator HANSON-YOUNG—You are saying that each new operator was able to manage that process however they saw fit in terms of interviewing, recruiting and retaining existing staff in those centres. Was there any stipulation from the task force in conjunction with PPB about what needed to be included in the handover of the centres overall, in terms of moving from one operator to the next, and was there a time of overlap—acknowledging, of course, that some of these contracts still do not have all the i's dotted and the t's crossed?

Mr Manthorpe—That is right. There are probably a few issues there to comment on. I will have a go and if I miss any that you have raised I will come back to them. On the issue of

dotting i's and crossing t's, there is a relatively small number still in the process of getting to that point. Again, the vast majority, around 90 per cent of those that were sold, are now being operated by their new operators, so they are in place and off we go. There was a point on settlement when, of course, ABC in receivership ceased to be the operator and the new operator came into play the very next day. Leading up to that point there was a variety of processes, discussions and negotiations between ABC in receivership—so in that sense McGrathNicol as the receiver of ABC—PPB and future buyers around all the nitty-gritty issues that go with transferring ownership of an asset. It was with landlords too, for that matter. There were issues around things like plant and equipment, computers, IT software and various other things. There were some items that ABC's receiver considered to be their assets and they either sold them to the incoming operator or took them back. There were other items that ABC's receiver considered to be, in effect, ABC's proprietary software and the like, and then on top of that there was a whole range of settlement issues around rates, phone bills, electricity bills and so on. All of that was worked through to get to the point of settlement, and then on settlement immediately thereafter the new operators came into play. Does that get at your question?

Senator HANSON-YOUNG—That deals with the contract and legality issues. I guess from a parent or an employee's point of view these centres are about caring for our youngest children. In terms of the human side of it, for new operators who were taking over these centres, was there any stipulation in respect to expectations about how that would be managed? I understand all the issues about insolvency. The reason this is a particular case is that we are talking about the education and care of kids. If we were not talking about that, then it would not be an issue.

Mr Manthorpe—Absolutely. I think the strongest assurance that exists around this, or the largest body of assurance that I can place around this, is that by and large the new operators took on the existing employees. For the children one would envisage that there was a continuity to the extent possible in what has, as you have pointed out, been a turbulent experience. To the extent possible, continuity of care and carers has been achieved. We think that is really important and a really positive aspect of what has occurred. To the extent that operators chose to bring in different employees, I would not say there was a stipulation around particular procedures, but all of the new operators had to meet all of the requirements for licensing, standard accreditation, CCB and so on. Overwhelmingly, the new operators are either existing or past providers of childcare services. They did go through a process that had a look at them from the point of view of their credentials to be involved in the sector. As a general statement, we are confident that they would have taken care to ensure that coming into the new centres they were well equipped to do so. Quite a lot of the anecdotal feedback that I have seen is that parents and employees really welcomed the new operators because it finally put an end to what has been a turbulent and uncertain period.

Senator HANSON-YOUNG—Were there any of the new operators that had not previously operated childcare centres or been in the childcare sector? Remember that last time we spoke you were saying that there were criteria against which the bids were being ticked off.

Mr Manthorpe—That is right.

Senator HANSON-YOUNG—Was that one of them?

Mr Manthorpe—Yes. From memory, there were six or seven criteria.

Senator HANSON-YOUNG—Six to seven?

Mr Manthorpe—No; six or seven. I now have them in front of me and I can tell there were seven.

Senator HANSON-YOUNG—Are you able to table those?

Mr Manthorpe—I think I am. They were publicly articulated on the PPB website.

Senator HANSON-YOUNG—That would be great.

Mr Manthorpe—They basically went to delivery of high-quality early learning and care programs, so that was one; demonstration that the organisation has the capacity to successfully manage the operation of early learning and care centres, which went to organisational capacity; and a need and demand for the proposal within the company, which went to the operator having to be able to demonstrate that they had some idea of what they were getting into at a local level. Very importantly, there were those as to financial viability and sustainability; a demonstrated ability to meet all requirements of workplace relations and occupational health and safety laws, as we did not want to have people coming in that were not legitimate in that sense; on top of that we wanted an outcome that contributed to the diversification of long day care provision in Australia, noting the opportunities that would represent for a diverse range of potential organisations of different size and character; and there was the desirability of having one or more not-for-profit organisations operating on that scale. Finally, there was a demonstrated commitment to adopt leading practice employment approaches, as indicated by the preparedness to take on accrued employee entitlements of former employees, and so on.

Senator Carr—That is comprehensive.

Mr Manthorpe—In the context, it was a very comprehensive set of criteria and a set of criteria that would not normally be in play in an insolvency situation.

Senator HANSON-YOUNG—How many of the new owners that took on the 216 centres were accredited at the time that they were announced on 15 April?

Mr Manthorpe—There are 75 new operators. Forty-eight are current childcare operators. I do not have a breakdown underneath that 48.

Senator HANSON-YOUNG—What was that number?

Mr Manthorpe—Forty-eight are current childcare operators. Twenty were previous operators, and typically that might be small landlords who used to be the operator and then ABC came along. That is so with many of the 20. There were seven that were new to the sector, but of the seven six had very strong credentials, albeit that they might be new companies coming to the sector, credentials in the sense of principals or senior executives who had lengthy experience. In fact, of the 75 there was just one who bid for and decided to

get into the sector, in effect, from outside who was purchasing one centre down on the South Coast of New South Wales and they have been through the appropriate licensing.

Senator HANSON-YOUNG—Who was that?

Mr Manthorpe—They have taken on all the employees so that there is continuity of care for the kids.

Senator HANSON-YOUNG—What operator was that?

Mr Manthorpe—I can give you that. That was a firm called Harvey Walker Pty Ltd, in effect a small business in New South Wales.

Senator HANSON-YOUNG—I was just wondering. I remember when I read through the list there was MC Hammer listed as one of the operators.

Mr Manthorpe—Yes. But we are interested in diversification.

Senator HANSON-YOUNG—You have outlined previous experience, but how many of those operators of those centres have official accreditation?

Mr Manthorpe—I would imagine that the 48 who are current operators did, but for abundant caution I can take that on notice and check.

Senator HANSON-YOUNG—That would be good. I was wondering whether accreditation status was a prerequisite but obviously, as you have outlined, if there was the opportunity to get back into the sector if you had left then I understand that could not have been a prerequisite.

Mr Manthorpe—I can add to that. As I recall, one of the questions that was asked of potential bidders, in the form that they had to fill in to put in a submission in the first place, was whether they had ever previously been accredited or refused accreditation, so a check was done in that sense.

Senator HANSON-YOUNG—Are there any centres that are operating at the moment without that accreditation?

Mr Manthorpe—Not that I am aware of, but accreditation is a process that can take some time for a new operator. Ms Rundle might be able to help you with that, but before asking her to do so I would mention that they have all got their state licences so no-one is operating without a licence. As to the conversation that we had with Senator Payne last time about licensing, that has essentially all been sorted for the new operators. I will ask Ms Rundle what the usual process is for accreditation.

Ms Rundle—I am checking. I think it is six months from the point of operation when a service has to submit its first self-study report so that it can then be assessed by the National Childcare Accreditation Council, but we can check that for you.

Senator HANSON-YOUNG—Can you get back to me on that?

Ms Rundle—Yes.

Mr Manthorpe—The point is that these entities will have to go through the same accreditation process as anybody else would if they were entering the market.

Senator HANSON-YOUNG—Ms Rundle, you are saying that can be a six-month process because you wait until there is a six-monthly self-review. Is that right?

Ms Rundle—Yes. As Mr Manthorpe has just outlined, the state and territory licensing has already happened for a centre to be able to operate. That means that centres definitely comply with all of those important things: ratios, qualifications, safety aspects of the building and a range of things which ensure that they are suitable to operate. The national quality accreditation system is more around the quality of interaction that occurs between the providers, the carers and the children and the carers and the parents. We give centres a while to be able to develop their staff skills and business plan in order for us to be able to sensibly and fairly go in and assess them. They then submit a self-study report and the NCAC will assess that report and make some observations, but then they will go and do a visit. They will usually spend between two and 2½ days in a centre, making all sorts of observations and working with the staff.

Senator HANSON-YOUNG—That will be an ongoing process.

Ms Rundle—That is correct.

Senator HANSON-YOUNG—If you could take on notice and get back to us today on how many of those are still waiting for that process to be completed, that would be great.

Ms Rundle—Yes, I will do that.

Mr Manthorpe—I will just add one more thing to that story. That is that because one of the criteria was around quality PPB asked bidders to explain how they were going to deliver a quality service, and so there was some assessment made of that by PPB with input from the department as part of a short-listing process. Quite a number of entities were, in fact, not put through the process further as part of that short-listing. There was a further check there that, in fact, would not normally occur for an entity that was trying to get into the childcare market.

Senator HANSON-YOUNG—In terms of centres and parents being able to use the childcare benefit, they do not need this particular accreditation to do that; they just need the state licence?

Ms Rundle—That is correct, but they also have to be registered. In order to be eligible for the CCB they have to be registered as well with the National Childcare Accreditation Council.

Senator HANSON-YOUNG—There is no situation that children and parents are missing out on the CCB?

Mr Manthorpe—No. As Mr Parsons described before, as the settlements occur they are also being brought across under the CCMS so, touch wood, all the bits of the jigsaw puzzle are coming together.

Senator HANSON-YOUNG—I have some final questions and then I will throw the questioning to someone else. They are around where we are budgetary wise, in terms of how much money all of this has cost us thus far. I know there was talk last time about saving some money because some of the centres had closed due to the reduction in capacity and so on. With the expectation that there is still a way to go with some of the contracts with sending

people out to re-accredit these centres because they are new operations, do we have any idea how much we have spent thus far and what the future looks like in terms of being able to say it is all signed off and dusted?

Mr Manthorpe—We do not quite have a signed off and dusted set of numbers yet because there are still settlements occurring. I do not want to give you figures that might end up being misleading in that sense. I can say that we have been watching the expenditure carefully with PPB. We remain confident that the net outcome will be within the \$58 million that government put on the table to support the loss-making centres and fund the process that has been embarked upon. There was \$24 million before Christmas and \$34 million since. Between the two, with some ins and outs, costs of processes and other things thrown in, we remain confident that we will live within that overall net outcome.

Senator HANSON-YOUNG—There was talk of trying to recoup the cost through the sale of the centres. How much have we recouped?

Mr Manthorpe—We do not have a number on that because the settlements are still proceeding, but we think that will offset some of the costs to some degree. I do not want to overstate the recouping. The objective was not to make a profit out of this; the objective was to sustain care for the families and their children, and to get sustainable new operators in place. I am not suggesting that we will end up with a figure of total expenditure, after all the ins and outs and ons and offs, that is well short of \$58 million, but we are confident that we will be within that figure.

Senator HANSON-YOUNG—Can you give me any figures thus far of what we have recouped from selling the ones that have been finalised?

Mr Manthorpe—PPB is keeping track of that. They have not returned them to us. I can tell you that we have advanced to PPB three tranches of \$10 million each. You will recall that \$34 million was set aside for the January to March process. That has now gone on a little longer. We have advanced the \$1 million. They are also drawing down on the underspend from the pre-Christmas \$24 million, but because they are still in the process of settlement I do not want to put a figure on how much they will end up recouping.

Senator HANSON-YOUNG—When do you think we will have some indication of those firmer figures?

Mr Manthorpe—I am hoping that will be around about July, assuming they get through settlement over the course of this month. That is progressing well, but has not quite been wrapped up. I would imagine that there will be a final reconciliation, if you like, of all of the losses, the costs in the process and the income to get to an outcome in around about July.

Senator HANSON-YOUNG—When do we expect to see the finalisation of the viable 720 centres?

Mr Manthorpe—That is really a question that we cannot answer. We know that the receivership of ABC1, if you like, has been extended by the court to 30 September. Whether it is further extended at the application of the receiver or not is something I could not speculate about at this point. As far as I am aware, the sale process has not commenced. My read is that

the receiver continues to seek to firstly operate and secondly stabilise and reinforce the viability of those centres. Beyond that, I probably cannot say.

Senator HANSON-YOUNG—The only thing that we really know is that it has been extended to 30 September.

Mr Manthorpe—Yes.

Senator HANSON-YOUNG—That is it from me. Thank you.

Senator PAYNE—Senator Hanson-Young covered some of the details of the process in recent months that I wanted to cover. I wanted to come to the three that would best be described as being in limbo. Is Altona North one of those? What category does it fall into now?

Mr Manthorpe—It falls into the category of another three. There are two categories of three. Bear in mind that we started with 1,100 in a stack, as Senator Hanson-Young described it, so I think three is a very small number. There are two cohorts of three. There were three that have closed or are in the process of closing despite the fact that PPB thought an operator had been identified and that there was a way forward, but between 15 April and now that has fallen through. There are three of those and Altona North is one of them. Then there are three that are still unresolved in the sense that they are in locations where, at this point in time, it has not been possible to find either an operator or a nearby capacity. That number has come down from eight on 15 April.

Senator PAYNE—In that particular circumstance, the Altona North centre started on the list as ‘negotiations continuing’ and then moved to a confirmed buyer on the next list.

Mr Manthorpe—That is right.

Senator PAYNE—Parents were operating on the premise of that information.

Mr Manthorpe—Yes.

Senator PAYNE—I think it was only three days later they were told that the centre would close a week later. That is what the media reports have said. Do we know why that particular sale fell through?

Mr Manthorpe—My understanding is that it fell through because the proposed operator, having signed a contract to buy the centre, took further financial advice or further considered their position and came to the view that in the end it was not a viable proposition for them, so they pulled out.

Senator PAYNE—Are you aware if efforts were made to find another buyer?

Mr Parsons—The buyer for Altona North was, in fact, believed to be a very fair dinkum buyer, in as much as they had made a non-refundable deposit on that premise. It was only very late in the piece that their financier came to them with a position that would not allow them to proceed. It was believed by all, and in fact the potential purchaser lost money on that deposit.

Senator PAYNE—Thank you.

Mr Manthorpe—Your next question was regarding the efforts made.

Senator PAYNE—Whether efforts were subsequently made to find another buyer.

Mr Manthorpe—There were no other viable buyers available. I am sure that PPB, having got the bad news that a particular buyer had fallen through, would have gone back to their massive records of this exercise and tested whether there were any others that might be alternatives, and the answer essentially was that there were not.

Senator PAYNE—The problem for parents was that, as I understand the provisions of the systems that it operates, parents should have had 30 days notice, but got six. Is that correct?

Mr Manthorpe—It is the case that they got a relatively short period of notice. There are no two ways around that, but I think a couple of points need to be made. First of all, parents were communicated with on several occasions throughout this whole process. This centre, along with all the others, could so easily have closed on 6 November last year, 31 December last year or 31 March this year, had arrangements not been put in place to continue. The particular difficulty that PPB found itself in, in not being able to give a longer period of notice, really goes to the interaction between the provisions of the Corporations Law and the family assistance law. Our family assistance law says that the department should be given 30 days notice.

Senator PAYNE—Do you mean in terms of trading while insolvent? Is that what you mean in terms of the Corporations Law?

Mr Manthorpe—Similar to that; I mean in terms of their authority to continue operating the centre. At that point in time, on or around 7 or 8 May, the receiver only had clear authority from the New South Wales Supreme Court to continue operating the receivership until 15 May. Having come to a late position that this particular sale was going to fall through, they had to make a call, because they had no basis upon which to continue beyond 15 May. In subsequent days leading up to 15 May, arrangements were put in place and the New South Wales Supreme Court was approached; and government agreed to continue the process for a little longer to get all of the deals over the line. At the point in time at which the Altona North deal fell through, PPB did not have that luxury and so they had to make a call to close the centre at short notice.

Senator PAYNE—You are saying that legally they did not have the room to provide the 30 days operation?

Mr Manthorpe—That is right, because of the interaction between these different circumstances. The other point to make is that—and I know this is of no comfort to the parents concerned—the legal requirement is to notify the department and we believe that the department was adequately notified some months ago by the receiver that these centres were likely to close. We do not think there is a legal issue for PPB in this, but we all share the concern that you are expressing that only a short amount of time was available to notify the parents. Having said that, PPB did establish, in consultation with ourselves, in the days around 7 May that there was alternative care available for all of those families.

Senator PAYNE—Were the parents told that?

Mr Manthorpe—Yes. When they were notified of the closure they were told. There was advice provided. As I recall they all received a letter and efforts were made to also contact all of them on the phone or in person.

Senator PAYNE—Some of the reports refer to people being advised on arrival at the centre on the Friday afternoon to collect their child.

Mr Manthorpe—I am aware of that. That would have been the day when the advice was able to be provided. I know that there was a report that a parent was concerned that their only advice was in the form of a letter in their pigeonhole or something. If I was a parent in that situation and that was the only advice I got, I would be concerned about that, but that was not the only effort to speak to the parents that was put into place.

Senator PAYNE—Did any other centres find themselves in the same situation as Altona North in any of the groups of three or whatever they are?

Mr Manthorpe—None with that sort of time frame, no. As I say, by definition of the group of three that we were talking about, there were two others where after 15 April similar circumstances have come into play, but, relatively happily, there was a longer period to play with and so parents have been given more time.

Just finishing on Altona North, the other point is that, firstly, there was alternative care available and, secondly, there were nine employees at the Altona North centre and eight of those were able to be redeployed elsewhere within ABC. My understanding is that some of the children were able to go, in effect, with the carers at the same place. Things like that were done to manage the process as best as could be done in the circumstances.

Senator PAYNE—I have a couple of questions around the work of PPB. Senator Hanson-Young canvassed some of those and if I am repeating them then I apologise and you can just tell me. In terms of payment to PPB, have they presented further accounts recently? Have any accounts been presented from them?

Mr Manthorpe—Yes. I can build a little on Senator Hanson-Young's questioning and my responses to her. We have advanced three tranches of \$10 million to PPB and they have provided an itemised account that we have signed off on in respect to their own costs for a portion of that expenditure.

Senator PAYNE—Can you tell us what that amount is for?

Mr Manthorpe—Yes. For the period that we have detailed accounting for, their costs were approximately \$4.5 million.

Senator PAYNE—What is that period?

Mr Manthorpe—That was 1 January to 31 March, during which time a very large body of the work that needed to be done has been done.

Senator PAYNE—It is \$4.5 million so far. Do you have an estimate of what you expect the payment to PPB to be?

Mr Manthorpe—I would rather not speculate on that, for the same reason that I did not want to speculate on the final monetary outcome of the whole deal.

Senator PAYNE—Yes. I was going to ask you about that as well, as to whether you expected all of the \$34 million to be expended?

Mr Manthorpe—The way I would come at that would be similar to how I responded to Senator Hanson-Young a minute ago. This is a very complex process. It is a process that nobody has ever tried to do before.

Senator PAYNE—Indeed!

Mr Manthorpe—The government set aside, in effect, \$58 million to get it done and we do not believe there will be any more call on government funds. We believe we will get an outcome. When all the ins and outs and ons and offs are taken into account that gets us within \$58 million.

Senator PAYNE—I think you said to Senator Hanson-Young that you expected the receiver's work in all of this to finalise with the sales and/or the closures by July.

Mr Manthorpe—Yes. The current state of play is that the receivership has been extended by the New South Wales Supreme Court for a period, in effect, of a further six weeks from mid-May through to the end of June. The vast majority of the settlements have now occurred and so they are in the hands of new operators. We would envisage that the rest of those settlements would occur during June. Therefore, some time in July we would envisage that PPB would be able to give us the final reckoning of everything.

Senator PAYNE—On the last occasion when we discussed the childcare task force I was told that there were 10 staff on the task force. Is that still the case?

Mr Manthorpe—No. We are an even leaner outfit now. I think there are six people in that task force now.

Senator PAYNE—How much longer do you expect the task force to continue in operation?

Mr Manthorpe—Not much longer. I, in fact, have moved to a different role. My colleague to my left is about to move to a different role. Other colleagues will continue with whatever needs to be done to oversee the final mopping up; perhaps a few people going forward, but not many.

Senator PAYNE—Are those that are left on the good ship task force engaged in any other policy areas, or is it solely ABC related?

Mr Manthorpe—They have been essentially working on ABC for the last six or seven months.

Senator PAYNE—Thank you. Chair, I know you are due to break. I just wanted to finish on ABC and then I thought that would deal with that. We could then come back after the break.

CHAIR—Yes. Are you finished with that now?

Senator PAYNE—Yes. Thank you very much.

Proceedings suspended from 10.32 am to 10.51 am

Senator PAYNE—I wanted to ask a couple of quick questions about some reports regarding the claiming of the childcare tax rebate for fees that were not paid. As I understand the case, parents have to provide proof of enrolment at a centre and attendance at a childcare centre in order to claim the childcare tax rebate, but they are not required to provide a proof of payment to the service as well. Is that correct?

Mr Parsons—That is correct. The childcare tax rebate is built around the parents' obligation of putting their children into the childcare centre. There are two elements that you have touched on. One is that the childcare centre needs to report, through CCMS nowadays, the attendance of the children and against that the government makes available the childcare tax rebate, where eligible.

Senator PAYNE—Can you comment on reports that because they do not have to provide proof of liability to pay there is some capacity for abuse? I am not suggesting that there is widespread abuse or anything like that, but some capacity for abuse of the system?

Mr Parsons—There are a small number of pieces of correspondence that come through from childcare operators basically drawing our attention to that possibility. In my discussions with some of the peaks in that sector there are generally two avenues of support. At its worst there is the debt collection avenue, which any small business can use to pursue overdue payments, and for those childcare centres which do not avail themselves of that because of newness to the market or unawareness of that avenue, the department has a network of professional support advisers who are able to go into the childcare centre and give them some advice on how they might structure a repayment plan for parents or ultimately approach debt collection agencies to make good on that commercial relationships that they have with the parents.

Senator PAYNE—I have two more questions in this area. Has any thought been given as to whether you can use that new CCMS system that you talked about to check whether the fees have actually been paid before you pay the CC tax rebate?

Mr Parsons—We talked before about the 23 software packages that the companies variously use to run their businesses. What we get back in the CCMS is the pieces of information which pertain to the child's attendance. The commercial aspects of how much they charge, whether they are up to date and those sorts of things are not necessarily in the scope of the information that we receive; it is in the domain of those software packages and their various interfaces to the accounting packages that the providers have, so I do not currently capture whether it is paid or not.

Senator PAYNE—Has any thought be given to closing off the option, the loophole? Have you thought about doing that?

Mr Parsons—To be honest I have not. If you look at the incidence of correspondence that I receive from the sector—we said before there are 12,500-odd childcare providers—I get a really small number of pieces of correspondence that allude to that sort of occurrence happening, so I do not think that it is being seen a significant issue based on the insight that I have. As I said, in talking to some of the peak providers, they do not see it as being significant either because they realise that to run a childcare centre you are running a small business and

that customers not paying their invoices on time is an unfortunate aspect of all small business and they have various strategies in place to pursue those.

Senator PAYNE—That is true, but not all customers have the opportunity to claim a tax rebate for accounts they have not paid.

Mr Parsons—No.

Senator PAYNE—There is a difference.

Mr Parsons—Yes, perhaps.

Senator PAYNE—We are giving them the Commonwealth's money. That is the difference I would venture to say. Thank you for that. Chair, I wanted to go on with some questions around early childhood education issues.

CHAIR—Sure.

Senator PAYNE—I will start with the status of the national quality framework. I would like to get your advice on the framework. It is a framework which covers the national standards, the rating system, streamlining of the regs and the Early Years Learning Framework; is that right?

Ms Rundle—That is correct.

Senator PAYNE—Was the original due date to come into effect 1 July this year?

Ms Rundle—That is correct.

Senator PAYNE—I have seen reports commenting on some statements of the parliamentary secretary that it is now going to be phased in. What is the effect of the phasing in? When does that mean those components of the framework commence?

Ms Rundle—Perhaps I will start with the first thing that will be implemented from 1 July. The Early Years Learning Framework, which has been developed in collaboration with the states and territories, is nearing completion. It is anticipated that will go to COAG for COAG endorsement in July. We are gearing up for that being endorsed at COAG in July, so we are looking at the implementation package that would be needed to assist the implementation of that—for example, the Early Years Learning Framework itself, the teacher's guide, a parent information leaflet, other e-learning modules for services and the support that the professional coordinators may give to their services in each of their jurisdictions. That is just to name only a few. There is a range of training and development strategies that we are working on now. That is the first thing that will be implemented from July after the COAG endorsement.

Senator PAYNE—What date is COAG in July?

Ms Rundle—I am not able to confirm the date, but I believe it is early July.

Senator PAYNE—So the framework will not be in place from 1 July but rather after COAG?

Ms Rundle—That is correct. The other components, the standards and ratings framework and the options for a new regulatory system, are being worked on now with the states and territories. You may recall previously that we said that had been happening within the national

partnership, the COAG space. That is progressing really well, particularly the new standards and ratings framework which looks to bring together the current NCAC, the Commonwealth funded quality assurance framework, and the state and territory licensing frameworks into the one process for providers. That is going very well, but it will need to be publicly tested a little bit more. We have recently carried out some targeted development with about 50 or 60 key stakeholders consisting of peak bodies, services, academics and others and, subject to that, we have refined that framework a little bit more. Subject to it being signed off by the states, territories and the Commonwealth in the next few weeks, we intend to get that to COAG and then we are hoping that we will be able to test that in a public consultation phase with providers. We can then further refine it to make sure it suits its purpose.

The last component is the regulatory approaches. That has progressed really well and a number of options have been identified for future regulatory approaches. Again, it is in that COAG space, so until it gets to COAG and COAG are happy for that to be part of a consultation regulation impact statement, we are not able to make that available to others yet. After that time it is envisaged that we would be able to do some national consultations on that at the same time as the other consultations.

Senator PAYNE—Is it anticipated that those additional aspects of the framework beyond the Early Years Learning Framework will be introduced in this calendar year?

Ms Rundle—We are very hopeful that, in that intervening period between July and when COAG meet again, which may be October-November—COAG dates do change—we are anticipating that after the consultations we will get a final agreement between the Commonwealth, the states and territories, which would then go back to COAG for its final consideration.

In the period leading up to that time, possibly October, we are working solidly with the states and territories on a phased implementation plan. It is envisaged that COAG would also sign off on an implementation plan and there would be transition, depending upon what is agreed. If it is a change that has higher magnitude or perhaps a lower magnitude change, then it is going to need a longer transition time. It is envisaged that we would start with training of the sector, providing information about the new framework, the system and what it means, but I cannot really confirm at what point we would starting the implementation of each bit of work until COAG has signed off. It is our intention that we would want to be implementing the new standards and rating system, we would hope, by the middle of next year.

Senator PAYNE—Next year.

Ms Rundle—Or it may even be earlier. You would appreciate that, whilst the Commonwealth has a strong view and has been working hard on this, because we are doing this in collaboration with the states and territories, and understandably it involves their regulatory processes, we need to get agreement through that process.

Senator PAYNE—Sure. Has there been any reassessment of the introduction timetable based on the current economic situation and the potential cost of the recommendations?

Ms Rundle—The impact on cost, workforce and other impacts is part of the work that we have been doing with the states and territories.

Senator PAYNE—Is that yes?

Ms Rundle—Yes. There has been some consideration, but I cannot confirm that the time frames have been changed as a consequence of that because it is too early. Bear in mind that a regulation impact statement will have a number of options and, depending upon those options, they will have various cost and workforce impacts and those will impact on the time frames.

Senator PAYNE—Just remind me again: when were you hoping for the regulation impact statement?

Ms Rundle—We are hoping that COAG will consider a regulation impact statement in July.

Senator PAYNE—In July?

Ms Rundle—Yes, subject to that being signed off by all jurisdictions before that time.

Senator PAYNE—Have you done any analysis of the costs of implementing some of the recommendations of the expert advisory panel in the process?

Ms Rundle—We have.

Senator PAYNE—Does that include analysis of the recommendations for child-staff ratios and what that might cost or the recommendation on more qualified staff?

Ms Rundle—Yes, we have done some.

Senator PAYNE—Does that analysis include consideration of who will ultimately bear those costs within the sector?

Ms Rundle—We have considered all of those things in the analysis.

Senator PAYNE—Is there any information you can provide to the committee around that analysis?

Ms Rundle—It is probably a bit early. I am sorry about that. Until it has been endorsed by COAG we are not able to divulge things that are COAG in confidence.

Mr Manthorpe—The other thing is that goes to the internal deliberations of the Australian government, as well, in terms of considering its position in advance of COAG. I do not think we would normally get into a speculative conversation about where our government might end up on any of those things.

Senator PAYNE—It is always worth asking, though.

Mr Manthorpe—Absolutely, but I feel duty bound to respond to you in that way.

Senator PAYNE—Indeed. We are both duty bound in that regard. What were the parameters that were given to the expert panel in terms of management of costs and awareness of cost loadings that might come out of their work?

Ms Rundle—The expert advisory panel was not given any parameters that you have just described. I do not think I have the terms of reference in front of me, but the expert panel was

asked to consider three things. They included a new set of national standards and, within that, what ratios and qualifications might be appropriate. They also considered group size. They were asked to consider a regulatory system and how that might be improved. They were also asked to look at options for a rating system. It is fair to say that they were obviously cognisant, as they were doing their work, of the cost impact of any change, but they were also cognisant of all the evidence and the international work that has been done in this area too where there have been robust discussions elsewhere in the world about the balance between the cost of quality and affordability. They took that into consideration, but beyond that they did not give any firm advice about the cost impacts.

Senator PAYNE—Was the chair of the expert panel, Professor Elliott, reported correctly when she said, ‘Quality care is expensive and someone’s got to pay.’?

Ms Rundle—I can comment on what she said. I saw the article myself and I do not know if what was reported was what she said.

Senator PAYNE—On notice, can you check for me whether that is an accurate report? Can you also advise the committee, now if you can or on notice if you prefer, who it is envisaged is the person or the entity that is going to have to ‘pay’, to use that terminology?

Mr Manthorpe—That is a question that we cannot answer at this point.

Senator PAYNE—You cannot check whether that is an accurate report of the words of the chair of the expert advisory panel?

Mr Manthorpe—No, I am not saying that. I was referring to way in which you phrased the second part of your question, unless I misheard you, which is possible—

Senator PAYNE—If I could stop coughing it would be better for all of us; my apologies for that.

Mr Manthorpe—I inferred from your question that you were seeking confirmation about, if there were increased costs arising from aspects of a quality agenda, who would pay. That is a question that governments would have to consider. It is in the realm of government deliberations rather than something that we can comment on.

Senator PAYNE—If you can follow up on the first part, I will contemplate the terminology for the second, and we might come back to you on notice on that.

Mr Manthorpe—Yes.

Senator PAYNE—I wanted to follow up on the trial of the Early Years Learning Framework. Can you indicate how the trial was carried out and how you identified the case study sites? I think there was a reasonably large number of those.

Ms Rundle—Yes. To my knowledge there were 28 sites that were involved in the trial. I may need to ask my colleague, Ms Ten Brummelear.

Ms Ten Brummelear—The trial sites were selected in collaboration between the Charles Sturt consortium, who were the lead consultants developing the EYLF, and each of the states and territories who are all represented on the Early Years Learning Framework working party. Essentially Charles Sturt constructed a profile of the number of types of services and the

preferred locations to make a representative cross-section of the sector, and then each of the states worked to make sure that we had sites represented in all of the categories that were required.

Senator PAYNE—I will ask you to identify what the categories were and then to identify whether the trials occurred in urban, inner and outer rural and regional locations and so on. What are the categories?

Ms Ten Brummelear—I would have to check. I do not have that detail. I do know that it went to a range of different service types, including long day care, family day care, and I would need to confirm all the other types. It also wanted a cross-section of urban, regional and remote and I will need to check on that as well.

Senator PAYNE—Will you come back to us with that information on notice?

Ms Ten Brummelear—Yes.

Senator PAYNE—Can you advise how staff in those centres were trained in relation to the trial or how they were advised on the framework? What was that process?

Ms Ten Brummelear—Again, I would need to get all the detail. The approach in general terms was that a member of the Charles Sturt consortium worked with a site that was chosen. They were provided with the framework. There was an initial full-day consultation with the site and discussion with the staff about the approach. Services were encouraged to develop and ask questions and work through the issues on an individual site basis, so there was not a prescriptive approach. The Charles Sturt consortium member was kept in contact with the site on a weekly basis and was also available for any consultations, phone calls or emails during the validation trial process.

Senator PAYNE—How are you going to assess the trial? What criteria are you using?

Ms Ten Brummelear—I would have to check. Basically, there was a range of questions that were posed at the commencement of the trial and our consultants provided individual reports on each of the trial settings and a summary report on the overall outcomes and learning from the validation trial.

Senator PAYNE—Are those reports something that the committee can be provided with?

Ms Ten Brummelear—We will need to take that on notice.

Senator PAYNE—When do you think the analysis of the trial will be forthcoming?

Ms Ten Brummelear—The analysis?

Senator PAYNE—I assume you are analysing the results.

Ms Ten Brummelear—Yes. The analysis is with us and will be one of the inputs in the final deliberations for the EYLF and its implementation strategy.

Senator PAYNE—Is that something that the committee could be provided with?

Ms Rundle—We have been considering what it is that we make publicly available in relation to the trials. That is because there was voluminous information, so in terms of making it 'edible' for people, we have been giving some thought to this.

Senator PAYNE—The government is now force-feeding people books.

Ms Rundle—It is not that we are not considering that yet, but we have not quite resolved that. As Ms Ten Brummelear was saying, all of the information that came out of the trials was fed into the finalisation of the EYLF.

Senator PAYNE—Notwithstanding all of the analysis, the trials, the information and the consumption of all of that, when will we publicly see the final framework?

Ms Ten Brummelear—Following the COAG meeting in July. I should add that is subject to COAG endorsement.

Senator PAYNE—I just assumed you were optimistic.

Ms Ten Brummelear—Yes.

Senator PAYNE—In terms of what centres will be required to do in relation to the framework, what are the compliance requirements going to be?

Ms Rundle—I am not sure that I interpret your question correctly here.

Senator PAYNE—I have read a transcript of an interview with the parliamentary secretary a month or so ago about the requirements of observation of the guidelines and the framework. The parliamentary secretary described it as a guide to educators across the country and went on to say no-one is going to be forced to do anything. I just want to get some context around what the compliance expectations are from the department's and the government's perspective.

Ms Rundle—That is true. This is really a national guide for services in approaching how they might define their curriculum or their learning frameworks for children in early learning settings. We are giving consideration to this in the context of the new national quality framework. You would not be surprised that a quality framework looking across early childhood settings has a range of domains or areas. It currently is the case, even in the current NCAC framework, that there is evidence of people developing programs that are evidence based and that contribute to children's learning and development. The EYLF is going to be a key input into this. So it is a solid basis for that part of the quality framework.

From July it is anticipated that all centres will refer to and use it as a guide in developing their programs. However, there is a question in terms of compliance, whether later in the new national quality standard it becomes a requirement that all services demonstrate, through a number of mechanisms, that they are adopting the sorts of things that we want to see that are coming out of the Early Years Learning Framework. That is a matter of detail that is still being worked out with states and territories.

Senator PAYNE—Is that detail about whether there is a requirement that they demonstrate that they are observing the provisions of the framework?

Ms Rundle—That is correct. It is a very broad framework that specifies a number of outcomes that you would wish to see in children as they develop in early learning settings. Within that there is a range of strategies and supports provided for childcare centres, preschools and others. What is being worked through at the moment, which I referred to

earlier, is the detail of that and how that might play out in any national quality standards framework, so this will be a very important input into that, notwithstanding that it will be used earlier as a guide.

Senator PAYNE—What if they do not come up to the standards of the framework or if they proactively choose not to observe the standards of the framework? How would centres in those categories be dealt with?

Ms Rundle—That detail has not been worked out yet because that is in the realm of the consideration by the Australian government at the moment and the states and territories going into COAG. It is fair to say that there have been discussions about the importance of the Early Years Learning Framework as a component of the overall national standards framework, because that was the intention.

Senator PAYNE—I am still not sure what is going to happen to them if they do not.

Ms Rundle—I cannot tell you that yet. We are thinking about what might happen, but we have not come to a conclusion about that with states and territories yet. I do not know that there would be very many services, if any, who would not want to adopt a framework that helps them in approaching the way that they develop their programs for children. Most of them have been quite positive about this happening and most are quite welcoming. In fact, recently, we have had quite a few emails from people following the trials and the online forums which have said that they are really looking forward to this framework. I think the more important issue is what support services will be required to help them learn how to use it and to give them transition time so that they can actually get there.

Senator PAYNE—Time is something that I was just going to ask about. What sort of time frame do you expect centres to be working under to meet the requirements of the framework? ‘Requirements’ is probably not your terminology. To go back to your previous answer, what sort of timeframe will there be for a decision to be made about how centres will be ‘dealt with’ in relation to observing the framework?

Ms Rundle—I probably cannot speculate with any certainty. As I said earlier, we are really hopeful of getting an agreed position at COAG, not in July, but at the COAG after that.

Mr Manthorpe—The sequence of events is that we are hoping to have the framework signed off at COAG and from that point, consistent with what the government has been saying about the time frame for implementation, the framework will be available to services to start to implement. We are working on a range of supporting materials to enable that to happen. The question as to whether, at some point, it becomes a mandated requirement is subject to the separate deliberative processes that we envisage entails some consultation and further deliberation by COAG in two tranches of deliberations.

Senator PAYNE—Can you tell me how many departmental staff are employed on the Early Years Learning Framework?

Ms Rundle—I would need to check exactly, but around four full-time equivalent staff.

Senator PAYNE—You may need to also check this. Can you tell us the costs of the public consultations, the expert panel and the trial so far?

Ms Rundle—Yes. I will take those on notice.

Senator PAYNE—I wanted to follow up on a contract notice which was on the AusTender website in relation to venue hire for the national Early Years Learning Framework at the Westin Hotel in Sydney for the end of last year. I think it was contracts from late-November to mid-December. Can you tell me specifically what that was for?

Ms Rundle—Again, I would need to check this for you. I imagine it was for the consultations that were undertaken late last year on the Early Years Learning Framework, because they did take place in that sort of time frame.

Senator PAYNE—Who was involved in those consultations?

Ms Rundle—The sector, state and territory academics, and state and territory governments, the range of stakeholders that have been involved right from the outset in the development of this, but I would need to check the exact list.

Senator PAYNE—Can you check in relation to the cost? It says \$15,400 was the contract value. Can you tell me how many people attended the events that were held at the Westin over that period? It is 27 November 2008 to 19 December 2008, according to this. Can you tell us when those events were held during that period and you may want to come back with more specifics about exactly what that particular event or events, given the time frame, were about?

Ms Rundle—Yes.

Senator PAYNE—Chair, I have a few questions around preschool services and then I will have completed the areas that I wanted to pursue this morning, if you need to advise other senators.

CHAIR—Yes, when you are finished we will suspend briefly and we will then go to Senator Mason.

Senator PAYNE—Thank you. No show without Punch, as they say. I will leave then so that I do not steal the limelight from my rather glorious colleague.

I want to ask some questions around the commitment that was made before the last election for universal access to preschool services for all four-year-olds. As someone who was involved in those discussions at the time, I understood it to be a commitment for free government funded services, but when I look at the department's website it happily asks itself a question and answers it: 'Does universal access mean that early childhood education is free?', and the answer is no, with some details provided after that. When I heard the message about government funded preschool services, which was obviously a commitment of great interest to the community, I assumed that 'government funded' meant that parents would not have to fund it and the service would be provided to them. Is that not the case?

Mr Ayres—In the National Partnership Agreement on Early Childhood Education that COAG endorsed in November last year the commitment is to ensuring that universal access is implemented in such a way that cost is not a barrier to participation.

Senator PAYNE—Does that mean it is not free?

Mr Ayres—If, for a particular family or parent, any cost means that it is a barrier because of their circumstances then we, jointly with the states, would be looking to remove that as a barrier. I need to emphasise that ensuring the delivery of preschool services remains, under the National Partnership Agreement, the responsibility of the states and territories, so the detail of how universal access is rolled out, including this aspect, is part of our partnership with the states and territories.

Senator PAYNE—I understand that, but the commitment I am talking about is the commitment which was made by the now government. My questions go to the Commonwealth aspect of this.

Mr Ayres—Yes, I understand.

Senator PAYNE—Taking on board what you have just said in relation to costs, what are you envisaging would be a reasonable level of payment for government funded services in this regard?

Mr Ayres—The different jurisdictions are in different situations, so it varies as to what their current starting point is. We are trying to make sure that in implementing this commitment we are realistic about that starting point and moving towards the 2013 goal, so it is a progressive process. I will just preface my comments with that.

As I mentioned, we are working in partnership with the states and territories. In each of their circumstances they have different funding models and systems, ranging from effectively universal or close to universal provision through government systems where fees are nil or negligible and sometimes with parent contributions, through to systems where preschool is delivered through community based centres, as is the case in New South Wales, particularly where there are fees set through those centres and through overarching policies that the relevant state government has. There are different circumstances applying in each particular case, so it is a little difficult to answer in a generic sense for all parents in all circumstances, except to say that each jurisdiction and each system has an approach particular to its circumstances to address cost issues for parents that are in particular circumstances such as low socioeconomic groups, particularly for children from Indigenous backgrounds and so on. There are subsidy arrangements, to use New South Wales as an example, to support those families.

The degree to which those subsidies are adequate in meeting the benchmark of removing cost as a barrier to participation is something that we need to work on with the states as we progressively roll out this implementation. Across the country it varies from jurisdiction to jurisdiction and system to system.

Senator PAYNE—You referred to New South Wales and that is probably politely described by many observers of the system as a dire situation, particularly in their community based kindergartens. I want to come back to some of the details around the cost issues but, given the time frame over which you are working, when can we expect that federal funding for this commitment will actually flow to the state jurisdictions? When will New South Wales parents, for example, actually see some support in their fee payments?

Mr Ayres—There has been one bilateral agreement signed with Tasmania already and Tasmania has received their first payment under that bilateral agreement. The other bilateral agreements are all very close to completion and we are hoping that those payments will be made progressively in the coming months. Exactly when that will happen depends on the sequencing of negotiations, but it is imminent.

Senator PAYNE—That will be important. Let us come back to those cost issues. You said that if it was determined that the fees, when set at a particular level, proved to be a barrier that would preclude parents from sending their child to the preschool, that barrier would be considered for removal. How will that be done? How will you remove the barrier and, also, how will you make the assessment? Will parents have to make an application to government or to the facility? If it is to government, will it be state or Commonwealth?

Mr Ayres—As I mentioned, the responsibility for ensuring the provision of preschool remains with the states and they will be responsible for the detailed implementation of the universal access commitment within that context. I would envisage that whatever circumstances and general administrative arrangements that are in place currently in a given jurisdiction would continue to apply and that we would be working with the jurisdiction, with the state in question, where there were apparent circumstances where cost was a barrier to see what can be done to address that over the period of the agreement. That would vary depending on the particular circumstances. We mentioned New South Wales with the community preschool system. That would need to be looked at in the context of the funding and subsidy arrangements that are carried out through the Department of Community Services in New South Wales. In contrast, if it seemed to be an issue in a jurisdiction that has predominantly delivery through government provisions systems, such as Western Australian, then it would be through a different type of mechanism, according to what prevailed in their circumstances.

To answer your question, I would not anticipate that there would be a process of approach to the Commonwealth because the funding that is being distributed under the universal access commitment, and indeed the funding and expenditure that is made currently for preschool by state governments, has all been applied by the state governments in their particular systems to achieve the outcomes agreed under the national partnership.

Senator PAYNE—I am not sure that you actually explained to me what a parent would be required to do if they found cost a barrier in order to have that removed.

Mr Ayres—I am sorry. The parent would need to work through whichever system they were working in. To use a concrete example of a community preschool in New South Wales, which as you point out is an area where there has been concern expressed, it would be through their arrangements with that community preschool and also through the arrangements that occur under the funding model that the Department of Community Services administers there.

Ms Wall—I think it is important to note that as we finalise the bilateral agreement with every state and territory that agreement will be in the public domain. It is quite explicit in that it provides a baseline position as to where they are against each of the six performance indicators. One of the baseline details is around average fees in this state at the moment. In the strategies part of the agreement they are quite explicit about what they are going to do to

implement. If it is a state where there are currently fees—and, as Dr Ayres, said in some states there are no fees—then there will be strategies explicit there about what that government is going to do to address affordability. As it is in the public domain there will be a great deal of visibility and accountability. We would expect families and the public to be entering into dialogue with the relevant state or territory if they believe that those strategies are not being implemented.

Senator PAYNE—I am seriously hoping that you are not telling me that you are expecting families to look at a bilateral agreement between the Commonwealth and the states to work out what they should do about their preschool arrangements.

Ms Wall—No, I am not.

Senator PAYNE—Their awareness will be raised by alternative means?

Ms Wall—Yes.

Senator PAYNE—How?

Ms Wall—Again, it is the responsibility of each state and territory to be communicating with the sector in a range of ways. The way that they do that, as Dr Ayres said, depends upon their current system.

Senator PAYNE—Dr Ayres, are you saying that the costs of universal access will be borne by the Commonwealth through the funding they provide to the states or by the states, particularly for those families who cannot afford to pay?

Mr Ayres—The funding that the Commonwealth is providing under the National Partnership Agreement is to support the states in implementing the joint commitment to universal access. To give you a sense of scale, in 2007-08 the states recurrent expenditure on preschools was around \$565 million. Once the funding under the National Partnership Agreement reaches the highest point, which is \$450 million, that will be combined with whatever the states are providing. There is a commitment in the national partnership for the states to maintain their existing commitment to preschool at least. It is that funding, in combination, that is to achieve the universal access commitment.

Senator PAYNE—What is the total funding commitment again?

Ms Paul—It is \$955 million over five years.

Senator PAYNE—Thank you. What provisions are in place to support families trying to achieve universal access in rural and regional and remote areas?

Mr Ayres—There are a number of issues there. In our negotiations of the bilateral agreements, particularly with those jurisdictions with significant populations in rural and remote areas, we have been talking about strategies that are needed for those locations, including for Indigenous and remote communities. There are a range of approaches that are in place, including forms of mobile preschool. We are looking at potential delivery through distance contributions and communications.

Senator PAYNE—What does ‘delivery through distance’ mean?

Mr Ayres—It is looking at using web based support for people in very remote locations as a contribution—

Senator PAYNE—I am having difficulty imagining a web based preschool myself.

Mr Ayres—I am sorry. I did not mean to imply that it is a standalone provision. It is part of the support that is quite common for people in remote areas. It is not independent—

Senator PAYNE—Back to the \$955 million, can you break that down for me by state and territory and over the years, or at least point me to where I can find those details?

Mr Ayres—Yes. It is in the National Partnership Agreement, which is on the website that has been established.

Senator PAYNE—Is there a breakdown by state and territory and by year?

Mr Ayres—There is.

Senator PAYNE—I will look at that again. Thank you very much. In terms of the existing programs that are currently in place which do not fall into the category of universal access that we are talking about, the existing programs that people are taking up now, what are the arrangements to make those universal, as it were? If you are a participant using an existing program, what are the arrangements for that, and is there specific funding for that or is that part of the \$955 million over five years?

Mr Ayres—I will see if I am interpreting your question correctly. Just correct me if I am on the wrong path. Essentially, the National Partnership Agreement, as you say, identifies particular criteria that constitute the universal access commitment in terms of number of hours, the qualification of the teachers and being accessible in measurement of that through a number of performance indicators. If a given service is seen as being deficient against one of those sorts of criteria then, through the negotiations with the states we have identified, for the state as a whole and for the systems within the states, those areas are a priority for them to address. For example, in all jurisdictions the average number of hours of participation falls short of the goal of 15 hours for 40 weeks in the year before school, so all jurisdictions are going to need to find ways to meet that goal, and therefore all services. Some have the teacher qualifications that we are asking for and some do not. It would vary from jurisdiction to jurisdiction, service to service and provider to provider.

Senator PAYNE—I think that addresses those issues. There may be some further questions in this particular area that I would like to place on notice after I look at the answers and the discussion, so I will just give notice of that now. That completes my questions in this area. I thank Ms Paul and her officers for bearing with my persistent cough, which is irritating me at least as much as it is irritating everyone else.

CHAIR—Do we have any further questions on Outcome 1? If not, we will suspend for five minutes while we change officers for Outcome 2 and find Senator Mason.

Proceedings suspended from 11.41 am to 11.47 am

CHAIR—We are now looking at outcome 2, schooling and COAG.

Senator CORMANN—I have a series of questions in relation to the report by the Group of Eight universities, which was compiled in 2007 and was titled *Languages in crisis*, which was addressing the need to reinvigorate the teaching of languages in Australia. I assume you are aware of the report I am talking about?

Ms Northcott—I cannot say that I am familiar with that, but I am familiar with the issues around language teaching in Australia.

Senator CORMANN—Is there anybody in the department who might be aware of the report by the Group of Eight of Australia's leading universities *Languages in crisis: a rescue plan for Australia*? It was released in 2007. I do not have the specific date.

Ms Northcott—I have not seen that report. I am sorry.

Senator CORMANN—It is not a report that has been considered or reviewed by the government?

Ms Northcott—It may well have been. I have been in my current job, which includes responsibility for the school languages program and for NALSS, National Asian Language Studies in Schools, program for two months. It is quite likely that my staff would be aware of that report, but it is not something I have seen.

Ms Paul—I imagine it is a couple of years old now. I imagine we did see it at the time, but I cannot recollect the details. I am sorry. You might need to remind us.

Senator CORMANN—It is a report that makes a series of pretty significant recommendations. I can talk you through it.

Senator Carr—What is the date of the report?

Senator CORMANN—I do not have the specific date on which it was released. I am happy to provide you with that at a later stage, but I will quickly run you through the background of it. It essentially shows Australian students spend the least time studying second languages of all students in OECD countries. While it is recognised that learning to speak a language other than English is increasingly important for effective participation in the globalised world, the number of students studying has dramatically decreased in recent years. The Group of Eight universities facilitate, of course, the delivery and support of language education in Australia and released this particular discussion paper with a series of recommendations. What I was keen to find out was whether the government had reviewed the recommendations that had been made in relation to the teaching of languages in Australia as part of that report. If somebody has not reviewed the report, by the sounds of it you will not be able to assist me with it. It does not seem to be at top of mind with the government at present; is that right?

Ms Paul—Only because it is a couple of years old, I suspect. We always look at what comes in from the Group of Eight. It is a very important body. I would be astonished if we had not had a look at it. I do not know whether it did, but it may well have informed the government's commitment to pay for the new National Asian Languages and Studies in

Schools program worth \$62.4 million over four years, which we are currently rolling out for them. But I do not know. I am happy to have a look at it.

Senator CORMANN—In the interests of time, perhaps just take on notice the question as to whether the government has reviewed the report, is planning on implementing any of its recommendations and, if so, what recommendations?

Senator Carr—I am happy to take that on notice, but that was a report into the previous government's destruction of the Asian language program.

Senator CORMANN—It was on the cusp of the changeover.

Senator Carr—I hope you are not asking those officers to—

Senator CORMANN—I was actually not making a partisan statement. I am very disappointed that on a very important issue you are making a partisan statement.

Senator Carr—I am making an observation that your government—

Senator CORMANN—I am just making a point that I have a genuine interest in these issues. You might notice that I have a slight accent myself.

Senator Carr—I have never noticed that.

Senator CORMANN—If not, I am now making you aware of that. I am trying to pursue what I think is a very important issue of public policy interest. I am very disappointed that you want to politicise it.

Senator Carr—It is not politicising it. I just wanted to know if that is the same report.

Senator CORMANN—I am putting some very sincere questions on notice.

Senator Carr—I sincerely want to know: is that the report that actually commented on the previous government's destruction of the Asian language program?

Senator CORMANN—It is a report—

CHAIR—The questions are from senators to that side of the table, not the other way around.

Senator CORMANN—What measures is the government taking to implement improvements in the area that I have just addressed? Perhaps you can talk me through that.

Ms Paul—We can talk you through the new program and how we are administering that, certainly.

Ms Northcott—The new program was an election commitment of the government in the 2007 election. As of—

Senator CORMANN—I am asking questions. I was quite calm and quite sensible about it, but given the minister's statements—

CHAIR—I am calling the committee to order and you do have the call.

Senator Carr—I have been waiting for you to come for three hours.

CHAIR—Senator Cormann, you have the call.

Senator CORMANN—I think Ms Northcott was trying to answer my question before the minister rudely interrupted.

Ms Northcott—As Ms Paul has already outlined, \$62.4 million over four years was announced by the government to support the teaching of Asian languages and Asian studies in schools program. The program has four components. The vast majority of the funding, 70 per cent, or \$43.68 million, is being paid to state and territory governments, as well as non-government education authorities, to implement programs in government and non-government schools. At the moment we have signed almost all of the contracts. There is only one with the Northern Territory government that has not yet been executed, but that will happen very shortly to deliver those funds. Some states and territories have entered into cross-sectoral agreements, so government and non-government and Catholic educational authorities have entered into a single agreement with the Commonwealth and in other jurisdictions there are separate agreements with the government and the non-government sectors.

The second part of that is \$9.36 million for a strategic collaboration and partnership fund, which is for organisations to partner with schools and universities, Asian related businesses, et cetera, to promote the teaching and learning of the four target languages. There is \$6.24 million for grants to primary and secondary school programs. The Asia Education Foundation has been contracted to deliver those. There is a small component, \$3.12 million over four years, for research-type projects that the Commonwealth will initiate.

Senator CORMANN—The report points out that the percentage of year 12 students graduating with a second language has fallen from 40 per cent in the 1960s to 30 per cent in 2007, which of course covers a period of governments of both persuasions. Could you take on notice whether those figures that are quoted in the report are correct and what is being done to reverse the trend? A specific issue I would like to know about is that apparently there are now only 29 languages offered at tertiary institutions compared with 66 some decades ago. You are not aware of this, because you are not aware of the report. However, there is a recommendation for a joint policy commitment from the Commonwealth, state and territory governments to reverse those statistics. Has any work been done to increase the number of languages being taught at tertiary institutions across Australia?

Ms Northcott—That is a question that you would really have to direct to my higher ed colleagues. But in terms of the four target languages under the NALSS program, a large focus in all of the components that I have outlined includes increasing the number of teachers, which obviously has big implications for secondary schools. Through the partnership and collaboration fund, for example, there is a big focus on how you increase the number of language teachers. We also have a range of programs, including the Endeavour Language Teaching Fellowships, which are aimed at increasing support in the study of languages both for pre-service language courses and also for existing language teachers. The Endeavour Language Teaching Fellowship program is not just for target languages of Chinese, Indonesian, Japanese and Korean; a number of European languages and Middle Eastern languages are also supported through that program.

Senator CORMANN—Finally, are you pursuing any specific strategies or programs to retain or attract specialist and skilled foreign language teachers?

Ms Northcott—A range of activities is happening across the schooling area. Other people would be better placed to talk on that than I would, but we have a national partnership—

Senator CORMANN—But outside of Outcome 2?

Ms Northcott—No. We have a national partnership in terms of the teacher workforce, which will include a focus on language teachers. We also fund the Asia Education Foundation. They not only administer our grants to schools program but also run a range of programs in professional development for teachers. As to the 70 per cent of the funding under the NALSS program going to states and territories, in order to receive those funds not only do the states and territories and the non-government sector have to execute funding agreements with us; they need to submit strategic plans before the funding will flow. An important part of each of the strategic plans has to be a focus on how they are going to increase and also retain language teachers.

Senator CORMANN—Is this the right area to ask about funding arrangements for language education at university level?

Ms Northcott—No.

Ms Paul—Higher education will be on later today. Even if you are not available then, I am happy to take it on notice now.

Senator CORMANN—Essentially what I am interested to find out is whether the funding for language education at university level is part of cluster funding arrangements and what the implications are of that.

Ms Paul—Because ultimately universities determine their own course structures and so on—it is not controlled entirely by government—we may need to go to them to get some indication of how they have responded to that report. That is probably the best way to go about it. I am happy to do that, too. I will take that range of issues on notice.

Senator CORMANN—Thank you very much. It is much appreciated.

Senator MASON—Starting with Fibre Connections to Schools, let us go back to the February estimates, where I was told that roughly half of Australia's 2,650 schools do not yet have a fibre connection; is that right?

Dr Arthur—Yes, and the information was correct at that time. There will have been some developments since then. But I think that is more or less still correct.

Senator MASON—Is that roughly about right? I think you would agree that based on a \$100 million commitment to this initiative—that is, the Fibre Connections to Schools initiative—this comes to around \$71,000 to connect every school not currently connected. I asked you in the February estimates whether \$71,000 would be enough and you said, 'At the 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.' That is right, is it not?

Dr Arthur—That meets my memory.

Senator MASON—Does the government now know, three months after those estimates or 18 months after the election, and 20 months after the pre-election promise about computers in schools, what that variable is? Has that been worked out yet?

Dr Arthur—No.

Senator MASON—As to the variable of how far the school is from existing fibre, we still do not know how far that is. So you do not know whether that \$100 million for the Fibre Connections to Schools initiative will be enough?

Dr Arthur—Between the dates of last estimates and this estimates there have been significant announcements by government in this general area. The government announced its future policy direction in terms of the National Broadband Network and announced all of the activities associated with that, which I will not go through in any detail. But they are broadly commitments to establish a company that it is expected would lead to an investment of some \$43 billion to provide a National Broadband Network servicing 90 per cent of Australian households, including schools.

Senator MASON—In a sense that is what Senator Conroy is responsible for. It is \$43 billion, is it? I wrote down \$46 billion. The National Broadband Network will come to the aid of the \$100 million Fibre Connections to Schools initiative?

Dr Arthur—It is a new policy development since the time of the last estimates, which has obvious implications for this area.

Senator MASON—Which parts or what proportion of the commitment to connect every school computer to fibre will be delivered as part of the Fibre Connections to Schools initiative, and what part as a proportion of the general broadband rollout that you just mentioned?

Dr Arthur—At this stage it is not possible to be precise in answering that question. In making the announcement of a National Broadband Network Senator Conroy indicated that there would be a process within the Department of Broadband, Communications and Digital Economy to work on the detail of the implementation of the National Broadband Network. That process is under way at the moment. As to the details of that process, you would obviously need to refer to my colleagues from that department, but pending the conclusion of that process it is certainly not possible to be specific on that question.

Senator MASON—The consultations are under way and you cannot be sure of the proportions?

Dr Arthur—That process, as I say, clearly had implications for fibre to schools, but the detail of that process is a matter for my colleagues from the broadband and communications department.

Senator MASON—You cannot tell the committee here and now what proportion will come from one program or the other?

Dr Arthur—No.

Senator MASON—Do you know when the government will start connecting schools to fibre?

Dr Arthur—Schools are being connected to fibre as we speak. I have indicated the issues that are currently being looked at by government in terms of a rollout of a National Broadband Network.

Senator MASON—Let us go to that. I think the timeline as to the National Broadband Network is up to eight years, is that right?

Dr Arthur—That may well be correct.

Senator MASON—It will be completed by about 2017. The computers in schools program is a five-year program finishing in 2012.

Dr Arthur—I was just going to correct one small detail. I can do that whenever.

Senator MASON—I have not finished the question yet, but go on.

Dr Arthur—The computers in schools program is an ongoing program with provision in the forward estimates.

Senator MASON—Yes, but the commitment was just until 2012 or are you saying that provision is being made for the computers in schools program until 2020 or what are you saying?

Dr Arthur—I am saying that its technical description is that it is an ongoing program, not a terminating program.

Senator MASON—I have documents here where it looks to me that it is a five-year program. That was how it was described even by your good self.

Dr Arthur—I am just providing you with information in terms of its actual description in technical terms.

Senator MASON—When does the government expect that all computers in schools will be connected to fibre as per its election promise? You agree it was an election promise?

Dr Arthur—I do and the answer is: we have an election commitment to roll out the Fibre Connections to Schools program within, as you say, five years. The detail of when all of that will be completed and how it will be completed will be affected by the recent policy announcement of the National Broadband Network and it is not possible for me to speculate on the exact interaction between that announcement and the rollout of the Fibre Connections to Schools.

Senator MASON—So, you do not know?

Dr Arthur—At this stage in terms of the detail of when particular connections would occur or how quickly there would be a connection between the rollout of the National Broadband Network and the Fibre Connections to Schools, as I have indicated, no, I cannot be precise on that.

Senator MASON—I did not think you would know, so you are not disappointing me. In relation to the Fibre Connections to Schools initiative—not the National Broadband Network,

just the initiative—what work has been done so far? What is the timetable for work to be done in the course of this year under that initiative?

Ms Bloor—The Fibre Connections to Schools initiative was always intended to leverage off existing activity in this area in jurisdictions and the school sectors, and there is a significant amount of that. During the course of last year consultations were held with all the stakeholders to identify a common vision about connectivity for schools, a common understanding of what the priority areas of activity were and also some of the challenges. That work was continued throughout the year, but with the announcement of the National Broadband Network it was realised that we would need to delay issuing funding guidelines and so forth under the Fibre Connections to Schools program pending the implementation study for the NBN.

Senator MASON—Can I refer you to the FCS forum on 17 February 2009 and the outcomes there. It states here in two dot points that the department commissioned work to, firstly, identify the underlying cost of provision of broadband services required by the education sector; and, secondly, to articulate on behalf of the education sector its preferred purchasing models and other commercial and technical arrangements necessary to optimise a national network solution. How is that work progressing and what is the timetable for the finalisation of that?

Ms Bloor—That work is progressing. It will actually fit in to the coordination approach that we are taking with our colleagues in the broadband department.

Senator MASON—I am sorry?

Ms Bloor—It will dovetail with the coordination approach that we are taking with the broadband department and we expect will inform that implementation study during the course of the remainder of the year.

Senator MASON—You are doing it in consultation with the broader network?

Dr Arthur—Indeed. For example, the education sector through the coordinating committee will be making a submission in response to the call from the broadband department for views on regulation of the broadband environment in Australia, and setting out work that is happening within the sector and the particular needs in that area. We will also be providing input to the implementation study to ensure that our colleagues in the broadband department have, based on the work that you cited, a very good understanding of the needs of the education sector.

Senator MASON—Under the Success through Partnership there is the DER strategic plan to guide the implementation of the digital education revolution initiative and related activities of 5 August 2008. Are you aware of that?

Dr Arthur—Yes, indeed.

Senator MASON—I do not want to mislead you. It looks to me like it says ‘affordable high-speed broadband to all schools’. The arrow seems to have ended about the middle of 2010, or am I misreading this graph? What does that mean? Does that mean that by the

middle of 2010 you will have affordable high-speed broadband in all schools or is that an aspiration?

Dr Arthur—That document sets out an agreed view between the Commonwealth and the states and territories—

Senator MASON—I remember seeing that one. I am familiar with that document.

Dr Arthur—You are familiar with that table? The document as a whole, as I said, is an agreed document between the Commonwealth and the states and territories. It is part of the documentation that went to a COAG meeting. I cannot recall the exact COAG meeting. It sets out in reasonably high-level terms the things that will be necessary to achieve the overall objectives of the digital education revolution and makes it clear that provision of broadband in general and also broadband that is priced in a way that can be used in an educationally effective way is important for the objectives of the digital education revolution. The document is not something which contains particularly precise statements of when those things are going to occur.

Senator MASON—I accept that. I am not trying to hold you to a week. I am not trying to do that. But I think it is fair to say that, from looking at this graph, it does seem to suggest an affordable high-speed broadband to all schools will be available from, let us say, the middle of 2010. Is that what it is meant to say or not?

Dr Arthur—I do not think it says—

Senator MASON—Is that what the government is saying will be available?

Dr Arthur—I do not think that document goes to the issues of how many schools would need to have provision. It is making the general statements, as a high-order strategic plan, of the things that in general need to be done. Certainly we need to have made significant progress in addressing those issues within that time frame.

Senator MASON—It does say ‘indicative DER priorities and time frames’. That is what it says.

Dr Arthur—And it does say ‘indicative’.

Senator MASON—But that is my point. It says ‘affordable high-speed broadband to all schools by the middle of 2010’. That is not something that the government could be held to? This is what the document does say. I can show it to you if you want.

Ms Paul—May I seek a clarification? Are you interpreting an arrow on a chart?

Senator MASON—Yes, I am.

Ms Paul—You are looking at an arrow on a chart.

Senator MASON—I may be misinterpreting it. I am not trying to put words in your mouth. I am simply saying that is what is in front of me. I can hand it up.

Ms Paul—I think we are saying in return that there has been a high-level agreement struck and I guess that all the governments that signed up to that and their first ministers can be held to account for whatever that high-level agreement requires. I am not sure whether we want to

start to split hairs about how to interpret an arrow on a chart, but certainly governments will be held to account for any COAG agreements, no doubt.

Senator MASON—Going back to our previous conversation, this document says the DER, the digital education revolution, is a four- or five-year program. I heard what you said. And it says that it is aimed at taking schools from a variable base to a situation where there is an equitable access to digital resources and tools. The PR document seems to suggest that it will be available by the middle of 2010.

Dr Arthur—The document says, as you read out, that it is indicative. Also, the document of course predates the announcement of the government's decision on a national broadband network, and we have established that there is a considerable amount of work to be done on such a major initiative before we can know its precise implications for the rollout of the fibre to schools initiative.

Senator MASON—But that would make it faster. If you were tapping into the National Broadband Network, that would make it faster, not slower.

Dr Arthur—It certainly means that there is a greatly increased Commonwealth investment in this area, which will undoubtedly be to the advantage of Australian schools. However, in terms of the time frame, I think Senator Conroy's announcement made it perfectly plain that the timetable would be affected by the need to look at the implementation details of such a significant government initiative.

Senator MASON—The National Broadband Network will slow down the provision of this program?

Dr Arthur—That is not what I said.

Senator MASON—We can look at the *Hansard* later on—and I do look at them, as you know. You said before that the National Broadband Network will mean that this Fibre Connection to Schools initiative will not be able to be completed by the middle of 2010. I would have thought that would make it faster, because we have got \$43 billion. I accept there are administrative issues. I know that.

Dr Arthur—I think what I have said is that there will be a significant investment from governments. There will need to be a process quite properly by the broadband department to look at the implementation of that. The implementation of that will need to be taken into account in our initiative. I have not said what that mean will for the overall timetable, because I do not know.

Senator MASON—You are not sure whether the National Broadband Network will hasten the provision of Fibre Connections to Schools? You are not sure either way?

Dr Arthur—Given that I have said I cannot comment on the detail of the implementation of a National Broadband Network, logically therefore I cannot make a statement as to what the result of that will be.

Ms Paul—It is too early to know that.

Senator MASON—You are not sure whether it will hasten or slow it?

Ms Paul—No. We need to understand how it is going to affect—

Senator MASON—I just wanted to get that on the record. That was all. Going back to the document I referred to before, the Fibre Connections to Schools forum of 17 February, DEEWR is commissioning work to ‘identify the underlying cost of provision of broadband services required by the education sector’. What is meant by that?

Ms Bloor—The costs that schools incur in acquiring broadband services are made up of a number of components. There is the cost of actually laying the infrastructure, but then there is also what is termed recurrent costs.

Senator MASON—Sorry?

Ms Bloor—Recurrent costs equate to perhaps what you might think of as a line rental or a usage charge. They are sometimes not reflective of the costs of the infrastructure itself. Some of those issues were aired at the forum that we held in February and it was considered desirable to understand those issues better so that schools in making their decisions about communications purchases were better informed.

Senator MASON—On 17 February 2009 the department commissioned work to identify the underlying cost of provision of broadband services required by the education sector. Why did it take until 17 February 2009 to commission that work? That is 14 months after the computers in schools program and 15 months after your initial election promise? Why did it take so long?

Ms Bloor—School authorities and jurisdictions around the country are responsible for their own communications purchasing arrangements. Many of them have contractual arrangements in place. It was always intended that the government’s commitment with respect to Fibre Connections to Schools would supplement and leverage off that activity. That required a very consultative process. It means that there are many different arrangements around the country whereby schools do purchase their communications. It also required that there be a common understanding of the issues that we were dealing with the education stakeholders.

Senator MASON—I accept that you had to speak to stakeholders but, knowing that process had to be gone through, why did you wait until 19 February this year to commence the process?

Ms Bloor—We did not commence the process on 19 February.

Senator MASON—I will read out what it says. I do not think I am misleading anyone; this is what it says. The department, DEEWR, is to commission work to ‘identify the underlying cost of provision of broadband services required by the education sector’. That is what it says. Knowing that—I understand there are all those other issues—why did it take you until 17 February this year to commission that work?

Dr Arthur—If I am not mistaken, that is the time at which there was a view from that forum that that would be a good thing to do. We are responding at the moment in the consultative process that Ms Bloor has outlined to address that issue.

Ms Paul—It is one of many pieces of work. There has been a lot of activity since the election commitment, much of which Ms Bloor and Dr Arthur have described, and you are drawing on an example of one. That is not to say nothing happened before that.

Senator MASON—Yes. Providing internet connections to schools was an election policy. It is a big commitment. We agree on that. It was a pre-election promise. Why did it take from late 2007 to 17 February 2009 to commission work to identify the cost and provision of those services? It is unbelievable.

Dr Arthur—I believe we have answered that question.

Senator MASON—I am glad you think you have. That is a core promise of the government and the work was not commissioned until 19 February this year.

Ms Paul—I think we have been pretty clear that there has been a long run of work involving all jurisdictions and sectors, which produces new pieces of work which have to build on each other. I imagine there were a large number of discussions to be had about all sorts of technical standards and other issues before you could actually come to cost it. I would be astonished, when you think about it logically, if you could actually come to cost it on day one.

Senator MASON—It is to identify the underlying cost of provision of a broadband service required by the sector. Unless you are actually talking about the issue and trying to find out what indeed they need, you would not be able to begin the process. This should have been commenced after the election.

Ms Paul—I think it was, because it builds on a whole lot of work that has built up to that in terms of what you need to define in a mutual and negotiated way across all of these jurisdictions so you actually can cost something. Otherwise you do not know what you are costing.

Senator MASON—That is not what the forum document says. It is very explicit. I can tender it if you need me to.

Ms Paul—It simply says there is a new piece of work to be done. All I am saying is that that makes sense to me in the logical sequencing of likely work arising from the election commitment.

Senator MASON—This is a major election commitment. Twenty months after a pre-election promise the department is still trying to work out the cost and the key mechanisms of implementing this key policy. It does not make any sense to me.

Ms Paul—I think we have already said—

Senator MASON—We will see what the public think.

Ms Paul—I think we have already said several times that there has been considerable work done and I think it would be hard to think what you would be costing until you actually know what jurisdictions have, and an agreement between jurisdictions on what you are in for costs. It does not surprise me that there is be a sequence of activity.

Senator MASON—That is not right, because it is commissioning work to identify the underlying cost and provision of broadband services. You have to talk to the sectors to find out what the underlying cost is of the services they need. That conversation should have commenced—I do not know—after the election—

Dr Arthur—That conversation certainly did commence—

Senator MASON—in 2008.

Ms Paul—I think we are saying it did.

Dr Arthur—That conversation certainly did commence and continued. As the secretary has said, this is a specific piece of work to address one aspect of that general problem. I would also comment that again the National Broadband Network, particularly the announcements of consultation Senator Conroy has put forward in terms of the regulatory structure for telecommunications in Australia, have also significant potential to affect any analysis of these issues and again are a complicating factor.

Senator MASON—Sure. But you did not know that. That is a new initiative, the National—

Senator Carr—Yes, but, Senator—

Senator MASON—No, it is my go. I accept what you say. The National Broadband Network is a complicating factor. That is true. I accept that. That has been announced recently. This work would have applied straight after the elections. It is no good to say it is a complicating factor. It is; I accept what you say. But you cannot use that as a defence, because that is a new issue that has just been announced.

Ms Paul—We are just saying this was different from the election commitment. This is one piece of—

Senator MASON—You understand my point, do you not?

Ms Paul—No, I do not, because work did commence after the election and this is one piece of it. I think that is what we are saying.

Senator MASON—Let me explain my point.

Senator Carr—We have had heard it four times.

Senator MASON—No.

Senator Carr—You are not making any headway with it. The fact is that the officers have explained that this is a piece of work in a series of work programs. Officers have indicated to you repeatedly that they began work on this initiative immediately after the election and no matter how many times you try to labour the point it does not change the evidence.

Senator MASON—That is not what the document says. I can show it to you if you want.

Senator Carr—I hope you are not going to spend the entire afternoon on such a wasteful—

Senator MASON—No. I want to make the point, that is all, so that next time I am not disappointed. The idea that the National Broadband Network—

Senator Carr—I think you will be disappointed.

Senator MASON—This issue of principle about determining the underlying cost of provision of broadband services is an issue whether it is 2007, 2008 or 2009. Yes, it is affected by the National Broadband Network, but it is an issue that has been around since day one and was not examined until 17 February, according to your own documents.

Ms Paul—We have given an answer.

CHAIR—We will go to lunch now.

Proceedings suspended from 12.28 pm to 1.36 pm

CHAIR—We will resume this estimates hearing with questions about 2.7, Building the Education Revolution.

Senator MASON—Building the Education Revolution comes in three parts: Primary Schools for the 21st Century, \$12.4 billion; Science and Language Centres for 21st Century Secondary Schools, \$1 billion; and the National School Pride program, \$1.288 billion; is that right?

Dr Nicoll—That is correct.

Senator MASON—I did notice that on page 16 of the guidelines it states that the Commonwealth will provide a national coordinator who will be located in DEEWR to oversee the Building the Education Revolution. Do you know who that is?

Dr Nicoll—That would be me.

Senator MASON—They cannot pay you enough. Congratulations.

Senator Carr—They probably can, you know.

Senator MASON—I am not sure that is possible. Nonetheless, congratulations—I think. I understand there are two objectives. Through the Building the Education Revolution the Commonwealth aims, firstly, to provide economic stimulus through the rapid construction and refurbishment of school infrastructure. Is that right?

Dr Nicoll—That is correct.

Senator MASON—Secondly, it aims to build learning environments to help children, families and communities. Is that correct?

Dr Nicoll—That is correct.

Senator MASON—As to priority 1, economic stimulus, obviously that includes the creation of jobs. Is that right?

Dr Nicoll—It certainly includes the support for jobs.

Senator MASON—On page 3 it states, ‘... to ensure that the BER has the greatest impact on job support.’ I did look at the COAG agreement relating to the Building the Education Revolution. You would know of that, of course?

Dr Nicoll—Yes.

Senator MASON—The objectives/outcomes are for economic stimulus and job creation in local communities. That is right, isn't it? Outputs are the creation of jobs in the construction and refurbishment of minor and major infrastructure. That is right, isn't it?

Dr Nicoll—It is certainly about the creation and support of jobs. In the current economic environment it will be support for existing jobs. In an industry such as building and construction, where they had foreshadowed real decreases in activity across the country, this particular infrastructure program would be ensuring that those people who currently were employed would continue to be employed in building and construction all around the country.

Senator MASON—Output D7 states:

(d) creation of jobs through the construction and refurbishment of minor and major infrastructure.

It does say that, doesn't it?

Dr Nicoll—Yes.

Senator MASON—And under D8, Performance Indicators, it states: 'Progress measures include ...'. I am reading from this.

Dr Nicoll—Yes, I know where you are.

Senator MASON—It then lists 'funding application rounds undertaken' and, lastly, 'number of jobs created through BER projects'. That is right, isn't it?

Dr Nicoll—That is correct.

Senator MASON—I noticed that on Monday this week a spokeswoman for Ms Gillard was quoted on the front page of the *Australian* as stating: 'to support the maximum number of jobs possible'. That is right, isn't it?

Dr Nicoll—That is correct.

Senator MASON—With objectives 1 and 2 is there any order of priority?

Dr Nicoll—I think the order of priority is the support for jobs. It is an economic stimulus package, part of the nation-building package. If there were to be a priority in it that is the priority.

Senator MASON—It is the creation of jobs according to the COAG document. That is right, isn't it—the creation of jobs and the number of jobs created? I am quoting from the COAG document. As to the purpose of the guidelines, the guidelines set out arrangements for the administration and delivery of the BER. That is right, isn't it?

Dr Nicoll—Yes, that is correct.

Senator MASON—The Commonwealth reserves the right to amend these guidelines as necessary?

Dr Nicoll—They do. We do.

Senator MASON—Have any amendments been made to the guidelines?

Dr Nicoll—No, there have been no formal amendments made at this point. One amendment has been foreshadowed with the BER coordinators, but there is a process that needs to be gone through in relation to making that change, so it has not been formally done. There have been no formal changes to the guidelines since they were first published.

Senator MASON—I am just working through the guidelines now. The third paragraph on page 3 states:

To further enhance efficiency and early take-up, design templates ...

What are these design templates?

Dr Nicoll—What they are is plans. We asked each state and territory Block Grant Authority to provide design templates. Around the country templates have been used for generic construction of buildings such as libraries, classrooms and multipurpose halls. Rather than going through the process for every one of the schools under P21 or the Science and Languages Centres program and going through a design process from the beginning, it was decided that this was about expediting the time that it would take to inject support into the building and construction industry. That meant that construction needed to be happening as quickly as possible. Therefore, everything should be done, including the use of design templates wherever possible.

Senator MASON—They are in effect leading examples?

Dr Nicoll—They are. They have been used. Each state has a bundle of them that they are already using for construction. They are normally customised.

Senator MASON—Is there enough difference between them? I would not want the BER to end up like Brezhnev's Russia, with all of these horrible buildings that are all the same.

Dr Nicoll—No. There is a huge diversity—

Senator MASON—Are there a lot of templates?

Dr Nicoll—Exactly. There is diversity across the country in the templates that are available. Any school can use one of the templates that are available, whether it be from Victoria or WA.

Senator MASON—How many are there in each state?

Dr Nicoll—I am not sure. We would have to take that on notice. I do not know how many we have.

Senator MASON—Is it possible not only for the numbers for each state but also for copies of those templates to be made available to the committee?

Dr Nicoll—I do not think you would want all of them. We can give you a CD with those that we have available. We have not distributed them to architects in the broader world. What we have done is provide them to schools, states and territories, block grant authorities and schools. Then they do the negotiation with architects for the customisation of those plans. We would be happy to provide the committee with a CD with those design templates on them.

Senator MASON—That is fine. Thank you. I am going now to page 6 of the guidelines. You have schools with multiple campuses there?

Dr Nicoll—Yes.

Senator MASON—It states:

Schools with multiple campuses will be treated as a single school for the purpose of funding paid under the BER.

Dr Nicoll—That is correct.

Senator MASON—I have had constituents say that this is unfair because they have honed their administration into one particular campus and they have satellites that were previously different schools. What do you say to that? What they are saying is that this is unfair.

Dr Nicoll—All programs have to draw lines at particular points. The line that was drawn around multiple campuses was so we could contain and understand what the limits to the funding were. At the Commonwealth level we did not actually have the data available at the time we were doing the costings to make a determination about exactly how many multiple campuses there were around the country.

Senator MASON—I was going to ask you that. Do you have that information?

Dr Nicoll—We have some limited information about the non-government sector, but we did not have that information in relation to the number that would be in the government sector. Whilst we have indeed received concerned letters from schools about the issue of multiple campuses—it is not an easy issue—there had to be some limit. In many cases, there is a certain amount of game playing, I might suggest, in relation to the way some schools around the country may choose, for the purposes of one program, to say that they are one campus and then for the purposes of another program say that they are a multiple campus. With this particular program we made the decision that multiple campuses would not be funded, that the funding for the program was very generous and that it would provide construction for a major building for a primary school on one campus of a multiple campus school.

Senator MASON—Could you get the information to the committee about how many multiple campuses there are both in the non-government and in the government sector?

Dr Nicoll—Yes, I will take that on notice.

Senator MASON—That would be fine. You understand the complaint? I am not saying that you or the minister have to agree with it. I have received correspondence indicating that people feel it is unfair because they have merged schools together and there is a central campus with a central administration. That is the argument.

Dr Nicoll—We have heard that argument. I have had people represent their case on this. We made a policy decision about the program and we are sticking to that, but we would be happy to provide you with whatever data we have.

Senator MASON—DEEWR's responsibilities are noted on page 17. It states:

DEEWR will be responsible for:

- a. developing and maintaining reporting requirements;
- b. provision of reporting tools and templates; and
- c. analysis of data and provision of reports to the Commonwealth.

Dr Nicoll—That is correct.

Senator MASON—Do 'reports to the Commonwealth' mean reports to the parliament?

Dr Nicoll—Let me just check where that is.

Senator MASON—It is on page 17, about halfway down.

Dr Nicoll—What that means is reporting through to the Coordinator General of all of the nation-building programs. We will provide data to the Coordinator General, Mr Mike Mrdak, who was in PM&C, in relation to progress on the BER.

Senator MASON—'Analysis of data and provision of reports to the Commonwealth'—that is just to another department, not to the parliament?

Dr Nicoll—There would be reporting through COAG, but there is no reporting per se other than reporting that we do to you through this process and reporting through the normal annual report and that sort of material.

Senator MASON—On page 13 under the heading 'Reporting Requirements for all three elements of BER' it states:

The Commonwealth will provide an online portal for use by states, territories, BGAs and schools for recording and reporting requirements.

Specific reporting requirements are outlined in Schedule A of these Guidelines.

Has this portal been established?

Dr Nicoll—The portal came online on 1 June. We are taking data, our first lot of reporting on progress, from states and territories and BGAs from 1 June through to about the 15th. That will be reporting on activity up to 31 May. That will capture the progress in terms of the first round of the National School Pride program. It may pick up some of the second round of the National School Pride program, but there probably will not be too much in that because it had just been announced—and the first round of the P21 primary school program.

Senator MASON—What goes on the portal?

Dr Nicoll—A range of pieces of information.

Senator MASON—Is that the material as to ongoing reporting on page 19, where it states—

Dr Nicoll—That is the framework for it, certainly.

Senator MASON—I thought so—a, b, c, d, e and f.

Dr Nicoll—Yes. I will just go to the—

Senator MASON—That is what I thought.

Dr Nicoll—We will be seeking a number of pieces of data in relation to jobs supported, in relation to each project meeting its milestones, in relation to expenditure—

Senator MASON—Projects schedule, yes. I have that, yes.

Dr Nicoll—and in relation to sustainability. There will be certain information that we have taken out of the application stage that will be part of that portal. Then there will be monthly reporting by each BGA and state and territory in relation to progress on all of the projects across the country.

Senator MASON—So, this is after the projects have been approved?

Dr Nicoll—That is correct.

Senator MASON—The money is flowing—

Dr Nicoll—That is correct.

Senator MASON—and in a sense there is accountability. They are reporting on project scheduling, job support and so forth in the portal?

Dr Nicoll—That is right.

Senator MASON—As to access to that portal, can people like me have a look at the portal?

Dr Nicoll—No.

Senator MASON—That is unfortunate.

Dr Nicoll—But I would be happy to share with you—

Senator MASON—I suspect I would have had a very good time if I could have looked at that, but that is okay.

Dr Nicoll—I would be happy to share with you on a regular basis through estimates reports from that particular database so that you are properly informed.

Senator MASON—Some 1,499 schools received funding under round 1 of Primary Schools in the 21st Century?

Dr Nicoll—That is correct.

Senator MASON—And there were 2,010 individual projects. Is that right?

Dr Nicoll—That is correct.

Senator MASON—So, there were 1,499 schools and 2,010 individual projects. The amount of funding was \$2.8 billion?

Dr Nicoll—That is correct.

Senator MASON—Has that all gone out?

Dr Nicoll—The funding goes out in particular stages, but certainly we have provided funding to schools in the first payment, yes, and that has all gone out.

Senator MASON—It has all started?

Dr Nicoll—Yes, the money has started to flow.

Senator MASON—The projects have been approved and the first instalments of the projects have been—

Dr Nicoll—That is correct.

Senator MASON—In the end, round 1 will be \$2.8 billion?

Dr Nicoll—That is correct. A second round will be announced in the next few weeks.

Senator MASON—They are the proposals that were accepted by the Commonwealth?

Dr Nicoll—That is correct, by the Deputy Prime Minister.

Senator MASON—What percentage of these proposals were accepted and rejected by the Commonwealth?

Dr Nicoll—I will just find that for you. In round 1 there were 2,041 applications received. Some 2,010 were recommended to the Deputy Prime Minister. All 2,010 were approved for funding by the Deputy Prime Minister.

Senator MASON—On what grounds were those rejected?

Dr Nicoll—The education authorities chose to withdraw a number of schools from the system and not allow them to go through to the Deputy Prime Minister for her consideration. In some of those cases it was pointed out that in the first round some schools were under the impression they could come back for two bites of the cherry. That was not going to be the case. They had asked for perhaps \$1.5 million and they thought they could come back in round 3, and they cannot. It is a one-application process. We drew that to the attention of the education authorities, and those schools quite obviously decided that they did not want to receive only a lower proportion of their funding, so they chose to have their submissions withdrawn and they will be coming back in rounds 2 or 3.

There were some that came from Victoria and some of those schools did not get anywhere near their notional allocation. We had asked that the education authorities provide us with evidence that school principals and the school communities supported the notional allocation application, the amount that was going forward, and so the Victorian government chose to take some of those back because they felt that they needed to do more consultation with those schools. We have an iterative process in that where there is any question about the eligibility of a school as to one of the elements we go back to the education authority to seek further information.

Senator MASON—Whether it is the state or the block grant?

Dr Nicoll—Whether it is the state or a block grant authority, so that we can get that school to a position where they are meeting all of the eligibility appropriately. In some cases the decision has been made in round 1 that there was still some consultation that needed to be done, so some of those schools were pulled out of round 1 by the education authorities themselves and they will be coming back in rounds 2 or 3.

Senator MASON—The Commonwealth assesses the lists submitted by the states, territories and the block grant authorities according to the same criteria?

Dr Nicoll—That is correct. What we do is check all of the applications against the eligibility criteria.

Senator MASON—Let me get this right so I know what is going on. This is on page 18 of the guidelines.

Dr Nicoll—Let me just check.

Senator MASON—Page 18 states: ‘Application phase: In calling for, and assessing, project’—

Dr Nicoll—No, that is actually in relation to some other requirements in terms of community access. The eligibility goes to—

Senator MASON—I do not want to mislead you. Are we on the same document? Page 18—this might be a different copy—but it is headed ‘Key reporting requirements’.

Dr Nicoll—Yes, I see that.

Senator MASON—Then it is headed ‘Application phase’?

Dr Nicoll—Yes.

Senator MASON—Then it states:

In calling for, and assessing, project proposals, the states, territories and BGAs will collect the following information—

Dr Nicoll—That is correct.

Senator MASON—Then there is (a) ‘project type’ to (i) ‘key risks’.

Dr Nicoll—That is correct.

Senator MASON—They are the criteria that the states, territories and the BGAs look at to determine what lists go to the Commonwealth—is that right?

Dr Nicoll—That is the information that they need to provide us. Then there are eligibility requirements that are outlined on page 11 of the guidelines—no, that is for the actual schools. No, you are quite right. Those are the sorts of things. The other eligibility issue—

Senator MASON—I am sorry, I just want to get this right in my mind. You have (a) through to (i) and that is the information the states, territories and the BGAs collect about each of the individual projects?

Dr Nicoll—That is correct.

Senator MASON—That is the information they provide you with?

Dr Nicoll—Yes.

Senator MASON—I just want to get the process clear. When the Commonwealth gets the lists, the Commonwealth looks at that information to determine whether—because that is the

information it has—it will provide money for each individual project. Is that right? That is the only information the Commonwealth has?

Dr Nicoll—It is that information. But it does go as well to the parameters of the program. In addition, it is a question of what the enrolment number is for that school and the notional allocation for that school. Is the school applying for an amount of money within the parameters of the notional allocation for that school? Those sorts of issues are looked at at the eligibility stage. It is on that basis—

Senator MASON—Eligibility, yes. When the Commonwealth is looking to see whether they are going to fund a project?

Dr Nicoll—Yes.

Senator MASON—I am not a public servant; I am not very good with the vernacular sometimes. I am following the process now, thank you. The No. 1 objective of the BER is to provide economic stimulus and, in the words of the COAG agreement, it is about ‘job creation in local communities’. That is right, isn’t it?

Dr Nicoll—That is correct.

Senator MASON—Under round 1 we now know that 1,499 schools received Commonwealth funding for the Primary Schools for the 21st Century and 2,010 individual projects worth \$2.8 billion—is that right?

Dr Nicoll—That is correct.

Senator MASON—It is a two-stage process. There is an application stage process with those criteria we have just looked at and then there is ongoing reporting. We have an application phase and then an ongoing reporting phase?

Dr Nicoll—Yes.

Senator MASON—How many jobs will be created as a result of the 2,010 projects approved and funded under round 1?

Dr Nicoll—It is not possible for me to give any estimate in relation to the jobs. What we will be doing is, as part of the reporting framework, asking that each school through their education authority provides information about the jobs, which will be an estimate of the average daily number of on-site workers for the duration of the project.

Senator MASON—So this is under ‘Ongoing reporting’, where it says: ‘(d) jobs supported by the school’?

Dr Nicoll—Yes.

Senator MASON—I am with you. At the time these projects were approved did the department know how many jobs would be created by each of the individual applications?

Dr Nicoll—No, we did not. The process is that the schools have applied through their education authorities for the funding. They will have done that on the basis of estimates of what construction will cost. States and territories and block grant authorities, once the funding is approved, will go out and get construction companies or builders to provide them with a

quote. At that point each builder, each tenderer for a job, will be asked to provide an estimate of the number of employees, including a breakdown of apprentices and trainees, who will be on site during the scope of this particular piece of work. That is the definition of jobs that is being taken up across all of the nation-building programs.

Senator MASON—But at the time the projects were approved the department did not know how many jobs would be created by each of the individual applications—that is your evidence. This project, \$2.8 billion, which is the first tranche of \$14.7 billion, is all about job creation. When you gave out the money, \$2.8 billion, the Commonwealth did not have any idea how many jobs were going to be created, did they?

Dr Nicoll—Treasury did modelling in relation to the initial nation-building package, and you could raise with them issues in relation to the number of jobs that will be supported in terms of any of the investment through infrastructure. But at the time of the application we did not know the number of jobs and we did not ask for it.

Senator MASON—The first parameter of this is about maximising jobs. I have quoted the COAG document. Ms Gillard's spokesman on Monday of this week was all about maximising jobs. How do you know you are maximising jobs if you do not even ask how many jobs are going to be created by each individual application? How do you know?

CHAIR—Senator, I am happy for you to ask the question, but simply ask it.

Dr Nicoll—We will know at a realistic time in the construction cycle. To be asking a school or an education authority for an estimate of jobs at that point when they had not engaged a contractor to do the work would have been unrealistic. What we are asking for at the time of the beginning of work is that the people who are actually going to manage the building, who will know what is going on on the site, provide an estimate of the number of on-site jobs that will be taking place over the period of the project. That will be a much more realistic outline jobs estimate than it would have been to provide or ask for that information in the application phase.

Senator MASON—But the problem is you did not know how many jobs were being created at the time you paid out the money. That is the evidence. In a program where the No. 1 priority is about creating jobs—that is the evidence—when you approve a project you have no idea how many jobs you are going to create.

Ms Paul—I think the sequence is pretty clear.

Senator MASON—\$14.7 billion dollars—

Ms Paul—Treasury offered some estimates, you will remember, from the \$42 billion stimulus package and they were broadly reported. This \$14.7 billion component is part of that. They would have included this and the construction industry, no doubt, in their estimates, but you would need to ask them. Clearly these projects have to be done by someone. They cannot be done without labour. It is a very labour intensive industry. It is absolutely clear that—

Senator MASON—I agree. It will create some jobs.

Ms Paul—it will create some construction work. What Dr Nicoll is saying is that the Treasury—

Senator MASON—But how do you know it is maximising jobs?

CHAIR—Wait for the answer.

Ms Paul—We are undertaking probably a world-leading monitoring process to get to not only how many workers there are but how many apprentices. I think it is absolutely fantastic.

Senator MASON—I accept that.

Ms Paul—I have not heard of it in any other sphere or indeed in any other country that we have been talking to about these packages.

Senator MASON—I accept what you say and the information about job creation will be comprehensive. But that is after you have approved—

Senator Carr—Senator Mason—

Senator MASON—Hold on. Chair, can I—

CHAIR—Ask the question.

Senator MASON—I accept what you say, that the job creation will be reported later on. But the horse has already bolted. You have approved the expenditure, potentially up to \$14 billion. This is all about job creation and you have no idea when you approve those projects that you are maximising employment opportunities at all.

Senator Carr—I think it has been held for many years the importance of the building industry in terms of moving the economy forward quickly. It has been the case in every recession throughout the last 100 years. I am sure you, as a former academic, will be only too well aware of the basis on which economists have calculated the number of jobs that are created. They do so on a dollar basis. We could provide advice under that standard practice.

Senator MASON—I am listening.

Senator Carr—What the officers have told you is that that can be compared with what has actually happened when the projects have commenced. It is a long established premise of economics that the building industry is a lead indicator and a major source for stimulus and moving the economy forward quickly. There is an opportunity through this program to ensure that every community in the country has an opportunity to provide high-skilled jobs at every school in the country. That is the basis on which the government proceeded—to move quickly and decisively. The proof of the pudding is in the figures that have been published today in terms of the national accounts.

Senator MASON—This is the problem: how do we know that the projects that you have approved funding of \$2.8 billion for in round 1 will create the most jobs? How do we know it is the best value for money when you did not even ask the question about job creation?

Senator Carr—The Treasury designed the program—

Senator MASON—So it is Dr Henry's fault?

Senator Carr—The first stage of the stimulus package was to ensure that stimulus was provided quickly through the cash payments. The second stages have been through the infrastructure programs and that is exactly what has happened.

Senator JACINTA COLLINS—Can I just clarify an issue, because I am interested in what Senator Mason is following. Is Senator Mason suggesting that the Commonwealth should have awarded contracts on the basis of, or with a component being, the number of jobs a particular contractor claimed that they would deliver?

Senator MASON—It is about job creation.

Senator JACINTA COLLINS—Yes, but are you suggesting that the Commonwealth should award contracts and consider one factor or a proportion of the factors assessed in awarding contracts the claim that the contractor makes about how many jobs that will create?

Senator MASON—What I am putting is this. The Commonwealth did not even ask before spending \$2.8 billion whether the individual projects they approved and paid for would maximise job creation.

Senator JACINTA COLLINS—They did in the modelling in Treasury.

Senator MASON—Hold on—no. This is the problem. Comparing project A with project B, we have no idea which particular project will create more jobs. Why? Because the question was never asked. That is the problem. Can I go to reporting on page 19. You did mention—and I accept this, and this is after the projects have been approved and the money is flowing, as it is now—that required information is (d) ‘Jobs supported on the school site by the project’. That is true, but that is after the projects have already been approved and the money is flowing. In the end I accept the minister is right and that we will know how many jobs are going to be created—I accept that—but we will never know whether that was as many jobs as could have been created or whether it was the maximum. That is the problem.

Senator Carr—If we had followed your advice we still would not have had a nail put into wood. We would still be wandering around the country thinking about how to respond to the economic downturn. The government’s approach was to act quickly and decisively to ensure that we got the economy moving quickly. I repeat: the proof of the pudding is in the eating. Today’s results demonstrate that the government was right. We do not have the luxury to sit around and pontificate as to whether we can have a detailed study for the next two years about whether this project is going to produce more jobs than that project. The government had a model established through Treasury. It undertook careful consideration of those matters, but we had to move quickly and we have done that. In terms of the advanced economies, Australia’s growth rate is at the top of the league. We are doing it much better than anybody else.

Senator CASH—Thank you, Peter Costello.

Senator MASON—The problem was that you did not even ask the question. Ms Paul said before, and I agree with her—

Senator Carr—The education department did not ask the question because it is the Treasury’s job.

Senator MASON—they did not ask the question when these applications were sent.

CHAIR—You have actually asked that question now several times and it has been answered.

Senator MASON—But I do want to go back to Ms Paul's question about labour costs.

CHAIR—Okay.

Senator MASON—You are right: labour is a large component of building. I accept that. Labour costs are always a component of any contract. Why were they not asked for by the Commonwealth?

Dr Nicoll—The timing that you are suggesting would have been totally impractical and would not have generated what you are looking for. To enable each school to participate in this program, the timing was to provide an estimate of the cost on the basis of what information they had.

Senator MASON—Yes, I accept that.

Dr Nicoll—They did not go out to a contractor. They had not been out to local builders, and for a very good reason. They had not been awarded Commonwealth funding at that point and they could not clarify with a builder at that particular point exactly what the number of employees would be on a particular site. We have done what will provide the government, in terms of accountability, with information about the jobs supported through the program in a realistic way by seeking that information when the projects are beginning—when contractors have been hired, when tenders have been finalised and when real construction is beginning, rather than a fiction that may have been the case were it to have occurred earlier in the process.

Senator MASON—When the Commonwealth approved the expenditure of \$2.8 billion and when the parliament voted that money for this project the parliament voted \$2,800 million because we thought it was about maximising jobs and you did not even ask how many jobs were being created on each individual project.

Ms Paul—It is about maximising jobs.

Senator MASON—We do not know that. How do you know that? You do not know.

Ms Paul—The amazing thing here is we actually know this in real time, which I think is probably a world first. I have not heard of any other English-speaking countries that have been as fast as this. It is very interesting to hear their progress. It is much slower.

Senator Carr—And you voted against it.

CHAIR—Senator Mason, we should move on because we have covered this.

Senator MASON—I have made the point. How many jobs do you hope to create out of the \$14.7 billion, or is whatever happens good enough?

Dr Nicoll—No. You would have to ask Treasury about that. There is economic modelling that they have done.

Senator MASON—What did they say?

Dr Nicoll—They provided an overall figure for the modelling and they have responsibility for the economic forecasting in relation to that.

Senator MASON—What was Treasury's target?

Dr Nicoll—The target that Treasury provided for the national-building package that was announced in February—

Senator MASON—The BER part?

Dr Nicoll—No. They provided no breakdown of BER.

Senator MASON—Okay, they did not.

Dr Nicoll—They provided an economic forecast of 90,000 jobs over the next two years for the entire nation-building package that was announced in February 2009. They did not provide a breakdown of BER.

Senator MASON—We are about to spend \$14.7 billion, the largest infrastructure project of its sort in our history, and there is no target for job creation? How do you even know you are going to succeed? How do you know if there is no target?

Senator Carr—What I do know is that you voted against the package and I would ask you how many jobs would have been created if we had followed your advice and not had a stimulus package at all.

Senator MASON—How do you know if you are maximising it? How do you know?

Senator Carr—I know what we are doing; we are rejecting your advice.

Senator MASON—You do not know.

Senator CASH—It is a bit like the 75,000 that Rudd promised last year.

Senator MASON—This is the problem. You do not know if you are maximising job creation or if we are getting value for money for \$14.7 billion, because you did not ask the question.

Senator Carr—I will tell you what question we did ask: how can we advance the welfare of the Australian people and do so quickly in a time of great economic distress? What we found is that the Liberal Party opposed us at every turn. Your position remains to oppose this spending, does it not?

Senator MASON—It is easy to spend money. It is very hard to spend it well and you have not spent this well.

Senator Carr—Is it true that you do not support any of these school projects?

Senator MASON—That is not right.

Senator Carr—That is not right? So, you do support these school projects?

Senator MASON—What is that?

Senator Carr—Which ones do you support?

Senator BILYK—Unless the media is there.

Senator Carr—When the cameras turn up you support them.

Senator MASON—What?

Senator Carr—Do you support these projects?

Senator MASON—Firstly, I do not answer your questions. Secondly, what I do not support is this process. I support a good spend. I want to maximise job opportunities, which you have not done with \$14.7 billion.

CHAIR—I support a good estimates process.

Senator JACINTA COLLINS—He said no to my question about making it a factor in awarding tenders. What would you suggest?

Senator BILYK—If you had spent on infrastructure all of this would not be happening.

Senator CASH—You could spend it on people who live in the country.

CHAIR—Senator Mason has the call.

Senator MASON—We have gone through the application and reporting process now for the expenditure of the first \$2.8 billion. Having looked at that, we do not know how many jobs are going to be created. There is no target. Let us see how it has been implemented thus far. Why do we not have a look at that? Are you aware of a news story in the *Sunday Telegraph* of 5 April 2009 titled ‘Waste of funds in a class of its own’?

Dr Nicoll—We will have a look to see whether we have that article with us. I am aware of many articles about BER, including celebrations of the funding going to schools, but I do not have that one to hand. We will have a look for it, but perhaps you could tell me what is in it.

Senator MASON—I will. This is from the *Sunday Telegraph* of 5 April, 2009:

Schools have accused the NSW Government of wasting millions of dollars in federal building grants by forcing them to accept inflated quotes.

The NSW Teachers Federation, the Parents and Citizens Association and the State Opposition have been swamped with complaints from school staff who accuse the Education Department of approving bloated prices for classrooms, halls and building upgrades.

They say centralised state bureaucrats are freezing out local builders who have quoted to do the work cheaper, raising concerns that huge amounts of taxpayer money will be wasted.

Do you accept that that is what was written?

Dr Nicoll—Yes.

Senator MASON—How is the Commonwealth ensuring that the best value for money is being achieved and the Commonwealth is not being ripped off by state governments?

Dr Nicoll—The issue of value for money is one the Commonwealth takes very seriously, as does the accountability of all of the education authorities participating in this program. In relation to some of the allegations in that particular story, there have been issues around the country in relation to the relative autonomy or control that principals have been used to having in relation to capital expenditure. The situation is that in New South Wales they had perhaps not done the same level of consultation with their principals in the earlier stages.

Senator MASON—I just want to make sure we are on the same page. The New South Wales government did not consult?

Dr Nicoll—Based on feedback we received from a number of schools, including some of the media representations, it would seem that the New South Wales government could have gone further in terms of their consultation with schools. They have remedied that. They have embarked upon a major consultation with school principals to ensure that school principals and communities do know what is going on. There has been a central process run in New South Wales, the largest state in the country, dealing with so many more schools than would necessarily be in some of the other smaller states, and they have worked through particular contracting mechanisms. They are looking for value for money in terms of the contracts that they are putting out in regions around the state. That would certainly be something we will be looking for in terms of the ongoing reporting that they provide in the program. Part of the condition of the funding under the funding agreement with the state governments was, firstly, that they get value for money in their contracting and, secondly, that they maintain their own capital expenditure over time.

Senator MASON—We are going to be a while on this. There are still a couple of issues here. What you are saying is this: under the BER guidelines states have to provide information to the Commonwealth about ‘steps to be taken to achieve broad community consultation’; is that right?

Dr Nicoll—That is correct. It is a condition of the funding that they consult with principals and the principals agree with the proposal that is going forward to us.

Senator MASON—You said that it was the Commonwealth’s view—not your personal view—that the New South Wales government had not taken appropriate steps to achieve broad community consultation; is that correct?

Dr Nicoll—I would not go as far as saying that. There were issues with consultation in the early stages of BER, which the New South Wales government has remedied by bringing on board a dedicated task force for dealing with consultation and working with schools. This is a huge program.

Senator MASON—That is why I am spending all this time on it.

Dr Nicoll—Its rollout is happening incredibly quickly. In many states principals have varied experience in dealing with capital expenditure and dealing with architects and builders, and it is different around the country.

Senator MASON—This is going to take a long time, Chair.

CHAIR—You have indicated some of these are complicated matters. I think it is fair that the answers are allowed to go on.

Senator MASON—We will just see how we go. There was some disquiet then about the New South Wales approach. Did that disquiet emerge when New South Wales told the Commonwealth what steps they had taken to achieve broad community consultation or was it after press reports saying there was concern?

Dr Nicoll—It would have been a combination of those. As the national coordinator, I have had regular meetings with the BER coordinators around the country to understand exactly how they are rolling out the program. We have attempted to identify issues as they have been going out with the implementation. Then of course we respond to media reports in an appropriate way to follow up to see where those are and to investigate where appropriate. In addition, schools can write to me as the national coordinator to seek further investigation of particular interpretations by the states of the guidelines.

Senator MASON—In relation to the *Sunday Telegraph* article of 5 April, that particular issue has now been resolved to the satisfaction of those stakeholders?

Dr Nicoll—I do not have the article here. I would be happy to take that particular school on notice.

Senator MASON—Let me mention a couple: the Bobs Farm Public School, Belltrees Public School and Coal Point Public School.

Dr Nicoll—I recall the issue of Bobs Farm Public School. In that case the school had sought a quote from a local builder for a particular construction that did not include insulation and appropriate fit-out for the building, and the principal felt that he or she could have received a cheaper price by going to the local builder, but the building that that builder would have provided would not have been of the quality that would have been accepted by the New South Wales Department of Education for students. It missed a whole lot of things that the school would then have had to pay for later on.

Senator MASON—I am not even saying the school community always gets it right. What you are saying is that the school community did not necessarily get it right but that the government had other objectives in the particular case; is that right?

Dr Nicoll—The governments' objective, both the Commonwealth's and the state's, is for the highest quality product for students to be able to operate in that we can possibly achieve.

Senator MASON—How do you reconcile when school communities want a certain project and the state government wants another one? How do you resolve the tension between the two?

Dr Nicoll—We look to the education authority to work with the school community. If there is not a resolution possible, it would be possible for the Commonwealth to step in. The bottom line from our point of view would be—and I know this is the Deputy Prime Minister's view—that what the school community wants would be what the school community should get.

Senator MASON—I have no doubt that that will be signalled across the nation. That is excellent.

Dr Nicoll—I think the Deputy Prime Minister has signalled that herself in any forum that she has spoken to.

Senator MASON—Ms Gillard may have done that, but I am about to go through areas clearly where that message has not got through. You say that, and Ms Gillard may well have said that but, sadly, that has not been the outcome. An article in the *Sydney Morning Herald* of

Friday, 10 April is titled 'Rush for buildings: schools fear costs'. I will read the first couple of paragraphs:

Schools claim they could negotiate cheaper prices from local builders to improve the quality of prefabricated libraries and classrooms being transported from as far as Victoria.

The NSW Teachers Federation has surveyed its membership and found widespread concern with the estimated costs and quality of prefabricated school libraries and classrooms that the Department of Education and Training has ordered in bulk. They are concerned they have been forced to overlook cheaper options provided by local builders because the purchase of new buildings is organised centrally by the Department of Education and Training.

How is the Commonwealth ensuring the quality of the buildings constructed under the Building the Education Revolution? How do we know we are getting good value for money? How are you monitoring this?

CHAIR—Please.

Senator JACINTA COLLINS—One question at a time.

Senator MASON—It is a fair question.

Dr Nicoll—It is part of the funding agreement with the states and territories and the block grant authorities that they ensure they get value for money in the contracting that is going to take place with any block grant participant or any school construction that is done under a government program. We are sure that they will ensure the best value for money and the highest quality outcome for all schools.

Senator MASON—How do you know that? I am not saying that the state government does not have that responsibility that you put on them. I am sure that is right. But how does the Commonwealth government know that money is being spent like that?

Dr Nicoll—We will be rolling out a process of compliance in terms of monitoring the state and territory and block grant authorities' adherence to all aspects of the guidelines of the BER over the next couple of years. Some of that compliance will look to value for money in terms of construction. Every construction will have to meet local planning requirements, whether they are local or state based, to ensure that they are of the highest quality.

Senator MASON—Over the next couple of years? These projects are going to be finished before then. The money is rolling out now. How is the Commonwealth monitoring whether this is the most effective use of the money?

Ms Paul—I pretty well think you can hear that we would be involved in every aspect through the national coordinator, the state coordinators and the BGAs.

Senator MASON—Can you believe this?

Ms Paul—It is probably worth putting in context that this is the biggest capital program ever, but there has certainly been a whole number of—

Senator MASON—That is why it is so important—\$14 billion!

Ms Paul—There are a whole lot of capital programs and therefore significant expertise right across the sectors, and they will be required to adhere to those guidelines and we will be monitoring them, as Dr Nicoll said.

Dr Nicoll—Could I add that there is no difference in this approach from previous programs of capital that have been run under this or previous governments. As to the capital grants program, we are monitoring value for money in a similar way. Under IOSF there was perhaps nothing that went to the exact issue that you are talking about now. We are monitoring this in a way that is similar to previous capital programs that have been run under this and previous governments.

Senator MASON—It is \$14.7 billion and there is no comprehensive oversight by the Commonwealth.

Ms Paul—There is entire comprehensive oversight by the Commonwealth—

Senator MASON—There is not.

Ms Paul—through the national coordinator, who links in with the controller general for the stimulus package. I think it is absolutely enviable around the world that we will have the comprehensive monitoring systems in place, which not only will allow us to monitor properly the program but will actually record the apprenticeships and work arising in real time, which I think is absolutely innovative and extremely impressive. It certainly has never been done in any previous program.

Senator MASON—Correct me if I am wrong. We have \$2.8 billion for round 1. That is right, is it not? And there are roughly 2,000 projects? As a ballpark figure that is right, is it not? If we are talking about \$12.8 billion, and you say each project over the course of the next few years or over the next short period will be roughly worth the same, we are talking something along the lines of, let us say, four and a half times \$2.8 billion to get to \$12.8 billion?

Dr Nicoll—Yes.

Senator MASON—So, 2,000 times 4.5 is roughly 9,000 projects over the \$12.8 billion?

CHAIR—You could table those calculations for us.

Senator MASON—It is just ballpark. I accept that. It is roughly 9,000 projects, and the coordinator general is going to be monitoring that effectively?

Ms Paul—We already are, because we have the system up and running, which is fantastic. I talked about that earlier.

Senator MASON—The system that Dr Nicoll mentioned does not—

Dr Nicoll—We have—

Senator MASON—You do not know. There is monitoring per se of the building of these projects; that is the evidence.

CHAIR—You can put that and you have, and answers have been given that disagree with that proposition.

Ms Paul—I think we have comprehensively disagreed with that proposition for some time now.

Senator MASON—You know as much about the buildings as you do about the job creation prospects.

Ms Paul—That is an assertion.

Senator MASON—No. I think you have no evidence about what each project—

Ms Paul—The monitoring system on these buildings is really quite impressive.

Senator MASON—That is your assertion.

Ms Paul—Yes, it is.

CHAIR—It is the evidence given to the committee, yes.

Senator MASON—No, it is not.

CHAIR—You can disagree with it if you like and that is fine.

Senator MASON—The Commonwealth is ensuring the quality of the buildings constructed under the BER; that is your evidence? That is the monitoring that you have mentioned. All right. That is fine. The COAG National Partnership Agreement on the Nation Building and Jobs Plan states regarding the Building the Education Revolution program that one of the outcomes it seeks is ‘economic stimulus and job creation in local communities’, and the progress measures include numbers of jobs created through BER projects. That is right, is it not?

Dr Nicoll—That is correct.

Senator MASON—How is the Commonwealth monitoring whether any particular project as opposed to another particular project is creating jobs in local communities?

Dr Nicoll—We are not monitoring that on a project-by-project basis. The states and territories and the block grant authorities as part of their funding agreements are asked to give priority wherever possible to employment in local communities. In some cases it simply will not be possible to have local communities employed on some of these projects.

Senator MASON—I accept that. It is the priority. That is all I am saying.

Dr Nicoll—But it is certainly something that we have encouraged in every meeting we have had with the BER coordinators to identify, particularly under the National School Pride Program, where we are looking at smaller projects for refurbishment or minor construction, where there are real opportunities for local builders, local tradespeople and local landscape architects.

Senator MASON—Again, you are not monitoring that job creation in local communities in individual projects? Is that your evidence? In relation to the story I mentioned from the *Sydney Morning Herald* of 10 April 2009 we have prefabricated buildings coming from Victoria into New South Wales. How are those prefabricated buildings built in Victoria maximising job creation in local communities?

Dr Nicoll—I think you will find that that is a very small part of the New South Wales government strategy in terms of the program. For smaller schools that are eligible for a smaller notional allocation under P21 because of their enrolments—

Senator MASON—I am sorry, could you just repeat that?

Dr Nicoll—Schools under the primary school program get a notional allocation of funding based on their full-time equivalent number of students who attend that school. For smaller schools they therefore receive a smaller sum on money under the program. For some of those schools the reality of getting a new building needs to be thought of in terms of what is possible with the funding that is available. This is taking place in some of those schools in the Northern Territory to be able to provide communities in remote locations with appropriate buildings very quickly but also with the appropriate labour sources.

Senator MASON—I think we are at cross-purposes. What the article is not saying is that people in these schools in New South Wales were after a new building. It is that they wanted local builders engaged to build a project rather than have a prefabricated building coming from Victoria. I did not want to be at cross-purposes.

CHAIR—Dr Nicoll is actually answering why that is not always possible in every instance, I think.

Dr Nicoll—That is correct.

Senator MASON—If they have local builders to build a certain project, given that creating jobs in local communities is part of the criteria, why is that not being done rather than bringing in prefabricated buildings from Victoria?

Dr Nicoll—I have said—

CHAIR—That is the answer Dr Nicoll was going to.

Senator MASON—I am sorry, okay.

Dr Nicoll—The particular solution is a small proportion of the New South Wales government strategy across all of their schools. They have engaged with prefabricated design modules for some of their buildings.

Senator MASON—How many, do you know?

Dr Nicoll—I do not know. We could find out. We could take that on notice.

Senator MASON—Thank you.

Dr Nicoll—But they are a smaller proportion. If you say to me: why did they go to Victoria? There is a limited number of providers and there is a need for value for money and it may have been that the New South Wales government secured better value for money from one of the few providers of prefabricated modules, and there were several I am aware of that exist in Victoria.

Senator MASON—This is why I raised this. I am concerned about monitoring individual projects, because clearly in this case the locals are not happy. Local employment is not happening, and that is why each individual project has to be monitored.

Dr Nicoll—We are monitoring—

Senator MASON—I am sorry, by the Commonwealth.

Dr Nicoll—We are monitoring each individual project. There will be 10,000 schools that receive funding across all elements.

Senator MASON—Well, 9,000 to 10,000, okay.

Dr Nicoll—Approximately 10,000 schools across the country will receive funding. May I ask: are you suggesting that the Commonwealth actually check each one of those schools?

Senator MASON—What I am saying is that before applications are approved further questions should have been asked.

Ms Paul—I think Dr Nicoll gave some examples earlier where we actually have worked with the state coordinators, the state departments and the local communities in the negotiation to get the best possible result for the school community and value for money for the Commonwealth and the state. I think there are some nice examples of where that is the case. Let us assume that that balancing act was done in these cases, with which I am not familiar. But let us say that that balancing act was done. This is the best value for money. The manufacturing sources are the sources. There would of course be local employment in terms of installation and so on as well. I think these examples have been quite good ones in terms of that very comprehensive consideration of the balancing between the local community considerations and the value for money considerations.

Senator Carr—What have you got against Victoria? What is your problem with Victoria?

CHAIR—He is priming us for tonight; is that right?

Senator MASON—Nothing. Some of those issues are covered in the application phase but, again—a bit like the jobs—sadly, not comprehensively. In the *Herald Sun* of 5 April 2009 there was an article titled ‘Schools lose out on cash’, which stated that ‘stimulus package money pledged by the Rudd government for new facilities for Victorian primary schools is being syphoned off by the state government, principals claim’. Further:

Asked about the principals’ claims, the education department admitted to encouraging schools to forgo funding if the money could be better spent elsewhere. The Sun Herald has documents showing schools are also being warned they could receive nothing if they went public. The Victorian Principals Association also claimed some schools had been asked to sacrifice their funding.

How is the Commonwealth ensuring that the schools get the buildings they want according to their priorities and not the priorities of the Victorian Department of Education?

Dr Nicoll—There are a number of mechanisms that we built into the process. One of those is something that I foreshadowed as a change to the guidelines earlier in my testimony and that relates to evidence from each principal to be provided to the Commonwealth that they agree with the proposal that has been put through to us by their education authority. We are requiring a letter from the principal of every school to say that they agree to whatever is being proposed by—

Senator MASON—By the state government or BGA?

Dr Nicoll—By the state authority—by the state government or the state block grant authority. That is one mechanism.

Senator MASON—That is not in the guidelines now?

Dr Nicoll—No, it is not. They have been asked to do it, but we will be putting a change to the guidelines as soon as possible to make that a requirement.

Senator MASON—So, you have written to the state governments and BGAs?

Dr Nicoll—Yes, I have. They are aware of this change in policy and they are aware that we will be taking the appropriate action to change the guidelines as soon as possible. That is one of the mechanisms that are in place. Whenever a media issue comes up such as the one you have highlighted we raise that issue with the relevant education authority and we seek an explanation from them of what is going on and what the situation is in relation to a particular school.

Senator MASON—How do you know?

Dr Nicoll—We will have a letter from principals that we will have for the second round of P21 and the third round of P21. I think we are seeking the letters for the first round of P21 as well retrospectively so that we have a signed document from a principal that he or she has agreed to what is going forward as the application.

Senator MASON—Have you adopted this policy because it has not been working too well thus far?

Dr Nicoll—There are different approaches around the country to the way capital is negotiated with schools. In Victoria they have had a situation where their principals have a very high level of autonomy in relation to capital. They engage architects themselves. They oversee the building works. They have been used to a situation where they have that level of control. The requirements of Building the Education Revolution have been such that we have had to roll this out very quickly to be able to provide the greatest stimulus to the economy as quickly as possible—

Senator MASON—We do not know that. That is an assertion.

Dr Nicoll—The Victorian government has—

Senator MASON—We do not know that as a fact. No, we do not know we are maximising the stimulus. That is the point of contention.

Ms Paul—We do actually.

Senator MASON—No, we do not because you did not ask how many jobs were being created. You cannot compare proposal A and proposal B about job creation if you do not ask the question.

Senator JACINTA COLLINS—I do not think that was the point Dr Nicoll was making. That was a general point.

Senator MASON—You did not ask the question.

Senator JACINTA COLLINS—I suggest that Senator Mason take these questions to Treasury.

Senator MASON—It is not about Treasury. There is \$14.7 billion being spent by this department.

CHAIR—Whether or not you like the answer—

Senator MASON—No, it is not an answer, it is an assertion.

CHAIR—It is an answer and it is the evidence being put before the committee.

Senator MASON—I will give my answer shortly. Go on.

CHAIR—You can disagree if you wish and that is your right. Dr Nicoll.

Dr Nicoll—In Victoria schools have therefore been used to a much higher level of autonomy in relation to capital. The way the BER has had to be rolled out in Victoria is that they have chosen to use their regional networks, and there have been negotiations between individual regional leaders with principals. There have been different levels of diplomatic skills used by some of those regional directors.

Senator MASON—There are different cultures in each state?

Dr Nicoll—Some of the issues that we are seeing are because of different ways that some individuals have rolled it out in some regions, particularly in Victoria. That is being addressed. The Victorian government has recognised that. They have appointed somebody to go in to troubleshoot particularly where there has been a breakdown in the consultation process between a principal and their BER taskforce. I met with the Victorian government last week. Ms Mitchell and I met with the head of the BER task force in Melbourne to outline our concern about the issues that were coming up in the media about principals, and in fact issues that had been raised directly with me about consultation. We have taken a very proactive approach in terms of responding to principals' concerns. Indeed, I have on my table to go back to tomorrow a number of phone calls to make to principals to follow up issues that they have raised directly with me. We are very concerned to ensure that principals and school communities are appropriately consulted.

Senator MASON—I think you gave evidence earlier on—it may have been Ms Paul—that in round 1 there were 2,041 applications received and the Commonwealth received 2,010 of them and they were approved by the Deputy Prime Minister. So, 2,010 out of 2,041; is that right?

Dr Nicoll—That is correct.

Senator MASON—That is about 99.9 per cent. I do not know what the figures are, but—

Dr Nicoll—I think that is actually pretty close to it.

Senator MASON—What independent mechanism at the time of application has the Commonwealth got to analyse—forgetting jobs; we have had that debate—on the point of value for money? You have approved 99.9 per cent. How do we know this is the best value for money? How does the Commonwealth know? Are we relying on the states?

Dr Nicoll—The rollout of this program is dependent upon the states and territories and the block grant authorities working in a partnership with the Commonwealth. It is a national partnership—

Senator MASON—They are not creaming it off?

Dr Nicoll—No. There are mechanisms in place to ensure that that does not occur.

Ms Paul—Including the amendment on administration and so on.

Senator MASON—I am not sure the public agrees with that. I think it is the evidence that you are approving 99 per cent and the money is flowing for 99 per cent of the applications coming forward. The money is being granted before there are any reporting mechanisms about what in fact money is being spent on. This is just ridiculous.

Senator Carr—Is this why you voted against it?

Senator MASON—You know what I think? I think you had better have a better plan for how to spend \$14,700 million rather than this plan. This is absolutely shambolic. I thought the computers in schools program was a fiasco. I never thought I would see that again. This is worse. This is \$14 billion.

CHAIR—There is no evidence to suggest that. This is a conclusion you are welcome to come to, but I fail to see how you can possibly come to that conclusion based on the evidence given today.

Ms Paul—All of our evidence so far has been quite clear that it is anything but shambolic. In fact, it has been worked up very fast and very thoroughly and I suspect we will be seen as a world-leading case model in infrastructure stimulus amongst the developed economies affected by the global recession.

Senator MASON—But you do not know whether you are maximising the stimulus. That is the evidence. That is the problem. I am not saying it is not a stimulus, but are you maximising the stimulus?

Senator JACINTA COLLINS—Do you suggest that they should have awarded tenders on some proponent that claimed they would produce the most jobs?

Senator MASON—Why was the question not asked?

CHAIR—We are not going to have a debate about it.

Senator MASON—No-one has answered that.

Senator Carr—In the seat of Dickson there are some 45 schools and some 106 projects, expending nearly \$6.5 million. Which of those do you not support?

Senator MASON—I support the idea of maximising jobs, which you cannot tell this committee you know about.

Senator Carr—Which of those 45 schools do you think should not get any money?

Senator MASON—I support maximising the stimulus, of which you have given evidence that you cannot assure the committee.

Senator Carr—There are 45 schools in the seat of Dickson. How many should not get money under your proposal?

CHAIR—We should not be continually having debates during estimates.

Senator MASON—With respect to the seat of La Trobe and Mr Wood, my colleague, I was looking at the Building the Education Revolution website. The Prime Minister appears in a video that shows him launching the BER at St Gregory's Primary School. I think that is somewhere in the seat of Eden-Monaro. I think it is probably Queanbeyan.

Senator JACINTA COLLINS—I thought we were in La Trobe?

Senator MASON—I am sorry, let me go back. I was looking at the website and on the website the Prime Minister appears in a video that shows him launching the BER at St Gregory's Primary School, which I think is in the seat of Eden-Monaro. He states that local decisions will be happening as a result of this plan. He goes on to tell us that the parish of St Gregory's will get together and make decisions about how best to spend the BER funds. Then we go to La Trobe. That is what the Prime Minister says on the website. On 24 May 2009, page 1 of the *Melbourne Age* reported:

Beaconsfield Upper principal Nick Karanzoulis said his school community thought it was 'manna from heaven' when they heard about the funding—known as the Schools for the 21st Century fund—of which they were entitled to \$2 million. 'We were going to spend the funds on a proper school hall. Our current one was built by parents in 1983 following the bushfires which devastated this area and it's far too small and in terrible repair.' But the school has since been told that building a hall is not one of the options available to them. 'We now have to choose between a small multipurpose space with a tiny gymnasium, or small library, or more classrooms,' Mr Karanzoulis said. 'There's no way what we're being offered would cost anywhere near the funds we're entitled to. We should be able to get the Taj Mahal of halls for \$2 million. Instead we're being told we've got to take something which doesn't suit our needs.'

Do you see the problem?

Senator Carr—How much money do you recommend they get? You voted against all of it. It would not have mattered. Under your proposal they would have got nothing.

Senator MASON—It is not about how much money you are spending, it is about how you use it. You are not using it too well.

Senator Carr—It is whether or not you support the proposal.

Senator MASON—You are not using it too well.

Senator Carr—In La Trobe there are 149 projects. Which ones do you support?

Senator MASON—I support the project that will maximise employment, which you cannot tell me, can you? Which ones?

Senator Carr—Do you oppose all of the 149?

Senator MASON—You do not know. Which ones maximise employment?

Senator Carr—Because that is what you voted for. You opposed all of them.

CHAIR—Do you have a question?

Senator MASON—Yes. Given that Mr Rudd said in announcing this program that local communities would make the decisions, why is it that local communities with proposals that fit the price tag are not getting what their school wants? Why is that?

Dr Nicoll—If there a specific school that you have a concern about from that article I would be very happy to take that on notice and to give you information about how that particular issue has been resolved.

Senator MASON—Beaconsfield Upper—

Dr Nicoll—I am happy to take it on notice.

Senator JACINTA COLLINS—I am interested in it, too.

Senator MASON—Beaconsfield Upper, I think it is called.

Senator JACINTA COLLINS—It is actually Upper Beaconsfield.

Senator MASON—Mr Karanzoulis is the principal there. The point he is making is that he is not sure that Commonwealth bureaucrats have a better idea as to how schools will spend their money.

CHAIR—We do not know exactly the point he is making. You have read the quote onto *Hansard* and it stands as it is.

Senator MASON—He states, ‘There is no way what we are being offered would cost anywhere near the funds we are entitled to.’ And there are a lot of other people who have said something similar. Does the Commonwealth have a process for ensuring tender processes are competitive, value for money and the finished project is being delivered? That is the same question. No. Can I move to school pride—

Senator JACINTA COLLINS—Just before you move off this subject, in terms of the extent to which the Commonwealth has enhanced some of our processes for rolling out capital projects in education, can you give us some detail about the education and training modules that I think school principals have been going through about how to work through the process of a major capital project in their school? Perhaps you could take that on notice.

Dr Nicoll—I will take that on notice.

Senator JACINTA COLLINS—I have had some feedback, for your benefit if you are not aware of it, that the training modules that have been designed to assist in rolling out these capital projects are of a very high standard and are very helpful.

Dr Nicoll—Different states around the country and different block grant authorities have adopted their own approach to preparing their principals for participating in the program. It is great to hear something positive. We have heard other stories about that. Thank you. What state was that in particular?

Senator JACINTA COLLINS—This feedback is from Victoria and in particular it was that the training modules are much more helpful than what would have occurred in the past—this is from an experienced principal—with having to absorb a very large manual or set of guidelines.

Ms Paul—Certainly there have been all sorts of other improvements in business process and so on for this program. When you think about the timing here, after the announcement of the stimulus package, when the applications were called for, when the applications closed and when the announcements were made and now to actually see money starting to flow, which means that people are literally being employed in local communities to work in the construction industry as we speak, it is undoubtedly the fastest I have seen, which of course was the whole point of the stimulus package.

Senator JACINTA COLLINS—My impression had been that there were various enhancements despite the speed at which this process has been rolled out, rather than the alternative assertion that we heard before.

Ms Paul—Yes, there are.

Senator JACINTA COLLINS—Dr Nicoll's comments were that it is similar to the past, but my impression has been that it has actually been enhanced from the past.

Ms Paul—Certainly even just attending to value for money had not always been done in the past. One of the key innovations here is not only getting it out fast but having a system that actually in real time records how many people are being employed, which is absolutely phenomenal. I have recently had reason to find out a bit about infrastructure stimulus in other English-speaking countries. No-one is on as fast a track—at least of the countries that I came across—as we are. I do not know of anyone else who can actually track in real time how much work is actually being generated as a result of these projects.

Senator JACINTA COLLINS—I was not so much interested in that point, because frankly I think it is a bit of a side issue. I am more interested in the actual rolling out and the monitoring of the process.

Dr Nicoll—We will follow that up.

Dr Bruniges—One of the things that we do see coming around the country is the training that you have mentioned in terms of value for money for principals. I too am aware of some of the improvements directly at the school level for principals as they have gone through training and heightened their awareness of procurement and some other issues that this project has brought.

Senator JACINTA COLLINS—It is not just procurement, it is managing the whole process. That is the feedback I have had.

Dr Bruniges—Yes.

Senator MASON—As to the National School Pride program, 60 per cent of schools were to have access to funds under round 1 of the program and these projects were supposed to commence in April or May under the guidelines on page 10; is that right?

Dr Nicoll—Yes, I think that is correct.

Senator MASON—At all schools that received money has the work commenced?

Dr Nicoll—Based on applications, we know that in round 1 some 5,599 schools would have commenced their construction or their refurbishment by now.

Senator MASON—How many was that?

Dr Nicoll—There were 5,599.

Senator MASON—This is under pride?

Dr Nicoll—That is in pride. Under round 2, some 141 have now commenced. We will be getting—

Senator MASON—Did you say 141?

Dr Nicoll—Yes, 141 schools. As I said earlier, we will be receiving information through the reporting framework over the next week or so that will give us another assessment of the commencements to just see where construction is up to. We are aware that a number of projects have actually been completed under the school pride program around the country as well. We have started getting that data, but we have not been able to do any final analysis of the first round.

Senator MASON—I understand that, but you did not quite answer my question. Those 5,599 schools—

Dr Nicoll—Have already commenced.

Senator MASON—Have all of them commenced?

Dr Nicoll—Based on the information they gave us in their applications they were planning to have commenced.

Senator MASON—But you do not know whether they have commenced, do you? It is based on their applications?

Dr Nicoll—As I said, we are waiting for the reporting data that it is coming in right now to give us a validation of that.

Senator MASON—We are going back to the same point. Schools will say that they are going to commence by April-May 2009 because they say they are going to do it, but you cannot tell the committee that they all have, can you?

Ms Paul—We are just about to find out. We have just said that. How would we know until we get the information? Do not forget they are incredibly compressed timeframes. I do not think it would have been physically possible for them even to report. Of course, their main job is to get out there and get some construction going on.

Senator MASON—If I said that some had not would that shock you?

Dr Nicoll—No.

Senator MASON—No, I did not think so.

Dr Nicoll—Because they are to begin the work over May and June.

Senator MASON—No, that the work had not begun?

Dr Nicoll—It is to be commenced over May or June.

Senator MASON—If I said to you that the work had not commenced, and it should have commenced by April-May? It should have commenced by now, correct?

Dr Nicoll—I do not have that bit of paper here.

Senator MASON—Hold on. We had better get this right. I do not want to be at cross-purposes. Let us make sure we get the dates. I am referring to page 10 of the guidelines. You keep saying June. I just want to check this.

Dr Nicoll—We will check that.

Senator MASON—No, let us do it right now.

Senator JACINTA COLLINS—Are we talking about stage 1 or 2?

Senator MASON—No, round 1, 60 per cent of schools—5,599. That is the evidence. Dr Nicoll?

Dr Nicoll—Yes. I am sure if it says May-June you are reading it accurately—April-May, I beg your pardon.

Senator MASON—It is April-May, is it not?

Senator JACINTA COLLINS—I thought you were on round 2.

Dr Nicoll—As I said, we are getting the data from schools.

Senator MASON—Hold on. I need to ask the questions. We are now on the same page literally—April-May 2009. You do not know whether all of those projects have commenced. That is the evidence. That is right, is it not?

Dr Nicoll—I do not know, because they have not reported yet.

Senator MASON—You have a reason, but you do not know. If I said to you that some of those 5,599 had not commenced, because it is now 3 June, you would not be shocked; is that right?

Ms Paul—We do not know one way or the other yet until we get the report. If you have reports there we are happy to hear them, but we are actually getting the full report—

Senator MASON—I want to know what you are doing to monitor it, because they should have started and you do not know yet.

Ms Paul—It is not really a matter of surprise or not. It is just a matter of our getting the data, which we have not been able to get yet.

Senator Carr—What do you expect the secretary to do, drive around and knock on the door of the principals?

Senator MASON—I expect the expenditure of Commonwealth money to be monitored. That is what I expect.

Senator Carr—The schools undertake to start the project in a certain timeline. That timeline has yet to be exceeded. There is a reporting requirement—

Senator MASON—No, that is not right. The end of May, Minister.

Senator Carr—It is the normal administrative practice.

Senator MASON—Keep up with the program, Minister. End of May.

Senator Carr—I am very much up with the program.

Senator MASON—That is right, is it not? It is the end of May?

Senator JACINTA COLLINS—It is only June—

CHAIR—My understanding is we are talking about states—

Senator MASON—No. April-May is the commencement of projects under round 1 of pride; is that right?

Dr Nicoll—That is correct.

Senator MASON—Keep up with the program, Minister. Come on.

Ms Paul—Given that it was the end of May only three days ago we have not got the reporting yet.

CHAIR—You have asked the question and you have got your answer. I am not sure what you now want to do.

Senator MASON—I just want to find out what is happening and whether government money is being well spent.

CHAIR—You have been told.

Senator MASON—Let me move on.

CHAIR—Good.

Senator MASON—We have looked at Primary Schools for the 21st Century; is that right? We have also looked now at pride?

Dr Nicoll—Yes, that is correct.

Senator MASON—Let us move to Science and Language Centres for the 21st Century. That is the third part of the BER; is that right?

Dr Nicoll—That is correct.

Senator MASON—Science and Language Centres for the 21st Century is a \$1 billion initiative to build around 500 new or refurbish existing science laboratories and language learning centres in secondary schools; is that right?

Dr Nicoll—That is correct.

Senator MASON—There are three main eligibility requirements, the second of which is a 'need for the specified building'. It states that if there are inadequate facilities existing buildings can be refurbished; is that right?

Dr Nicoll—That is correct.

Senator MASON—Some New South Wales stakeholders proposed a plan whereby more of the money would go towards refurbishing buildings rather than building new ones. The

backers of the proposal say that this would mean more schools would benefit and it would be a more efficient use of monies. That is from page 1 of the *Australian* from Monday, 1 June. Do you accept that?

Dr Nicoll—Yes, I am aware of that article.

Senator MASON—The application guide for the Science and Languages Centres for the 21st Century program states that a school is eligible if the current facilities are inadequate for their current or emerging needs. Is that right?

Dr Nicoll—That is correct.

Senator MASON—Why were the stakeholders' plan in New South Wales rejected when they sought to upgrade existing buildings that were inadequate, which is within the terms of the guidelines?

Dr Nicoll—I am not aware of any rejection by us of any proposal by New South Wales schools. The deadline for the applications for the science and language centres closed a few days ago. We are in the process of analysing the applications that have come through. That report was unfounded.

Senator MASON—Was it? That is fine. It may be—

Dr Nicoll—From the Commonwealth's point of view, there has been no rejection of New South Wales schools on that basis.

Senator MASON—This is a report and I accept that the press are not always accurate. I accept that. I will quote the article—

CHAIR—Is this a new bit?

Senator MASON—Yes, it is. It states:

But federal Education Minister Julia Gillard has rejected NSW's push to revisit the guidelines. A spokeswoman for Ms Gillard said it was always intended the program would focus on the construction of new or 'substantially refurbished' science labs 'to support the maximum number of jobs possible' ...

Is that right?

Dr Nicoll—That is correct.

Senator MASON—On the one hand, we have stakeholders who are after refurbished buildings and on the other we have a spokeswoman for Ms Gillard saying that we should have new buildings to maximise the number of jobs possible.

Dr Nicoll—I think the quote from that article in that last paragraph actually says 'building and refurbishment'.

Senator MASON—It does. But the question is: how do you know that more jobs will be created by the 150 new science buildings rather than refurbishing 430 or any other amount? How do we know that?

Ms Paul—I think we have just said that the allegation there is so far to our knowledge unfounded, so it is not really relevant one way or the other.

Senator MASON—The allegation is simple. Under the New South Wales—

CHAIR—It might be simple, but the officers have said it is unfounded. You cannot just keep putting the same allegation.

Senator MASON—Let me add to it. The New South Wales government plan is simply that they would refurbish 430 classrooms, and the Commonwealth says, ‘No, we want to build 150 new science buildings.’ Ms Gillard’s decision means only about 150 New South Wales schools will benefit as opposed to about 430 under the New South Wales proposal on the basis that this will create more jobs.

Dr Nicoll—The Deputy Prime Minister has made no decision in relation to the science and language centres. She has not been provided with any recommendations by the national assessment panel for that particular program. This particular article—

Senator MASON—Did you read this?

Dr Nicoll—Yes, I have read the article. This particular article is referring to a rejection of refurbished science or language centres. We have not rejected any such thing. The applications have come in to us. We are now looking at those. None has been rejected.

Senator MASON—Is this wrong?

CHAIR—That has been the evidence so far.

Senator MASON—That is fine.

CHAIR—That is what they have been saying.

Senator MASON—I wanted to check, because not all of them have been wrong. This came out on Monday of this week and you are saying that this report is incorrect?

Dr Nicoll—There has been no rejection by the Commonwealth of any New South Wales school’s proposal for a science and language centre, because we have not been through the process yet.

Senator MASON—In fact, the New South Wales proposal for refurbishing, let us say, 430 might get up?

Dr Nicoll—Each of their schools will be looked at on a case-by-case basis. It will not be a matter of their putting up 400 schools as a block. It will be that the national assessment panel will look at all of the applications to assess them in terms of the three criteria—disadvantage and need for the building, and a capacity to build within the specified time—and the panel will make a recommendation to the Deputy Prime Minister based on those criteria. Refurbishment of an existing science facility can be one of the options that a school could put forward.

Senator MASON—That is fine. I understand the evidence. I just wanted to check that. Basically you are saying this is a misrepresentation of the facts. I concede that does happen at times.

Proceedings suspended from 3.19 pm to 3.40 pm

Senator MASON—Dr Nicoll, I take you back to science and language centres for a moment, as I want to check something. Do you know whether or not the New South Wales government's and the parents and principals' proposal has gone to the department?

Dr Nicoll—Ms Mitchell may know.

Ms Mitchell—Yes. We have prepared a draft response for the DPM to consider in relation to that letter.

Senator MASON—So it has gone and a reply is awaiting the Deputy Prime Minister's signature.

Ms Mitchell—That is correct.

Senator MASON—My friend and colleague Mr Briggs, the member for Mayo, has raised a question about the Kingscote school on Kangaroo Island. Let me be fully frank here, Ms Paul and Minister: this is not under the BER scheme. The Kingscote school received \$9.5 million, half of which was federal money—which would be \$4.25 million—to build additional classrooms and for other refurbishments, and apparently there is a range of problems with the construction. I have so many examples of this sort but, Mr Chairman, you will be pleased to know that this is the last one from me. Is the department aware of this grant and the Kingscote school campus problem? Are you aware of this one, Dr Nicoll?

Dr Nicoll—No. We would be happy to take that on notice, if you have a specific question in relation to the school.

Senator MASON—All right. I have several questions, in fact. Again they are about quality assurance, a range of defects—I have 11 pages of defects that have come in—and reporting mechanisms. Let me read them off, as that will be faster. Is the department aware of this grant and the problems that have resulted from it? Does the Commonwealth have any quality assurance mechanisms for ensuring that the money it contributes to projects is being used in the most effective manner? We have already addressed that issue in other contexts. In the Kingscote example, there are a range of defects—big defects—that show that quality was not assured and the money was not spent properly; what does the Commonwealth do to ensure that quality is of the highest standard? Does the Commonwealth, when it gives money to the states to administer, have a say in which contracts are accepted? Is the Commonwealth provided with an opportunity to veto any arrangements? What reporting mechanisms do the states have when they are administering grants to schools, and does the Commonwealth have any opportunity to intervene? Has the Commonwealth ever intervened where the money has not been spent appropriately; and, if they have done so, how often? Let me be clear: this is not part of the BER program. Could whoever in the department looks after that please address those questions on notice?

Dr Nicoll—Yes, that is me. I am happy to take those questions on notice.

Senator MASON—Thank you. Going back to pages 15 and 16 of the guidelines, there is a clause that relates to state and territory obligations, and those obligations are echoed with respect to BGAs. Halfway down page 15, just above 'Obligations on the BGAs', it states:

The Commonwealth reserves the right to refuse funding to a state or territory that releases information publicly about BER projects prior to the Commonwealth's approval of projects.

What does that mean?

Dr Nicoll—It means what it says. If a state or territory releases information publicly about a BER project in relation to its approval before the Commonwealth has approved it, the Commonwealth reserves the right to refuse funding.

Senator MASON—If schools, principals or P&Cs, however, release information publicly or complain, are they refused funding also?

Dr Nicoll—No, it has nothing to do with that. What it is doing is addressing the issue where a state or territory or block grant authority may pre-empt an announcement by the Deputy Prime Minister.

Senator MASON—Steal the limelight, as it were.

Dr Nicoll—I beg your pardon?

Senator MASON—Steal the headlines.

Senator Carr—No.

Senator MASON—I am not trying to be—

Dr Nicoll—No, not at all.

Senator Carr—The Commonwealth government takes the view that it ought to be able to properly assess claims before people try to pre-empt the decision-making processes. I would have thought that would be entirely appropriate.

Senator MASON—It may well be, Minister. I just want to find out what it means. So, if state, territories or BGAs release information publicly about BER projects prior to the Commonwealth's approval of projects, it could mean that they are refused funding.

Dr Nicoll—It says what it says.

Senator MASON—All right. As long as I know what it says, that is fine. Pages 13 and 14 of the guidelines talk about branding recognition requirements for all three elements.

Dr Nicoll—Yes.

Senator MASON—'The Deputy Prime Minister must be invited to all opening ceremonies'—brass plaques, publicity, roadside signs and everything else. Have any recognition ceremonies commenced as yet?

Dr Nicoll—No.

Senator MASON—There is plenty of detail on self-promotion.

Dr Nicoll—These guidelines almost mirror those of IOSP, under the previous government. They reflect customary practice over the last decade in relation to recognition.

Senator MASON—By IOSP, you mean the Investing in Our Schools Program—

Dr Nicoll—That is correct.

Senator MASON—which has been replaced partly by the pride program. Is that correct?

Senator Carr—If you recall, Senator—

Senator MASON—Hold on, Minister. So, for all BER projects, these are recognition requirements across the \$14.7 billion of expenditure. Is that right?

Dr Nicoll—That is correct.

Senator MASON—It is not just the pride program?

Dr Nicoll—No.

Senator MASON—It is the whole lot, right.

Senator Carr—Senator, you sat here through many years of estimates; do you remember the flagpole scandal? We had the odious arrangements made by your government regarding the requirements—

Senator MASON—Flagpole scandal? What was that?

Senator Carr—The flagpole scandal: every school had to have a flagpole and only a member of the government, if I recall rightly, was to ‘open’ this flagpole. They were not even made in Australia, Senator, so I was disgusted with it. There was a specific requirement, Senator—

Senator MASON—What estimates was this in?

Senator Carr—that only government members were allowed to participate in these processes.

Senator MASON—Minister, while you were making that big parade in the Senate estimates into education, I was chairing Senator Faulkner and Senator Ray—

Senator Carr—Well, Senator, that is okay—

Senator MASON—and let me just say—

Senator Carr—but I might have to remind you of what the odious circumstances were of your government.

Senator JACINTA COLLINS—I think you should.

Senator Carr—They had a circumstance where all of the government’s education programs required only the government to open and participate in those ceremonies. Those signs, as well as being required, highlighted the fact that these projects not only were Commonwealth but also were opened by the local member and identified him or her by name. That was the key feature of the signs. I just wonder where you would find that sort of blatant political exploitation in these guidelines.

Senator MASON—We can go through these guidelines, if you like.

Senator Carr—There has been a significant change, Senator—

Senator MASON—Okay, we will go through these guidelines.

Senator Carr—a very significant change.

Senator MASON—Dr Nicoll, the first guideline is that the Deputy Prime Minister—

Senator Carr—Senator, if you recall—

Senator MASON—I am sorry; I have some questions now. The first question is—

Senator Carr—No, I am just—

Senator MASON—I have questions for the minister.

Senator JACINTA COLLINS—The minister is making a statement.

Senator MASON—Okay. Make your statement then; go ahead and then I will ask some questions about it.

CHAIR—We will let the minister conclude and then I will give you the call.

Senator Carr—Chair, Senator Mason indicated that he was not familiar with the previous arrangement, so I thought I would draw it to his attention. Over here is a sign that says: ‘A project of the Investing in Our Schools Program. This project was opened by Chris Pearce, the member for Aston.’ That was displayed prominently on the sign. Commonwealth funding not only had to be acknowledged at the end of a project by a sign being erected; it also had to be acknowledged right throughout the building of the project. So we could have a whole series of events, such as a ribbon cutting exercise by the local member, in which the local member’s name was prominently displayed—an acknowledgement not of the Commonwealth government but of the local member’s name, which is very convenient in a marginal seat. Senator Mason, are they the sorts of guidelines that you suggest we should have?

Senator MASON—I was not going to get into this, but I am quite happy to ask questions on it. Dr Nicoll, do you remember how much the Investing in Our Schools program was?

Dr Nicoll—It was one-point-something billion.

Senator MASON—Would \$1.2 billion be right?

Dr Nicoll—Yes, around that.

Senator MASON—How much is this project worth?

Dr Nicoll—It is worth \$14.7 billion.

CHAIR—You are not going to run the size argument, are you?

Senator MASON—So this project is 13 times as large; is that right? You are a mathematician, Dr Nicoll; how many times larger is this—

Dr Nicoll—I cannot tell you.

Senator MASON—What if I do it? Let me work this out. It is 1.2 into the amount for BER; what is that amount?

Dr Nicoll—It is \$14.7 billion.

Senator MASON—Twelve times 12 is 144. So this project is more than 12 times the amount of money than—

Senator Carr—No.

Senator MASON—Yes; 14.7—

Senator Carr—No, no—

Senator MASON—Hold on. I will ask a question in a second and you can make your comment in your answer.

Senator Carr—Senator, I am already—

Senator MASON—The Investing in Our Schools Program was \$1.2 billion; is that right?

Senator Carr—Senator, you have indicated to us at every other estimates in the last 18 months that you are not good at numbers.

Senator MASON—That is true and I agree, when I do not have my calculator.

Senator Carr—You and I have talked about this before, so I am troubled that you are now seeking to give us tuition in the numbers game.

Senator MASON—Yes, right. You tell me what your numbers are then.

Senator Carr—The truth of the matter is that we are finding here that the previous government spent 50 times the amount of money that was being spent by this government in terms of signage and promotion of the particular projects that have been identified as being Commonwealth funded—50 times. That is the situation. In terms of the amount of money that is spent—

Senator JACINTA COLLINS—The proportion of those—

Senator Carr—Senator, in the House of Representatives, yesterday, a question was asked—I am sure you have done your research—and these figures were provided to it. Even if you cannot count, I know that you can read, so maybe you should have a look at the *Hansard*.

Senator MASON—The Investing in Our Schools Program was \$1.2 billion. Is that right, Dr Nicoll?

Dr Nicoll—It was \$1.18 billion.

Senator MASON—Let us say it was \$1.2 billion; it makes it easier for me. And the current project is \$14.7 billion. So, in fact, the Building the Education Revolution is more than 12 times the size. That is why I asked the questions, Minister; I did not ask them just for fun. We have been talking about \$14,700 million of public funding. I have further questions.

Senator CASH—Chair, perhaps I could put one question on notice to Dr Nicoll. Dr Nicoll, in response to Senator Mason, you have agreed to take on notice to look into one of the schools that have issues with the funding they have received and what they need to spend it on. Two schools have approached me in Western Australia. One is Hyden Primary School, which has issues with what it has to spend its funding on. Secondly, and more importantly, is Burbridge Primary School, which caters for some very, very seriously disabled people. It has been offered the choice of a library or some playground equipment. Due to the nature of the students, neither is appropriate, but the school desperately needs money to spend on its pool that is used for physiotherapy. I will put those details on notice and I would appreciate it if you could follow those issues up.

Dr Nicoll—I certainly will.

Senator CASH—Thank you.

Dr Nicoll—I will contact the WA government and follow those issues up for you, if you will give us the appropriate names.

Senator CASH—Yes. I really do appreciate that; thank you.

Senator MASON—Chair, Senator Fisher, who is not here, raised with me before that she also has questions.

CHAIR—People can put questions on notice until first thing Monday morning.

Senator MASON—Senator Fisher is here now. She will ask her questions on the BER now. I then have some questions on computers in schools. Given that I have had such a joyous run—

CHAIR—A good run, a generous run.

Senator MASON—I do have other questions but, clearly, my colleagues may wish to ask questions.

CHAIR—Yes. Senator Fisher.

Senator FISHER—Thank you, Chair. Ms Nicoll, I think these questions are for you. I want to ask about the Naracoorte Primary School in South Australia's south-east and that school's application and approval for funding under the Primary Schools for the 21st Century component of the program that Senator Mason has been asking you about. Are you aware of the Naracoorte Primary School having written to the South Australian department on 19 May with some concerns about the progress of the building that had been approved for funding?

Dr Nicoll—I am not, but I will undertake to investigate that particular issue. I extend this invitation to all of you: if you come across schools that are having problems, I would ask that they write to the BER national coordinator—that is me. The details are on the website. If the school writes to me, we follow up with the state or territory or block grant authority to find out what is going on and to see what the situation is for that particular school. We have taken a note of that school. Is it a government school?

Senator FISHER—Yes, that is my understanding. I have a copy of a letter that the school wrote to a Mr Roach in the state department, and I am happy to provide it to the secretariat so that you may be provided with a copy.

Dr Nicoll—Thank you. That would be great.

Senator FISHER—Dr Nicoll, all that is very well and good, but how are schools and school communities able to know that they should and could be approaching you direct if they have an issue with the state department administering the machinery of a grant?

Dr Nicoll—We have all of those details on our website. We have communicated that to all the states and territories and block grant authorities to provide those details to all schools.

Senator FISHER—Do you know whether they are doing so and how do you check that they are?

Dr Nicoll—I do not know that personally; I cannot check and I have not done so. We have not written to every single school. As I understand it, at various points the Deputy Prime Minister has written to schools. We will look at whether we need to communicate and provide schools with more information. But we have done everything that we can to disseminate that information and information about the appeals process. It is on the web and part of the guidelines; the details are there for schools. A number of schools have taken that opportunity, so it seems that schools have found that information.

Senator FISHER—When you say ‘a number’, how many do you mean?

Dr Nicoll—About 10 formal complaints have been made to me, up to this point, but we also follow up any school—

Senator FISHER—How many schools have been approved funding? I mean, ‘10’ is a number, but what percentage of the total pool is that?

Dr Nicoll—I cannot tell you that off the top of my head. It is a very small proportion. But I think that is a signal as well that, whilst there are issues around the country with some schools, an extraordinary number of schools have found this experience to be a very positive one—

Senator FISHER—Good, because it needs to be.

Dr Nicoll—and the process is working well. What tends to happen is that we hear about the exceptions to that. On the basis of the numbers, I would suggest that is a very small proportion. But we want to ensure that schools do get the best value out of this. We will follow up on that school for you.

Senator FISHER—Thank you. Earlier in answer to Senator Mason, I heard you say that the department is ‘very concerned’—I think they were your words—to ensure that school principals and communities are consulted. What process do you have in place with state departments—for example, with the South Australian department—to ensure that school principals and communities, when they are consulted, have their concerns responded to, when steps taken prior to that have not prevented concerns from arising in the first place? What processes does the department have in place to ensure that school principals and communities are consulted—for example, with the Naracoorte Primary School?

Dr Nicoll—I outlined before that a change we are introducing into the guidelines requires that all states and territories and BGAs provide us with a letter from the principal, indicating their agreement to whatever the state or territory or BGA is putting forward on their behalf in their application to us. That is an extraordinarily strong message to the principals that their endorsement is required. It is a condition of the funding and is in the funding guidelines outlined. We did not have that requirement initially but, given that some schools about which we have had feedback have felt they have not been consulted appropriately, we now seek evidence from them—from the states and territories—which is letters from principals, to show that they have agreed to what is coming forward. I think that is a very powerful tool.

Senator FISHER—The Naracoorte Primary School in that letter, a copy of which I will provide you afterwards, expresses the view, ‘We feel we are being severely disadvantaged by being forced to accept alternate building plans for our school.’

Dr Nicoll—Yes.

Senator FISHER—That is some testimony, if you like, which is not dissimilar to the sort of testimony that Senator Mason referred to earlier. The letter continues:

Our original plan for a six-classroom block has now been reduced to a four-classroom block. We feel this decision will hinder and disadvantage our school’s future growth and development.

I will take you to a couple of further details of the concerns of the Naracoorte Primary School. They express in the letter grave concerns about the seemingly high inflated building costs which, they say, are ‘approximately two and a half times greater per square metre in comparison to other similar building projects’ in the immediate area. My understanding is that this comes about as a consequence of two things: firstly, the state department’s insistence on the use of certain builders compared with those who could be utilised in and from the local community; and, secondly, the imposition of what I understand to be a 30 per cent loading on the building costs.

Dr Nicoll—To the latter, we have told states and territories that that is not permissible in terms of the way they do the funding—as a general rule, that is. As to the former issue, as I suggested in earlier testimony, in some cases, principals have gone out and found local builders who might be able to do a job and, when we have investigated it, it has been the case that these builders were not providing high quality in terms of the final fit-out of that building, which would be expected by the standards of an education department. So sometimes there is a gap between what the principal thinks they might be able to get by going to their local person and what is required by the sorts of standards that we want to ensure that our children are in. It goes to issues such as insulation, proper fit-out—

Senator FISHER—I appreciate that and I appreciate that each situation is individual and that there may be gaps in some cases. You say that you have identified that in investigations. Will you investigate this case?

Dr Nicoll—Indeed.

Senator FISHER—Thank you. In respect of the 30 per cent loading, which I understand the Naracoorte Primary School has been told relates to travel, accommodation and security—site security, as there is some suggestion about vandalism, which, happily, the Naracoorte Primary School considers it does not see a lot of—you say, as a general rule, the department has made it clear that that is not permissible. What processes does the department have in place to ensure that, if and when a loading is charged, it occurs in a situation where it is permissible? Also, on what basis might that occur?

Dr Nicoll—Some states and block grant authorities, in anticipation of having contractors successfully tender for some of these jobs, have had to anticipate the costs that would be involved in some construction. That particularly is the case in rural and remote areas, where generally a higher cost of delivery is to be expected than in some metropolitan areas.

Senator FISHER—Not necessarily.

Dr Nicoll—You are quite right when you say that it is not necessarily the case; but it has been found to be the case by many people around the country, including education departments, who have gained experience from building in rural and remote areas on a regular basis.

Senator FISHER—So is it a general rule that there will be a loading, or is it a general rule that—

Dr Nicoll—No. We have said that it should be looked at on a case-by-case basis and that the idea of just levying a loading per se should not be the case. It may be that over time we will also see a number of tenders or quotes for jobs coming in under the estimates that have been provided in terms of the funding. We are looking at mechanisms enabling us to deal with those projects so that a school can come back and say, ‘Well, we’ve actually ended up getting a better price than we thought we would for this job; can we do this to enhance the project?’ We are looking to enable that school to enhance that project within the funding they originally received. We will look at the particulars of the school that you have outlined. I cannot give you further details at this point, but I undertake to investigate it.

Senator FISHER—Thank you. Are you able to respond to both the school and me regarding the school’s suggestions about the now proposed building not meeting their needs, with the reduction from six classrooms to four?

Dr Nicoll—We will do that through the secretariat, as appropriate.

Senator FISHER—Thank you; that is appropriate. Secondly, can you respond regarding their concerns about being able to get a better value for money product by utilising alternate providers to those proposed by the state department? Thirdly, can you respond regarding the prospect of a 30 per cent loading?

Dr Nicoll—We will look at all of those things.

Senator FISHER—Thank you very much.

CHAIR—Thank you, Senator Fisher. That was good information for the committee.

Senator MASON—This will not take long. I have no further questions on Building the Education Revolution; however, I do have some questions—not many—on computers in schools. I have many other questions, but these are of a high priority.

Ms Paul—Chair, I am quite keen to allow Dr Nicoll to go. Are there any more questions in the areas of capital or general funding as it mainly concerns schools?

Senator MASON—The questions I have—you will have to help me here, Ms Paul—are on the National Action Plan for Literacy and Numeracy, Smarter Schools—Low Socioeconomic Status School Communities National Partnership and Smarter Schools—Improving Teacher Quality National Partnership. I also have questions about the national curriculum. As far as I am concerned, if Dr Nicoll is not involved in those areas—

Senator CASH—I merely have questions on trade training.

Senator HUMPHRIES—I have questions about distance education.

Dr Nicoll—Are they in relation to BER?

Senator HUMPHRIES—Yes.

Dr Nicoll—I will take those on notice, if I may.

Senator HUMPHRIES—That is fine.

Senator HUMPHRIES—Can I clarify a point? I understand that the Deputy Prime Minister made an announcement in Queensland on 5 May to do with the funding of primary schools, particularly those in Queensland. She indicated that \$650 million would go to Queensland primary schools for capital funding in that state. I understand that, as part of that arrangement, Mount Isa School of the Air is to receive BER funding—I understand that is a distance education facility—but funding for the other five distance education schools in Queensland, which are based in Cairns, Emerald, Charters Towers, Brisbane and Charleville, are not eligible for funding under the BER program. Can you explain why?

Dr Nicoll—We have become aware of some anomalies in relation to the treatment of distance education. There was a very clear outline. No distance education school per se was excluded from BER; however, distance education students were not to be counted in the enrolment profile for each school to come up with a notional allocation for them under the program. It has become clear to us in the last week that some states have provided us with data that is anomalous in this regard, and the Deputy Prime Minister has asked us to investigate the issue and the treatment of distance education. We are doing that now and will be providing her with a brief on the issue in relation to distance education. It will be up to her to make a call about how their treatment goes forward and, if so, what action needs to be taken to ensure consistent treatment across all distance education schools. We appreciate that there has been an anomaly. That anomaly occurred in the first instance because the states provided us with inaccurate data. We are going back and looking at all of that and will be briefing the DPM in the next few days in that regard, so she will be looking at that carefully.

Senator HUMPHRIES—What is the threshold size that a school must be to be eligible for BER funding?

Dr Nicoll—I think it is one student, isn't it?

Ms Mitchell—Yes.

Senator HUMPHRIES—I suppose that a distance education school is automatically counted as having no students. If no-one is there every school day, they have no students to—

Dr Nicoll—Originally, the data collection for making the decision about what the notional allocations would be was done on the basis of full-time equivalent students, and distance education students were not to be included in those profiles. In some cases—this appears to be particularly the case in Queensland, which is why we have to go back and look at it, and we are in touch with the Queensland authorities as well—they have counted distance education students. Some distance education providers also have day students and, where they have, they have been recognised for it to a certain allocation under the various elements of BER. We

are looking at it. The Deputy Prime Minister will be making a call in the next few days as to how those schools need to be treated, because anomalies have become clear to us.

Senator HUMPHRIES—I understand that there are 1,450 full-time equivalent students at the distance education schools in Queensland; effectively, some of them share campuses with other ordinary schools, but clearly they have separate requirements. For example, the Charleville School of Distance Education obtained funding for separate classrooms, under the Investing In Our Schools Program; so they feel as though they have infrastructure for which they could well advocate for support, based on the needs of their students. Can I, through you, convey to the minister a very strong expression that these schools are as deserving of support under this program as any other schools in the Commonwealth?

Dr Nicoll—Yes, we will pass that on. But we are aware of the issue and we are looking at it.

Senator HUMPHRIES—I also have a question on languages in schools, but that is not in your program.

Dr Nicoll—It is not, no.

Senator HUMPHRIES—Chair, could I ask a question about Indigenous education, while the changeover is occurring? Did we end up deciding to move all Indigenous education to Friday?

Senator Carr—That is my understanding, yes.

Senator MASON—I have a few questions on computers in schools, which is one of our favourite topics. Dr Arthur, welcome back. In the *Digital Education Revolution Fact Sheet* of March this year, which I pulled off the web, page 1 has a bit about what has been achieved so far. I notice that you mentioned the oncost, Dr Arthur; I congratulate you for that. It is very good that there is recognition there. I then go to chart 2. Do you have that in front of you?

Dr Arthur—I do not have it in front of me.

Senator MASON—Let me take you through it and we will see how we go. I have taken it off the website of the Department of Education, Employment and Workplace Relations.

Dr Arthur—Sure.

Senator MASON—Chart 2 is headed ‘Results of Rounds One, Two and 2.1 Investment—March 2009, National Secondary School Computer Fund’. It says, ‘Chart 2: Computer to Student Ratio for Schools Years 9 to 12’. The chart seems to show that almost all schools will have a ratio of one to two after the completion of rounds 1, 2 and 2.1, with the exception of a very small number of schools that have a ratio of one to three—that is, one student to every three computers—and a slightly larger proportion that already has a ratio of one computer to every student. Is that right?

Dr Arthur—The chart shows the effects of the funding made available under all of those rounds and it is, indeed, the case that that funding will be sufficient to provide that ratio in all those schools, except, as you say, for those schools that already are above that or for the very

small number of schools that, for one reason or another, chose not to participate in one or other of those rounds.

Senator MASON—That graph shows that a number, roughly halfway between 2,500 and 3,000—so let us split it at 2,750—have a ratio of one to two. As for the ratio of one to three, it is listed there but there are not many of them.

Dr Arthur—No.

Senator MASON—I agree that there are not many; there are very few.

Dr Arthur—It is a very small number. As I say, that would be schools that chose—as was their right, for one reason or another—not to apply.

Senator MASON—Do you have a number for the ratio of one to one? It looks to me to be about 100, but I do not want to mislead you.

Dr Arthur—As for the ratio there, a number of our schools have students in years 9 to 12 and all of those schools are eligible for the program; they are all to get to one to one. So all schools, except for that very small number who were already at that ratio, would receive funding to move to one to one, which is the target number for all schools in that group.

Senator MASON—Hold on. I have not asked anything too difficult yet; I just want to get the numbers right. So one to two is roughly 2,750 and one to one is, what, about 100? Is that right?

Dr Arthur—Schools that are already at that level, yes.

Senator MASON—And one to one.

Dr Arthur—That would be correct.

Senator MASON—About 100.

Dr Arthur—That would be correct, yes.

Senator MASON—And one to three, for whatever reason, is very small. It is listed but, anyway, there are very few.

Dr Arthur—Indeed.

Senator MASON—I accept that. Let us go through the rounds. The Deputy Prime Minister announced on 31 March the grants for round 2.1.

Dr Arthur—Yes.

Senator MASON—It has been over two months since apparently the vast majority of schools were approved to have computers to bring them up to this one to two ratio.

Dr Arthur—Yes.

Senator MASON—Have those computers been delivered?

Dr Arthur—No, because the announcement of the Deputy Prime Minister was of the successful schools that would be eligible for the funding. That funding will be made available to those schools before the end of the financial year, but it has not yet been provided to them.

Senator MASON—So by the end of this financial year?

Dr Arthur—The funding will be provided to them. Obviously, they will then need to go through the acquisition processes—indeed, the proper processes—to ensure that the computers can be effectively installed. As with the previous arrangements that we discussed in some detail, under the funding arrangements, they have two years to expend the funds from the date on which the funds are provided to them.

Senator MASON—But that is when the funds reach the school. I am more concerned about how long it is before the funds reach the school and the computers hit the desks. That is my slightly different—

Dr Arthur—It is the same answer. When funding is provided to the states and territories or to the block grant authorities, under a funding agreement, which provides that the moneys have to be expended within two years, there is the requirement for them to provide us with six-monthly progress reports of computers that have been installed. They have an obligation not just to deliver computers but to ensure that all necessary preparations have been made so that the computers can be effectively utilised.

Senator MASON—So, under round 2.1, the money will be given to the states, territories and block grant authorities by 30 June. Is that right?

Dr Arthur—That is the policy, yes.

Senator MASON—What happens next? Take it slowly.

Dr Arthur—As with rounds 1 and 2, there is a funding agreement in place; the precise detail of that varies now because of the national partnership arrangements. But, leaving that mechanical detail aside, they are expected to expend those funds within two years and—

Senator MASON—I am sorry, the schools? Who was—

Dr Arthur—The obligation between us is with the block grant authorities or with the state and territory—

Senator MASON—They have to expend the money that you give them within two years?

Dr Arthur—Correct.

Senator MASON—So it does not need to reach the schools—

Dr Arthur—By the end of that funding period, they have an obligation to have provided the number of computers equivalent to the amount of funding to the schools and to have ensured that those computers will be effectively utilised.

Senator MASON—So it could be up to two years from 30 June this year before the money is expended by the states, territories or block grant authorities and the computers actually hit the desk. Is that right?

Dr Arthur—Before every single cent of the money is expended, there will be requirements, as there are right at the moment, to go through the normal acquisition processes. For computers, states and territories will normally go out and do major central tenders and have their own processes. In the case of New South Wales, for example, they have

gone through a process to hire a very large number of support staff to support the computers, the results of which I think have been announced quite recently. They are going through a process to install wireless access to local networks in all of their schools and to acquire an extremely large tender with a major provider for computers.

Senator MASON—But, under that arrangement, with the states, territories and block grant authorities having two years to expend the moneys, the actual computers may not hit the desk for up to two years. So the 2,750 on the chart really relates not to computers on desks but to the amount of money that the Commonwealth is giving block grant authorities by 30 June.

Dr Arthur—That is correct.

Senator MASON—That is different; I thought so. Have all the computers approved in round 2, which was announced on 28 January, been delivered to schools?

Dr Arthur—I think that is the same answer as we have just given.

Senator MASON—The same process?

Dr Arthur—Ms Bloor can provide you with details of the total number of computers—the funding will have been provided mostly under round 1—that have been delivered to date.

Ms Bloor—The computers that have been delivered under round 1 number 42,290.

Senator MASON—I am sorry; could you start again?

Ms Bloor—I am sorry; the total number of computers that have been provided under rounds 1 and 2 are 290,000—

Senator MASON—How many in round 1?

Ms Bloor—It is 42,290.

Senator MASON—That is in round one?

Ms Bloor—That is in round 1.

Senator MASON—In round 2?

Ms Bloor—It is 21,916.

Senator MASON—When you say that they have been provided, do you mean that the money has been provided to—

Ms Bloor—No. That goes with the computers that have been installed.

Senator MASON—So how many in round 2 have not been delivered and installed?

Ms Bloor—The number of computers that were approved is 141,597.

Senator MASON—So about one-seventh have been installed, roughly.

Ms Bloor—It is 16 per cent.

Senator MASON—About one-seventh. In relation to round 1, there are 42,290 on the desks. How many were approved?

Ms Bloor—It was 116,852, which is 36 per cent.

Senator MASON—Thank you very much: 36 per cent. You are ahead of the game here, Ms Bloor. Thank you. You still have a way to go; it is taking a long time. We are still going through the process in round 2.1.

Dr Arthur—Yes.

Senator MASON—Can we go to chart 1, which is the audit chart? Do you have the document yet?

Dr Arthur—No.

Senator MASON—Then you will have to take my word for it.

Dr Arthur—The figures within the chart are familiar to us.

Senator MASON—Very good; all right. Right at the beginning of this process—I remember you and I having a discussion about this a long time ago, Dr Arthur—you said that there was an audit conducted of how many computers were in schools.

Dr Arthur—Correct.

Senator MASON—The result of that survey is represented as chart 1 on the fact sheet. Is that correct?

Dr Arthur—Correct.

Senator MASON—Just remind me here: from memory, you said that you did not include computers that were over four years old in that audit, because they were too old. Is that right?

Dr Arthur—We certainly collected data on the total number of computers and, within that, we collected data on the number of computers that were less than four years old. Then, working out what computers the Commonwealth should pay for in terms of the number of computers necessary to move from that number to a one to one ratio, we took into account only computers that were less than four years old. There is, however, a caveat to that: when we calculated the funding required to meet the oncosts requirements for the COAG agreement, we did look at computers of whatever age that were in place, taking the view that the work necessary to provide infrastructural support for those computers had been properly expended and was not something that the Commonwealth needed to pay for.

Senator MASON—But, when looking at the ratio of computers to students, you did not include computers over four years old.

Dr Arthur—No, we did not. From memory, I think the ratio was an average of one to eight—but that is from memory—and that was a ratio of computers that were less than four years old—

Senator MASON—I just wanted to check.

Dr Arthur—to the number of students in a target group.

Senator MASON—Yes, and that is the result of the preliminary survey of February 2008.

Dr Arthur—Yes.

Senator MASON—With the second chart, is it right to suggest that, in relation to roughly 2,750 schools that have a one-to-two ratio, we are talking about computers that are less than four years old?

Dr Arthur—We are talking about computers where funding has been provided by the Commonwealth to take into account the computers that were in existence at the time of the audit and the numbers necessary to bring it up to a one-to-two ratio. To the extent that there were computers previously in existence that during that period of time become more than four years old, under our policy it is not the Commonwealth's responsibility to deal with them. Under the normal condition of maintenance of effort in Commonwealth programs, it would be the responsibility of the relevant authorities to replace those computers.

Senator MASON—Let us just go back over that. In chart 1, which is the February 2008 chart, we do not include computers that are over four years old. Is that right?

Dr Arthur—Correct.

Senator MASON—In chart 2, we have 2,750 schools—

Dr Arthur—Yes.

Senator MASON—with a ratio of one to two. I assume that one computer for two students is a computer that is less than four years old, so we are comparing apples with apples here.

Dr Arthur—I think we need to go back to our previous discussion. That chart is talking about the funding available to provide that number of computers. But, taking the spirit of your point, yes, it would be our view that, all the way through, the computers being taken into account in whether or not there is a one-to-two ratio need to be computers that are less than four years old. The Commonwealth's responsibility is to provide funding for that, but it is the responsibility of the education authorities to maintain their own efforts in the replacement of computers that were in place at the time of the audit. That is entirely explicit and completely normal in terms of Commonwealth funding programs.

Senator MASON—But the problem is that, when you look at chart 1 and chart 2 and compare them, you cannot assure me that the 'one' there, in terms of the one computer for the two students, is under four years old.

Dr Arthur—Chart 2, as you have discussed already, refers to dollars—and I am not quite sure what age dollars are.

Senator MASON—It talks about numbers of schools and a median ratio of one to two.

Dr Arthur—And funding is provided to bring all of those schools to a one-to-two ratio, yes.

Senator MASON—Yes, sure—but we are talking there about one computer for two students. Is that right?

Dr Arthur—I can say that the policy basis that is agreed between the Commonwealth and the states and territories—

Senator MASON—You do not have the document. I will read it out.

Dr Arthur—has the effect that, yes, all of those computers would be less than four years old.

Senator MASON—We will just go through this again. Chart 2 says:

Results of Rounds One, Two and 2.1 Investment—March 2009 National Secondary School Computer Fund Chart 2: Computer to Student Ratio for Schools Years 9 to 12

That is what it says. You do not dispute that, do you?

Dr Arthur—No, not at all.

Senator MASON—It says that the ‘one’ relates to one computer and the ‘two’ relates to two students. According to this, 2,750 schools will have a computer ratio now, in fact—although we have already discussed that part; money has been allocated but the computers certainly are not on desks, but we will leave that aside—of one to two. If we are using the same assumptions as the first survey to discover the situation in this country about schools and the computer ratio, we do not count computers over four years old. Can you assure this committee that no computers over four years old have been taken into account in the compilation of chart 2 and the ratio of one to two?

Dr Arthur—Yes; because, as I have explained to you, the Commonwealth is providing sufficient funding to acquire new computers necessary to bring all schools to a one-to-two ratio—all schools that applied—and there are agreements with the states and territories.

Senator MASON—Can you just say that first part again?

Dr Arthur—Under rounds 1, 2 and 2.1, the Commonwealth is providing adequate funds to bring all of those schools to a one-to-two ratio. This is very, very clearly demonstrated arithmetically in the figures that underlie those charts and which have been provided in the public domain. You raise an issue regarding the computers that were in place. Under agreed policy, they are the responsibility for the education authorities to replace as they become beyond the age of four years.

Senator MASON—So there is money there for computers in order to achieve a ratio of one to two.

Dr Arthur—Yes.

Senator MASON—To achieve that ratio, we are talking about computers that are under four years old.

Dr Arthur—Yes, with it being the Commonwealth’s responsibility, and with the maintenance of effort responsibility on the part of education authorities being as I have specified.

Senator MASON—That is a bit different. We are 18 months on from that audit. The audit was in February 2008, roughly 18 months ago. A number of computers that would have been considered computers for the purposes of the February 2008 audit would now be more than four years old?

Dr Arthur—That is entirely correct.

Senator MASON—That stands to reason. Do they lose their status as counting towards the ratio as they pass the four-year mark?

Dr Arthur—As I think I have explained a number of times, it is the responsibility of education authorities to meet the costs of replacing those computers, under the normal maintenance of effort provision in Commonwealth programs.

Senator MASON—That is even if the computers were just under four years old—for example, three years and 11 months. Is that right?

Dr Arthur—It is the responsibility of education authorities—

Senator MASON—But that is right, is it not?

Dr Arthur—Yes, it is exactly right—to meet the particular targets of ratios by particular dates. The COAG agreement, published last year, in fact, has a target date for reaching the one-to-one ratio.

Senator MASON—When is that target date? Is it 2011?

Dr Arthur—It was in the COAG communiqué, and I have that—

Senator MASON—What is the target date?

Ms Bloor—It is December 2011.

Dr Arthur—To meet that point, the Commonwealth will need to provide funds, and our partners in the project will need to maintain their effort.

Senator MASON—Can we just go through that again? So, when we move to a one-to-one ratio, the Commonwealth will be providing funds—

Dr Arthur—As I think we discussed at the last estimates, the Commonwealth will provide 70 per cent of funds sufficient to replace 70 per cent of the computers of a one-to-one ratio and will regard maintenance of effort on the part of education authorities as providing for 30 per cent.

Senator MASON—So, as computers become obsolete—that is, more than four years old; let us use the term ‘obsolescence’—the responsibility, therefore, lies not with the Commonwealth but with the states.

Dr Arthur—As I explained at the last estimates, the Commonwealth has agreed that it will meet the responsibility for 70 per cent of that. Figures have been included in the forward estimates—and, in this case, the COAG communiqué—which, since then, go out to 2012-13. Figures are in the forward estimates to meet that commitment on the part of the Commonwealth.

Senator MASON—So, as we go to December 2011, the obsolescence factor has been built in to cater for that.

Dr Arthur—Correct.

Senator MASON—In relation to oncosts, I congratulate you, Ms Paul, because you have, as it were, conceded that there has been an error or a change. You have written:

In November 2008 the Australian Government recognised that there are additional costs associated with the implementation of the Fund and announced additional funding of \$807 million to be provided to education authorities.

I am congratulating you because often, when changes are made to budgets and so forth, there is never an admission, or anything like that, but a cover-up. Congratulations for putting that in.

Ms Paul—I think the Prime Minister made a commitment at a COAG meeting that it would be looked at and it was looked at. A following COAG meeting signed up to the \$807 million.

Senator MASON—That is not quite right—but, anyway, I think we have had that debate, and I enjoyed the outcome.

Dr Arthur—I would only comment that that was an extremely transparent process and the considerations that led the Commonwealth to provide that funding have all been made public in the publication of the Grimes report.

Senator MASON—However, that is \$807 million. Thank you.

Senator BRANDIS—Perhaps I may ask questions arising out of those questions. Dr Arthur, you said that the obligation is on the states to replace the obsolescent computers. Is compliance with that obligation audited by the Commonwealth?

Dr Arthur—Yes. We will be looking at the number of students—we have that data regularly—and, at appropriate points, we will be seeking data on the number of computers. In this case, it is a very simple arithmetical process to check compliance.

Senator BRANDIS—Do they account to you for every single obsolescent computer that is replaced?

Dr Arthur—We need not and will not do it in a way that is administratively burdensome for the states and territories or for the non-government sector. All we need do, at a certain point, is require them to inform us of the numbers of computers that are less than four years old, which we can then compare against the number of the students. That will provide us with an immediate and accurate knowledge of whether or not they are complying.

Senator BRANDIS—But my question was meant to be a little simpler than that. Do the states and territories give you, on a periodic basis, an accounting of the aggregate number of computers that have become obsolete, according to the four-year test?

Dr Arthur—We have taken the view that we do not need to know this information, as you say, ‘on a periodic basis.’ We need to have a situation where there is a very clear accountability step so that, if the states and territories and, indeed, the non-government authorities do not properly carry out their obligations, it will become immediately apparent. Whenever we require an audit to be undertaken of the number of computers aged less than four years old that are available to students in years nine to 12 in Australian schools, that figure will immediately show whether or not they have been meeting their obligations.

Ms Paul—In other words, we are saying that we are counting the new ones and not the old ones, and it will get the same result. Also, I note that it is a COAG agreement, so it has to be tracked.

Dr Arthur—In addition, we will ask for the total number, which will be the number funded by us and the number that they will have to fund. That total number will need to be equal or very close to a particular number, or they will not have been complying with their maintenance of effort requirements.

Senator BRANDIS—So, under the COAG agreement, there is some procedure for the certification to you by the state authorities—

Dr Arthur—The COAG statement contains an agreement to the partnership. That is now in the process of being formulated into an actual national partnership document, which has been negotiated in detail with the states and territories, and the issues of accountability and how the Commonwealth can be satisfied of maintenance of effort are certainly addressed.

Senator MASON—This time, as opposed to every other estimates, I have no further questions of you.

CHAIR—We did actually run out of questions every time.

Senator MASON—Today, regarding Dr Arthur's aspects, I am delighted.

CHAIR—There are no further questions. Keep in mind that I have made arrangements to go to Senator Hanson-Young at five. Senator Back, do you have questions?

Senator BACK—I have questions on the Mentor Marketplace. I refer to outcome 2 of DEEWR budget statements, which reads:

The government's Education Revolution involves greater collaboration and sharper focus on improving outcomes as students move through school. Reform involves collaboration across the government and non-government sectors and a genuine partnership involving parents, children, students, employers and all levels of government.

We then go into Melbourne and Adelaide declarations. It then continues:

To support improving educational outcomes, COAG has set ambitious targets to lift educational attainment and to Close the Gap between Indigenous and non-Indigenous students as follows:

The first dot point is:

Lift the Year 12 or equivalent attainment rate to 90 per cent by 2015.

We would applaud all of that. I draw attention to the Mentor Marketplace program, which was established—by the previous government, I understand—to fund projects aimed at providing access to mentoring opportunities to a wide range of young people, including those in foster care, young carers, young people with disabilities' et cetera. Can you tell me how much was allocated to the Mentor Marketplace in 2008-09 and what is in the budget for 2009-10, please?

Ms McKinnon—Mentor Marketplace in 2008-09 had an appropriation of \$2.334 million. In 2009-10, the appropriation is \$2.586 million.

Senator BACK—Could you give me some detail of the \$2.58 million with regard to funding going forward for Mentor Marketplace? Which organisations, programs and projects will be funded under that program? Can you give me that advice or take it on notice?

Ms McKinnon—Yes.

Senator BACK—Could I also have the detail of funding commitment to each?

Ms McKinnon—I will take that on notice.

Senator BACK—I ask to be provided also with advice on the organisation. Basically, as I understand it, there is an increase of funding of a couple of hundred thousand dollars in the program. Is that correct?

Ms McKinnon—Yes.

Senator BACK—The budget papers show that, from 2008 to 2009-10, there is an increase of \$2.367 million for Youth Engagement. Where will that funding be allocated?

Ms McKinnon—There are a range of initiatives under Youth Engagement. For example, \$20,000 of that goes to fund the Heywire initiative, which is run through the ABC and allows rural and regional youth to compete in a competition to record their experiences. There is also a number of awards—for example, a local government youth award—and, I suspect, funding for activities like Young Australian of the Year. I can give you a list if I take that on notice.

Senator BACK—Thank you. So Youth Engagement going forward, as I understand it, will include Mentor Marketplace, Australian Youth Forum, Youth Links and Transition to Independent Living. Is that correct?

Ms McKinnon—I think there are three programs, as you have mentioned them, but there is also a separate amount of money for youth engagement more broadly. That covers off activities like those I have indicated, such as the Heywire initiative.

Senator BACK—I notice that under Youth Engagement there is a figure of \$14.7 million that has been revised for the current year at \$17 million, which we have just discussed. Then, in 2010-11, it drops away to \$6.85 million and then it hovers at around \$6.9 million and \$6.9 million. Why has there been a drop, effectively of 50 per cent, in the funding—or am I reading it incorrectly?

Ms McKinnon—I think there is a transfer of money from departmental to administered in order to regularise some of our arrangements around youth sponsorship. I am just trying to find the page. I am sorry; I cannot see the drop that you are referring to. Are you on page 92 of the PBS?

Senator BACK—I cannot confirm that. I am on table 2.2.10, administered expenses and KPIs for program 2.10, on the second line: Youth Engagement.

Ms Cross—From 1 January 2010, a number of Commonwealth programs are being rationalised, so the funding for some of the youth programs will be drawn together into a single new program. Currently, we fund Youth Pathways, Connections, Youth Links and Mentor Marketplace. They will all be drawn together in a single new program called Youth Connections. I think the fall in funding is simply the funding moving from that particular area

into the new program. We will check that for you, but we think that is what the apparent reduction is.

Senator BACK—Thank you for that. That does help my understanding. At the moment, as I understand it, the Mentor Marketplace is administered by providers who presumably have gone through some selection process over the last few years.

Ms McKinnon—There was a selection process in April 2005; 27 pilot program providers were invited to apply, 12 of which had their activities extended under phase 1 of the program. Then 14 projects followed from a further process in December 2005, and they would generally be through, as you say, individual providers.

Senator BACK—If there is a change through to 1 January 2010, what is the process of communication with those current service providers and what is the level of hope, satisfaction or expectation that they will continue to offer their services beyond 1 January next year?

Ms Cross—We have written to all of the current providers for all of the programs that are affected and have informed them of the new arrangements that will take effect from 1 January. We will be holding a series of forums in every capital city, which all providers will be invited to attend. That will happen in June.

Senator BACK—Is that this month?

Ms Cross—This month, yes. There will be an ongoing process of working with providers throughout the rest of their contracts. We would be looking for the new services that we put in place to pick up all of the good things that those providers have been doing. So we want to work with them to look at how they might become part of the new program delivery arrangements.

Senator BACK—I am appreciative to learn that, as I am sure they are. Can you give some indication of whether it is likely to be by September this year that those who presumably will continue—and those who will not, for that matter—will know they have funding and possibly, hopefully, even a small share of the increase from 2.33 to 2.58?

Ms Cross—We will be conducting the procurement process from the end of July. So, if we allow for a couple of months to go through the assessment process on a state-by-state basis, we would certainly hope that by September we would be able to advise people of the outcomes. We are still some time off actually commencing that process, but that is a reasonable estimate of when they would know.

Senator BACK—But you would understand the level of concern of those providers, of course—and I am sure that you are sensitive to it, if we are to get anywhere close to meeting COAG's requirements. Can you explain this Youth Online data system? Is it a survey system or an audit process that the Mentor Marketplace providers participate in?

Ms McKinnon—I am not familiar with the detail. I will have to take that on notice.

Senator BACK—Thank you. I understand that it is a process—as it has been put to me—whereby the agencies who are successful in this or who are currently conducting it report

back to you on a number of indicators, which presumably would be those associated with where they spend their funds and the success of the outcomes.

Ms McKinnon—Yes.

Senator BACK—I am from Western Australia and have been briefed by a group known as the SVP, School Volunteer Program. Are you familiar with that particular group?

Ms McKinnon—No, I am not.

Senator BACK—Is anybody on the panel familiar with it?

Ms McKinnon—No.

Ms Paul—But, if that is the group that you are getting some of the information from, we are happy to deal with them directly or to come back to you on something, if you wish.

Senator BACK—Yes. They have concerns and you might be able to allay my fears and, therefore, theirs. This particular program is an in-school mentoring program, as opposed to one that seems to take place with young people outside of the school process. It started, as I understand, in 1994. The catalyst was the fact that at that time the education system identified some 28,000 children leaving high schools in Western Australia without having numeracy and literacy skills. The program now involves, as I understand, some 1,500 active volunteers who assist some 2,000 children per annum, taking them out of the classroom for an hour each week. I understand that it is a highly successful program. What I find interesting is that the ages of the mentors range from 15 to 96. It is now getting a lot of corporate support in terms of employees being released from work on a paid basis to participate. Regrettably, that great generosity is not extending itself into any financial support by the corporates at this time. But, as I say, the concern that was expressed to me was whether or not this particular service might fall outside your guidelines by virtue of it being an in-school rather than an extra-to-school program. Could you comment on that at all?

Ms Cross—The new program will provide support for young people in school who are at risk of disengaging from education and also for people who have left school early. So the sorts of arrangements we will put in place would certainly allow for support within school. We certainly see mentoring as being one of the very positive interventions that can be made.

Senator BACK—Some figures have been made available to me—in fact, by the Parliamentary Library—about the number of 2,500 children assisted in 2008-09 reducing to 1,000. These figures are not consistent with the advice I am receiving from you.

Ms Cross—That is probably the half-year effect because the program in that form will not continue.

Senator BACK—It sounds to me also that that might be the reason. I have no further questions, but I do thank you for the information because obviously it is of critical importance to so many young people now. If the figures that I received are right, somewhere between 20 and 30 per cent of kids in schools, certainly in our state, are being defined as ‘at risk’. If that sort of level is real, I certainly hope to see expenditure to ameliorate it. Thank you.

Proceedings suspended from 4.57 pm to 5.05 pm

Senator HANSON-YOUNG—I will start with the stimulus funding. I realise the funding expert has gone home. I will ask this, and if we do not get anywhere, that is fine. It would be great if you could take it on notice.

Ms Paul—Of course we will.

Senator HANSON-YOUNG—It has been brought to my attention through the Australian Education Union, specifically in South Australia, where I am from, that there is concern in the northern part of South Australia over 40 schools that have been earmarked to be amalgamated into these nine superschools. This has created some angst in the local community. There is not necessarily agreement amongst the schools themselves. It is something that is playing out in the state. The state government is sending a signal to these schools that they cannot be eligible for this stimulus funding for their school infrastructure unless they sign on to the amalgamation.

I understand that there are state politics involved, but I just wanted to hear from the department regarding this. Clearly this is not what the money was for. It was not to be used as a carrot and stick for state governments to get what they want. Those communities are feeling really shafted in terms of the amalgamations, which is one issue. They also feel like they are going to miss out or they will have to just cop it. I am bringing it to the department's and the minister's attention and I would like to get a response from the department about, firstly, whether this is appropriate and, secondly, what we can do to communicate back to these communities.

Ms Paul—I will not comment on the appropriateness, because I am not familiar with the case. Dr Nicoll may have been. We did talk earlier about some principles that are relevant here, and those are the Commonwealth's interest and the school communities' desires. We had quite a conversation, not about this case, when some cases were raised where there had appeared to be some sort of disagreement between an education authority and a local school community. This is a long answer to a short 'yes'. We said we had been part of negotiating to make sure that the intent of the program is maintained, which is about economic stimulus, and the wishes of the school community are acknowledged. I am very happy to take that on notice. We may have already, but we can report back to you on that.

Senator HANSON-YOUNG—Thank you. Moving on to the next issue, I realise this is an issue specifically for the Australian Electoral Commission, but I just wanted a comment from the department. In the budget there was an announcement that the electoral education centres in Adelaide and Melbourne would be either closed down or scaled back in terms of the funding. I understand that is an issue for them, but from an education perspective is there anything that this department can be doing to ensure that we do not lose that education ability, particularly for South Australian students? I know, even in my office, that three out of five of my staffers went to that when they were studying politics in year 11 and 12 and they found it really helpful. It is a thing that young people in South Australia are going to miss. How can we bridge that gap?

Ms Paul—We have worked with the AEC on that.

Senator Carr—How do you get five staff?

Senator HANSON-YOUNG—Casuals.

Senator Carr—I see.

Dr Bruniges—In terms of the new national curriculum, it may offer another opportunity for us to look at the online resources. There are already a number of online resources around discovering democracy. I would be very interested in having a look at the nature and sorts of things that we can do in online curriculum to make sure we align it with the new curriculum development so that all students, no matter where they are in any state or territory, have access to the material.

I know the Canberra centre, having been there, and I know they are often used as excursion points as well. In terms of some of the utilisation, with many of the resources, as we move forward with technology, will be able to have an online provision for students to access some of the material. I would be very interested in working closely with the AEC to see how we can dovetail with the national curriculum to have a look at the resources they have and to see whether we can put those into a library bank of resources and access right across the community.

Ms Paul—We have already had several contacts with the head of the AEC and Dr Bruniges in terms of trying to take it forward so that students do not miss out.

Senator HANSON-YOUNG—From the stories people have told me it really was that chance to go in where you are in a polling booth. You learn about all of the processes as well as the importance of civics and democracy. It would be a shame to lose that. Maybe I will follow this up next time, but I would be interested to be kept in the loop.

Ms Paul—You would expect all students to get access to the Canberra one, because there is always that excursion to Canberra that covers all of the cultural and political institutions. Nonetheless, we want to go further than that, so we can keep you posted.

Senator HANSON-YOUNG—I want to move on to the Australian Curriculum, Assessment and Reporting Authority. I have a variety of questions around that. I wanted an update as to where we are, because my understanding is that we still have not clarified all of the reporting requirements and how that is going to be managed. From the outset, I wanted to say that I value the idea of transparency in assessment and giving parents all the information they need. It is fair to say that in the last little while this has created some angst amongst various groups in the community in terms of how data would be used. Can you update me as to where we are and then we can get into some questions?

Ms Smith—In terms of an update in relation to ACARA itself, all education ministers and the ministerial council have issued a joint press release today saying that the ACARA body is operable and announcing the 13 board members for ACARA. You will recall that ACARA had been established under its own legislation. Legislation was passed by the parliament under its own act on 8 December last year. The charter for ACARA is set by ministers from MCEETYA. The body of work and the policy directions that ACARA needs to set out have been set out by the ministerial council. As you have indicated, it is focused on the policy

directions and implementation of the national curriculum of national assessment reporting and the collection of data.

Senator HANSON-YOUNG—What data is going to be reported through this process? I understand the tests are covering a variety of different issues and there is this value-adding phrase, but I am not exactly sure about it. Can someone enlighten me about exactly what that includes? Is all of the data going to be reported? If so, to whom and how?

Dr Bruniges—Last year for the first time every student in years 3, 5, 7 and 9 received an individualised student report for parents.

Senator HANSON-YOUNG—Was it May that they were tested?

Dr Bruniges—Yes, it was. It was last May. Parents received reports in September last year under the process. That was the first time in this country years 3, 5, 7 and 9 sat for one test. Prior to that, each state and territory did their own assessment program. 2008 was a groundbreaking year for setting the baseline of data that is needed in years 3, 5, 7 and 9. Every parent received an individualised report. The report was about their child and it indicated on that report where the student fell relative to the national mean. It indicated for parents areas of strengths and weaknesses in terms of what students could typically do—so linked curriculum.

Senator HANSON-YOUNG—For that individual student?

Dr Bruniges—For the individual student. On the back page there was a generic. It reported in 10 bands. It described in band 1 what students were typically able to do and then in band 2 what they could do, so parents could get a snapshot. In some jurisdictions there was individual student information provided on exactly the strengths and weaknesses of individual children. For example, New South Wales provided additional information last year. Not only that; the parents actually received some information on the skills that were assessed by the testing program. There was the information to parents on a national comparable basis for the first time in years 3, 5, 7 and 9. As we move forward, we are looking at the school reporting agenda, which I think you are referring to.

Senator HANSON-YOUNG—Yes.

Dr Bruniges—That will report the average of schools from the NAPLAN, the National Assessment Program—Literacy and Numeracy.

Senator HANSON-YOUNG—Will that be the same information?

Dr Bruniges—It is the same information, but not at an individual student level.

Senator HANSON-YOUNG—No, of course.

Dr Bruniges—It comes from the same source. There will also be contextual information, for example, about the school, and recording information that goes to the characteristics of the school—the number of teachers, the funding that goes into the school and so forth. There is a template that we can provide you that shows what that information will be, and we are working towards that at this point in time.

Senator HANSON-YOUNG—In terms of the value adding of schools, it is not just based on the average of how students have performed in that test on that day, so what things are being captured under that value-adding process?

Dr Bruniges—One of the things that sets Australia aside from all other countries in this field is the fact that years 3, 5, 7 and 9 are reported on a common scale. That allows us to quantify and describe what students can do. We are able to show how much growth there is between years 3 and 5, 5 and 7 and 7 and 9, and that is what is commonly referred to as a value-added approach. We are actually looking at quantifying how much movement is happening, which is really important. It is a way of measuring the intervention, what has happened when we have a student at risk, for example. We know where they are on the scale in year 3. We are able to look two years later at how far they have moved—that is, the value added by a school. The big difference for us in Australia is that years 3, 5, 7 and 9 are on a common scale and it enables a very transparent reporting of where students are, what they can do and how far they will be able to move.

Senator HANSON-YOUNG—Once all of the data is pulled together and we have the averages, what happens to that information? Is that held by the state governments? Is it handed to the federal government? Is it handed back to the state governments? How is that managed?

Dr Bruniges—ACARA will be the body that holds that, but it is under ministerial direction. Individual states and territories retain their data set, because they do a lot of other work for intervention strategies and a range of things that they have always done. But as to the national data set, ACARA is holding that. Currently, the national report on schools, which is issued each year, draws on that data set from each state and territory. I would envisage into the future that that will probably produce a national report on schooling based on one of the terms of reference of ACARA as well.

Senator HANSON-YOUNG—Do the state governments have hold over the data that is being collected in their schools?

Dr Bruniges—They have now. The states and territories generate those individual reports, because they are done in each state and territory. They are not done somewhere centrally. The individual student data to calculate the national mean is done usually by a contractor, and then we have a national data set. At the moment we are looking at draft principles and protocols around the use of the data as well, which will help to clarify exactly at what point which data belongs to what entity.

Senator HANSON-YOUNG—We have not clarified that?

Dr Bruniges—No. We are working through that. Last year was the very first year of the national testing and things worked very smoothly in 2008 and 2009.

Senator HANSON-YOUNG—So 2008 was used as a benchmark? That was the first test, in May. Have we done another one this year?

Dr Bruniges—We have indeed.

Senator HANSON-YOUNG—Has that just happened?

Dr Bruniges—That has just happened.

Senator HANSON-YOUNG—Are there any regulations or guidelines that advise state governments how they should manage this data? Obviously, they may use it for informing their own funding, and maybe they need to look at something that is going on in a particular school and so on. But are there any guidelines in terms of how that data should be managed?

Dr Bruniges—In the past there has been a principles and protocol paper that was agreed to by all ministers, which talks about principles and protocols for data.

Senator HANSON-YOUNG—When you say ‘ministers’, was this signed off at COAG?

Dr Bruniges—This was signed off by the ministerial council. It was not the recent COAG, but it has been in place for some time, probably five or six years. I would have to take that on notice to give you the exact date.

Senator HANSON-YOUNG—Yes.

Dr Bruniges—That document will now need to be updated because of the changes of last year, but it is still in place. We just need to revise that document to reflect the new national testing program.

Senator HANSON-YOUNG—Do you think that would happen sooner rather than later?

Dr Bruniges—Yes. I am working with state and territory colleagues at the moment. We are looking at a process of updating that document to reflect the changes.

Senator HANSON-YOUNG—What types of things are included in the protocols at the moment?

Dr Bruniges—Things that go to how the data is reported, the use and storage of it. There is a technical manual that sits behind it. It not only covers NAPLAN, the national assessment program, but also the TIMSS data, the maths and science data, when we participate in international studies. It covers OECD PISA data where Australia participates. There is a technical side of it that says, ‘This is what we do, the sampling frame; this is how many students we are going to draw.’ In the front it sets out about 10 general principles that go to the heart of individual privacy of students: that it should not report on individual students; the storage of the data, or how that must be kept; and the reporting of school data will need to be updated, because of the reporting template that we have. It should be contextualised. Those are general principles as such.

Senator HANSON-YOUNG—Does it talk about whether this data is appropriate to be used to rank schools in a league table?

Dr Bruniges—No, it does not. It talks about making sure that we have appropriate contextual data. It gives insights into that. The way in which the school reporting template works is that, because we are testing reading, numeracy and writing, there is no one variable that you are able to rank on. The reporting template will report on each of those dimensions for each school and have contextual factors around it.

Senator HANSON-YOUNG—There is no direct reference to the appropriateness?

Dr Bruniges—No, there has not been in the past. As I said, we are still working through it.

Senator HANSON-YOUNG—What is the government's opinion in relation to the publication of league tables and ranking schools? I take your point that the test and the data that you collect is quite broad. You are talking about it being contextualised. As a principle, what is the government's opinion on league tables and ranking schools?

Ms Paul—The Deputy Prime Minister has been really clear in the media that she has done right through on the transparency agenda that she does not support simplistic league tables based on raw scores. The whole approach has been to compare schools with like schools so that all the contextual information is known, and you are comparing one school with another with similar characteristics. She has been quite clear on that in a number of places.

Senator HANSON-YOUNG—From that direction—and obviously she is representing the opinion of the government—I would imagine that these protocols would have to incorporate something in relation to that. While we may say you cannot take any of these figures out of this broader picture, obviously anyone can pick whatever they want if they wanted to, if they had access to that information.

Ms Paul—Probably her desire not to have simplistic league tables will be reflected through the way the information is presented; it simply will not be possible.

Senator HANSON-YOUNG—How should we take the two recent cases in the Hobart *Mercury* and the *Courier-Mail* in Brisbane where they did exactly that and ranked schools? How do we tackle that?

Dr Bruniges—One of the things is an education on the misuse of data. That is a very strong principle that we should look carefully at. Those instances I am aware of were probably instances that even without this reporting in some ways the transparency agenda should help address. Having the totality of information about the contextual, and not a simplistic league table, out in the public domain hopefully should provide valid and reliable information to communities about schools within that context.

Senator HANSON-YOUNG—Was the information that was published in the Hobart *Mercury* not used from a NAPLAN test?

Dr Bruniges—I understand the Hobart *Mercury* information was, because the Tasmanian government has a policy of putting material on a website.

Senator HANSON-YOUNG—The state governments have done tests, which they need to do to be part of the national assessment programs, but because they have ownership of that data they can do what they want and they have stuck it on the website, and News Limited ripped it off and said, 'This is the best school in the state and this is the worst.' Obviously, based on the minister's opinion, that is not what she wants to see. Correct me if I am wrong, but my understanding is that she does not want to see those types of league tables published. Where is the gap in making sure that cannot happen?

Ms Paul—The DPM has said in several speeches and so on that media will always try to do a league table from whatever information it has to hand.

Senator HANSON-YOUNG—I am sure it sells papers.

Ms Paul—Exactly. People will try to do that. It would be much better to have a full suite of information that is real information that includes context such as socioeconomic status of the school and so on, which is important to put into any context, and that is what she is after. In these protocols and so on, when we are talking about comparing schools with like schools, it would be like schools, for example, with similar proportions of Indigenous students, similar socioeconomic status and so on, so that you are doing a fair comparison. If you compare those schools by looking up whatever the website result will be of all of this, you will be able to see comparative performance but amongst schools that are fair to compare. That is always the charge. The Deputy Prime Minister is really clear that parents deserve to have as much information as they can.

Senator HANSON-YOUNG—I would agree with that.

Ms Paul—Parents are making comparisons all the time about schools based on quite limited information in this country, much less than is offered to parents in other countries. From our point of view, it is really important to get this like school comparison right. That is probably a challenge for us. Once you have got the rich data presented in this fair way, when the media works on it it is going to be a much fairer presentation than it has been at some times in the past. I cannot comment on the Tasmanian one because I have not seen it.

Senator HANSON-YOUNG—Is there anything the federal government or the departments can do to ensure that the raw data is not available in that way, before we get the idea of comparing apples with apples?

Ms Paul—Yes, that is the notion of these protocols.

Senator HANSON-YOUNG—Are they going to be enforceable?

Ms Paul—Yes. There will be an agreement between all of the education ministers. It is entirely innovative. It has never been done before. I am sure there will be agreement. There has been agreement so far at each of the successive education ministerial meetings.

Senator HANSON-YOUNG—I guess the Tasmanian government will perhaps have to—

Ms Paul—They have clearly formed their own view of what they think is okay to put out there. That is an interesting thing in itself. But the national data set will have this like-school comparison.

Senator HANSON-YOUNG—I understand that we can introduce some protocols and hopefully get all of the states to agree in terms of what is perhaps that data that is managed by the national authority, but I am still concerned that if the states are having to do these tests because of the national assessment then really they can manage that raw data the way they want.

Ms Paul—They can, and ultimately we cannot answer for them. I still think the principle of offering more rather than less means you do get that context and it is probably in their interests to offer that context as well. Ultimately, that is a matter for them, which we cannot go to.

Senator HANSON-YOUNG—I accept that. We look forward to seeing the protocols and hoping that the states sign on to them. Will that be before the end of the year?

Dr Bruniges—I would hope so.

Senator HANSON-YOUNG—When will the data collected this year be released?

Dr Bruniges—I have not checked the process, but last year it was around September so I am anticipating this year's will be same and that they are on schedule.

Senator HANSON-YOUNG—Ideally we would like to see those protocols in place before that is released. We might come back to questions in September and see how we are going. The last question I have is in relation to youth allowance.

Ms Paul—Yes.

CHAIR—Question or questions?

Senator HANSON-YOUNG—Question.

CHAIR—I just thought I would clarify that.

Senator HANSON-YOUNG—There is a primary question and then—

CHAIR—I was worried about that.

Senator JACINTA COLLINS—Area of questioning.

Senator HANSON-YOUNG—Thank you. We all know about the changes that have been announced in the budget in terms of eligibility, payments rates and so on. A number of students have raised their concerns with me that they are now going to miss out on receiving the independent assessment under the youth allowance because they thought they were going to take a gap year and work. The reason that this is specific to the schools section is that a number of students have expressed that they feel the goalposts or the game rules have been changed halfway through. Centrelink had come into their school when they were in year 12 and had provided information sessions to the students about what their options were for getting income support if they were to go to university. The main option that was pushed was the idea of taking a gap year and earning the \$19,500 so that they could then move out of home, go to university and be supported by youth allowance. A number of these young people have stated, 'This is what people came into my school and advised me to do and now I am being told halfway through that the rules have changed and I am not going to be eligible under this criteria in the time frame that I thought I was going to be.' I am interested to hear what the department's response to that is. I realise you are not responsible for Centrelink, but it is an issue if we are allowing a government department to enter schools, provide this advice and then the rules are changed and these young people are feeling caught out.

Dr Morehead—The changes were announced in the budget. It is generally later in the year that students would receive advice as to what they might want to do after they finish year 12 or finish school. We are in June at the moment and the changes that were announced are currently awaiting passage.

Senator HANSON-YOUNG—These are students who received the advice last year based on the current rules. I am sure you are familiar with the criteria. They need to earn the \$19,500 in an 18-month period after leaving school. They are in that period now. They have taken this advice based on what Centrelink advised them to do after entering their classroom and telling them what to do. It has now changed. They took the advice that was given to them in their classroom.

Dr Morehead—Those students have left school, so they are out of the school system now. Some of them would be taking a gap year this year and some of them, prior to the budget, would have been taking the gap year, as you said, based on advice. Since the budget the changes that are expected to come in now mean that children who were able to get the full amount of student income support by doing that activity will no longer be able to get it if the changes do come in. That is correct.

The Bradley review and the government's response to the Bradley review were very clear as to why they were making that change. The types of students who were actually getting the full rate of student income support from Centrelink and the types of families that a lot of those students were coming from were obviously higher income families. I know that even private school children were getting that advice and children from quite wealthy families. I think 36 per cent of those students who were getting the independent rate through that way that came from families with over \$100,000 income.

Senator HANSON-YOUNG—I accept that. I understand why the changes have been flagged and planned for. The issue is that the announcement seems to suggest that the legislation will take effect as of 1 January 2010, despite the fact that students had been advised that they would have longer to qualify. I understand the principle. I was lobbying for changes to Centrelink long before I was a senator. The issue is that there are students who took advice that was given to them in their classrooms and the rules have changed. What is the department's response to those kids? 'Bradley suggested it was a good idea so we have gone with it'? That is not their concern.

Dr Morehead—Their concern now is, 'What do I get?' They may well understand why the changes have been made and they may accept that the changes have been made, but they want to know what they will get next year. We would say: look very carefully at what those children might now be entitled to. The whole aim of the reforms was to make sure that we did not cut the dependent child off as early as we were doing. We have a very low parental income test where, if your family income is over \$32,800, the amount of student income support you get starts dropping quite dramatically. We have lifted that so that 68,000 more students will be getting the support. A lot of those children will fall into that category, so they will still be able to get it.

Senator HANSON-YOUNG—I understand that. We have been talking about this and I have read the documents that the department has posted on the website, so I am across the matter. The issue is, though, that there are young people who received advice in their classrooms: 'You can move out of home, get a job and earn \$19,500 and you can be provided

with the support that you need to study.’ The first question I have is: does the department accept that that advice was being given at schools?

Ms Paul—I am not aware of it. Centrelink is not in this portfolio. I am sure there are young people in the situation that you name. What Dr Morehead is saying in response is that the government has taken this decision. It has taken it on the basis of the advice from the review. Intriguingly, there was an article in the newspaper today from the consultants for the review who talked about a significant number of young students who were on youth allowance that had relatively high family incomes. Thirty-six percent had families who earned more than \$110,000 and more than half of those had incomes of more than \$150,000.

As Dr Morehead said, ex-students will now need to work out what the beneficial impacts will be, because there were significant swings and roundabouts in this quite complex budget measure. All of the beneficial parts of the budget measure go to extending more support to people that need it most—that is, those from low socioeconomic backgrounds—so, raising the family income threshold and lowering the age. There are about six or seven elements, including extending deeper scholarships to students from needy households and so on. Of course, one of the criteria for independence still remains, but it does require more hours of work.

Senator HANSON-YOUNG—I must say that the criticism raised with me about that is particularly in relation to students in country areas, where it is pretty hard to get 30 hours a week of low-skilled work. It is pretty hard for anyone in this economic climate, let alone if you are in Sale in Gippsland or in Port Augusta in South Australia.

Ms Paul—I would be strongly saying to those young people, ‘Have a look at the new measures.’ For example, the scholarships are much broader and will go to every person on income support. We will also have an accommodation element if they have to move away from home to go to university and so on, so it is quite extensive. It is a change that now tips the balance towards a whole lot of new benefits for young people from lower socioeconomic status backgrounds.

Senator HANSON-YOUNG—There are students who had been given advice that this is what they should do to qualify for youth allowance so that they could support themselves and move out of home. I have heard from students who have done that. They have moved from country New South Wales to Canberra to get a job, working for the next 12 months so that they can earn that money and then go to university and get that support. One student, in particular, that I am thinking about is clearly independent. She has moved out of home, has got a job and is doing what she was told to do, based on the advice given to her at her school when she was in year 12. Now the rules have changed and all of a sudden she is being told, ‘The only way you are going to be able to access it is to be dependent on your parents and qualify for it through the dependency rate,’ despite the fact that she has clearly moved out of home, is supporting herself and really should be classified as independent. I am hearing that changes are being made regardless of the fact that they are retrospective in nature for this group of students who left last year, for whom the game rules have changed. Hopefully they can qualify under one of the other measures.

Ms Paul—They are not literally retrospective, of course, in a technical sense. I should get that on the record.

Senator HANSON-YOUNG—Effectively.

Ms Paul—I do understand what you are saying, that these young people have got their plans and, yes, they will have to rethink them.

Senator HANSON-YOUNG—It is not just the young people that have their plans. It is their families, their workplaces and their entire communities. I do not think it is about 17-year-olds not wanting to change their mind on something. That may be an issue on other things, but these students worked really hard to even get into university. When I went through year 12 it seemed like if you did not pass year 12 the world was going to end. If you did not get into university the world was going to end. The world is now ending for these kids, as far as they can see it, because now they are not going to be able to support themselves and be independent in going to university. I understand there are some other issues there.

Senator Carr—Do you have a question here somewhere?

Senator HANSON-YOUNG—My question is: how do we balance the principle of an education revolution, supporting young people in getting an education, and then changing the rules for these young people halfway through?

Ms Paul—The education revolution part is clear. There is a whole suite of beneficial measures here that do tip the balance towards young people and their families from lower socioeconomic backgrounds and away from the 36 per cent of students in these categories who came from families with incomes of more than \$110,000 and more than half of them that had incomes of more than \$150,000. That is the case and so they will need to go through the process that we described.

Senator HANSON-YOUNG—For those students who have been trying really hard to gain that independent acceptance and qualification, it is bad luck for them at this stage?

Senator Carr—It is the nature of the budgetary process. There has to be a point at which changes are made. The government has indicated that it is trying to shift the balance to make it more socially equitable. The officers have been explaining this for some considerable time.

Senator HANSON-YOUNG—My issue is: how can we justify changing the game rules when these young people have made these plans based on advice they were given in their schools?

CHAIR—That is not a question you can ask the officers to respond to. If you want to ask the minister that question, you can and he will respond.

Senator HANSON-YOUNG—How can we send government officials into schools, giving students the advice that this is how you qualify, and six months later the game rules have changed, with no grace period?

CHAIR—You have asked the question a number of times and the minister will answer it.

Senator Carr—You would notice that there is a whole range of areas in which governments are obliged to make decisions and budget measures have to cut in from a

particular time. What the government has done, after quite extensive consultation, debate and review, is shift the balance of the program to make it more socially equitable. The officers have explained that ad nauseam.

Senator HANSON-YOUNG—Could you explain what consultation was undertaken with rural students in country Australia as to the effect of these changes?

Senator Carr—I will take that on notice. If you have a political point, I suggest the chamber is the appropriate place for that.

Senator HANSON-YOUNG—From now on you are suggesting that whatever advice will be given to students in schools will be based on whatever changes are going to happen?

Dr Morehead—One of the most important things we have ahead of us is to make sure that there is no misinformation about students who thought they were going to qualify under the independent criteria and will now get nothing. This is something that we have to deal with at the moment. We need to make sure that the correct information gets out. There is a bit of, 'Oh! These students are now going to get nothing.' At the moment we are trying to assure those students, who as you say will be wondering what they are going to get and are worried and anxious. We want to make sure that the right information gets to those students and they stop hearing, 'You're now going to get nothing.'

The question is: do they qualify now as a dependent student? Under that, for example, for a family with two children, their parents can earn up to \$139,388 and that child will be considered dependent. They will not get the full rate of income support or the full amount of the money, but will very importantly get a much better scholarship. At the moment students are looking at the current scholarships that are around and when someone says, 'You might still get a scholarship,' they are thinking of the current ones. That whole system is changing. Every single student who receives even \$1 of their youth allowance basic rate will be able to get the new start-up scholarship every year that they are studying, over the next four years. People who have to move away as a dependent student from their family home to study at university can test their eligibility for a relocation scholarship, which is \$4,000 in year one and then \$1,000 each year. That is in addition to the start-up scholarship of \$2,245, which is a much better comprehensive coverage of scholarships.

I think that the students you are talking about are thinking two things. They think, 'I'll get nothing.' And, when people say the word 'scholarships', they think of the current system of scholarships. For us, our job is to make sure that that information gets out to those particular students.

Senator HANSON-YOUNG—Ms Shannon, you might be able to answer this. I remember that in the briefing you said to me that there was going to be something online where people could punch in their income and it would spit out how much they would be eligible for.

Ms Shannon—This is a product that we are working on with Centrelink. It is something that would be subject to the passage of the legislation. We do not want to confuse people by putting up information about the changes until they are a matter of law. But that is a product that we would work with with Centrelink to try to ensure that people can get a sense of the

level of support they may receive according to their parents' income. It is really important, though, that people do not use those sorts of tools to self-assess in or out. The most important thing is that people provide all of their circumstances and information to Centrelink because, at the end of the day, it will be Centrelink that will be assessing their eligibility for income support.

Senator HANSON-YOUNG—At the moment we do not have that program online?

Ms Shannon—Centrelink often has calculators on the government Centrelink website where you can see what you might get, but it always says to confirm it with Centrelink in case they have put in the wrong information. There may be something that has not been taken into account that cannot be put in with the calculator. The Centrelink calculator would be available once you punch in each—

Senator HANSON-YOUNG—That is all the questions that I have.

Senator JACINTA COLLINS—These young people are needing to re-evaluate their plans. I would disagree with Senator Hanson-Young that it is an end-of-the-world sort of scenario. The other area that we have not covered is making sure that people are fully apprised of what their various options are with respect to their options to continue to work towards achieving independence. From my own experience, I deferred when I entered university and then had a subsequent deferral. Maybe this is a question for tomorrow, but are financial grounds or the need to acquire financial independence one of the issues that universities would consider in terms of allowing a subsequent deferral to a first deferral?

Ms Paul—I think that is right. Dr Morehead has really hit the nail on the head. We really need to get this information out accurately about the full suite of what is available, because there is a lot available on the positive side through the budget in terms of higher income thresholds, a lowered age of independence and a whole range of higher levels of—

Senator JACINTA COLLINS—More university places.

Ms Paul—And, of course, heaps more university places. In addition, given that the whole aspiration for these moves is to attract young people from lower socioeconomic families into university study, there is, of course, many hundreds of millions of dollars that has also gone in through the budget for equity measures in each university. We can talk about that tomorrow. The hope is that there will be a marriage, if you like, between a more equitable income support system, which is then buttressed by a much more generous and broad eligibility for these scholarships, including the ones to support young people moving away from home to study, and then buttressed by a range of measures that arise from the implementation of the Bradley review, particularly as I mentioned in equity. There is quite a broad range and quite a lot of new news for us to get out.

Senator Carr—Essentially 36 per cent of students living at home and receiving allowance were from families with incomes over \$100,000, 10 per cent of whom were from families with incomes in excess of \$200,000. These measures provide savings—that is true—but they also allow \$1.8 billion to be ploughed back into the system to expand eligibility so that they can increase parental income tests, bring down the age of independence and create new

scholarships. That means that the parental income will now be the primary measure of eligibility. Most students who previously had to prove their independence will now be able to access support automatically. It actually improves the situation for the overwhelming bulk of students whose families do not earn the sorts of large incomes that were previously allowed the benefit.

CHAIR—Thank you. We will be going to the dinner break at six. Whoever wants to start should kick off at the conclusion of the dinner break.

Senator PAYNE—I am confused about where we are up to.

CHAIR—We are in outcome 2.

Senator PAYNE—If I have questions around the Office for Youth is it appropriate to ask them now?

CHAIR—Yes.

Senator PAYNE—I was just seeking clarification.

Senator Carr—I recall being in your committees in the previous parliament and I can assure you that you did not allow this sort of casual attitude to be adopted.

Senator PAYNE—That is right; I am a tyrant. We understand that. There is no question.

Senator Carr—These rambling dissertations could have been covered in the briefings, which I suspect they were.

Senator PAYNE—I do not know that my question about where we were up to constitutes a rambling dissertation. I would like to go to the PBS in relation to the Office for Youth, which indicates that there is a work plan established by the minister. Are you able to provide the committee with details of the work plan and is it publicly available?

Ms McKinnon—I do not think the work plan is publicly available. There is a range of activities around the Australian Youth Forum and outreach activities. We had a major one held a couple of months ago, a youth e-forum, and then there is a range of outreach activities, including one recently in Sale and in Devonport in Tasmania. Under that work plan there are also three major pieces of work. One is an *Investing in Australia's young people* report, which will be produced and available hopefully around September-October. That is a stock-take of programs across the Commonwealth and all agencies to give an entire picture of what is available for young people. That will be publicly available.

Senator PAYNE—Is the department producing that or is it being done by consultants?

Ms McKinnon—The department is producing that. There is a project called *State of Australia's young people*. That is being produced in conjunction with the University of New South Wales and one other successful tenderer. That is a bench line survey of issues of concern and building the evidence base around young people. There is a number of outreach under AYF. There are a number of reports being produced that will help inform the further work plan, and there is a range of particular issues young people have indicated they are interested in, including body image and civics engagement. There is a range of activities around that.

Senator PAYNE—Your answer has given rise to a couple of other questions, which I will come to in a moment. The PBS also indicates in that same area that the office and the AYF give young people the chance to be directly involved in developing, shaping and influencing government policy. Was the forum asked to contribute any thoughts on the changes to the youth allowance?

Ms McKinnon—No. That was not a topic of discussion. They are preset and it was not a topic of discussion on the AYF bulletin board, as I understand it.

Senator PAYNE—Can you identify any policies represented in this PBS that were shaped or influenced by the AYF?

Ms McKinnon—Yes. For example, there was a specific topic on civic engagement and electoral reform. The material gathered through consultation with youth was provided to Senator Faulkner as part of that process. I understand there was also an inquiry into human rights and that was also a topic, and the views of young people gathered through both the face-to-face forums and through the website were fed into that white paper process.

Senator PAYNE—Do you mean the national consultation on human rights?

Ms McKinnon—That is it, yes.

Senator PAYNE—Was that all web based participation?

Ms McKinnon—The issues are also raised in face-to-face forums such as youTHINK, which was held in all the major capital cities, Cairns and Alice Springs, from memory. There was face-to-face interaction and there would have been issues there as well as on the website.

Senator PAYNE—Thank you.

CHAIR—On that basis we will now suspend for the dinner break and we will resume at 7.30.

Proceedings suspended from 6.00 pm to 7.30 pm

CHAIR—We will resume the estimates hearings.

Senator CASH—I would like to take you to the Trade Training Centres in Schools Program. I am just confirming that round 1 has closed and that round 2 has now opened for nominations or applications and will close on 9 June?

Mr De Silva—Yes. Round 1 has closed. Round 2 will close next Tuesday.

Senator CASH—In terms of round 2, how many schools submitted an expression of interest in receiving the funding?

Mr De Silva—Expressions of interest were received from 172 for 106 projects.

Senator CASH—So 172 expressions of interest?

Mr De Silva—Representing 545 schools.

Senator CASH—Is that put up on your website or is it only the successful schools that are actually put up on the website?

Mr De Silva—From memory I think only successful schools are put up on the website.

Senator CASH—When you say 172 expressions of interest, is that only to date?

Mr De Silva—Expressions of interest have closed.

Senator CASH—They have closed, and it is the actual—

Mr De Silva—Then the application process starts, which started on 6 March.

Senator CASH—In terms of schools that were successful under round 1, how many schools have commenced work on their trade training centres?

Mr De Silva—Thirty two project agreements have been executed, which has basically authorised the expenditure of \$93 million.

Senator CASH—When you say ‘have been executed’, what does that actually mean? Have they actually physically started building something?

Mr De Silva—In some cases, yes.

Senator CASH—Can I get you to provide a breakdown of the schools that have started building something as at today’s date, and those that have merely entered into or executed the agreements?

Mr De Silva—Okay. As I said, 32 in total have executed agreements; 26 of those were from phase 1, six of those were from phase 2.

Senator CASH—Of round 1?

Mr De Silva—Of round 1. There were two phases in the first round. Five schools have commenced building.

Senator CASH—Do you have the names of those?

Mr De Silva—The Aviation High Aero Schools and Aeronautics, which is in Brisbane; the Marist Brothers College in Ashgrove, the Northern Territory Christian College, Our Lady of the Sacred Heart in Port Keats, and the Christian Sydney Catholic Vocational College.

Senator CASH—So that is five schools have commenced work on their trade training centres. How far down the line are those developments?

Mr De Silva—In some cases they are quite well advanced.

Senator CASH—What do you define as ‘quite well advanced’?

Mr De Silva—For example, the aviation school started construction, and refurbishment is going on; by comparison, the Northern Territory Christian College have started constructing trusses and so on. They are at different stages.

Senator CASH—Did the government have any projections as to when work was meant to commence on these projects, or how many they expected to have been commenced at any given point in time?

Mr De Silva—No. There were milestones within each agreement. There was a milestone when they expected construction to start, when they expected construction to be at mid-point and when they expected construction to end, but each agreement was basically developed

with the school based on what its own requirements were, identifying costings, equipment and so on. So each one was tailored.

Senator CASH—Okay. In relation to the five schools that have commenced building, are they meeting their milestones?

Mr De Silva—As far as I know, yes.

Senator CASH—Are you able to take the question on notice to check that?

Mr De Silva—I can take it on notice in terms of the actual dates for each project.

Senator CASH—You say that five schools have commenced building. In relation to the other agreements that have been executed, are any of those schools meant to have commenced building but they have not?

Mr De Silva—I will have to take that on notice in terms of the actual dates for every single project.

Senator CASH—If you could, that would be appreciated, and the milestones in each one. Thank you very much. How many schools have entered into a partnership arrangement with other schools?

Mr De Silva—In relation to round 1, of the 34 successful applications, 19 were in clusters of one or more schools. In terms of phase 2, there were 104 successful applications, and 68 of those were clusters.

Senator CASH—In terms of funding, can you outline how much has been or will be spent on this program during 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13?

Mr De Silva—In 2008-09, the allocated budget is \$233.142 million; in 2009-10, \$352.934 million, which includes \$110 brought forward from round 3; in 2010-11, \$143.137 million, which reflects \$110 million less; in 2011-12, \$263.7 million; and in 2012-13, \$274.9 million.

Senator CASH—In relation to external assessments of applications, who has undertaken them under the trade training centres in schools to date?

Mr De Silva—External assessments, in terms of during the application process?

Senator CASH—Yes?

Mr De Silva—Basically there is input from education authorities and block grant authorities. Also, in round 1 we ran a tender process to engage basically an expert to assess the cost of capital works and equipment. I do not have the name of that expert.

Senator CASH—If you could take that on notice for me?

Mr De Silva—Yes.

Senator CASH—How many applications has the department received to date for the provision of external consultation for applications?

Mr De Silva—I do not quite understand that question.

Senator CASH—I want to know of the applications that the department has received to date for the provision of external consultation for applications? Take me through the application process?

Mr De Silva—Basically, the applications come in; an internal compliance check is done on each application as to whether it meets the eligibility requirements as a school, how much money is it seeking, is it more than the \$1.5 million, have they sought funding before under the program, is it seeking funding for qualifications which are permitted by the program? Then, input is sought from education authorities in each state. Then basically there are two panels: a state and territory panel which goes through all the applications in detail and can seek additional information from external parties, and a national assessment panel that makes a recommendation to the DPM.

Senator CASH—Who actually tenders to offer the services to build these trade training centres? What is that process?

Mr De Silva—Once there has been an agreement with the school for a particular project—

Senator CASH—We have five at the moment who have actually commenced building. Could you take me through one of those?

Mr De Silva—They may have gone to tender and identified a builder. They may have gone to tender to identify an architect. Depending on the jurisdiction that they are in, if it is a government school, the state education department may already have a panel of architects which they draw from, so it will depend on the jurisdiction and it will depend on whether it is a government or non-government sector school. So each process might be slightly different in terms of how they choose an architect or a builder.

Senator CASH—Were there any guidelines surrounding the types of services that could be procured by the schools in building the trade training centres—for example, quality control?

Ms Cross—They have to go through approved processes. They have to use approved builders and go through the normal planning processes. There was a restriction on the amount of funds that could be used for project administration, so the project management process. But other than that, they really followed the arrangements which are in place for all capital programs in government and non-government schools. That is why we work very closely with the block grant authorities and the education department, so that those processes already exist.

Senator CASH—I will just go back to how many schools have commenced work on their trade training centres. You said that the government did not have any projection as to how many should have commenced by, for example, a given point in time. How does the government then ensure that it is delivering the services that are to be provided by the trade training centres if it actually does not have a time line in mind as to when these trade training centres should actually be built by? What is to stop me not commencing work for another year?

Mr De Silva—We work very closely with each of the schools. As I said, out of the 34 phase 1, 26 have been executed.

Senator CASH—They have been executed, but only five have actually commenced building. When do you anticipate the other 21 will actually commence pouring some cement, for example?

Ms Cross—When the projects are being negotiated, the successful applicant has to develop a project implementation plan which puts through the dates it will take to get building approvals, to select a site, to find an architect, and all of those sorts of key parts of the project plan are then reflected in the contract. So, when they sign the contract with us, it is on the basis of our having agreed that project implementation plan. If they were not proposing to do anything for 12 months, clearly we would not find that acceptable. So there is a process of negotiation for each project based on detailed information on how each stage will be undertaken. For some of them, the refurbishment can start very quickly; for others, there is quite a lot of approval processes that need to be put in place, such as sites, land, those sorts of things.

Senator CASH—In taking on notice the information you are going to provide in relation to these 26, can you actually provide the projected commencement dates for each of these projects and the projected completion date?

Mr De Silva—I think we can, yes.

Senator CASH—You have 26 that have been executed; what is the longest time frame?

Mr De Silva—I would actually have to look at all of the agreements to identify what were the time frames for each project.

Senator CASH—When they are ultimately up and running, will there be any key performance indicators?

Mr De Silva—Yes. There are reporting requirements for each trade training centre which deal with things like the number of students who have commenced training, the number of students who have completed or part completed training. So, depending on what training is being provided, you may be able to complete all of your training there, or it may be that a part of it is completed there, with the rest of the training done on work experience outside the trade training centre.

Senator CASH—Where can I find those key performance indicators? Have they been drafted?

Mr De Silva—In 7.7 of the guidelines—

Senator CASH—What are you looking at?

Mr De Silva—In the guidelines at 7.7, on page 41, there is monitoring and evaluation.

Senator CASH—So program guidelines February 2009, is that what I am looking at?

Mr De Silva—Yes.

Senator CASH—Can you just repeat that dot point number?

Mr De Silva—It is 7.7, on page 41. It sort of says that this includes completion of surveys and provision of data relating to trade training centres, including the number of students who

have commenced approved training delivered by trade training centres, and the number of students who have completed.

Senator CASH—Okay.

Senator IAN MACDONALD—I want to talk about Indigenous education.

CHAIR—We have transferred all of our Indigenous matters to the hearing on Friday, which is the general Indigenous estimates.

Senator IAN MACDONALD—Okay. So I do not want to talk about that. I want to talk about schools funding, then. As the minister would know, and as many in the department would know, I had an interest last year in the schools funding that went to schools that dealt with Indigenous students from north-west and Far North Queensland in my sphere of influence. At the time the bill came through the Senate, which resulted in an amendment that the government opposed but eventually accepted in the lower house, for which I was particularly grateful, there was a concern that the new arrangements under the new bill, the act as it now is, would lead to less funding for boarding schools that had a great number of Indigenous students. I am just curious now to find out, three months later, after the dust has settled, what funding has gone to schools in North Queensland, again parochially, compared with what they received in previous years? I think it is a good news story, and I just want to confirm in figures what it is?

Ms Paul—I can probably answer in general terms, and it is the case that the people who know all of the details will be here on Friday. They are not here now; nonetheless, I think I can probably assist. COAG's commitment in the new National Education Agreement, which was signed up to at the COAG meeting in December last year, did include increased funding for Indigenous schools by way of at least the previous funding indexed. There have been a number of announcements following that in response to, for example, the continuation of the Northern Territory emergency response and a range of other things, which it is probably better to go into on Friday. Nonetheless, it certainly is possible to offer the assurance that the funding is included in the National Education Agreement that was signed up to by states.

Senator IAN MACDONALD—Ms Paul, you are the secretary of the department?

Ms Paul—Yes.

Senator IAN MACDONALD—Were you that at the end of last year?

Ms Paul—Yes.

Senator IAN MACDONALD—You would be aware that there was a concern because of the changed formulation—

Ms Paul—Yes, I am aware of the concern.

Senator IAN MACDONALD—of paying Indigenous students on their place of residence rather than their place of schooling. No harm alleged, but it is simply an administrative arrangement that had overlooked that, importantly, many of the students were not schooled at their place of residence but rather in some other school. Perhaps if you do not have the figures, and if this is going to be discussed on Friday, when unfortunately I have other

commitments, could I put on notice a question that would give me details of what schools in North Queensland—and if I were better prepared I could name them all, but you would have them there anyhow—received under the pre new act provisions, and what they are receiving this year under the post new act provisions?

Ms Paul—Yes.

Senator IAN MACDONALD—That is what I am really interested in. If no-one can tell me that now, could you take that on notice?

Ms Paul—No, we could not say that now. As I say, funding was maintained but broadbanded, so to some extent some of those answers come from the states nowadays, too. But I am happy to take that on notice and try to get some information.

Senator IAN MACDONALD—There was never any suggestion that there would be less money going in?

Ms Paul—No.

Senator IAN MACDONALD—It was how it was allocated in the fact that it was being allocated to the wrong areas?

Ms Paul—Yes, and the states—

Senator IAN MACDONALD—Subsequent to the amendment to the act, hopefully, it was allocated to the right areas?

Ms Paul—I will take that on notice and see what we can find out for you.

Senator IAN MACDONALD—I am looking for actual dollar amounts to particular schools per student and in a global sense.

Ms Paul—I will see what we can do.

Senator IAN MACDONALD—I promised that I would be no longer than 10 minutes, and as I am only up to eight minutes, I will go on to the trade training centres, which I understand you are at. Can someone give me an update on the Australian Technical College at Townsville, a great institution?

Ms Paul—This is kind of embarrassing, but tech colleges are actually tomorrow. Hang on, we may be able to do it today. Yes, we have the right person here.

Senator IAN MACDONALD—I am not regularly with this committee, but the program seems to me—

Ms Paul—No, that is fine. Fortunately the right person is here.

Senator IAN MACDONALD—It does say 'Australian Technical Colleges' here. I am interested in the one at Townsville.

Ms McKinnon—North Queensland has been approved to continue as a stand-alone, independent school.

Senator IAN MACDONALD—Start again?

Ms McKinnon—The Australian Technical College in North Queensland has been approved to continue as a stand-alone, independent school.

Senator IAN MACDONALD—Excellent.

Ms McKinnon—That was announced in November 2008. We are working towards that with an end transition date of 31 December this year.

Senator IAN MACDONALD—What happens after 31 December this year?

Ms McKinnon—There is a process by which we are negotiating with the board of that college about the funding to go forward as an independent school. They will continue to receive general recurrent grants as a school, and depending on the particular terms of the transition agreement, there may or may not be a significant capital injection as well as other funding in order to enable them to commence from 1 January 2010 as a viable, independent school.

Senator IAN MACDONALD—I would almost ask you if you could explain that in simple English. I am a pretty simple person. I take it from what you say that no decisions have been made to the future of that school?

Ms McKinnon—As I understand it, some technical colleges are being amalgamated with either the Catholic system, for example, or with a state department of education. In the case of the one in North Queensland, that is actually continuing as a stand-alone, independent school, if you like, I understand without the involvement of the Queensland state government. Between now and the end of the year we will negotiate a transition funding agreement which may or may not have a capital injection. I am just not sure of the particulars of that college. Subject to that, they start operating on 1 January without an appropriation from the technical colleges program, but they will still continue to receive general recurrent grants as does any independent school.

Senator IAN MACDONALD—This was quite an exceptional school, just brilliantly managed, brilliantly executed, brilliantly staffed, and with brilliant students as well. It was a very significant part of the economy and future economy of North Queensland, the mining areas particularly, but mineral processing and many other areas that support industry. Do I take it from your answer that their future funding is guaranteed from the Commonwealth government's point of view?

Ms McKinnon—As an independent school, yes. That is not a trick answer. The college will remain as a non-government, independent school. It is also a registered training organisation, and as I understand, it will continue to operate from its purpose-built campus and be funded on the same arrangements as any other independent, non-government school.

Senator IAN MACDONALD—So, what does that mean? They will charge students fees, but get some subsidy from the government, or it will be entirely government funded? Tell me how it was before; that is perhaps the baseline that we start from, and then how you are suggesting it might be different?

Ms McKinnon—I am not sure of the particulars of this college, but talking broadly, fees were charged to students from Australian technical colleges, and it was funded both in terms of establishment and capital costs from the Australian technical college appropriation, and—

Senator IAN MACDONALD—I think the buildings were built by the Commonwealth government, is that right?

Ms McKinnon—The capital would have funded that, but in other cases it funded alterations to existing buildings or—

Senator IAN MACDONALD—This was a brand new, stand-alone, purpose-built facility, entirely funded by the Commonwealth government?

Ms McKinnon—Yes, it was, that is right. I am assuming that this one has a purpose-built campus, so it would have been charging students fees, and receiving school funding on the same conditions as any other independent school, plus some operating funding from the technical college appropriation to do with marketing as particular colleges ramped up and assisting with governance, given that they are industry-led boards. That funding will cease. There will be an agreement that negotiates some assistance with that, but not in an ongoing sense. The ongoing assistance for this school will come on the same terms and conditions as any other independent school from 1 January.

Senator IAN MACDONALD—Does that mean business as usual?

Ms McKinnon—I am assuming so, because part of what we are looking at when we look at suitable transition arrangements for colleges is the financial viability, and the board of every college puts a plan to the department, which we assess and say, 'Business as usual, can stand alone with financial viability, and the funding from the Commonwealth', as any school is funded.

Senator IAN MACDONALD—Congratulations. That is good to hear. What you are saying to me is that, in the past, they have operated with student fees, some industry contribution and Commonwealth government funding, and by and large that will not change into the future.

Ms McKinnon—Yes, that is right.

Senator IAN MACDONALD—Okay, thank you very much, and congratulations. It is a great institution. It is a credit to the department and to those who had the foresight and energy to put it up. I am delighted to hear what you say. Thank you.

Senator HUMPHRIES—I have a question about languages. A commitment was made before the last election to spend \$70 million on the teaching of Asian languages across the school system. Where does that promise stand at this point in time?

Senator Carr—Sorry to interrupt, but this was extensively covered this morning. Why is it necessary to go over it again? Is there something new, Senator Humphries? You were actually in the room?

Senator HUMPHRIES—There was discussion about the teaching of languages—

Senator Carr—And the program, the detail of the program. It was an extraordinary breakdown of the program.

Senator HUMPHRIES—This morning we were not discussing schools. This is a program about—

Senator Carr—This was discussed at length this morning, program by subprogram, if I might remind you. You sat there.

CHAIR—I did not hear the question, but nonetheless, Senator Humphries, you can ask a question.

Senator Carr—Is there something new? Otherwise, I suggest that the *Hansard* might come in handy.

Senator HUMPHRIES—Thank you for that advice, Minister. Unless you are late for a dinner engagement somewhere or otherwise committed, I would really appreciate receiving the answer.

Senator Carr—Senator, we have sat here for nine hours. You are now wishing to go back over material that we discussed eight hours ago. I am asking if there is something new.

Senator HUMPHRIES—Eight hours ago we were dealing with support for child care and childcare fee assistance and early childhood education.

CHAIR—Anyway, it has become obvious—

Senator HUMPHRIES—If we were dealing with that issue at that stage, I am afraid I was not attuned to how we fit in the teaching of Asian languages in preschool.

CHAIR—Nonetheless, the estimates are scheduled to go until 11 o'clock, and senators may use their time as they see fit. If Senator Humphries wants to cover some ground that has already been covered, that is his prerogative, and you have the call, Senator Humphries.

Senator HUMPHRIES—Thank you, Mr Chairman.

Ms Northcott—The election commitment became a program called the National Asian Languages Studies in Schools program, or NALSSP, as we refer to it. It is \$62.4 million over four years, and there are four components to the program. Most of the money, 43 per cent, which is \$43.68 million, will go to state, territory and non-government education authorities. I should say that the program is focusing on four Asian languages—Chinese, Japanese, Indonesian and Korean—either because they are three of Australia's major trading partners and Indonesia, given that it is our closest neighbour and so forth. They are the priority languages.

In terms of most of the money going to state and territory governments, that money is going out under contract once funding agreements have been signed with the different jurisdictions. Some of those funding agreements are with individual jurisdictions; in some jurisdictions, a decision has been made to have cross-sectoral agreements. In the ACT, for example, it is a cross-sectoral agreement which means that the independents, the Catholics and the ACT government have entered into a single agreement.

The second one is a strategic collaboration and partnership fund, and \$9.36 million is available for that to promote relationships between schools, education authorities, Asian businesses, Asian community groups and universities. There is a big focus there in terms of increasing the supply of teachers—also encouraging the attractiveness of learning an Asian language, producing curriculum resources and so on. There are four rounds under that. We have had the first call for applications for that, the first of four, and we have had an overwhelming response to that. It is a two-stage process. We received 117 expressions of interest, and they have been assessed, and 16 consortia have been asked to submit full applications, which are due in late June. They will be assessed by an expert panel external to the department. We expect that funding will start to flow for those in about September this year.

Senator HUMPHRIES—Is that \$9 million additional to the \$62 million or a component of it?

Ms Northcott—That is part of it. So, it is \$43 million that goes directly to states, territories and non-government education authorities, and \$9.36 million which is being administered by the Commonwealth but with external expertise in terms of assessing applications for a partnership fund.

The third component is \$6.2 million which is for grants, becoming Asia literate grants, to schools. That program is being administered on behalf of the department by the Asia Education Foundation. They have also just called for applications for that process. Under that, individual primary or secondary schools can apply for up to \$20,000 for a grant to increase the teaching and so on of one of the target languages or \$40,000 if they combine with another school. So, you might get a primary and a secondary school combining and putting in for a grant. One of the issues, obviously, in Asian languages or any language is having that continuity between primary and secondary schools of kids learning Indonesian and then only being offered French once they go into high school. That is an issue and one of the things we are trying to address. The AEF once again, once again, for the first of the four rounds that they will run have just received over 700 applications for that first round, so there is a huge amount of interest in that program. They will be assessing those, and grants and awards will be made later on in the year.

Finally, under the program there is \$3.12 million which is being withheld for national projects, and that will be used to support research into increasing the uptake of Asian languages, development of curriculum resources, establishment of data to understand what the fluency rates are, and how we improve Asian language learning. It is not just Asian languages, but it is also about studies of Asia, so cultural literacy as well.

Senator HUMPHRIES—Do any of those four components cover costs associated with training teachers at tertiary level for teaching languages?

Ms Northcott—We have not yet announced who will be successful under the Strategic Collaboration and Partnership Fund. We have not even assessed those applications. We have not yet received the full applications from the 16 consortia, but we anticipate that a number of those will be looking at initiatives in the higher education sector. There is also a range of

initiatives happening more broadly across the portfolio to encourage and increase the number of teachers generally, which includes language teachers, so the national partnership in terms of teacher quality will be looking very much at teacher supply as well as teacher quality.

Ms Smith—It is possible that the improving teacher quality national partnership has some money available for school centres of excellence. It might be the case that a centre of excellence may be focused on language teaching. We are yet to see the details of that.

Ms Northcott—The other thing that is probably worth pointing out is that, in the national curriculum with the Australian Curriculum Reporting Assessment Authority, ACRAA, the key learning areas are in English, science, history and maths. Currently it has just engaged writers to start writing the curriculum after a very extensive consultation process. The issue of languages will be in the second tranche of key learning areas that will be assessed and pursued by ACRAA, along with geography and the arts.

Senator HUMPHRIES—Thank you.

Senator MASON—I have some questions about music, some brief ones about youth connections and the national curriculum—but again, it will be brief. It might sound like a lot of material, but I think we can deal with it quite briefly. I will then go to three of the new announcements that the government has made regarding Smarter Schools—Improving Teaching Quality, Smarter Schools—Low SES School Communities, and Smarter Schools—Literacy and Numeracy. I have asked some questions before about music education. In the 2007 government's election policy, Mr Garrett said:

Only 23% of state school students have access to music education compared to 80% of students in non-government schools (Music Council of Australia, 'Trends in School Music Provision in Australia', July 2003).

... ..

Labor will develop practical initiatives following consideration of the recommendations of the National Review of School Music Education Report ...

Labor will work with state and territory education authorities, teacher employers and universities to review the provision of music education through the entire education system. This is the first step in creating a comprehensive music education program in our schools and educational institutions.

I am quoting from the government's election policy in 2007. I am just wondering, Minister, Ms Paul or officers, does the government intend to keep its promise to create a comprehensive music education program in our schools and educational institutions?

Ms Northcott—I do have a copy of your previous parliamentary question and the response. I can assure you that the government is strongly supportive of music education in schools. In December last year the Melbourne Declaration on Educational Goals for Young Australians was issued by all Australian education ministers. That updated the Adelaide declaration that was issued in 1999. That included the identification of key learning areas to which all students should have access, and a commitment that all governments would work together with all school sectors—government, non-government, et cetera—to develop world-

class curriculum, and it went on to set out the eight key learning areas to which all students should have access.

Senator MASON—So is that partly through COAG?

Ms Northcott—No. It was through MCEETYA, the Ministerial Council on Education, Employment, Training and Youth Affairs. They sign those declarations, it seems, every 10 years. The first one was in Hobart 1989, and then—

Senator MASON—It is part of cooperative federalism anyway?

Ms Northcott—That is right, absolutely. That document should be seen as a companion document to the National Education Agreement. The National Education Agreement cross references the Melbourne declaration quite extensively. So the NEA, the National Education Agreement, was the COAG document signed off by first ministers; the Melbourne declaration was signed off by ministers for education. One of those eight areas was a commitment that every student should have the opportunity to develop, among other things, knowledge in the arts, performing and visual; so music falls within that. Since then, on 17 April 2009 the ministerial council met again and, as I said in my answer to the question around languages, there were four areas identified as the first tranche: science, history, maths and English. The second tranche has been agreed. It had already been agreed that geography and languages would form the second part of the development of national curriculum.

Senator MASON—Yes, I am with you there. I understand the process.

Ms Northcott—It was agreed on 17 April that the arts should also be included and brought forward into that second tranche.

Senator MASON—For the development of the national curriculum.

Ms Northcott—Yes.

Senator MASON—I will ask some questions later on about that, but believe it or not, they will not take all night. But hold your horses for a second. You have painted the picture; thank you. Can I refer to a particular program, the Music Count Us In program?

Ms Northcott—Yes.

Senator MASON—I am sure you are prepared for this. How many teachers participated in the professional development component of the Music Count Us In program in 2008?

Ms Northcott—I will just see if I can find that. I think I do have that information.

Ms Smith—While Ms Northcott is looking for that, we have funded Music Count Us In for \$480,000 in 2008. Funding is approved to December 2008.

Ms Northcott—Sorry, I think I had better take on notice the question as to the number of teachers that have participated in Music Count Us In.

Senator MASON—You have to take that on notice, do you?

Ms Northcott—I think I am best to take that on notice.

Senator MASON—All right. How many students participated in the program in 2007 and 2008, can you tell me that?

Ms Smith—We would need to take that on notice.

Senator MASON—How many schools? We have gone from teachers in 2008 to students in 2007 and 2008; now, how many schools participated in the Music Count Us In program in 2007 and 2008?

Ms Northcott—I do have some data here for 2008 and 2009. So, in terms of how many students; in 2008, an estimated 459,910 students and teachers—I do not have that broken down, but I am sure there were a lot more students than there were teachers—took part in the program from 1,700 schools. In 2007, the figures were 250,000 students from around 870 schools that participated in the event. That is in response to a question on notice from Senator Milne. That was tabled on 1 May 2009.

Senator MASON—Senator Milne is, as always, ahead of me. What you can say from looking at those figures is that, in 2007, if there were 257,000 students and in 2008 there were 459,000, there has been an increase of nearly double, but an increase by nearly 200,000 students, and 900 more schools?

Ms Smith—We did not have a breakdown, so I would not like to say what has been the doubling.

Senator MASON—It just seems like a big increase, that is all, from the figures I have just received; is that right?

Ms Northcott—Yes.

Senator MASON—All right, I thought it was right. How about schools participating in 2008? Could we have that number?

Ms Northcott—I have provided that to you.

Senator MASON—I thought that was 2007?

Ms Northcott—I gave you the 2008 figure, which was 459,910.

Senator MASON—Yes, you did, sorry. You may have to take this on notice, but what was the cost of the Music Count Us In program on a per student basis in 2008? Is it possible to work that out?

Ms Northcott—I would have to take that on notice, but yes it is possible.

Senator MASON—Okay, I understand that. While you are at it, could you find out what the cost of the program was on a per school basis in 2008?

Ms Northcott—Yes.

Senator MASON—So, per student, and then per school?

Ms Northcott—Yes. Obviously with respect to the per school figure, schools vary enormously, so it will be an average cost.

Senator MASON—I understand that. I am just surprised at the increase. That is a big increase. I did not expect that. Senator Milne has obviously blazed a trail. That is a big increase. Is the government funding this Music Count Us In program for 2009 and beyond?

Ms Northcott—At the moment funding has not been identified for the program, but we are certainly exploring options to fund it.

Senator MASON—So it has not been?

Ms Northcott—No.

Senator MASON—What are the reasons for not having committed further funding?

Ms Northcott—Availability of funding in the department.

Senator MASON—Can you add anything to that, Ms Paul or Minister?

Ms Paul—No. In fact, I do not know the reason, so it is probably best to take that on notice as well. I note that there is \$3.54 million over four years supporting music education in schools altogether, but we would need to probably unpack that for you.

Senator MASON—No, I accept that. I just find it a very large increase.

Ms Paul—Unless it was a part-year effect, I do not know. We will have to look at that.

Senator MASON—Does that seem like a big increase?

Ms Paul—Yes, it does. Maybe it started part-way through a year, I do not know. We will have to have a look.

Senator MASON—If you could find that out for me, that would be great. I asked a question on notice: what progress has been made to implement the program recommendations from the national school music workshop? In response, the government advised that the following initiatives were in place—and there are six of them. The response was first of all, the national awards for excellence in school music education; secondly, the Music Count Us In program; thirdly, music education advisory group; fourthly, funding for Musica Viva in schools; fifthly, funding for The Song Room, and sixthly, the development of the national curriculum. I think I am right in saying that all of those initiatives were initiatives of the Howard Government, is that right?

Ms Paul—I think there is a mix, looking at my notes. I can see some things were approved in 2008; I think we would probably need to take that on notice.

Senator MASON—None of those to my mind—and I could be wrong—were initiatives put into place by the current government.

Ms Paul—That may be true, but I see some approvals here for various things in 2008, so we probably need to check that up.

Senator MASON—Also, if you could take on notice, have any other initiatives been put in place for the 77 per cent of state school students who currently do not have any access to music at school? I am concerned about what the government is doing. I have many more questions on music, but I will put them on notice.

Just briefly, because I am not quite sure where this fits in, so you will have to help me—and I have tried to find out about this myself—previously there was a program called Youth Engagement which included the Mentor Marketplace that Senator Back discussed earlier today. Is that right? There is a program previously called Youth Engagement? All my extra Google information has come to nought. I need you ladies to help me find information; I cannot find anything. That maybe my lack of skill; I suspect it is, but I just cannot find the information that I need.

Ms Cross—The Mentor Marketplace program is a current program run out of the Office for Youth, and it continues through to the end of 2009.

Senator MASON—I understand that that program is being replaced by Youth Connections from 1 January 2010; is that right?

Ms Cross—Yes. The Youth Connections program will replace four existing programs, and one of those is Mentor Marketplace.

Senator MASON—Where is funding for this discussed in the budget papers?

Ms Cross—If you look at the portfolio budget statement on page 90, there is a section on Youth Engagement. It has four dot points, and one of those is Mentor Marketplace.

Senator MASON—Right. What about Youth Connections specifically?

Ms Cross—Youth Connections is referred to on the previous page, but there is a reference to the new program arrangements which will come in place from January 2010. On page 89—

Senator MASON—I am not a very good detective; that is my problem.

Ms Cross—At the bottom of page 89, it points to a number of programs which will cease on 31 December; from 1 January 2010 new arrangements will be in place which will streamline programs that support young people to transition successfully from school to further education, employment or training. So Mentor Marketplace is one of those programs which is being streamlined.

Senator MASON—But it does not actually say Youth Connections, does it?

Ms Paul—You do not think it is the YouthLinx—that is one of the four; see down below in the four dots it mentions Mentor Marketplace. Do you think that could be it?

Senator MASON—I am doing my best; where are we?

Ms Cross—Youth Connections is the name of the new program.

Senator MASON—That is what I mean, from 2010?

Ms Cross—That replaces YouthLinx, Why Connections, Youth Pathways and Mentor Marketplace.

Senator MASON—Where is Youth Connections mentioned?

Ms Cross—It is not referred to by name in the budget papers, but there has been—

Senator MASON—Is there any reason for that?

Ms Cross—Just at the time that this was being written, we were focusing more on the programs which were in existence running through to the end of the year. We are in the process of—

Senator MASON—Even though you were funding the new program of Youth Connections?

Ms Cross—We are in the process of talking to states and territories about putting the new programs in place under a national partnership, and that national partnership will not be finalised until July. While I am referring to it as Youth Connections and that is how we are talking about it publicly, it is still under discussion as part of that national partnership.

Senator MASON—So was this announced by the Deputy Prime Minister?

Ms Cross—Yes, it was announced at the COAG meeting on 30 April, I think. The national partnership was announced—

Senator MASON—On 30 April in COAG?

Ms Cross—Yes, and it did not go into the detail of the program names, but this is part of what is being negotiated under that national partnership.

Senator MASON—It is all a bit low profile, Ms Cross; that is why I cannot find anything. Senator Cash has just pointed out a document on the website—she is obviously better at this than I am—but it is a bit low profile, Ms Cross.

Ms Paul—I could probably draw your attention also to the Deputy Prime Minister's statement that she made at the budget.

Senator MASON—Is it in there?

Ms Paul—No, I have not seen the words Youth Connections, so you are still in front of me there, but what Ms Cross is referring to is referred to under the Compact with Young Australians, which is described from page 35 on.

Senator MASON—Ms Cross, the PR section of your department should do a bit more to publicise this.

Senator JACINTA COLLINS—Senator Mason, I think that happened when Larry Anthony ceased to be the minister.

Senator MASON—What is that?

Senator JACINTA COLLINS—The whole area after the Howard government—

Senator MASON—I am not making a criticism of the policy; it is just not mentioned anywhere.

Ms Cross—It could possibly have been mentioned in more detail, but as I said, it is still subject to negotiation as part of the national partnership. That has not been finalised, and will not be finalised until July. But there is information on the website. We have written to all providers, so it is not—

Senator MASON—Were there any public announcements about it at all?

Ms Cross—There was a press release, I think, just ahead of the budget by Minister Ellis announcing the new program arrangements.

Ms Paul—Again, it is in that one, too, the *Jobs productivity and fairness—A foundation for recovery* budget statement.

Senator MASON—Who is running the program, DEEWR or the ministerial council?

Ms Cross—The program will be put in place under the national partnership, so we are currently talking to the states and territories. But initially we expect that it will be established as a Commonwealth program managed by the department, but working closely with state and territory governments.

Senator MASON—Do you have any idea about how the resources will be devoted to this?

Ms Cross—Yes, I can give you the amount of money in the budget forward estimates period.

Senator JACINTA COLLINS—In this table that you have referred us to, on page 92 under ‘Careers, Transitions and Partnerships’, there is mention of the Connections Program; is that distinct from the Youth Connections program we are talking about?

Ms Cross—That is one of the existing programs that will continue until the end of the year and then get rolled into the new program.

Senator JACINTA COLLINS—That is not the Youth Connections program that Senator Mason is talking about?

Ms Cross—Youth Connections will start on 1 January. Actually, a lot of the elements of it will be very similar to the Connections Program.

Senator JACINTA COLLINS—Okay. So that is across both Careers, Transitions and Partnerships and Youth Engagement; it is across those two areas?

Ms Cross—Yes, that is right. The funding in the forward estimates for the Youth Connections program is \$250 million.

Senator MASON—That is quite a sizeable program. I suggest that the PR section should go out and sell the program. I just could not find anything about it. It is due to be rolled out from 1 January?

Ms Cross—Yes.

Senator MASON—Next time, maybe in October, I might ask some more questions about it when there is a bit more out about it. By October estimates, do you think we will know more about it, with more public announcements?

Ms Cross—We are starting the procurement process in July, so we would certainly hope to be well through that process by September-October, but whether we have actually announced the outcome or whether the process is still being finalised, it really depends, but around that time we should be finalising the process.

Senator MASON—I have some brief questions on the national curriculum but I might just go straight to those three new budgetary measures. It sounds like it could last all night, I know, because they are new measures, but I will not be detaining the committee all night.

Can we first go to the Smarter Schools—Literacy and Numeracy program, program 2.6 in the budget portfolio statement at page 81? In relation to the National Action Plan on Literacy and Numeracy, the objectives are very noble, but the key elements of the budget are a National Partnership Agreement for Literacy and Numeracy, and also literacy and numeracy pilots in low SES communities. What is different about this plan from other plans over the years? Why is this one going to work?

Ms Hanlon—The difference, I believe, is that the approaches that are being put forward by the states and territories through their implementation plans are evidence based. They are proven to have results in terms of literacy and numeracy. There is a particular focus on disadvantaged students, in particular Indigenous students. It is a new way of actually investing the funds in collaboration with the Commonwealth. I guess by providing the implementations of those evidence based approaches, we are establishing an evidence framework for the things that work best in certain situations with certain students.

Senator MASON—For what it is worth, I think that is excellent. I notice that the plan will be measurable, is that right, by virtue of national testing results?

Ms Hanlon—Yes.

Senator MASON—That is very game to do that. I agree with the approach, but it is quite game to do that, because you are holding yourself up against objective outcomes and you cannot fudge that. That is great. I notice that the pilots are targeted to low SES communities, or is it to schools with a high proportion of literacy and numeracy difficulties? Because they are actually different things; they are not necessarily the same. They may be the same. What is your answer?

Ms Hanlon—That is correct. The states and territories have actually selected those schools based on both principles.

Senator MASON—On both, so it is not just postcodes?

Ms Hanlon—That is correct.

Senator MASON—Great. The program will operate for four years?

Ms Hanlon—The pilots will operate for two years, but the national partnership for literacy and numeracy will operate for four years.

Senator MASON—It says that it will facilitate and reward literacy and numeracy models or approaches that clearly demonstrate evidence for accelerating an improvement in student results. So you are going to design a system that is going to work?

Ms Hanlon—The national partnership for this is over four years. The first two years are facilitation funds, but for the third and fourth years, they are described as reward funds.

Senator MASON—I think this is a good idea to have a benchmark, even as I say you are holding yourself to be externally accountable in effect, but will you have the capacity to

readjust the program in light of results? You might have to cut and tail programs here and there in light of results; is that possible? Is the program flexible enough to take account of empirical results, the testing results?

Ms Hanlon—I guess our expectation is that there will be a national evaluation of the national partnership.

Senator MASON—After the four years?

Ms Hanlon—Over the four years. States and territories themselves will be evaluating the success of the various approaches that they will be implementing in the schools that are receiving the national partnership funding. So they will be accountable, if you like, for the outcomes of that investment, and they will be looking for the improvement in student literacy and numeracy results.

Senator MASON—It is going to be very interesting over the next few years. It will be a very interesting program, and I think all of us hope that it is successful. Perhaps even if it is not, we can perhaps redesign further projects in the future that refine the approach. We may have to refine it; who knows.

Ms Hanlon—Certainly collecting the evidence of what works is an outcome that we are seeking to provide nationally.

Senator MASON—I have one last thing on this program. On page 83, I could not understand this. It has 'Quantity for key deliverables'. Do you see that table at 2.2.6 on page 83?

Ms Hanlon—Yes.

Senator MASON—The number of literacy and numeracy pilots successfully implemented is 12. What does that mean?

Ms Hanlon—There are only 12 pilots funded under this particular funding source. There are further pilots that are being funded from other sources. This was actually announced prior to the national partnership in March last year. So there are actually 30 pilots in all.

Senator MASON—What does seem impressive is, just below that, the program effectiveness; do you see that?

Ms Hanlon—Yes.

Senator MASON—You have percentage of students at or above the national minimum standard in reading and numeracy, years 3, 5 and 7; reading and numeracy, and then you have Indigenous students.

Ms Hanlon—Correct.

Senator MASON—You have listed them there under 2008-09, and I assume it is going to go 2009-10, 2010-11, 2011-12 and 2012-13?

Ms Hanlon—That will be our aim.

Senator MASON—So politicians have to sit here and actually work out whether it has worked, based on that. I have to give credit where credit is due, that you are putting the

program and its success in accordance with highly recognised and objective criteria. Good luck.

Ms Hanlon—Thank you.

Senator MASON—The next program, Ms Paul, is the Smarter Schools—Low SES School Communities. I note on page 62 it has ‘Program 2.9’, but it might be program 2.8, is it?

Ms Paul—Yes.

Senator MASON—A typo there, and I never pick up typos. Turning to page 86, Smarter Schools—Low SES School Communities National Partnerships, for the program objective in the third paragraph, it says:

The effectiveness in achieving the intended result of Outcome 2 will be measured by the performance indicators set out in the NEA. These include the proportion of Indigenous and low SES children enrolled and attending school and the literacy and numeracy achievements of Year 3,5, 7, and 9 Indigenous and low SES students in national testing.

So again, the effectiveness is measured in part by reference to the national testing; is that right?

Ms Cross—Yes.

Senator MASON—Does this tie in with the initiatives with the Northern Territory emergency response, or am I missing something? I am speaking to those people on Friday when we will have evidence on Indigenous issues. Does this tie in with that?

Ms Cross—In looking at how we put in place this national partnership in the Northern Territory, we look at how it aligns with the other national partnerships, so that is teacher quality, literacy and numeracy, and also how it aligns with the Northern Territory emergency response. We would certainly expect that when this is being implemented there are very clear linkages and cohesion between all of the different elements of funding.

Senator MASON—Including NTER, okay. Below that, on page 86, half-way down the page under ‘Administered items’, the budget statement states:

The NP will provide support for schools and systems to:

offer incentives to attract high-performing principals and teachers to low-SES schools.

Again, that is quite an exciting initiative. What sorts of incentives?

Dr Phillips—The plans that states and territories are looking at in the initiatives may include salary incentives, it may include other forms of incentives such as additional study assistance. There is a variety of different activities that they are all thinking about at the moment.

Senator MASON—Will they be listed somewhere at some stage?

Dr Phillips—The plans will be published and the final implementation plans, and at that point those activities will be made public.

Senator MASON—What is the time line for that?

Dr Phillips—I think it is around October-November.

Senator MASON—Of this year?

Dr Phillips—This year.

Senator MASON—So if you are lucky, you will escape the next estimates, is that right, due I think in October. So those incentives will be listed. Interestingly, the next dot point is:

adopt best-practice performance management and staffing arrangements that articulate a clear role for principals.

This is sort of controversial, not in a partisan sense, but it is controversial in an educational sense. Does this mean, for example—and there has been debate about this—that the principals will have autonomy such that, for example, they will be able to hire and fire staff?

Dr Phillips—It may include that.

Senator MASON—So that still has not been worked out?

Dr Phillips—The plans are currently in draft, and these activities are being worked out with the jurisdictions.

Senator MASON—That will be very interesting. The minister will know that there is a lot of debate about this in the literature, about how effective this is. Without entering that debate, I think it is fair to say it is controversial, not from a partisan perspective but from an educational perspective. It is very interesting. Many people think that much more autonomy should be given to the local schools. That is an argument, but there is a lot of debate around these particular areas of improving outcomes from low SES areas; it is very interesting.

Ms Cross—I should make it clear that these plans will cover government and non-government schools—just so that you are clear. Obviously within some sectors that type of principal leadership is well established.

Senator MASON—Yes, there is great autonomy already, and even in some government schools. I understand that. Again, without going through them all, you have:

- strengthen school accountability and provide better reporting of outcomes to parents and communities

Again, would that be things like test results and so forth? Might it be test results?

Ms Cross—It could be a range of information, so it could be information on the results of students; it could be information from teacher surveys or information on teacher retention. As Dr Phillips mentioned, each state and territory is currently working through which of these reforms they will put in place and how they will do that. It will all be detailed in the final plans.

Senator MASON—Again, one of the debating points is whether it is good to have a league table of school results. Without going into whether it is good or bad, it is fair enough to say that that is part of the public debate, is it not? I think that is fair.

Ms Cross—Yes.

Ms Paul—We covered that pretty well with Senator Hanson-Young earlier on, I think.

Senator MASON—Sure, but I just raise it as an issue. I am not taking sides. That is the sort of thing that will be canvassed between now and October-November. Thank you very much. Perhaps in October I will have more questions when the precise formulae are available. I refer to ‘Smarter Schools: Improving Teacher Quality NP’. Where it says ‘see program 2.7’, I think it should be ‘2.9’, is that right?

Ms Smith—Yes.

Senator MASON—Another typo that I have found.

Ms Smith—It is 2.9.

Senator MASON—I am ahead of the department on this.

Ms Paul—It says ‘2.9’ on both of mine, actually.

Senator MASON—Yes, but it says ‘2.7’ on page 62.

Ms Paul—Never mind.

Senator MASON—Let us look at Smarter Schools: Improving Teacher Quality National Partnership. Again, this is a very important issue and one of considerable not so much partisan debate but educational debate. If we go down to the final paragraph on that page, we see it states:

The effectiveness of this program in achieving the intended result of Outcome 2 will be measured by indicative performance indicators included in the Improving Teacher Quality National Partnership Agreement.

Taking that agreement, will that include outcomes such as better results at national testing and more students going to university and things like that?

Ms Smith—The nature of this national partnership is quite different in character to the literacy and numeracy and low-SES NPs.

Senator MASON—What, not as brave; is that right?

Ms Smith—No, I think it is very brave in fact, but that is a personal opinion. The essence of this national partnership is that it has a range of reforms. It has 12 reform areas that are connected to facilitation reforms, which range from putting in place new professional standards for teachers and consistency in preservice teacher accreditation to national consistency in the registration of teachers. This is across the nation in a national way, across all jurisdictions. So it is not focused on individual schools; that is how I have distinguished the difference in character of the other two.

It also has a nationally agreed process for accrediting and certifying accomplished and leading teachers. It has facilitation reforms connected with improving performance management and continuous improvement in schools. It has a focus on the quality and availability of teacher workforce data so that we can base more of the reforms on an evidence base, because there has been a dearth of national data. It also has a number of new pathways into teaching, so it is trying to open it up to those who are attracted to go into the teaching profession and to look at the issues of status connected with teaching. It is trying to get top

graduates into teaching through different mechanisms—mid-career changes to come into teaching—and to open up the pathways for Indigenous people so as to diversify.

Senator MASON—After a couple of weeks of estimates, I feel like a mid-career change as well.

Ms Smith—I am only up to the ninth facilitation reform, and there are three others. There are quality placements for the practical component of teacher education courses and school centres of excellence, which I have already mentioned in a previous answer. There is also professional development and support for principals. That is the facilitation reform side of the national partnership.

Senator MASON—How do we benchmark success?

Ms Smith—I am just saying that there is such a diversity in this Improving Teacher Quality National Partnership that it was necessary, for the purposes of the budget papers and because these negotiations are ongoing with the states and territories in their implementation plans, that the national partnership itself provided a list of around 30-something indicative performance indicators—

Senator MASON—They are flagged there, yes.

Ms Smith—Yes, they are flagged there, and the work that will come through in the final implementation plans from each of the states and territories will agree on the performance indicators.

Senator MASON—When is that due, do you know?

Ms Smith—At the moment the states and territories are submitting their preliminary implementation plans, and in October we will have the final implementation plans. So the work will be—

Senator MASON—October?

Ms Smith—Yes, October.

Ms Cross—For public release in October/November.

Senator MASON—You may be lucky, as it might happen just after estimates.

Ms Smith—The performance indicators will be worked through according to the reforms that the states and territories undertake. Another distinguishing factor for this national partnership is that all of the reform areas and the facilitation areas are mandatory, so every state and territory needs to be doing them. However, there are options in the reward reform element that I did not go through. There are six reform areas there.

Senator MASON—This is not a criticism and it is rather just a concern because some of the 12 aspects that you mentioned—and I do not mean this really at all—are slightly nebulous, hard to quantify. When you are looking at national testing, it is pretty much black and white. This is not black and white, and I suppose I will certainly be interested to see how you do try to classify success. I do not think it is easy.

Ms Smith—Some of the facilitation reforms lend themselves to much more tangible outcomes, such as centres of excellence, how many graduates are involved in new pathways into teaching and so on.

Senator MASON—Sure, I accept that.

Ms Smith—Others are a set of nationally agreed standards as to teacher registration and that sort of thing.

Senator MASON—All right. So, with respect to the \$444 million that is being paid to the states and the territories by the Commonwealth, there will be accountability and reporting mechanisms in place?

Ms Smith—That is right, through the implementation plans.

Senator MASON—I always look at things like that, as you know. Thank you very much. All I have left are some questions on the national curriculum.

CHAIR—I think you can carry on if you so desire.

Senator MASON—I will not be long. On national curriculum, I think it is fair to say it can be a source of debate, not necessarily partisan debate, but perhaps more debate in principle or ideology. Can we briefly have a look at the national curriculum and the *Shape of the Australian curriculum* in English that has just been released? I think it is fair to say there has been some criticism attached to it. On 27 May this year, on page 1 of the *Australian* there was an article headed ‘Reading syllabus hijacked by fringe groups as basics ignored’. I am sure you would be aware of that article. There was concern that the National Curriculum Board was caving into the demands of a fringe group of university academics and teachers who argued against a back-to-basics emphasis on phonics in teaching reading. The third paragraph states:

Researchers have told federal Education Minister Julia Gillard that the board, headed by chairman Barry McGaw, has failed to consider recommendations of the national inquiry into teaching literacy, which insists that the “explicit and systematic” teaching of the letter-sound relationships is required to learn to read.

So it is a debate that we have heard many times. Then I noticed the next day, Thursday, 28 May, on page 2 of the newspaper, the appearance of an article headed ‘Professor hits back at critics who claim phonics syllabus backdown.’ I do not know if you are aware of that article. In it, Professor McGaw says that the previous article:

... invites the conclusion that we have diminished the importance of phonics,” ... “That is not our intention, and not what will be reflected in the syllabus, or what we will tell the curriculum writers.”

Is that right? Can you add anything to that? This debate is going on and on and on, but is it the government’s intention to stick with a back-to-basics teaching curriculum based on phonics?

Ms Smith—The government’s intention is to have the independent authority develop advice on the national curriculum. They have done that, as Ms Northcott has indicated, after extensive consultation, and they have arrived at the *Shape of the Australian curriculum* in English paper, as they have done for the other three key learning areas. They have indicated

that the national English curriculum would need to be built around three areas: language—knowing about the English language; literature—understanding, appreciating and responding to and creating literature; and literacy. Thinking that we are doing national curriculum from kindergarten through to year 12 and thinking about it as to the growth of a child's knowing, there would be a growing repertoire of English usage in a range of contexts. The then National Curriculum Board, which is now formally the Australian Curriculum Assessment and Reporting Authority, has explicitly said that there would need to be the teaching of phonics, and it has explicitly noted the findings of the review.

Senator MASON—Okay, so we are not going to repeat the mistakes of the past, is that right?

Ms Smith—Yes. So, in the instructions to writers, which are really essentially what this shaping paper is about, there will be detailed specifications for the writers, but they will instruct them to identify those three areas across the stages of learning, and there will be a focus on phonics, if you like, particularly for those in the early years of schooling but also for those who come from backgrounds without English.

Senator MASON—Thank you, Ms Smith. The three budget programs that we discussed before are all very important and the government is allocating a lot of money to those projects. They are all noble causes, but unless the basics are right and unless the kids can read we can spend as much money as we like but our national testing results are not going to get any better. Quite frankly, it is kids from disadvantaged backgrounds that suffer more than middle-class kids. I know that all of us on the committee have taken a watching brief on these issues, because we are all interested in them. Obviously, as things progress we will certainly be asking more questions.

I have a couple of questions on the national curriculum board with respect to history. There has been a little bit of controversy about this. I notice on page 6, about two-thirds of the way down, this is said:

Historical perspectives: The cognitive act of understanding the different social, cultural and intellectual contexts that shaped people's lives and actions in the past. This involves an understanding of the dangers of anachronism ...

Is that right? It might be you or me, Senator Carr; who knows?

Senator Carr—Not around here; I do not think so. I do not think that sort of concept would penetrate the walls of the Senate.

Senator MASON—It states:

This involves an understanding of the dangers of anachronism and an appreciation of diverse perspectives on the past.

Ms Smith—Could I clarify which page you are referring to?

Senator MASON—Page 6.

Ms Smith—Page 6 of the *Shape of the Australian Curriculum* paper?

Senator MASON—Yes, page 6 of *Shape of the Australian Curriculum* and about two-thirds of the way down.

Ms Smith—I am just having trouble finding it.

Senator MASON—It is under '*Historical perspectives*'.

Ms Smith—Yes, thank you.

Senator MASON—So this involves an understanding of the dangers of anachronism and an appreciation of diverse perspectives on the past. That is interesting. Ms Smith, that is not your understanding of what those words mean? I do not quite understand it. That is not some sort of invitation to moral relativism, is it?

Ms Smith—That is not an invitation to what, Senator?

Senator MASON—Moral relativism. Does Ms Paul know about this?

Ms Paul—I really cannot comment on this.

Senator MASON—Let me put it quickly: diverse perspectives. Are all cultural and political perspectives morally equal?

Ms Smith—I think it is fair to say that the paper calls for a balanced, rigorous and contextualised approach to Australian, Indigenous and world history. I think that would be our description of what the paper is calling for.

Senator MASON—Fine. I just do not know that we want to repeat some of the mistakes of the past, that every perspective is morally equal. I think if we do that again we will have the same problems we have had in the past. Anyone who thinks that all political perspectives are morally equal was not around in the 20th century. That is all I have; thank you.

CHAIR—We have not had any indication from any other senators that there are questions in this outcome, so on that basis we will suspend these estimates proceedings until 9 am tomorrow.

Committee adjourned at 8.58 pm