



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS
LEGISLATION COMMITTEE

ESTIMATES

(Supplementary Budget Estimates)

THURSDAY, 22 OCTOBER 2009

CANBERRA

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SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

LEGISLATION COMMITTEE

Thursday, 22 October 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, Hanson-Young, 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 Abetz, Back, Bilyk, Cash, Jacinta Collins, Cormann, Fielding, Fifield, Fisher, Humphries, Ian Macdonald, Marshall, Mason, Payne and Ronaldson

Committee met at 9.00 am

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

In Attendance

Senator Joseph Ludwig, Special Minister of State

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

Department of Education, Employment and Workplace Relations

Cross Portfolio

Ms Lisa Paul, Secretary

Mr Robert Griew, Associate Secretary

Mr Michael Manthorpe, Deputy Secretary

Dr Michele Bruniges, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Ms Malisa Golightly, Deputy Secretary

Mr Graham Carters, Deputy Secretary

Mr John Kovacic, Deputy Secretary

Mr Ewen McDonald, Deputy Secretary

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

Ms Vanessa Graham, Deputy Chief Finance Officer, Finance Group

Mr Glenn Archer, Chief Information Officer, IT services Group, IT services Group

Ms Robyn Kingston, Chief Internal Auditor, Internal Audit Group

Mr Glen Casson, Deputy Chief Internal Auditors, Internal Audit Group

Mr Simon Gotzinger, General Counsel and Group Manager Acting, Investigations, Legal, Investigations and Procurement Group

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

Mr Henry Carr, Senior Executive Lawyer, Litigation, Corporation and WR Programs, Legal, Investigations and Procurement Group

Ms Margaret Pearce, Group Manager, Parliamentary and Communications

Mr Pattie David, Branch Manager, Internal Capability and Support Branch, Parliamentary and Communications

Mr Brant Trim, Branch Manager, Communications Delivery Branch, Parliamentary and Communications

Ms Barbara Grundy, Branch Manager, Strategic Communications Branch, Parliamentary and Communications

Ms Debra Rollings, Branch Manager, Parliamentary Branch, Parliamentary and Communications

Mr Ben Johnson, Group Manager, People Group, People Group

Mr Ben Wyers, Branch Manager, Capability Development and Agility, People Group

Ms Chris Silk, Branch Manager, Remuneration and Performance, People Group

Ms Sue Saunders, Branch Manager, People Services, People Group

Ms Helen Skrzeczek, Group Manager, Applications Systems Group

Ms Jenny Harrison, Acting Group Manager, Delivery and Network Group

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 and Workforce, Early Childhood Development

Ms Irene Krauss, Acting Branch Manager, New Early Learning and Care Services , Early Childhood Development

Ms Vicki Rundle, Group Manager, , Early Childhood Development

Ms Joan ten Brummelaar, Branch Manager, Early Childhood Quality, Early Childhood Development

Ms Kathryn Shugg, Acting Group Manager, Indigenous Pathways and Early Learning

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

Mr Alan Edwards, Branch Manager, Indigenous Early Childhood, Indigenous Pathways and Early Learning

Mr Matthew Hardy, Branch Manager, Performance and Analysis, Indigenous Pathways and Early Learning

Mr Anthony Parsons, Group Manager, Early Childhood Programs

Mr Murray Kimber, Branch Manager, Child Care Policy and Payments, Early Childhood Programs

Mr Mark Wright, Branch Manager, CCMS and Compliance, Early Childhood Programs

Ms Rose Giumelli, Branch Manager, Finance and Strategic Development, Early Childhood Programs

Ms Lois Sparkes, Branch Manager, Child Care Programs, Early Childhood Programs

Outcome 2—Schooling and COAG

Ms Lisa Paul, Secretary

Dr Michelle Bruniges, Deputy Secretary
Dr Evan Arthur, Group Manager, Digital Education and Youth Transitions Group
Ms Rhyan Bloor, Branch Manager, Broadband and Digital Education Branch, Digital Education and Youth Transitions Group
Ms Fiona McDonald, Branch Manager, Careers and Transitions, Digital Education and Youth Transitions Group
Ms Helen McLaren, Branch Manager, Youth Attainment and Transitions Taskforce, Digital Education and Youth Transitions Group
Ms Louise Hanlon, Group Manager, Lifting Educational Outcomes
Ms Karen Sandercock, Acting Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes
Ms Helen Hepburn, Acting Branch Manager, Teaching Initiatives, Lifting Educational Outcomes
Ms Margaret Banks, Branch Manager, Teacher Workforce Reforms and Initiatives Branch, Lifting Educational Outcomes
Ms Gabrielle Phillips, Branch Manager, Inclusive Education Branch, Lifting Educational Outcomes
Mr Peter Miller, Director, School and Student Support Branch, Lifting Educational Outcomes
Ms Karel Williams, Director, School and Student Support Branch, Lifting Educational Outcomes
Mr Jay Kickett, Assistant Director, School and Student Support Branch, Lifting Educational Outcomes
Mr Greg Bryant, Director, School and Student Support Branch, Lifting Educational Outcomes
Ms Judy Petch, Director, School and Student Support Branch, Lifting Educational Outcomes
Mr Jim Castro, Director, School and Student Support Branch, Lifting Educational Outcomes
Ms Cathy Jubb, Director, School and Student Support Branch, Lifting Educational Outcomes
Mr Matt Davies, Branch Manager, School and Student Support Branch, Lifting Educational Outcomes
Mr Shane Hoffman, Branch Manager, Indigenous Education Reform Branch, Lifting Educational Outcomes
Ms Janet Davy, Group Manager, National Curriculum, Assessment and Reporting
Ms Suzanne Northcott, Branch Manager, National Curriculum, National Curriculum, Assessment and Reporting
Mr Tony Zanderigo, Branch Manager, Reporting and Accountability, National Curriculum, Assessment and Reporting
Ms Shelagh Whittleston, Acting Group Manager, , Infrastructure and Funding
Ms Leonie Horrocks, Branch Manager, Schools Grants and Funding Policy, Infrastructure and Funding
Mr David De Silva, Branch Manager, Trade Training Centres Taskforce, Infrastructure and Funding

Ms Catherine Wall, Group Manager, Building the Education Revolution Taskforce, Building the Education Revolution

Ms Gillian Mitchell, Branch Manager, Building the Education Revolution Taskforce, Building the Education Revolution

Outcome 3—Tertiary, VET and International

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Ms Margaret McKinnon, Group Manager, Youth and Industry Skills

Mr Daniel Owen, Branch Manager, Office for Youth, Youth and Industry Skills

Ms Katy Balmaks, Branch Manager, Infrastructure and Connections, Youth and Industry Skills

Ms Sue Beitz, Branch Manager, Skills Australia Secretariat, Youth and Industry Skills

Ms Jan Febey, Branch Manager, Trades Recognition Australia and Australian Technical Colleges, Youth and Industry Skills

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

Ms Robyn Priddle, Branch Manager, Foundation Skills and Pathways, Youth and Industry Skills

Ms Fiona Buffinton, Group Manager, 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

Ms Lisa Schofield, Director, Education Investment Fund, Higher Education Group

Ms Catherine Vandermark, Branch Manager, Quality Branch, Higher Education Group

Ms Katherine Vickers, Acting Branch Manager, Policy and Stakeholder Engagement, Higher Education Group

Ms Anne Baly, Acting Group Manager, Tertiary Skills and Productivity Group

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

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

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

Ms Maryanne Quagliata, Branch Manager, Skills Quality, Tertiary Skills and Productivity Group

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

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

Mr Scott Evans, Branch Manager, North Asia, Americas and Middle East, International Group

Mr Vipin Mahajan, Branch Manager, South, South East Asia, International Group

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

Ms Linda Laker, Branch Manager, International Student Taskforce, International Group

Ms Di Weddell, Branch Manager, International Strategy, International Group

Outcome 4—Employment and Strategic Policy

Ms Lisa Paul, Secretary

Ms Malisa Golightly, Deputy Secretary

Mr Graham Carters, Deputy Secretary

Ms Janine Pitt, Group Manager, Job Seeker Support DEEWR, Job Seeker Support

Ms Dianne Fletcher, Group Manager, Employment Purchasing Group, Employment Purchasing Group

Mr Stephen Moore, Group Manager, Employment Systems Group

Ms Medha Kelshiker, Acting Group Manager, Income Support and Stakeholder Group

Ms Lyn Valentine, Branch Manager, Working Age Payment Programs Branch, Income Support and Stakeholder Group

Ms Jo Caldwell, Group Manager, General Employment Services Group

Mr Tony Waslin, Group Manager, Specialist Employment Services Group

Mr Derek Pigram, Branch Manager, Employment Pathways, Specialist Employment Services Group

Ms Alison Durbin, Branch Manager, Disability Employment Policy and Performance, Specialist Employment Services Group

Ms Sharon Stuart, Branch Manager, Disability Employment Services, Specialist Employment Services Group

Mr Malcolm Cook, Director, Jobs Policy, Job Strategies

Dr Alison Morehead, Group Manager, Social Inclusion and Participation

Mr George Thiveos, Branch Manager, Social Inclusion, Social Inclusion and Participation

Ms Debbie Mitchell, Branch Manager, Participation Policy, Social Inclusion and Participation

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

Ms Joanne Wood, Group Manager, Indigenous Employment and Migration Policy Group, Indigenous Employment and Migration Policy

Mr Cris Castro, Branch Manager, Indigenous Employment and Enterprise Policy, Indigenous Employment and Migration Policy

Ms Susannah Smith, Acting Director, Migration Branch, Indigenous Employment and Migration Policy

Ms Jasmin Fielder, Branch Manager, Indigenous Workforce Strategies, Indigenous Employment and Migration Policy

Ms Julie Polson, Branch Manager, Migration Branch, Indigenous Employment and Migration Policy

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

Mr Barry Cameron, Director, COAG Data Analysis and Reporting, Strategic Information Management, Research, Analysis and Evaluation

Mr Luke Elliott, Employment Training Strategies Evaluation Section, Evaluation and Program Performance, Research, Analysis and Evaluation

Mr Malcolm Greening, Branch Manager, Economic, Labour Market and Education Analysis, Research, Analysis and Evaluation

Mr Justin Griffin, Branch Manager, Evaluation and Program Performance, Research, Analysis and Evaluation
Mr Denis Hart, Director, Occupational and Industry Analysis, Labour Supply and Skills, Research, Analysis and Evaluation
Mr Ivan Neville, Branch Manager, Labour Supply and Skills, Research, Analysis and Evaluation
Mr Giancarlo Savaris, Director, Strategic Management of Information, Strategic Information Management, Research, Analysis and Evaluation
Mr Cedric Seveque, Assistant Director, Program Performance, Evaluation and Program Performance, Research, Analysis and Evaluation
Ms Nerida Coulter, Director, Skills Shortages, Labour Supply and Skills, Research, Analysis and Evaluation
Ms Yvonne Dunlop, Acting Branch Manager, Research, Research, Analysis and Evaluation
Ms Shannon Madden, Director, International Indicators and Analysis, Research, Research, Analysis and Evaluation
Ms Carmel O'Regan, Director, Regional and Industry Demand, Labour Supply and Skills, Research, Analysis and Evaluation
Ms Lydia Ross, Acting Director, Employment Services Evaluation, Evaluation and Program Performance, Research, Analysis and Evaluation

Outcome 5—More Productive and Safer Workplaces

Ms Lisa Paul, Secretary
Mr John Kovacic, Deputy Secretary
Ms Michelle Baxter, Group Manager, Safety and Entitlements Group
Mr Derren Gillespie, Branch Manager, Remuneration Tribunal Secretariat, Safety and Entitlements Group
Mr Chris Wallace, Secretary, Defence Force Remuneration Tribunal, Safety and Entitlements Group
Ms Flora Carapellucci, Branch Manager, Safety and Compensation Policy Branch, Safety and Entitlements Group
Mr James Hart, Branch Manager, Employee Entitlements Branch, Safety and Entitlements Group
Ms Helen Marshall, Federal Safety Commissioner, Office of the Federal Safety Commissioner, Safety and Entitlements Group
Ms Julie Rheese, Director, Office of the Federal Safety Commissioner, Safety and Entitlements Group
Mr Michael Maynard, Group Manager, Workplace Relations Implementation Group
Ms Jody Anderson, Branch Manager, Private Sector Branch, Workplace Relations Implementation Group
Ms Helen Bull, Branch Manager, Private Sector Branch, Workplace Relations Implementation Group
Mr Jeff Willing, Branch Manager, Building Industry Branch, Workplace Relations Implementation Group
Ms Sandra Parker, Group Manager, Workplace Relations Policy Group
Mr Mark Roddam, Branch Manager, Safety Net and Wages Branch, Workplace Relations Policy Group

Mr Stewart Thomas, Branch Manager, Diversity Flexibility and Strategic Branch, Workplace Relations Policy Group
Ms Louise McDonough, Branch Manager, International Labour and Consultation, Workplace Relations Policy Group
Ms Fiona O'Brien, Acting Branch Manager, Fair Work Framework Branch, Workplace Relations Policy Group
Ms Colette Shelley, Branch Manager, National Workplace Relations Systems Unit, Workplace Relations Policy Group
Mr Jeremy O'Sullivan, Chief Counsel, Workplace Relation Legal Group
Mr David Bohn, Assistant Secretary, Safety Net Branch, Workplace Relation Legal Group
Mr Peter Cully, Assistant Secretary, Building, Organisation and Protections Branch, Workplace Relation Legal Group
Mr Henry Lis, Assistant Secretary, Bargaining, Safety and Compensation Branch, Workplace Relation Legal Group
Ms Elen Perdikogiannis, Assistant Secretary, National System and Legislation Team, Workplace Relation Legal Group
Mr Rex Hoy, Chief Executive Officer, Safe Work Australia
Mr Drew Wagner, Branch Manager, Regulations Branch, Safe Work Australia
Ms Amanda Grey, Branch Manager, Policy and Strategic Services Branch, Safe Work Australia
Ms Julia Collins, Director, Model Legislation, Safe Work Australia
Ms Michelle Cullen, Director, Corporate Services, Safe Work Australia
Ms Justine Ross, Director, Legal Team, Safe Work Australia
Ms Ivanka Debevec, Director, Legal Team, Safe Work Australia

CHAIR—I open this public hearing of the 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 portfolio. The committee has set Friday, 11 December 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. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If any of the officers or senators need assistance, the secretariat has copies of those rules and is available to provide advice. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
- (1) If:
- (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
- (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

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

CHAIR—The committee will begin today's proceedings with outcome 1 and will then follow the order set out in the circulated program. The department has advised that the national student aptitude test for tertiary admission has been mistakenly listed under outcome 2 in the PBS. Questions for this program should instead be directed to outcome 3. Proceedings will be suspended for breaks as indicated on the program.

I welcome to these estimates hearings the Minister representing the Minister for Education, Employment and Workplace Relations, Senator the Hon. Kim Carr; the departmental secretary, Ms Lisa Paul; and other officers of the department. Minister or Ms Paul, do you have any opening remarks you would like to make to the committee?

Senator Carr—Good morning. No, there is no opening statement from me.

Ms Paul—No.

CHAIR—Thank you. Then we will commence with questions.

Senator PAYNE—Good morning, Minister and Ms Paul. Can I start with some questions in relation to the national quality agenda and the RIS process, please. Since we last discussed these issues the RIS for Early Childhood Education and Care Quality reforms has been released, and then there were a series of public consultations. Is that right?

Mr Manthorpe—Yes, that is correct.

Senator PAYNE—Mr Manthorpe, I understand from the website information that there were 19 public consultations, not necessarily here. Can you provide us with a list of the locations in which they were held, please?

Mr Manthorpe—Yes we can, Senator. I am not sure I have that list with me, but we can certainly get that for you.

Senator PAYNE—That is fine—and the numbers attending at each of those?

Mr Manthorpe—Yes. We know that about 1,700 people attended all up, but we can give you a breakdown of the numbers or approximate numbers of those.

Senator PAYNE—Thank you very much. Can you tell the committee how parents with children in child care and early childhood education were contacted and advised about the consultations and the proposed policy changes?

Mr Manthorpe—Certainly. Parents, and indeed the general public, were advised through advertisements in newspapers. There may have been other means by which those consultations were foreshadowed. I think our website had information about that, but they were certainly advertised in the general newspapers in advance of the consultation sessions. So there was an opportunity for parents who saw the advertisement to come along. In addition, there have been a number of other ways in which we have sought to engage with parents over the course of the development of the quality reforms.

Senator PAYNE—How far in advance of the public consultation sessions did the ads appear in the newspapers?

Mr Manthorpe—About a week, I believe.

Senator PAYNE—Could I get a copy of the ads and the dates on which they appeared, please?

Mr Manthorpe—Yes.

Senator PAYNE—Thank you very much. Was there any direct mail sent to parents?

Mr Manthorpe—No, there was not, but there were, as I mentioned, other ways in which we engaged with parents at this point in the process and during the process more generally.

Senator PAYNE—In relation to ‘other means’, Mr Manthorpe, as you were speaking then I wrote down ‘website’. Were there any others?

Mr Manthorpe—Yes there were. A number of focus groups were held with parents, and an online survey particularly directed towards parents was also conducted. Parents could log on to our system and provide feedback through that means. Also, of course, there was a call for written submissions. Some parents took the opportunity to write to us or send submissions to us.

Senator PAYNE—I asked about direct mail, but I did not ask about email. Was there any email contact generated from the department to parents as part of the process?

Mr Manthorpe—Not directly, no.

Senator PAYNE—Does the department have a record of how many parents, as opposed to what one might call commercial or corporate stakeholders in the area, attended the community consultations?

Mr Manthorpe—I would have to take that question on notice. We know that there were some, but we also know that not everybody who came to the sessions necessarily identified the capacity in which they attended. But, to the extent that we can get an approximate number for that, we are happy to take that on notice.

Senator PAYNE—How much of the department’s aim was to encourage parents to attend the consultation sessions? There is anecdotal evidence of one Sydney forum at which about 300 stakeholders were present but only one person identified themselves as being a parent and said that was why they were there, which seems to me to be a relatively low level of participation.

Mr Manthorpe—That may be, and that is precisely why we had other channels by which we sought to engage parents in the dialogue. The other point I should make is that this round of consultations is but the latest stage in a series of engagements surrounding the whole national quality agenda development. Last year there were also a series of focus groups and this year there was further consultation with parents in different ways. So we are certainly very interested in getting parental feedback on the proposed reforms. Whilst I appreciate that at some of the forums there may have been a limited number of parents present, the fact that there were public advertisements placed, public calls for submissions, media announcements and the like about this certainly reinforces the fact that we were and continue to be interested in what parents think about the agenda.

Senator PAYNE—In terms of the costs of the reforms as they appear to be playing out in discussions and in media observations, have parents been clearly advised that they will be the ones who will inevitably meet the cost of the reforms? I think the minister made that point herself, reported in the *Herald Sun* in August of this year.

Mr Manthorpe—Yes, in the sense that the cost impact of the reforms is very transparently articulated in the regulatory impact statement. I should add, Senator, that if I heard you rightly you suggested that the cost of the reforms would be borne by parents, but of course a significant portion—something in the vicinity of half of the cost to parents on current policy settings—would be borne by government through childcare benefit and childcare rebate. So we too would be bearing a portion of the cost of the reforms. Incidentally, the other point to

make in this space is, of course, that no decisions have yet been taken. We are at the conclusion of the consultation phase and are now in a deliberation phase, so we cannot be definitive about what the final cost of the reforms will be because, of course, it is a matter for COAG to determine what the final decisions are.

Senator PAYNE—I think you said, Mr Manthorpe, that it was clear to parents, but I had to get up to about page 36 of the regulation impact statement before I identified the additional out-of-pocket cost that families would be likely to be meeting. It is unfortunate that the minister is not here at the moment, but that does seem to me to contrast quite markedly with the statement that the Prime Minister made in February of 2007 that the objective is to make sure that we get extra qualified early childhood education teachers in place and at no extra cost to parents. I might come back to that when the minister is at the table.

Can we have a look at those out-of-pocket expenses identified in that process? I am trying to separate these in my own mind. The table on page 37 of the RIS shows that the average will be \$4.68 a week for option 3 on long day care in the year 2015 for a family earning \$80,000 with one child in care for 30 hours a week, as I understand the parameters. When I read through the RIS, though, it indicates to me that that is based on the Access Economics report, but the figure that the Access Economics uses in its report, which is a very extensive document, more extensive than the RIS, is a real cost per child per day of \$3.26, which would be more than three times what the RIS says. How can we have any particular confidence in the numbers in the RIS when they do not seem to accord, at least in part, with the source material, which is the Access Economics report?

Mr Manthorpe—Senator, I am sure those figures can be reconciled. The figures in the RIS are drawn from Access Economics modelling. The first point to make is that we need to make sure we are talking about out-of-pocket costs versus other costs. I do not have the detailed Access Economics report in front of me, but I will attempt to explain the situation, although I may need to take some details on notice if necessary. There are a couple of key points. First of all, the material on page 37 of the RIS is the estimated out-of-pocket costs after child care benefit, child care rebate, contributions have been made. Access Economics modelled that but it also modelled the costs before those payments were made, which generates two different sets of costs.

The second point, as the material on page 37 of the RIS explains, is that to arrive at the expected out-of-pocket costs, one has to add together the baseline cost and the option 2, 3 or 4 cost, which would in the example you have highlighted generate a cost of \$8.72 for a child in long day care 30 hours a week by 2015, were option 3 adopted.

Senator PAYNE—Mr Manthorpe, I am just a simple soul. I am just trying to compare the documents that I have available to me, the Access Economics Report and the government's Regulation Impact Statement, and trying to do the maths that those numbers present to me. If I were a parent in this situation trying to understand the impact of the government's proposed reforms, I would be hard pushed, I think, to find concrete figures.

Mr Manthorpe—I think \$4.68, with respect, Senator, is a fairly concrete figure.

Senator PAYNE—You do not agree with the \$3.26 in the Access Economics report, scenario 3 there?

Mr Manthorpe—I did not say that, Senator.

Senator PAYNE—No, I am asking a question. Does that mean you do not agree with the \$3.26 per day in the Access Economics report?

Mr Manthorpe—The point I am trying to make, Senator, is that we agree with the Access Economics report figure of \$3.26 and with the figures here and the figures can be reconciled. We are not in any dispute with Access Economics on the modelling it has done. Indeed, the material on page 37 is derived from the same body of material.

Senator PAYNE—If you are not in dispute with the Access Economics report, I would be very grateful to receive a reconciliation of the figures you just referred to.

Mr Manthorpe—We are happy to do that, certainly.

Senator PAYNE—It is a bit hard to do that on the run and taking shorthand at the same time. I also have had a look at the economic analysis that Urban Economics did for the Childcare Queensland commission, which I think I have raised in the Senate. That analysis suggested an estimated additional cost of approximately \$13 per child per day. That is a pretty big difference from the amounts contained in the RIS and the Access Economics Report. It seems to me that it could potentially add to the difficulty a family will have in identifying what their costs will be. Has the department had a look at that?

Mr Manthorpe—Yes we have, Senator, and we have also asked Access Economics to look at that for us as well to see whether they have views on that modelling versus its modelling. As you can imagine, in determining policy changes of the kind that are being contemplated here and looking out a number of years, there is always scope to arrive at different models as to what the future might look like. We have a lot of confidence in the modelling that Access Economics has done. I do not have in front of me the multitude of assumptions that inform the Queensland modelling that you indicate, but I can say that in general terms we would take the view that their modelling takes something of a worst-case-scenario approach to determining or estimating what the costs might be. The Access Economics modelling, by contrast, attempts to arrive at average costs across the sector, thus the Access Economics modelling concedes that in some instances the costs may be higher and in some instances the costs may be lower. The modelling we have from the Queensland group along with all of the other submissions that parties have put in both supporting and opposing aspects of the proposed reforms are being considered in the context of providing further advice to governments as part of the COAG process.

Senator PAYNE—Does the Access Economics analysis take into account what compliance costs childcare operators will face under the new national regulations?

Ms Rundle—Senator, the RIS does not take that into account in the level of detail that we are working on at the moment in the lead-up to the next COAG meeting. Access Economics is looking at all of the costs of the reform in addition to the costs of increasing the ratios and the qualifications. But it is fair to say that there is already a significant investment around the country in the regulatory and compliance costs. Each state and territory currently has its own system, as does the Commonwealth. We are attempting to make this more streamlined and reduce the regulatory burden for providers it is our aim that it be cost neutral.

Mr Manthorpe—Yes, cost neutral in terms of the—

Senator PAYNE—Cost neutral for whom?

Mr Manthorpe—Cost neutral for governments in terms of the cost of regulation but in fact less burdensome in terms of regulation for service providers, Senator, by virtue of the reduction of duplication inherent in the proposed reforms aiming for a national system and a national framework for assessing and regulating quality in all the other aspects of service operations. So, no, the Access Economics modelling has not attempted to cost the regulatory burden on services. If anything, that regulatory burden should fall under the proposed reforms.

Senator PAYNE—Can I try and get some idea of where the regulatory direction is going? From what you have just said it seems like to me that we have got part of the picture at this stage. Perhaps you could help me with some answers to questions around regulatory changes. Can you identify for us which of the state licensing regulations are expected to be standardised, for example? Would that include reductions in child numbers to comply with space requirements or an imposition of maximum group numbers that might affect how centres operate?

Mr Manthorpe—I do not want to get into all of that in too much detail because these are matters that are being considered in the context of a process to go back to governments and to COAG. As I have said before—and at the risk of repeating myself—no final decisions have been taken, and it would be inappropriate for me to speculate about those. Beyond that, I can say that the expectation is that we are looking for ways to arrive at regulatory arrangements that are very sensitive to impacts on services. We have certainly floated through the RIS firm proposals around ratios, qualifications and that sort of thing. But it should not be assumed that in respect of every other area of detailed regulation that the sector is subject to, that there is going to be some substantive increase in regulatory burden. By way of example, there has been some suggestion in relation to outside play areas. The Northern Territory currently has—and forgive me if I get the numbers wrong, but from memory—a requirement that for each child there needs to be 14 square metres of outside play area, whereas the standard in the rest of the country is seven square metres. There has been some suggestion by some commentators that every childcare centre in Australia is going to be required to move up to the Northern Territory standard. That is not our expectation. We are working through the detail of all the different requirements and seeking to come to sensible positions that are sensitive to the sectors interests, but which are also sensitive to our objective to improve quality balanced against cost.

Senator PAYNE—Remind me what the timeframe is again in terms of making these decisions?

Mr Manthorpe—We are working towards providing further advice to COAG at its meeting before the end of the year.

Senator PAYNE—Can you tell the committee how the department envisages that the system will be policed and administered? Will it be done by the state and territory governments or will there be a new national body that has a role in that?

Mr Manthorpe—The precise governance arrangements are one of the topics that are subject to consultation through the RIS process, so I cannot answer that question definitively

as yet. Broadly speaking, there are options around either having states and territories regulating quality and what I will call licensing arrangements—although whether that will be the terminology in the future, I do not know—against a national framework and under the rubric of some form of national body, or whether a single national body will be formed to undertake all of that work. Those are the sorts of options that are being considered, and we will have to wait and see where COAG ends up on that.

Senator PAYNE—A question around how you expect the current accreditation process to be dealt with in all of this: will it be streamlined through this reform process and where will standards be going; who makes the assessments and how are they made? Is that all in this process as well?

Mr Manthorpe—Yes, it is.

Senator PAYNE—What about efforts to assist the industry to retain their qualified early childhood teachers so that they can meet these new requirements? What plans are in place to assist them in that regard?

Mr Manthorpe—There is no doubt that if we move to a position where qualification requirements are increased in the interests of providing better quality care for children there will be a challenge around securing enough qualified professional people to participate. The government has already announced a series of measures to help secure the future workforce around additional university places for early childhood, around waiving TAFE fees for diploma study and around HECS help for people who work in regional areas. We are also going to give consideration to further ways in which the workforce challenges can be met, so there are a range of initiatives in place. The National Early Childhood Development Strategy that was endorsed by COAG in July also included a commitment to further develop thinking on workforce issues going forward, and we will be providing further advice to COAG on that in due course as well.

Senator PAYNE—Is there a timeframe in which providers are going to have to comply with any new standards that are introduced?

Mr Manthorpe—There will be. Again, the RIS outlines the dates by which different options would kick in. It is important to note that in the RIS options, the points at which ratio requirements would change—which would require more staff to be available—and the points at which qualification requirements would change—which would require more qualified staff—kick in at different times over a number of years. This is not reform that is going to be implemented in one fell swoop the day after COAG. We are very aware that there will need to be a time for the sector to adjust, and the possible dates are outlined in the RIS but, of course, it is also open to COAG to come to a different landing on that if it so chooses.

Senator PAYNE—Once the standards are in place, is it intended that there will be penalties for non-compliance, and what form would they take?

Mr Manthorpe—There will always be a need to secure compliance with the legal requirements that centres have; but equally, under current arrangements in the states and territories there are different forms of exemptions that are available for periods of time if a centre, for good practical reasons, is simply unable to meet a requirement, and we are examining the scope for that kind of arrangement to continue in the new model. We would

hope not to have to penalise or threaten compliance action against services if they are attempting to get to the standards, although judgements about that will have to be made in the future, obviously. So, yes, there will be compliance arrangements, but there will be some years for people to adjust in advance of when the different requirements come in. There will still be some form of system of exemptions available so that if it is impossible, for good reasons, for a service not to be able to meet a standard that can be considered. The detail of all that is still being worked on.

Senator PAYNE—I think your last statement there comes to the next question I wanted to ask. It seems to me, whether it is in the RIS, whether it is in the Access Economics report or in part in documents like the one commissioned from Urban Economics, given how much is still up in the air, we really only have a partial picture here. In asking in the consultation process for people to say, ‘Yes, this is good, let’s go,’ they do not actually have the full picture in front of them. There is potential, just in comparing those different figures between the RIS, Access Economics and the Queensland example, for quite significant impact in costs for parents because of only having that partial picture.

Mr Manthorpe—Essentially, I am not quite sure I agree with that analysis entirely. Very significant cost drivers in this system are staffing cost drivers. If you ask a childcare operator what they spend their money on, they will tell you that a very large chunk of their expenditure is on staff. So, to move ratios and qualifications is a significant cost driver, and the RIS is entirely transparent about the options that are on the table in that regard. To that extent, I would not agree with the assertion that people are in the dark about what might be coming down the track. I think it is also worth mentioning that whilst the RIS outlines key areas of possible reform, it is not the case that there will necessarily not be any opportunity for further consultation on any other aspects of the reform agenda.

Senator PAYNE—I think that was a double negative that I do not quite understand.

Mr Manthorpe—I might try that one again.

Senator PAYNE—Yes.

Mr Manthorpe—What I was trying to say was that we envisage that in relation to some aspects of the detail underpinning the future quality standards, for example, there may well need to be further consultation, further testing and so on post COAG. The key point is that the key cost drivers are around staff qualifications and so on, and the RIS is very transparent about those.

Senator PAYNE—In fairness to the officers, I want to come back to the question that I put when the minister was briefly away from the table. We are looking at the costs that appear in a couple of these reports—in the regulation impact statement, in the Access Economics report and in reports independently commissioned within the sector, but from reputable sources like Urban Economics—and the costs variations are quite significant there. This has been raised in both chambers, I think. The commitment given to parents from the now Prime Minister in 2007 was, yes, you were committed to this reform process, committed to getting this system in place, but that it would be at no extra costs to parents. So, what are parents supposed to think now?

Senator Carr—First of all, I trust that you would not be suggesting that parents are not interested in improvements in quality for the provision for childcare for their children?

Senator PAYNE—I do not think you could read that into anything I said.

Senator Carr—I must say to you, thankfully, that I do not directly have the sort of experience now, but in all my experience of having four children, I can assure you I have some knowledge of these matters. The question of quality is paramount in parents' minds. There is, as the officers have highlighted to you, invariably a balancing act that is required in terms of getting the balance between the level of service and the quality of the service—the Rolls Royce type of service which parents will seek to secure for their children—and the cost of provision. That is what the government is seeking to do: to get that balance right. The facts of the matter are that we are committed to the reform agenda. The government is committed to improving the provision of services at the highest possible level of quality and a price that is affordable, and it is getting those proportions right. No decisions have been taken as yet. There is a process of consultation underway and, as I read the information, there have been very extensive levels of engagement with people directly engaged in the industry, with parents and the service providers. Some 333 written submissions have been received and 3,000 campaign letters, and I notice that some 3,000 stakeholders have participated in online surveys.

Senator PAYNE—We have yet to find out how many of those are parents. We are waiting for those figures.

Senator Carr—What I am getting from information that is put before me is that there have been extensive levels of engagement with parents; focus group discussions for instance, to which Mr Manthorpe has referred.

Senator PAYNE—I am about to come to those.

Senator Carr—Perhaps I can assist you. As I understand it, there have been extensive discussions through the focus group arrangements, on top of the direct face-to-face consultations and on top of the written submissions. The way I read it, the information before me suggests that the government has gone out of its way to engage with parents about the real concerns that they have about the provision of the very best service for their children.

Senator PAYNE—So instead of saying in 2007, 'at no extra cost to parents', perhaps the Prime Minister should have said 'at an affordable price to parents'?

Senator Carr—I think you ought to take these things in context. What you are being advised is that the reforms are key to the governments' program. There is no movement away from the reform agenda; there is a very deep commitment to it. The final decisions that COAG makes will need to be assessed in terms of the balance, understanding that parents regard the question of the quality of childcare for their children to be a matter of utmost importance to them.

Senator PAYNE—I do not think there is any question about that; I think they probably also hope they can take the Prime Minister's word—but apparently not.

Senator Carr—I am pleased to hear that, because I got the impression from what you were saying that there should be some sort of childcare on the cheap.

Senator PAYNE—Perhaps they thought they could take the Prime Minister at his word, but apparently not.

Senator Carr—No, I think you should be fair—fair to the people that work in these childcare services, who are equally committed to the provision of professional care.

Senator PAYNE—I am talking about the government, which it is your responsibility to answer on behalf of.

Senator Carr—I am answering on behalf of the government, and I am saying to you that the government is committed to the provision of quality childcare.

Senator PAYNE—You are talking about anything except the government.

Senator Carr—The provision of quality childcare will obviously need to be balanced against the costs that need to be borne by the industry and the costs that need to be borne by individual parents. That is the process that people are engaging in right here and now.

Senator PAYNE—So why did the Prime Minister say ‘at no extra cost to parents’?

Senator Carr—I think you will find that the question of cost is one that will be measured in a whole lot of ways.

Senator PAYNE—Cost in context.

Senator HUMPHRIES—In dollars.

Senator PAYNE—How else would you like to measure it?

Senator Carr—There are a lot factors that go to the issue of cost and the provision of services.

Senator HUMPHRIES—It was not a few hundred dollars when you said ‘at no extra cost to parents’.

Senator PAYNE—What does no extra cost to parents mean then?

Senator Carr—Depending on hours worked, depending on the services that are provided; there are a whole series of measures there. What the government is doing is ensuring a maximum level of consultation. It is working with the states and territories and with the providers of childcare. No decisions have yet been made, but this has to be seen as a process of engagement that balances finely the benefits of improved quality of childcare for families with associated costs.

Senator PAYNE—I wish the Australian people were lucky enough to have your breadth of ability to read context into a brief statement.

Senator Carr—I am sure they are. I appreciate that point, and I think you should go around and advocate that more widely.

Senator PAYNE—Yes, that would help me enormously. Can we come back to the question of the consultation process, because I did want to ask about the focus groups in particular?

Senator Carr—So no more questions for me on consultation?

Senator PAYNE—There will be some more, do not worry about that. I think there were 26 of those focus groups according to the information on the website. Can you tell us how many parents attended those focus groups and where they were located and conducted?

Mr Manthorpe—They were located in a variety of metro, regional and other areas. I do not have the numbers of parents who attended with me but we can take that on notice.

Senator PAYNE—Do you think someone could get those numbers for you while we are talking about this?

Mr Manthorpe—We can attempt to.

Senator PAYNE—Thanks. Can you tell us who conducted the focus groups? Ms Rundle conducted them?

Ms Rundle—No. Open Mind Research Group conducted the focus groups.

Senator PAYNE—Can you tell us the cost of the focus groups?

Ms Rundle—Again, I would like to take that on notice, if I can? We will see if we can get that for you now, but otherwise—

Senator PAYNE—I understand that is a more difficult figure, Ms Rundle, so at the same time could you provide us with a figure for cost of the whole consultation process: the focus groups and the public forums as well?

Ms Rundle—I will be able to do that. You can appreciate that the consultation did not finish until some time in September and we are still receiving invoices et cetera for the venues and so on. We have not quite reconciled the total costs, but we will be able to give you that information at some point in the future.

Senator PAYNE—What is the return date for answers to questions on notice, Chair?

CHAIR—December 11.

Senator PAYNE—Do you think you might be able to do it by then, Ms Rundle?

Ms Rundle—We will give you whatever we have got at that point.

Senator PAYNE—Thank you very much. There was a report in mid-August in the *Australian* about some work that you had Perspective Research doing about what parents want in childcare. Was that separate to the rest of this consultation process?

Mr Manthorpe—Yes, it was. From memory, that report was also the product of a small number of focus groups and was input into the development of the cost modelling that Access undertook. It was not so much a piece of work to provide some sort of overall quality of information about parental views.

Senator PAYNE—Do you know when that was done, and when you received the report?

Mr Manthorpe—I am not sure. Because there have been different groups engaged with at different times, I will just have to check when that one was. I will take that on notice.

Senator PAYNE—Thank you very much. Is it possible for the committee to have a copy of the report?

Mr Manthorpe—I would like to take that on notice.

Senator PAYNE—You will come back to us on that?

Mr Manthorpe—Yes.

Senator Carr—He took it on notice.

Mr Manthorpe—I took it on notice.

Senator PAYNE—I was not sure when, Minister. I was just speaking to Mr Manthorpe about the timing.

Senator Carr—There will be a response to your questions in due course.

Senator PAYNE—Yes, I understand that.

Senator Carr—Officers need to consult about these matters.

Senator PAYNE—That is absolutely fine, I understand that. You said, Mr Manthorpe, when we were discussing how much of this is clear now and what is still in development, that there may be further public consultations. Does that mean that the public consultation on the RIS itself is not completed yet?

Mr Manthorpe—Public consultation on the RIS itself is completed.

Senator PAYNE—That is completed?

Mr Manthorpe—Yes. The point I was making was that the RIS contains key determinants of cost and quality and so on that we have been discussing, and we envisage providing advice to COAG on that in the latter part of this year. I was merely making the point that there may be aspects of detail around the future quality standards and the like that may require further consultation post COAG.

Senator PAYNE—In terms of the advice to COAG later this year—I obviously do not expect any information on the advice itself, but in terms of the process—does the department expect to make a recommendation on which policy option to take as a result of this consultation process?

Mr Manthorpe—That is a matter for the government. Perhaps the best way to capture it is this: we envisage providing advice to our government about the position it might adopt at COAG, just as every other government goes through the same process. We are in a process of engaging with all the states and territories about the detail now. They will, no doubt, advise their governments of what position to bring to COAG, and we will provide advice to our government about what position to take to COAG.

Senator PAYNE—From your perspective, is the process now confined to the options that were part of the RIS or is it possible that it will go outside that?

Mr Manthorpe—I think that is going to the content of the discussions that are still going on. I would rather not speculate on that.

Senator PAYNE—Just before I move on to a couple of questions on family day care, as far as the RIS is concerned, and the areas it covers, it does not look at the issues of outside of school hours care and occasional care. What is the proposal in those areas? Why are they not covered by this RIS?

Ms Rundle—It does include outside of school hours care, but not occasional care—that is correct. The standards will apply to outside of school hours care, but it is recognised that the programming element of the standards with the EYLF is for the younger age group. Another piece of work that we will mark for the future, within the next year or so, will be a programming framework for outside of school hours care, but it is part of it.

Senator PAYNE—And occasional care?

Ms Rundle—Occasional care is not in it at the moment. There is a range of other smaller service types that are not covered at the moment. As we have always said, this is a phased process, and we will look at those at a later date.

Senator PAYNE—Do you have a time frame on that?

Ms Rundle—Not at the moment.

Senator PAYNE—In relation to family day care, there is one policy option that features in the statement, as I read it. Is that correct?

Ms Rundle—That is correct. There are two—

Senator PAYNE—That is the one on page 27? Well, two policy options, but one reference?

Ms Rundle—That is correct.

Senator PAYNE—Where I am from, in the state of New South Wales, the limit of children under preschool age is currently five. When you look at one of the options here, that would be a maximum of four children under preschool age. If that change was made, has the department considered how that would affect family day care providers in New South Wales?

Ms Rundle—We are aware of a number of views of the family day carers right around the country, including New South Wales, and we are really cognisant of the views of the New South Wales family day carers. As Mr Manthorpe was saying earlier, this is one of those other areas that are still subject to consideration by the COAG working group. It is too early to speculate on the detail of what might eventuate, but we are well aware of the issues that they have raised.

Senator PAYNE—Has there been significant discussion around this? If you do the simple maths on that—reducing the numbers by a child across the family day care providers—there is a significant loss of places, for starters.

Ms Rundle—It is important to take a number of things into account. The first is that this agenda is about quality, so you need to think about a reasonable number of children in the smaller age group for any single person to be caring for on their own, given that half the country is already on that lower ratio in any event.

Senator PAYNE—Four?

Ms Rundle—Yes, which is four under five. It indicates that there is a fair bit of self-regulation as well, even in states such as New South Wales, where carers themselves decide they cannot look after that many children under five. The other important thing to note, as we have said before, is that whatever decisions were taken would be phased in over a period of

time to allow for a gradual transition, because we have said on many occasions that we are aiming, of course, that there be no reduction in places and availability of care for parents.

Senator PAYNE—I do not actually see how that is possible if you pursue that option as it would play out in New South Wales. How is it possible that you will end up with the same number of places if you are going to change the figures like that?

Ms Rundle—It is important to see this in the overall provision of care. You have to see that there is a dynamic that takes place in the market. You can see this from past trends, where there have been changes to regulatory activities in different states and the market has readjusted itself where parents have elected to use more long day care places. Again, it is too early to speculate, even in terms of what the outcome might be.

Mr Manthorpe—The other point—

Senator PAYNE—May I ask just one more question of Ms Rundle? Is the implication that it is the department's view that the way family day care in New South Wales is currently administered does not provide an appropriate level of care for children because their maximum number is five? Are you saying that they are not doing a good enough job?

Mr Manthorpe—No, we are not saying that. We are saying that we seek to arrive at improved quality of early childhood education and care services in Australia, and a national system and national framework for dealing with that. To do that in an effective way you have to look at, among other things, ratios and qualifications. To the extent we can get to a national system, we need to see whether we can align different state arrangements. All the states are at different starting points, not just in relation to family day care but also in relation to a number of the other facets of the system. We are trying to work our way through the best balance of those things.

The other point about family day care is, of course, that there is no cap on the number of family day carers there can be. In that sense, as Ms Rundle pointed out, there is capacity for the market to adjust. Just as in long day care settings, different centres will respond to the reforms in different ways. That is the point we are making.

Senator PAYNE—There is no cap, but if you go with option 2 and pursue the emphasis on formal qualifications, that will also make a difference to a lot of centres. Where you have got family day care providers who currently have got years of experience of caring for children, is there any consideration of that experience counting towards the department's assessment of qualified or otherwise, and whether that will exempt them from having to get a TAFE certificate as well?

Mr Manthorpe—We are certainly looking at options like recognition of prior learning as one of the avenues by which people might get to the qualification requirement.

Senator PAYNE—For example, would 10 years of running a family day care centre count as prior learning or do you mean formal learning?

Ms Paul—That sort of thing is usually considered in recognition of prior learning broadly, I imagine. We have not settled on this because it would be a transitional matter and there are many years in which to work it out. Certainly in the broad scope of recognition of prior learning, yes, that is precisely the sort of thing that would be taken into account. If an agenda

of this size and profoundness, I guess, can be implemented in a satisfactory way, it will be the first time that Australia has ever had a system where parents will know their child will face the same quality standards anywhere in the country.

Senator PAYNE—Can we go to quality standards, the rating system, then. As I read it, we have two options in this process at the moment: either maintaining the status quo or going to the new rating system that is outlined in the RIS. We have unsatisfactory operating requirements, a national quality standard, high quality and excellent. Is this meant to replace the commitment that the government made at the election that it would introduce an A to E rating system?

Ms Rundle—Senator, yes, that is the intention. I think we have talked about this in previous estimates hearings and you may recall that in the last round of consultations held last year there was a fair bit of feedback from families in the sector that the A to E nomenclature did not really mean that much to them. That has been taken on board in the next iteration of this work. It is fair to say though again that this is still being sorted through the COAG process. This is not the final landing.

Senator PAYNE—I assume if you were to impose the alphabetised system on top this, E would be unsatisfactory and A would be excellent?

Ms Paul—It is no longer the intention to do that—

Senator PAYNE—No, but it aids my understanding.

Ms Paul—because this is the replacement.

Senator PAYNE—So unless you were unsatisfactory, the other four levels in this statement basically mean that the providers are meeting what is required of them, do they not?

Ms Rundle—If I could answer the question slightly differently, the intention of the national quality standard, which you can see if you have access to the RIS—

Senator PAYNE—Yes, I do.

Ms Rundle—is to say that this is the standard we would expect all services to meet around the country, or above that, because we already know some operate well above that and some operate at this level. We also recognise, though, that underneath that with the operating requirements there will be many services which are entering the market for the first time and they need a little bit of time to be able to work towards the national standard, or it could be that something has happened to them recently and something has changed the way they have responded to the national standard and they might drop back for a short time into operating with a plan to get back to the national quality standard. There is a range of reasons why you need an operating level sitting underneath the national quality standard.

Senator PAYNE—So really you are looking for centres to be achieving national quality standard, high quality or excellent?

Ms Rundle—That would be our wish.

Ms Paul—It delivers an incentive for them. One of the nice things about this framework, and this has been the subject to an enormous amount of consultation and consideration, is that it delivers an incentive for improvement.

Senator PAYNE—How will it be assessed? Will the department have assessors, a new body, to do that or the NCAC? How will you do that?

Mr Manthorpe—Senator, that goes back to the question that you asked me before about what the nature of the governance arrangement would be that sits on top of all of this. One model might be, for example, that there is a national body that seeks to ensure that there is overall consistency and rigour brought to the exercise but that state and territory jurisdictions undertake the day-to-day assessment task as well as the amended versions of the tasks they currently undertake in relation to licensing. The objective here, Senator, is to get to one level of regulation. Instead of imposing two levels of regulation upon the sector, which has frequently been criticised for duplication and other costs on services, quality and licensing considerations would be dealt with by the one entity.

Senator PAYNE—The accreditation itself will be replaced by the rating system?

Mr Manthorpe—Essentially that is the position, Senator, subject to final decisions of course.

Senator PAYNE—I understand that. If a service gets an unsatisfactory rating under the proposed system, what happens? Are the CCB and the CCTR withdrawn, or how would that work?

Mr Manthorpe—The detail of that is still being worked up, but ultimately in any system like this, if you are serious about quality there has to be a capacity to withdraw accreditation, licensing, CCB or anything else from services that fundamentally do not meet requirements for looking after children.

Senator PAYNE—Is that operating in the same COAG time frame as all the other issues we have been discussing, Mr Manthorpe, in terms of finalising the arrangements?

Mr Manthorpe—As I said before, Senator, it is subject to the same COAG process. We envisage that after COAG there will need to be some further finetuning of some of the detail that will sit underneath this. Then we would want to implement it as quickly as we can. But I cannot really put a date on that at this point.

Senator PAYNE—Thanks very much, Mr Manthorpe. I wanted to ask some further questions following up the ones we asked in June on universal access to preschool issues, if I may. Have the bilateral agreements with all of the states been reached?

Ms Shugg—Yes, all the bilateral agreements have been signed. They have been announced by the minister and copies are on the website.

Senator PAYNE—When we discussed this on the last occasion—I think the officer I was speaking with was Dr Ayres—we were talking about what free access or universal access actually meant and identified that it was the government's view that, if cost was a barrier, the federal government would work with the states to remove that barrier. I think Dr Ayres said that the responsibility for ensuring the provision of preschool services remains with the states and they would be responsible for the implementation of the universal access commitment. Given that the bilateral agreements have now all been reached, is it still the case that the states will be responsible for the implementation of the universal access commitment?

Ms Shugg—Yes, Senator, the states remain responsible for the implementation of universal access, which has a number of parameters, one of which is that cost will not be a barrier. Each state is dealing with that issue in the context of the system it currently has operating. For some jurisdictions that is not an issue because preschool in the main does not cost parents. In other jurisdictions that is an issue that they need to be working on.

Senator PAYNE—How is the federal government monitoring implementation of universal access? Is there a plan to measure whether the states are doing the right thing where there have been barriers?

Ms Shugg—Yes. There are a number of ways in which we are monitoring progress. Each of the bilaterals has targets within the bilaterals. We have a number of performance indicators under the national partnership, which are reported against on an annual basis. We will be keeping a monitoring role on how the states are going against the particular performance indicators.

Senator PAYNE—What form will that monitoring take? Will it be a report that is made only to government or will it be a public process? For example, in New South Wales where we have the highest preschool fees in Australia, as I understand it, is the government monitoring the fees that are being charged there?

Ms Shugg—Under the National Partnership for Early Childhood Education, there will be an annual report process where each of the jurisdictions provides a report against their agreed milestones. That annual report will be a public document. We expect to be able to monitor progress against that. The national partnership also provides for an 18-month review which will look at a range of issues that are set out in the national partnership. That review will start at the middle of next year where we will be able to look at a number of things including progress.

Senator PAYNE—I saw a story, literally this week, in the *Sydney Morning Herald* where the acting CEO of KU Children's Services said that despite the federal government injecting over \$21.3 million into New South Wales preschools in 2009-10 it was unlikely that fees for parents would be reduced. How does that meet the target of universal access?

Ms Shugg—I think initially we need to say that in New South Wales we are aware that cost can be a barrier in some circumstances. It is an issue that the New South Wales bilateral does deal with. New South Wales has a number of strategies in place to supplement the existing government funding for preschool. We would expect that that will create a drop in prices that families are facing. I will just throw over to my colleague if he has anything additional to say.

Senator PAYNE—Over what time frame, I would be interested to know?

Dr Ayres—The national partnership agreement goes through until 2013, so it is progressive implementation over that period to achieve the goal of universal access with the criteria including the issue of cost being removed as a barrier.

Senator PAYNE—To 2013?

Dr Ayres—Yes. So as Ms Shugg was outlining, each jurisdiction has strategies around the performance indicators in the national partnership agreement and the bilateral agreement. In the case of New South Wales, as Ms Shugg said, the cost to parents of preschool, particularly

community preschools, is an issue and a concern, and in the actions that New South Wales have taken they have sought to address that as quickly as they have been able to. In round figures, around about \$10 million went in the middle of this year to the community preschools system to increase quite significantly per child subsidies that are provided. The intention there is to reduce the pressure on providers, on centres, and to support them in being able to therefore reduce the pressure on fees. Community preschool providers in New South Wales of course are self-governing bodies and they can construct their fees how they will. There is a range of fees and it depends very much on location and whether the child has particular characteristics—Indigenous or from a disadvantaged background, healthcare cardholder and so on. The fees actually range quite a lot.

Senator PAYNE—I am not sure I understand what degree of enforceability we have here and what degree of timeliness. When would a parent in New South Wales expect to see a reduction in fees that goes to meeting the commitment of universal access?

Dr Ayres—The point of enforceability goes to what I was saying about community preschools being independent organisations able to set their own fees. In the New South Wales system there is an expectation obviously that the fees will be as reasonable as is commensurate with the business concerned. Also one of the actions that New South Wales is taking under the bilateral agreement is creating a network of advisers to work with centres to help them with their business planning and development, including finding ways to reduce fees and other barriers to parents and children participating in the system.

Senator PAYNE—I am not sure I got a when then, Dr Ayres.

Ms Paul—Then, because we take this really seriously, on top of that we are going to be looking at it really closely through our monitoring of the bilateral, our enforcement of the bilateral and through the 18-month review and so on.

Senator PAYNE—All things being equal, Ms Paul, I think we are expected back here, if life continues as we know it, in February of next year. I really am genuinely trying to seek some information on this so I can understand when a parent in New South Wales might expect to see the target of universal access met. I am thinking that if I come back in February and ask these questions again I am not going to get any better information about when that is going to change in New South Wales.

Ms Paul—I think we will certainly be able to give you a progress report about how these strategies are working underway.

Senator PAYNE—The network of advisers does not strike me as a very compellingly imperative way to make sure that something happens and happens quickly.

Ms Paul—There are the undertakings through the bilateral and so on. All of those things are serious and we are more than happy to give a progress report. The target is 2013, so it is going to be a movement not a single point. Nonetheless, it is really, really important and we are happy to come back each time and report on progress.

Senator PAYNE—We will pursue that. In the same article there were also some concerns raised about the 15 hours a week not really meeting what are described as ‘New South Wales attendance patterns’. Has there been any thought given to making those subsidised hours more

flexible? Some observations have been made—I think that NCOSS has said that operators are tearing their hair out trying to make the calculations work.

Dr Ayres—Senator, yes, in our discussions with New South Wales officials, this issue of the pattern of funding arrangements for community preschool in New South Wales has naturally come up. There are changes in terms of the detail attached to the New South Wales funding arrangement to create greater flexibility for providers to move towards the 15 hours. That is not to suggest that it is going to be easy or straightforward at all but, by the same token, there are providers of preschool services in New South Wales and elsewhere in Australia that are providing 15 hours or more for children, so it is feasible. It is a matter of working through the transition. That is one of the reasons why the transition needs to be 2013, so that this is not an unreasonable burden and impost on the sector overnight, but that they can transition over time.

Senator PAYNE—We will come back to these, I suspect. I understand that you think it is an iterative process and I guess it is on this side as well. Thank you very much for that. I have a couple of other areas of questioning around child care. One is the childcare vacancy data, and we have talked about this before. I think I saw a release from the minister in August about childcare vacancy information being available to parents online for the first time, which is part of the changes to reporting requirements, and a standard definition, which apparently was the barrier that we had last time. When is it intended that the government will release the vacancy numbers and can we have them on a regional basis?

Ms Shugg—You are right, the new definition has been agreed and announced. Services are now being asked to report against that standard definition. I think we said last time that the data will be released when we have been through the verification process and we are still in the final stages of verifying some of the data that we are receiving from services.

Senator PAYNE—What are you verifying in that process?

Ms Shugg—Part of the change is that some services will need to define the vacancies that they are in the habit of providing in a different way.

Senator PAYNE—Defined under the standard definition?

Ms Shugg—Now they have to do it under a standard definition, whereas before they did it as they saw fit. What we are verifying is that the data we receive is in fact consistent with the definition that is out there so that, when we do aggregate the data, it is actually comparable.

Senator PAYNE—When do you expect to be able to release it?

Ms Shugg—As I said, we are in the final stages of doing some of that work now.

Senator PAYNE—So this year?

Ms Shugg—That would be our intention but, as I said, we need to make sure that the data is of sufficient quality before we release it.

Senator PAYNE—I do not think there has been any data publicly released since early 2007—is that correct?

Ms Shugg—I am not sure when the last release was.

Senator PAYNE—Could you check that for me? I think it was 2007, but if I have got that wrong, then I am keen to be corrected.

Ms Shugg—Yes, we can do that for you. That would not have been done on a standard definition though.

Senator PAYNE—No, I understand that. Now that you receive the data electronically and we have a standard definition—so that should give us a clear idea of what constitutes a vacancy—once you have completed what you describe as the verification process, and providers understand what they are required to submit, does that mean it should make the whole process easier and the provision of the data more readily available?

Ms Shugg—That would be our intention, but we would need to check whether we can provide aggregated data on a regular basis and over what sort of time periods we would do that. It would be our intention that we would be able to collect this information and make it available to parents, particularly. Our primary aim is to make sure that vacancy information is available to parents; but to provide it on an aggregated basis, making that as systematic as we can.

Mr Manthorpe—The other point is that we are already using the data for the purposes of the Child Care Access Hotline.

Senator PAYNE—You are?

Mr Manthorpe—Yes. We are not just collecting data at this point in the hope that at some point in the future we can package it in various different ways, but we are actually making practical use of it, where it is good quality, to assist the Child Care Access Hotline to assist parents to get information about vacancies.

Senator PAYNE—The fact that it is amenable to that practical use makes me even more hopeful that it can be released publicly and helpfully in the way that we have been discussing.

Ms Paul—That is certainly the intention.

Senator PAYNE—Thank you. Just before I go to a couple of other areas, can I just ask about where we are up to with the Early Years Learning Framework—ELYF—which I think we made a brief passing reference to before?

Ms Rundle—Yes.

Senator PAYNE—That is now in the implementation phase, is that correct?

Ms Rundle—Yes, it is. I will just turn to my notes and I will be able to give you a little bit more detail. Following COAG endorsement of the EYLF in July, implementation has started, of course understanding that it will be a staggered phase implementation in terms of services taking it up. The first step was to get the copies of the document out to all services and that happened after COAG in July. The other thing that we did was translate the families guide into 20 languages. That is also available for download on the website. All up, there have almost 800,000 copies of the family guide distributed to around 27,000 locations. Copies have already gone out to peak bodies, universities and the VET sector as well. There are a number of other things we are working on now; support materials, one of which is an educators guide so that all people working in early learning and care centres would be able to look at the guide

to assist them in implementing the framework, giving them a little bit more practical help about what to do to assist learning outcomes for children.

Senator PAYNE—Is it mandatory?

Ms Rundle—Currently it is being considered. As I talked about earlier with the national standards, the EYLF is going to be, if you like, the educational and learning framework for children. When we say mandatory, yes, we would want to see evidence that all services are adopting and using a program that is consistent with the EYLF but we also want there to be some flexibility in the way that they would be able to do that. Mr Manthorpe talked earlier about how assessment would be undertaken, and that is a little bit of detail we are working through now. The answer is, yes, we would expect to see that all services would adopt a program that was consistent with the EYLF.

Mr Manthorpe—But in the timeframe of rolling out the quality standards. If your question was, ‘Is it mandatory now?’ the answer is ‘no’. But if your intention was that over time we move to a place where the EYLF underpins educational practice in early childhood settings, we anticipate that the answer will be ‘yes’.

Senator PAYNE—How will you monitor it?

Mr Manthorpe—It would be embedded if you like, as part of that quality framework that we were talking about before. The method of monitoring would be considered in the context of developing, implementing and agreeing the whole of the quality standards framework.

Senator PAYNE—Can I go to some questions about the child care rebate and some issues which have been raised publicly recently about fraud. Is the department aware of some newspaper reports, probably going back over the last year I would say, which have outlined some concerns around fraud which childcare centres have raised as occurring with the rebate? In some stories I have seen from Queensland, the suggestion is about centre hopping if you like; that is, parents moving their child or children from centre to centre so they incur a debt and therefore they are eligible for the rebate, but then they move the child. Is the department aware of that?

Mr Manthorpe—Yes we are, and I might ask Mr Parsons to take the detailed questions on this area.

Mr Parsons—What I think you are alluding to is a very small cohort of parents who incur debt at the centres and then move to the next centre before acquitting their debt, but still receive the child care rebate because the current legislation, I believe, makes child care rebate dependent upon liability.

Senator PAYNE—Not proof of payment?

Mr Parsons—Correct.

Senator PAYNE—Does the department have an estimate of how many parents might be engaging in this practice?

Mr Parsons—I have tried through three different fora to quantify this, because we do hear a stream of those sorts of allegations. The best estimate I can get is something less than ½ per cent. Again, when you talk to childcare providers and show interest in trying to estimate this, they go to their books and they find invariably that their initial estimate off the top of their

heads is not supported. That is where they will tell you that nine out of 10 parents pay; it is only the one out of 10 that spoils it, and that would imply 10 per cent. But when they go to their books, it is in fact less than one per cent; it is about ½ per cent.

Senator PAYNE—I understand that there have been some suggestions publicly from childcare centre operators that one simple development—and I guess it would be electronically based—would be a register of parents who they do find in a particular area repeatedly skipping paying their fees. Is that being considered at all?

Mr Parsons—Not that I am aware of, no.

Senator PAYNE—Is it the sort of proposal that could be considered?

Mr Manthorpe—We would always be prepared to consider a proposal.

Senator PAYNE—Because even based on the 0.5 per cent suggestion that Mr Parsons put forward in terms of the number of parents that might be doing it, given the amount of money that goes into funding the rebate, potentially that is still a very significant amount of Commonwealth funds.

Mr Manthorpe—I have a couple of comments on this area. The first is that obviously no-one wants parents, services or anybody else to be doing something that can be seen to be in some way undermining confidence in the integrity of the payments. We are aware of the issue, we understand the issue and we are considering it now. Equally, we have to be careful not to crack a nut with a sledgehammer. If the number of offending parents in this space is actually extremely small, we need to be careful that we do not impose a regulatory solution that gets us into a place of being potentially a debt collector for childcare centres—

Senator PAYNE—How would that happen?

Mr Manthorpe—In a sense, the disputes are between the childcare centres and the parents. If we were to refrain from paying childcare rebate to a parent on the basis of some advice from a childcare centre, it is quite possible to get into situations where we have in effect offset the alleged debt, but then the parent says: ‘I did pay that. They just never gave me a receipt.’ You can imagine this getting a little messy in some cases.

Senator PAYNE—Although it would be simple if you just went on proof of payment rather than proof of liability.

Mr Manthorpe—That may be, but that would impose a new system and regulatory impact on all services, potentially. We would have to look at the whole methodology of implementing a change across the whole system. We are appreciative of the issue and are currently working through what options there might be to address it.

Senator PAYNE—But you welcome input on that and are happy to take suggestions.

Mr Manthorpe—We are always open to suggestions.

Senator PAYNE—I would now like to go to the early learning and care centres, which we have discussed before. The statement on the website says:

It was proposed that the remaining up to 222 ELCCs would be established progressively by the end of 2014 ...

The minister’s statement on budget night was:

The remaining up to 222 early learning and care centres will be considered when the childcare market is settled and based on the experience of the priority centres.

Can you clarify for me what the status of those remaining 222 centres and the 2014 timeline is, as of today?

Mr Manthorpe—The first point to make is that, as has also previously been discussed, we are in the process of rolling out the first 38. Work on that has progressed a long way since we last met, and those are on track. It has been indicated that the rollout of the remaining 222 will have regard to (1) the stabilisation of the market after the ABC collapse and (2) the experience with that first rollout. The other pertinent factor is that the National Early Childhood Development Strategy that was endorsed by COAG included infrastructure as one of the areas for further consideration. Government will give consideration to infrastructure developments and the 222 in the context of the wrap-up of all of those things.

Senator PAYNE—Will the remaining 222 centres be established by 2014?

Mr Manthorpe—That is a matter for government and a matter we continue to engage and consider with government.

Senator PAYNE—Minister, will the remaining 222 centres be established by 2014?

Senator Carr—You will correct me if my memory is faulty here, but I think at the last hearings it was made perfectly clear that the government will have to consider the arrangements for the delivery of the 222 centres in the light of the lessons learnt from the delivery of the first 38 and, obviously, in the context of the broader Early Childhood Development Strategy. I do not see how any of that has changed.

Senator PAYNE—So of the commitment to the 260 additional centres we have 38 underway and 222 remaining. Are you saying to the committee that it is actually not possible to tell us whether the extra 222 will be established by 2014?

Senator Carr—This is an old story, so perhaps you can alert me as to where I might have misunderstood this, but it was very clear to me at the last hearings that the government was saying that there needed to be understanding of how things were going with the first 38 before we got to the second tranche, and that has not changed. There are obviously ongoing processes in regard to the Early Childhood Development Strategy, and that has not changed.

Senator PAYNE—For the first tranche of those 38, the timeline takes us out to 2011. Is that correct?

Mr Manthorpe—Our expectation is that the first tranche will be finished by the end of 2010. That is what our contractual requirements dictate.

Senator PAYNE—So it will have taken us three years to have 38 centres up and running. What is the likelihood that, in the four years subsequent to that, we can have a further 222 centres up and running?

Mr Manthorpe—I do not think you can necessarily draw an inference that 38 took X amount of time; therefore, 222 would necessarily take some other amount of time.

Senator PAYNE—I was not. I am actually working on the timeframes that were provided with this commitment. You have just told me that you expect the first 38 to be completed by the end of 2010. I accept that. The commitment is to the remaining 222 by the end of 2014. I

am trying to determine whether that is a feasible proposition across the four years from the end of 2010 to 2014. That is all I want to know.

Ms Paul—We are simply saying that at this stage it may well be possible by 2014, but we cannot really say until these processes have gone through. We are basically at the same place we were at the last estimates. As you know, the market has not actually settled yet. The ABC centres and so on are still in contention et cetera. Basically, we are pretty well at the place we were last time on this.

Senator PAYNE—I think the film is called *Groundhog Day*.

Senator Carr—That is very ungenerous and you are not normally that ungenerous.

Senator PAYNE—It is not in my nature, so I have must have been pushed to the extreme. I do feel like Andie MacDowell!

Senator Carr—I just want to be clear about this. As I understand it, Sophie Mirabella has had some comments on this question. I trust that you are supporting the Liberal Party policy here, or are these further defections?

Senator PAYNE—Shall we call Mr Danby and see what he thinks about childcare centres in his electorate, perhaps? He might have a view on that as well.

Senator Carr—I am anxious to preserve your integrity in this process. I just want to be clear about this. Sophie Mirabella is saying to us that the government's approach to the 222 is ridiculous, to the point where she says we should not proceed at all. Liberal Party policy is that we should not engage at all in the provision of additional services.

Senator PAYNE—Happily, the government's policy is the question under discussion, and I am trying to determine if whether we are going to see 222 centres by 2014.

CHAIR—This is a good time to suspend for the morning break.

Proceedings suspended from 10.30 am to 10.46 am

CHAIR—We will resume these estimates with questions from Senator Payne.

Senator PAYNE—I thank the officers for their assistance on these issues thus far. I was trying to get to the bottom of the time frame on the further 222 centres component of the 260 centre commitment from the election. Mr Manthorpe, I think you said that it would be 2010 for the 38 to be up and running? Do you expect to commence any of the other 222, for example, in the next calendar year?

Mr Manthorpe—I do not think there is anything I can add to what I have already said on that topic.

Senator PAYNE—I think that is actually a different question, Mr Manthorpe. Does the department have an expectation that any of the further 222 centres will be commenced in the calendar year 2010?

Ms Paul—I think the only thing we can say is what we said here last time too, which is that that is not yet settled until we have had a good look at the impact on the market overall, which is what I think Mr Manthorpe said before, probably more eloquently. I do not think we can answer that at this stage.

Senator PAYNE—I am trying to get a grip on the time frame that you suggest it will be necessary to have in terms of an effective look at the impact on the market. What time frame is that?

Ms Paul—We will know that when we have been able to have a look at the settlement of the market. Unfortunately I cannot satisfy you now, but we will, no doubt, have something more to say once we have had a look at where the market is settling out.

Senator PAYNE—There is no timing.

Ms Paul—We had this conversation at the last estimates too that, for the 222, it is worth us looking at where the market is settling at, particularly post ABC Learning regarding how all those centres are settling down, which ones are continuing and so on. Then we will do that analysis and then have more information. Mr Manthorpe, I think, has explained that fully.

Senator PAYNE—Would it not just be easier to say you are not going to proceed with the 222?

Senator Carr—Would it not be easier for you to actually follow the Liberal Party policy which says, ‘It beggars belief that they’—that is, referring to us—‘are proceeding with this plan at all.’ What is the position of the Liberal Party? You are not being duplicitous here, are you, Senator? I trust you are not on one hand saying to us that we should pursue that policy—

Senator PAYNE—Minister, I hope you intend to withdraw that.

Senator Carr—while the Liberal Party officially says that we should not proceed at all.

Senator PAYNE—Chair, I seek to have that withdrawn. That reflection is entirely inappropriate, unparliamentary and unnecessary.

Senator Carr—No, I said, ‘Are you seeking to be duplicitous,’ or is official Liberal Party policy being repudiated here?

Senator PAYNE—Minister, you know exactly what you said. You said it of me and, Chair, I seek that remark to be withdrawn.

CHAIR—I was listening, I actually did think he said that, the way the minister put it. But regardless, I think it is appropriate, Minister, that you simply withdraw that anyway and let us just get back to questions and answers. Senator Payne you have the call. Minister, you did withdraw, did you?

Senator Carr—Of course I did.

Senator PAYNE—Thank you.

Senator Carr—But I just come back to the point, Mr Chairman. The Liberal Party policy as outlined by the official spokesman on the Liberal Party website is that the government should not proceed with this. But we are actually being quizzed on this in a manner which is quite inconsistent with the official statement.

Senator PAYNE—Actually that is not the point. The point is whether the government intends to keep its commitment to roll out 222 further centres by 2014.

Senator Carr—‘It beggars belief’ are the words used.

Senator PAYNE—And the minister cannot answer whether the government intends to keep its commitment to roll out 222 further centres by 2014. That is quite clear.

Senator Carr—We are being called upon by your shadow minister to not proceed; which is the position?

Senator PAYNE—You should just say so and be honest with the Australian people and tell them you are not going to do it, Minister.

Senator RONALDSON—Why would they start now?

Senator PAYNE—Well, there is that. Of the 38 centres that are part of the first tranche, they are all scheduled to be operating by next year, is that correct?

Ms Rundle—That is correct.

Senator PAYNE—Have any of them commenced operation?

Ms Rundle—Yes. One centre is operating and that is the Adelaide autism specific centre.

Senator PAYNE—For which of the centres has building commenced?

Ms Rundle—I do have that information and I am just trying to locate that detail. Senator, I wonder if I might take that on notice in the interests of time now because we could give you information about the current construction schedule, which would also tell you which ones have commenced. I could try and get what I can in the next five minutes, if you wish.

Senator PAYNE—We are talking about 38 centres, as I understand it, so if you can come back to me on notice with that, Ms Rundle, that is helpful.

Ms Rundle—Thank you.

Senator PAYNE—Is it a correct understanding of mine that there is an allocation of about \$1.7 million in capital funding for each of those 38 priority locations? Is that solely for capital costs?

Ms Rundle—That is correct, Senator.

Senator PAYNE—So is that about \$64 million over 38 centres?

Ms Rundle—I would need to check that total but that is in the order of that amount.

Senator PAYNE—In the 2008 budget, I think the allocation was around \$114.5 million, is that right?

Ms Rundle—Correct.

Senator PAYNE—Where does the remaining \$50 million go?

Ms Rundle—Again I would need to look at the detail but primarily it is the flow-on effect of childcare benefit, childcare rebate and other sundry program support that some centres get.

Senator PAYNE—Can I just ask a couple of questions about the centres in New South Wales? There are 11 sites and they have all been announced, is that right?

Ms Rundle—That is correct, Senator.

Senator PAYNE—What is the Commonwealth contribution to those?

Ms Rundle—I do have that here, separate for each centre, if you would like me to go through them. I can tell you as well, Senator, further to your earlier question, that 18 have commenced their construction.

Senator PAYNE—Can you let me know, on notice, where those are, please, and the stages to which they are at?

Ms Rundle—Yes, I can do that.

Senator PAYNE—Thank you. And the 11 in New South Wales?

Ms Rundle—For the 11 in New South Wales, the Australian government commitment at Bondi Junction was \$1.65 million, at Fairlight it was \$1.4 million and at Falconbridge it was \$1.8 million. These are all agreed. Hazelbrook is up to \$2.2 million because this is currently being finalised. Senator, my colleague has just advised me that I may now need to take the remainder on notice because some of them may not have been publicly announced.

Senator PAYNE—All right.

Ms Rundle—I also should say that you will notice when you do receive the on notice information that they vary in terms of what they get, because in some cases they are seeking just refurbishment money and in other cases they are seeking a new building. Also the more remote ones in some locations around the rest of the country cost more.

Senator PAYNE—Sure, I appreciate that. In the minister's press release for the Broadmeadows one in Victoria, which was September of this year, it gives a breakdown of the Commonwealth's funding and the Victorian government's funding. But in the release of the former parliamentary secretary, for example, in June of this year in relation to New South Wales and the locations of those, some of which you have just mentioned in your remarks, it details the Commonwealth's funding but not the New South Wales government's funding as far as I can tell. Can you indicate what the New South Wales government's funding contribution will be for those 11 centres in New South Wales?

Ms Rundle—Primarily the New South Wales contribution will be land but not in all cases. In some cases the land is provided by the private provider. According to my notes, the New South Wales government are not putting in any additional money into the centres but they are providing land on some of the school sites.

Senator PAYNE—Why not?

Ms Rundle—As we have said at earlier estimates, the rollout of these has varied around the country in terms of what is considered to be most appropriate and where some jurisdictions have decided they want to invest more in terms of their state governments. Generally they have been for integrated centres that provide a greater range of services.

Senator PAYNE—Are they contributing to any centres at all?

Ms Rundle—According to my information the answer is 'no', except for land. They are also giving us quite a lot of in-kind support, helping us work through the expressions of interest and so on.

Senator PAYNE—Is the Victorian government giving you in-kind support? Is the Victorian government giving you land?

Ms Paul—Presumably just in New South Wales' case, the metro contribution of land would be of considerable value, particularly, so I am not sure that I would have said that there is no contribution.

Senator PAYNE—It is probably a valuable contribution in Melbourne as well. Is the Victorian government giving you in-kind support? Is the Victorian government giving land?

Ms Rundle—Certainly they have assisted us in looking at the specific locations, and they have undertaken feasibility studies and other things that have assisted in making the decision around the locations. Mostly they have provided money in terms of additional capacity within those centres, bearing in mind that many of the Victorian ones are seeking to build integrated centres with a range of other services. Also there is quite a lot of local council investment as well.

Senator PAYNE—Let us take the Broadmeadows one as an example. Where does the land for the Broadmeadows one come from?

Ms Rundle—I would need to take that on notice or ask my colleague behind me the answer to that.

Senator PAYNE—Is it council land?

Ms Rundle—It is local council land.

Senator PAYNE—In New South Wales, how many of the 11 centres are going to be co-located with a public school?

Ms Rundle—Five are co-located with public schools.

Senator PAYNE—Where are the remaining ones located?

Ms Rundle—They will be in a range of other locations. You might remember that the locations were Bondi Junction, Fairlight, Faulconbridge, Hazelbrook, Killara, Milperra, Newcastle, North Ryde and Queanbeyan. Perhaps what I could do for you, again on notice, is provide that information so you can see where they are co-located with schools and otherwise.

Senator PAYNE—All right. Can you tell us who will be operating the services at the sites in New South Wales?

Ms Rundle—Again, I would like to take that on notice, if I can. I can provide that information to you; there will be a range of all private providers.

Senator PAYNE—All right. The funding for the Broadmeadows centre, for example—the \$3.1 million, including \$1.6 million from the Commonwealth—is all of the \$3.1 million start-up capital costs or is part of the rebate or the benefit funding in there as well?

Ms Rundle—That is capital cost.

Senator PAYNE—I think we have also had an announcement in relation to Craigieburn in Victoria. Has construction started on that? It was expected in mid-2009, I think?

Ms Rundle—Yes, it started in August of this year.

Senator PAYNE—In a couple of the press releases—the one on Craigieburn, for example, and the one on St Kilda—there are some references to birth rate. Was birth rate the criterion that was used to identify these first tranche locations?

Ms Rundle—It would have been one of those things that was considered, but it certainly would not have been the only criteria. It would have been important to think about future demand.

Senator PAYNE—Can you indicate what other criteria would have been included?

Ms Rundle—In terms of the specifics for both of those, again I would like to take that on notice, because they will be different, no doubt. As we have said, I think, in earlier estimates, there are a range of factors that we have looked at in all of these areas to try and estimate what demand would be. Could I provide that later?

Senator PAYNE—I would appreciate that. In WA, we had announcements earlier this month for three sites at Darch, Karratha and Mirrabooka. Have the proposals to establish centres at those sites been called for? I think these are three of the four priority locations for WA?

Ms Rundle—I cannot answer that because we need to check with the WA government. We are working with the WA government on all three, but I just do not know, today, whether they have been.

Senator PAYNE—If the answer to that is that they have not been called for, can you then tell us, on notice, when that will occur?

Ms Rundle—I will.

Senator PAYNE—Similarly, I know there have been announcements in Queensland in relation to Gladstone and Townsville. The press release says that advertisements for a proposal between the Australian and Queensland governments were advertised in July. Has it been determined who will run the centres at those Queensland sites?

Ms Rundle—I do know that we have that level of information—I do not have that with me now. They will be, I suspect, all private providers because most of these processes have been working with the state governments trying to elicit expressions of interest from private providers.

Senator PAYNE—Will you come back to me on that one?

Ms Rundle—Yes, I will.

Senator PAYNE—Thank you. Including all of these and those we have discussed previously, have specific sites for all 38 of the priority locations both been identified and announced now?

Ms Rundle—Arrangements for 34 of the 38 have been announced to date. We have four remaining areas that are subject to ongoing discussion.

Senator PAYNE—Where are they?

Ms Rundle—There are three in Victoria—Bendigo, Foster and Hurstbridge—and one in WA, at Port Hedland.

Senator PAYNE—Port Hedland?

Ms Rundle—Yes.

Senator PAYNE—There will be no space at Port Hedland, would be my first observation. Thank you for that. Do you have a time frame on when you expect those final four to be identified and confirmed?

Ms Rundle—I would expect that we would have those confirmed by the end of this year.

Senator PAYNE—Do you have an estimate of how many child care places it is expected will be created when we have all of these 38 in the first tranche up and operating?

Ms Rundle—All I would need is a calculator.

Senator PAYNE—Or did I just ask you how long a piece of string was?

Ms Rundle—No, in fact we do know that.

Senator PAYNE—Is over the page?

Ms Rundle—At least, we do have the number of places approximately, but unfortunately for some reason, I do not have the total at the bottom of my page.

Senator PAYNE—How is your mental arithmetic?

Ms Rundle—So, if you do not mind, again I can answer that on notice. Someone is adding them up for us.

Senator PAYNE—No, I do not mind at all. They are my questions in this particular area. I am not sure whether Senator Mason has some in here?

CHAIR—No, he has not. Senator Cash, have you got any?

Senator PAYNE—You might find he does! I thank you and your officers, Ms Paul. I will be back, though, I suspect, later today.

CHAIR—Is that the end of that outcome?

Senator MASON—I have got one question on outcome 1.

CHAIR—One, alright, you can have one.

Senator MASON—Or one issue.

CHAIR—Oh, one issue.

Senator PAYNE—But it is a Mason-length issue, you see, that is the difference!

Senator MASON—It is an issue. Good morning, Minister, Ms Paul, and officers. Indigenous early—

Senator Carr—How are you feeling today, Senator?

Senator MASON—I am always well, Minister, as you know.

Senator Carr—I am only concerned about your health, Senator Mason.

Senator MASON—Indigenous early childhood centres—that is the issue. I know we used to discuss this on, Friday, Chair, in a different context but—

CHAIR—Yes, but you have brought it back. Thanks.

Senator MASON—It has been brought back, in relation to Indigenous early childhood centres, some of the context is that in February 2008, during the sorry speech, the Prime

Minister committed himself to the idea that over the next five years every Indigenous child would be enrolled in or attending a proper early childhood education centre or opportunity. A previous estimates committee has been told that in October 2008, COAG committed \$564 million to the goal of establishing 35 early childhood centres. By February 2009, four out of the 35 locations had been selected by the states and at the last estimates—that is, the budget estimates in June—only five out of 35 locations had been selected by the states. In other words, between February and June, a four-month period, only one additional location was selected. In the June estimates I was told, and these are your words, Ms Shugg:

The timetable that was set out in the agreed action plans had the majority of locations to be agreed by the end of this financial year,

that is, by 30 June—

and that work is well under way.

It is now late October, 20 months after the sorry speech, a year after the COAG agreement and four months after the end of the financial year deadline by which the majority of locations were supposed to have been chosen by the states. Where are we now? How many locations have been chosen?

Ms Shugg—Could I just correct a couple of things that you mentioned.

Senator MASON—Yes, sure.

Ms Shugg—I think we have previously discussed the links between the Prime Minister's commitment in the sorry speech and the children and family centres and have said that in our view the major mechanism for the delivery of the Prime Minister's promise in relation to universal access is the National Partnership for Early Childhood Education, not the Indigenous Early Childhood Development National Partnership.

Senator MASON—You and I disagree on that, but okay.

Ms Shugg—You also mentioned that there was \$500-odd million set aside for the establishment of the CFCs. That, in fact, represents the entire cost of the Indigenous Early Childhood Development National Partnership.

Senator MASON—Not just the centres?

Ms Shugg—The CFC component was \$200-odd million.

Senator MASON—How much?

Ms Shugg—Two hundred and ninety-three. In relation to your question, Senator, I can tell you that all 35 locations for children and family centres have been agreed by the minister.

Senator MASON—They have been selected. What do you mean by 'agreed'? Tell me what that means.

Ms Shugg—I think we discussed the process before: the state did the analysis based on the requirements in the national partnership and proposed locations for the children and family centres to the minister. The minister then agreed to those. Each of those 35 locations has been agreed now.

Senator MASON—Let me get this right. The states and the territories have put forward sites for the location of these centres?

Ms Shugg—Correct.

Senator MASON—Thirty-five?

Ms Shugg—Yes.

Senator MASON—And all of those sites have been agreed to by the minister?

Ms Shugg—That is a simplification of the process, but yes. There is obviously a range of negotiations that happen at officer level before the proposals are put forward by the states.

Senator MASON—But the sites have been selected?

Ms Shugg—The locations have been selected. As I said to you previously, for example, one of the announced locations is Maningrida—that is the location—but the actual site is to be—

Senator MASON—So the township has been selected, for example, but not the actual location of the centre?

Ms Shugg—Of course, that would have to be the result of a detailed consultation process with the community. We would not want to impose something like the location of this centre on the community without having had detailed conversations with them.

Senator MASON—In those 35 locations, how many actual sites have been determined?

Ms Shugg—There are a couple. I would have to take that question on notice.

Senator MASON—There are a couple?

Ms Shugg—Yes, that is correct.

Senator MASON—Out of 35?

Ms Shugg—Yes.

Senator MASON—After 20 months since the sorry speech.

Ms Shugg—This is a six-year national partnership with a rollout schedule over that six years of having the children and family centres established progressively.

Senator MASON—It is looking like it, isn't it?

Ms Shugg—That was the intention.

Senator MASON—Was it? That is the first time I have heard that. We now have 35 locations. Has construction commenced on these centres in any of those locations?

Ms Shugg—I would have to take that on notice, but my understanding is not yet.

Senator MASON—Not yet? Have any staff members been hired yet?

Ms Shugg—Yes, there are a number of staff members across the various locations.

Senator MASON—How many?

Ms Shugg—I would have to take that on notice.

Senator MASON—Do you have any idea?

Ms Shugg—The states are obviously putting those staff members in place. I have details of each location with me, but to aggregate them I would have to take that on notice.

Senator MASON—So we have staff members, but not even the commencement of any building—is that right?

Ms Shugg—Yes. Obviously one of the first steps, as set out in the national partnership, is the detailed consultation process. In order to undertake that consultation process, a number of jurisdictions have felt it necessary to appoint a director for their new service so that the director can be involved in the very early conversations with communities about the development of the service mix for the centre, the site, the sorts of services that would be provided et cetera.

Senator MASON—Apparently no construction has been commenced 20 months after the sorry speech, but we have locations, if not sites. What is the timetable? When can the parliament expect that, firstly, sites might be determined and, secondly, God forbid, construction begin?

Ms Shugg—We have a rollout schedule for when we believe the centres will become operational, if that would be helpful.

Senator MASON—That would be delightful.

Ms Shugg—In the 2010-11 financial year we are expecting 16 of the children and family centres to be—

Senator MASON—The 2011 financial year?

Ms Shugg—In the 2010-11 financial year, yes. We are expecting 16 in that year. In 2011-12 we are expecting 14, in 2012-13 a further three and in the final year of the national partnership we are expecting the remaining two to be operational.

Senator MASON—To be operational?

Ms Shugg—Correct.

Senator MASON—So clearly sites would have to be selected—not locations but sites—the buildings finished, staff employed and so forth to be operational. That is right, isn't it?

Ms Shugg—Correct.

Senator MASON—We agree on that.

Ms Shugg—That is what we would expect.

Senator MASON—You would think so; otherwise they would not be operational, would they? What are the enforcement mechanisms that the Commonwealth has to make sure that the states cooperate? If there is any lag in progress, who should I question?

Ms Shugg—That would be me.

Senator MASON—Oh, you poor thing!

Ms Shugg—The mechanisms under the national partnership are really quite clear. The states are required to provide us with an annual report and a progress report. The annual report would be a very specific report on not only progress but financials et cetera. The payments under the national partnership are linked specifically to the achievement of milestones. If milestones are not achieved then payments are not made. Obviously both levels of government are very keen to ensure that these centres are established, so we would be

working cooperatively with the states and territories to make sure that the milestones are met and that the centres are delivered on time.

Senator MASON—I know all about cooperative partnerships in another context. Do you have something that you can give the committee on the time line? Can you make that available?

Ms Shugg—I can put that on notice for you, Senator.

Senator MASON—That would be very useful.

Ms Shugg—Yes.

Senator MASON—When was the list in terms of operationalising those centres finalised?

Ms Shugg—We have been working through this with the states for some time now. I could not give you an exact date when it was finalised, but it was a couple of months ago—ish.

Senator MASON—After the last estimates?

Ms Shugg—Yes.

Senator MASON—I thought so. Thank you, Ms Shugg.

Ms Shugg—No problem.

Senator MASON—Thank you very much. That is the only question I have, Chair, in relation to outcome 1, but now I have a host of questions related to outcome 2.

CHAIR—Are we ready to go to outcome 2?

Senator MASON—Yes.

CHAIR—I thank the officers who appeared for outcome 1.

[11.14 am]

Senator MASON—In relation to outcome 2, if I could just start with a question that has come from the Queensland Catholic Education Commission, by way of a loosener, Ms Paul. I understand that under the amendments to the Schools Assistance Act, which were passed last year, the Minister for Education has the discretion to ensure higher levels of supplementary funding for Indigenous students from remote areas that are attending non-remote boarding schools. The Queensland Catholic Education Commission has asked me and, I know, other senators to try to get the minister to use her discretion to do that, but the minister has advised that she will not utilise discretionary funding to fund remote Indigenous students in non-remote boarding schools. The minister's rationale was that the Queensland Catholic Education Commission was receiving extra money in 2009 compared to 2008. Why did the minister not use her discretionary power to grant extra funds to Catholic education to assist non-remote schools educate remote Indigenous students?

Ms Paul—Thank you, Senator. I will have to look to my colleagues for the answer to that.

Ms Horrocks—The Queensland Catholic Education Commission was provided with Indigenous supplementary assistance and the Indigenous funding guarantee.

Senator MASON—Could I ask you to speak up? I am sorry about that. My hearing is not very good, probably because I have such a loud voice.

Ms Horrocks—Sorry, Senator. It was provided with Indigenous supplementary assistance on a per capita basis. The Indigenous funding guarantee provides the assurance that the commission will receive at least comparable funding to 2008. If there was no comparable funding, then the Indigenous funding guarantee would come in and it would receive additional funding. In the case of the Catholic Education Commission, on a per capita basis on the Indigenous supplementary assistance, it received more in 2009 than it did in 2008.

Senator MASON—It argues that the extra—is it \$100,000?

Ms Horrocks—\$130,000, I think, Senator.

Senator MASON—That was argued to be adequate compensation. The commission says it is not adequate compensation.

Ms Horrocks—I can only advise you that there was a range of previously discretely funded programs for Indigenous staff which were rolled into the Indigenous supplementary assistance program. Those were the supplementary recurrent assistance, the Indigenous Tutorial Assistance Scheme, the English as a Second Language—Indigenous Language Speaking Students program, the Whole of School Intervention Strategy—Homework Centre, the Transitional Project Assistance and building an Indigenous Workforce. All of those were rolled into the Indigenous Supplementary Assistance program.

Senator MASON—I am assured by the Queensland Catholic Education Commission that it is going backwards. Just to be fair, the government, I know, has done a lot in recent times to assist Indigenous students, and this to my mind is slightly counter-intuitive. Just be aware of the fact that the commission is very concerned that its capacity to give adequate services to students from remote areas at non-remote schools—

Ms Horrocks—I appreciate that.

Senator MASON—because they were reclassified, as you know, under the act.

Ms Horrocks—Yes, I do.

Senator MASON—has meant that the commission is less able to provide those services.

Ms Horrocks—Could I also offer, Senator, that the Indigenous Supplementary Assistance program is indexed to the average government school recurrent cost, so that does move forward according to that benchmark, and also that the ISA reduces the reporting burden on schools, so that we have tried to make that easier for schools—

Senator MASON—There might be some administrative efficiencies there.

Ms Horrocks—Yes, I would suggest that, Senator.

Senator MASON—The minister does have power to use her discretion to award this money. The argument is that she is not doing so and the commission is worse off, but the argument from the government is that, no, it is not worse off. You will have to convince the commission, because it is certainly not convinced.

Ms Horrocks—I think we would be in a position to look at any documentation that the Queensland Catholic Education Commission would like to put forward and offer any advice in that respect.

Senator MASON—Thank you very much. Before I go into the Building the Education Revolution, Ms Paul, I have a couple of questions on chaplaincy in schools. I thought I would get a couple of these out of the way before we go into that. First of all, can we deal with the chaplaincy issue. This question may need to be taken on notice. Could you provide a list of all schools, broken up by state, that have benefited from the National School Chaplaincy Program? I know that may need to be taken on notice, but could that be done?

Dr Arthur—We certainly can provide that information. I am just checking. I do have some background information here which I might be able to table. I do not think it goes to that level of detail, but certainly that information can be provided.

Senator MASON—So you could take that on notice?

Dr Arthur—Certainly.

Senator MASON—The National School Chaplaincy Program was introduced by the Howard government I think three years ago. The website says:

As of 30 November 2008, no further funding agreements will be entered into under the National School Chaplaincy Program.

Is the government aware of research undertaken by Dr Philip Hughes of Edith Cowan University?

Dr Arthur—Yes, Senator.

Senator MASON—You are, Dr Arthur?

Senator JACINTA COLLINS—It is very good research.

Dr Arthur—We are certainly aware of that, Senator.

Senator MASON—It has been reported that schools are delighted with the program, with 97 per cent of principals affirming the program and wanting it to continue, yet I understand that the Deputy Prime Minister has refused to commit to continuing the program. I am just wondering why that is.

Senator Carr—Because a decision was taken by the previous government to fund the program for a definite number of years.

Senator JACINTA COLLINS—That is not my understanding of what the minister said anyway. What did you say she said?

Senator MASON—The committee would be delighted to hear what the government's commitment is to the program, Dr Arthur.

Dr Arthur—The information on the website is clearly correct. As I understand the position, it is that a previous government made a funding commitment for a defined period. Whether or not a future funding commitment would be made is a matter for government to determine in the budget context.

Senator MASON—So the government will not be offering further rounds of the program?

Senator JACINTA COLLINS—No, that does not follow from what was said at all, Senator Mason.

Senator MASON—I want to know whether there is going to be a commitment from the government. That is all I am asking.

Dr Arthur—The information I provided I think is straightforward.

Senator Carr—The officers have indicated the situation quite clearly. I remind you that your government made quite explicit statements about this matter. I do not think you can run away from it now, Senator.

Senator MASON—I never run away, Minister, you know that.

Senator Carr—From your government's commitments. Senator, that is the situation.

Senator MASON—Are you committing to further funding of the program, Minister?

Senator Carr—Senator, what the officers have said is very clear. I have nothing further to add to that. I just draw your attention to the fact that this was a program, as you said, that was introduced by the Liberal government. It had a very finite life span and decisions were taken by your government about the funding arrangements.

Senator MASON—Yes, but on the website it says:

Please note that applications for this program are no longer being accepted.

That is a government decision.

Dr Arthur—No. That is a consequence of the decision of the previous government to provide a set amount of funding and to administer the program by way of application rounds until the amount of funding available was exhausted, which is how the program was operated. In accordance with those decisions, no further new chaplains can be employed because of the defined amount of funding that was made available.

Senator MASON—Who controls that website?

Dr Arthur—I am not aware of the citation of the website to which you are referring. Certainly there is information about the chaplaincy program on the DEEWR website.

Senator MASON—Indeed—the departmental website, a government website. So when it says, 'Please note that applications for this program are no longer being accepted,' a public servant, using Commonwealth money, put that on the website.

Dr Arthur—Correct.

Senator MASON—So there is no commitment from the government to fund this project further, despite the overwhelming success of the service?

Senator Carr—There has been no change from the previous government's announcements. We should be clear about that. Your government announced that the program would come to an end. Your government indicated the duration of the program.

Senator MASON—No.

Senator Carr—Do not run away from that. I know it is very embarrassing for you to even acknowledge you are a Liberal these days, but the fact is that is what the government of the day said—your government.

Senator MASON—That is not right. It was funded for three years. Then you won the election, and we want to know whether it is going to be refunded.

Senator Carr—Your government made it perfectly clear.

Senator MASON—Are you making a commitment—yes or no—to fund it further? No. So, despite the success of the program, there is no commitment for further funding.

Ms Paul—I do not think that is what has been said. We would say it is a matter for government.

Senator MASON—That is fine. I am not suggesting that is your problem; it is the minister's. It is a policy decision, clearly. I just wanted to make sure we got the information we required. When will the current funding be running out?

Dr Arthur—Funding is available for the life of the current contracts. The first contracts to be issued were for three-year funding and they will come to an end first. My understanding is that those contracts will cease to be funded from the end of this current financial year.

Senator MASON—So 30 June 2010.

Dr Arthur—Correct.

Senator MASON—What feedback have you received about the success of the program?

Dr Arthur—We have looked carefully at the research that you cited. We have also carried out monitoring of the program and we have carried out information-gathering from stakeholders in the program. It would be fair to say that stakeholders involved in the program have provided us with positive feedback on the program.

Senator MASON—My next questions relate to the Digital Education Revolution.

Senator Carr—This is a matter that has drawn some interest, so I would like to make a few observations to commence consideration of these matters. Building the Education Revolution is the biggest school—

Ms Paul—Sorry, Minister. Senator Mason, did you ask about digital?

Senator MASON—I would like to do digital first and then the BER.

CHAIR—When we move on to Building the Education Revolution I will give you the call, Minister.

Senator MASON—I know between the two there is a little bit of overlap in some areas, but I will do my best to keep them apart. I would like to start with the Digital Education Revolution, so from chaplains to computers, Dr Arthur. You have a wide portfolio! Is the department aware of any studies that demonstrate the tangible educational benefits of a widespread use of computers and information technologies in schools? What is the research on that?

Dr Arthur—There is an abundance of research on that subject from a range of countries.

Senator MASON—So there is plenty of empirical research.

Dr Arthur—Yes.

Senator MASON—Is the department aware of any studies that demonstrate the contrary?

Dr Arthur—The research that is available covers a very wide range of hypotheses on that subject.

Senator MASON—Could you say that again?

Dr Arthur—The research that is available covers a wide range and seeks to validate a wide range of hypotheses on the subject.

Senator MASON—You are a scientist; I am not. I understand now what you are saying. Has the department or any other department done any costings of other commonly suggested ways of improving educational outcomes?

Dr Arthur—The department is involved continuously in examining ways of improving educational outcomes. Indeed, the activities of a schools cluster in general could well be said to be directed according to that objective.

Senator MASON—Has the department or any other department done any cost-benefit analysis of providing computers in schools versus some other ways of improving educational outcomes? Have you done that?

Dr Arthur—We certainly have not commissioned research on that subject.

Senator MASON—That is the big question—whether it is the best spend—but there has been no research on it.

Ms Paul—There is a wide range of research actually in this area and there is a response—

Senator MASON—Dr Arthur said that there has been no research commissioned.

Dr Arthur—On that subject.

Ms Paul—You asked a specific question.

Senator MASON—Yes.

Ms Paul—I was just going to say that there is a lot of research on what makes a difference to educational outcomes and there is a wide breadth of work on that. For example, there is a lot of research which shows the value of quality teaching, and of course the quality teaching national partnership goes to that. Dr Arthur has mentioned some research in this area. There is research which looks at the quality of school leadership—principals and so on. If you like we could give you a bit of a summary of some of that.

Senator MASON—I accept that. There is a lot of research about that and I have read some of it myself, but that is not my question. My question was: was there any cost-benefit analysis of providing computers in schools versus some other ways of improving educational outcomes? In other words, is providing computers the best spend for achieving improved educational outcomes?

Dr Arthur—One of the challenges in this field is that there is internationally and in Australia relatively poor research which goes to that question on any of the elements of the spend in education. It can be shown by the fact that there is a lively field called health economics, which goes to that issue, and there is a lot of academic research in that area. There is relatively little research available in the school education space which is able to do the kinds of regressions that would allow you, on a whole range of educational areas, to do rigid

cost-benefit between one form of spend and another. It is a problem right across educational research.

Senator MASON—I am sure that is right, but you have not done any, have you?

Dr Arthur—We have not attempted to commission research that we do not have confidence would have the ability to produce us with robust conclusions.

Senator MASON—But, when you are spending billions of dollars, whether that is the best spend is a legitimate policy question, isn't it?

Dr Arthur—A major policy issue for all those involved in the educational area is to try and improve right across the spectrum of spend on education understanding of what the most cost effective interventions are. It is something which all education departments internationally try and do.

Senator MASON—So what you are telling me is you cannot be sure that this is the best spend.

Dr Arthur—I think I have answered the question in terms of that particular issue.

Dr Bruniges—In terms of the counter to that, I think students not having access to computers would severely impede learning outcomes in a whole range of areas. I am aware of research by Professor Allan Luke in an Australian context, and he has gone partly to the question that you are asking. Again, in support of Dr Arthur, it is very limited in the field of education.

Senator MASON—So you cannot tell me whether expenditure on computers is the best spend for achieving better educational outcomes?

Ms Paul—There are a whole range of spends which are really important in schooling. Quality teaching is really important.

Senator MASON—I agree with that. I do not disagree with you on that.

Ms Paul—good modern buildings is really important; good principal leadership is really important. It is common sense to think, in this modern age when all our young people are digitally active and so on, that computers make a difference to learning, particularly as we move more into online curriculum and so on. We have made a comment on research, but I do not think it is a simple equation to say that one thing is the best investment. In schooling it is a range of things which add up to the best investment.

Dr Arthur—In support of that, you could comment that one of the areas which involves really very significant elements of recurrent spending is number of teachers to students—that is, class sizes—which is something which is subject to major fluctuations in spend and which is still, I think, a contested area academically as to the cost benefit of that expenditure.

Senator MASON—Absolutely. That is why I asked the question. The answer is, 'Well, there is not much research on it.'

Dr Arthur—I did not say that, Senator; I said there is not research which provides you with a simple answer to the question. There is research, but the question has proved to be methodologically extremely challenging for those researchers who have sought to investigate it.

Senator MASON—Exactly, and that is why you cannot tell me whether it is the best spend.

Dr Arthur—In this area, as in other areas, Senator, that is the case.

Senator MASON—That is why I asked the question, Dr Arthur, because now we know that you do not know. That is all I wanted to know, that you do not know. That is fine. Roll-out of computers, Dr Arthur—one of our favourite subjects: where are we now in this program by way of actual physical implementation? Funding in rounds 1, 2 and 2.1 have been approved. Let me ask you a series of some mechanical questions, Dr Arthur. How many computers have been approved under round 1?

Ms Bloor—Under round 1, 116,852 computers.

Senator MASON—How many have been delivered—that is, are installed on students' desks?

Ms Bloor—As at yesterday's date, Senator—

Senator MASON—No, sorry, from round 1?

Ms Bloor—From round 1, 86,926.

Senator MASON—How many have been approved under round 2?

Ms Bloor—141,597.

Senator MASON—How many have been installed on students' desks—how many are on the students' desks?

Ms Bloor—57,784.

Senator MASON—How many have been approved under round 2.1?

Ms Bloor—34,723.

Senator MASON—How many of those have been installed on students' desks?

Ms Bloor—10,055.

Senator Carr—I think this officer should be commended for the capacity to recall this sort of detail and to have it so readily at hand, Senator. Do you think we should break from these questions to acknowledge the enormous success she has had?

Senator MASON—You may recall, Ms Paul, that I usually bring my calculator, I have forgotten it.

Senator Carr—Oh, no!

Senator MASON—Dr Arthur, you do these things as mental arithmetic, I know. How many have been installed on students' desks? If you add them up again, what is the number?

Ms Bloor—154,933.

Senator MASON—The next step, what is the timetable for round 3?

Ms Bloor—There is not going to be a round 3.

Senator MASON—No round 3? All right. What is next in the program?

Dr Arthur—What is next in the program, as I think we advised at previous estimates, is that funding will be provided to educational authorities based on a per capita calculation of what it would take to move them from where they would be at the end of the application based rounds to a one-to-one ratio.

Senator MASON—That is by 31 December 2011? Is that still the date, Dr Arthur?

Dr Arthur—That is correct, yes.

Senator MASON—That is for one to one, isn't it?

Dr Arthur—That is correct. Perhaps I might provide an extra figure to indicate what I think I said in previous estimates, that this program would move on an accelerating basis once the states and territories got to the position of executing their large-scale purchase of computers. As an illustration of that, at 27 August there had been 110,000 computers deployed under this program, whereas, as Ms Bloor has indicated, the figure currently is at 154,933. You can see from the difference of those two figures that that is exactly what is occurring, that the states and territories are now in the stage of deploying computers at a very considerable rate following their large-scale purchases and that the rates of movement in terms of installation of computers is now accelerating significantly.

Senator MASON—We will wait and see. I have been hearing about that for long time, Dr Arthur. In terms of achieving one to one, there are around 970,000 students, let us say one million students—I do not think I am misleading anyone by saying that—and by now it is 31 December 2011 for one million computers—is that right, roughly?

Dr Arthur—Roughly, Senator.

Senator MASON—Just remind me, Dr Arthur, is it after four years that computers are considered redundant? Is that right, from memory?

Dr Arthur—That is correct, Senator.

Senator MASON—So from the date of the announcement of this commitment, pre-election, computers will start to become redundant. What is going to happen then?

Dr Arthur—I think we have canvassed this before, Senator.

Senator MASON—We did, but there is no change?

Dr Arthur—The position is that the funding for the first computers provided under this program was provided from 1 July 2008 and certainly from that date when the computers were acquired they will start to be needed to be replaced in the year 2012.

Senator MASON—That is six months after the one-to-one date, that is right, isn't it?

Dr Arthur—That is correct.

Senator MASON—What is going to happen though after 31 December 2011 in terms of refreshing these computers?

Dr Arthur—As set out in the agreements at the relevant COAG meeting and as reinforced in the national partnership which has been signed on the digital education revolution, the Commonwealth commitment is that it will meet 70 per cent of the costs of replacement computers in terms of—

Senator MASON—So that has not changed?

Dr Arthur—That has not changed. The maintenance of effort by the states and territories and other education authorities will be 30 per cent.

Senator MASON—We are at 154,000 and we are shooting for a million. I will be back to ask further questions as you know, Ms Paul, on this. I will ask about another favourite subject of ours, Dr Arthur, you may recall: internet connections. It is about five months since the budget estimates and two years since the initiative was announced by Mr Rudd about internet connection. I have asked these questions, Dr Arthur, because you know without connections to high-speed internet these computers are merely glorified typewriters. That is why I keep coming back to this issue all the time. Students, if they are not connected to the internet, cannot really take advantage of the computers. I have been looking around for updates on the websites about what is happening and I have not been able to find out. I have been looking forward to today to ask questions about the progress on internet connections because it is so critical to the utility of this one million computers that students will be receiving. At the budget estimates, the department still did not know—pages 46 and 47 of the *Hansard*—how much it would cost to connect every school to high-speed broadband. That was right, wasn't it—I am not misrepresenting?

Dr Arthur—As I said at that time, that is dependent on a number of things, and one of the large things it is dependent on is the rollout of the National Broadband Network and the way in which that very significant investment of funds is applied.

Senator MASON—That is right, and also I think you mentioned it even depends on things like location from schools to nodes and so forth. There are all sorts of contingencies—is that right?

Dr Arthur—Those things are related very much to the issue of the National Broadband Network. The pattern of rollout of the network will completely change the current landscape and will affect any costing that one might do at the moment.

Senator MASON—Right. The initial allocation was \$100 million—that is right, isn't it? And you and I worked out that it would be \$71,000 to connect every school. That was right, wasn't it? Remember I used my calculator, you may recall, Dr Arthur.

Dr Arthur—I certainly can confirm that the \$100 million is the amount provided in the fibre-to-the-schools commitment.

Senator MASON—Very good. What I did was I divided 2,650 schools, and about half of them already had a fibre connection of some sort. I divided that amount of money into 1,300 schools and came out with about \$71,000. Do we know which part of the connections will be provided by the original \$100 million commitment for the Fibre Connections to Schools initiative and how much we provided under the National Broadband Network that you mentioned before, Dr Arthur? Do we know the interplay between those two initiatives?

Dr Arthur—No, Senator. As you would be aware, the implementation study for the delivery of a national broadband network, which is the responsibility of the Department of Broadband, Communications and the Digital Economy, is still underway. Therefore, we do not have sufficient information to answer that question.

Senator MASON—The website says:

Rollout of high speed broadband to schools under the DER—
the Digital Education Revolution—

has been delayed pending the outcome of the review of regulatory arrangements and the NBN implementation study expected in February 2010.

So we will not know the answers to my question until at least February 2010?

Dr Arthur—It is dependent certainly on the timetable for the implementation study. If you have any questions about the implementation study, you would need to ask that portfolio.

Senator MASON—How about the timing of the physical rollout of the internet connections? When do you expect the rollout to begin, Dr Arthur? It seems to be taking a long time.

Dr Arthur—The rollout is linked, obviously, to the National Broadband Network, and you would need to address questions about the rollout of the National Broadband Network to the relevant department.

Senator MASON—But we know it is going to be at least February 2010, 2½ years into the Digital Education Revolution, and still half the computers are not connected to the internet. They are glorified typewriters.

Dr Arthur—Senator, that is not a correct statement.

Senator MASON—It is pretty close, though.

Dr Arthur—We have provided you, I think, previously, with information, and we can certainly provide you with information on the nature of connections of schools to the internet. There were, when I last looked at those figures, a very small number, in the ones or twos I think, which for their own reason have chosen not to be connected to the internet. Beyond that, all schools are connected to the internet. The issue is only the speed at which they are connected.

Senator MASON—Oh, yes, but it is nowhere near—what was the original speed that was originally promised?

Dr Arthur—It was up to 100 megabits per second.

Senator MASON—Yes, that is right, up to 100 megabits. A lot of them are about four megabytes and eight megabytes, Dr Arthur. Come on! Nothing has happened in 2½ years about the speed of the internet connection.

Dr Arthur—There have been considerable changes in that, Senator. There have been considerable improvements in the speed of connections of schools to the internet during that period.

Senator MASON—Is that due to the government's program?

Dr Arthur—There have been significant changes.

Senator MASON—Significant changes but not due to this government's program, Dr Arthur. Thank you. At the last estimates I canvassed a question which appears at page 52 of *Hansard*, and I think this is right:

On 17 February 2009, the department commissioned work to be done to identify the underlying cost of the provision of broadband services required by the education sector?

I think that was the evidence.

Dr Arthur—Yes, Senator.

Senator MASON—What is the progress of that work.

Ms Bloor—Senator, that work has been progressed in consultation with state and territory education authorities and the non-government sector and we are in the process of finalising that. The team that has had responsibility for this work in the intervening period has also taken over responsibility for commitment to a vocational education network, and it has been necessary to ensure that the statement of requirements and an identification of underlying costs for school sectors also encompass the costs that would be incurred by TAFE institutions. That body of work is close to finalisation. We expect that it will be considered by ministers in the next several weeks and that we would be able to make that available thereafter.

Senator MASON—What sort of timeline are we looking at for this, Ms Bloor? We have been waiting a long time, but what is the timeline.

Ms Bloor—We are very close to finalisation, Senator.

Senator MASON—When can the parliament expect some answers?

CHAIR—Senator Mason, just ask the questions and wait for the answers, please.

Dr Arthur—In this case I think Ms Bloor has already provided the answer to you. She stated that it would go to ministers and then in a matter of weeks that would occur and the anticipation was that it would be made available to the committee, or to the world in general, at that time.

Senator MASON—Within weeks of now?

Dr Arthur—That is what the evidence was.

Ms Bloor—Before the end of the year.

Senator MASON—Before the end of the year. Thank you, Ms Bloor. So we can look forward to that at least. There are a lot of committees going on. That is an example of cooperative federalism, is it, Ms Bloor?

Ms Bloor—Yes, it is.

CHAIR—The Senate has a few going too, by the way.

Senator MASON—Yes. I just have to touch on all these though, just to cover the bases, Chairman, so forgive me. At the budget estimates, we learned about an advisory committee being formed:

An Advisory Committee has been appointed to assist in implementing the High Speed Broadband to Schools component of the DER. The Advisory Committee consists of Dr Mike Sargent, Adjunct Professor Robin Eckermann—

Oh, Dr Arthur, you are there as well. Very good.

The Committee will assist to develop an approach which will address the needs of the education and training sector in the NBN and also schools not directly covered by the NBN fibre rollout.

What work is the advisory committee currently engaged in and what is the progress? You are a member, Dr Arthur. What is going on there?

Ms Bloor—Senator, as I mentioned, the team that is responsible for this has taken over responsibility for the vocational education broadband network.

Senator MASON—What is happening here? Am I talking about the same committee or different ones?

Ms Bloor—The structure of the committee that was established to support the Fibre Connections to School initiative has been broadened to encompass also the interests and needs of the vocational education sector. An additional member is in the process of being appointed to that committee.

Senator MASON—How are you going on your committee, Dr Arthur, what is the progress?

Dr Arthur—It is the same committee, Senator. Perhaps I can add that the government has also committed a significant amount of funds towards a vocational network of the order of—

Ms Bloor—Close to \$80 million, Senator.

Senator MASON—How are you going, Dr Arthur, on your committee? Is it making progress?

Dr Arthur—Ms Bloor is answering the question.

Senator MASON—But you are a member of the committee. I am surprised that you are not assisting me, Dr Arthur. You usually do.

Dr Arthur—Ms Bloor is able to provide the detail of the operation of the committee perfectly well, Senator.

Ms Bloor—The committee has provided advice to the department in a range of processes that have been undertaken this year, mostly around the NBN, including submissions on behalf of education sectors to the regulatory review of the NBN and various other processes that are related to that. Committee members have been involved in that work.

Senator MASON—So, again, the timetable of Dr Arthur's committee?

Dr Arthur—The committee is providing ongoing assistance to the process. The various products will have time frames, such as the product in terms of the work with which the committee has been assisting us in the cost analysis, for which Ms Bloor has already indicated the timeframe. The committee itself is an ongoing body and does not have a particular termination date.

Senator MASON—There is another committee for you, Dr Arthur. I am sure you enjoy them all. I have another question on the DER, and then I will move to the BER.

CHAIR—We will intercede with Senator Fielding, once you have finished.

Senator MASON—Do you want me just to ask my last question on the DER?

CHAIR—Yes, finish the DER. Then we will go to Senator Fielding and come back to BER. In fact, it may be after lunch when we do that.

Senator MASON—Thank you. I have some questions, Minister and Ms Paul, relating to the DER and the National School Pride program in relation to hospital schools. It has become somewhat of an issue. My friend Senator Boswell again raised it with me before. Minister, I have correspondence from Mr Paul Dickie, chair of the Hospital Schools Advisory Committee, which states that the government refuses to include hospital schools, such as the Mater Hospital Special School and the Royal Children's Hospital School in Brisbane, where I live, in both the Computers in Schools program and the National School Pride program. The question he asks, and it has become somewhat of an issue, is: why are sick kids who are being hospitalised but are still receiving normal education in schools attached to hospitals treated differently from healthy kids attending normal schools and penalised by having funding withheld under these two programs?

Dr Arthur—I can certainly answer in the case of the Digital Education Revolution and the answer is that they are not.

Senator MASON—They are not. Mr Dickie is wrong.

Dr Arthur—The basis for the program, as we have canvassed on a number of occasions, Senator, is the presence of a certain number of students compared with a certain number of computers in particular schools. The students who are in hospital schools are the students who would normally be in other schools, and funding has been provided to those schools and to the education departments for those students. If funding were to be provided separately to the hospital school, that would amount to a double counting in terms of the provision of funding. We have taken active steps in consultation with the education departments—

Senator MASON—I see what you are saying. Yes, I follow that.

Dr Arthur—The issue has been raised with us, obviously, on a number of occasions. We have approached all of the state and territory education authorities and they regard themselves in the government sector as being responsible for those students in those schools in hospitals rather than the non-government sector. We have information which indicates that it varies in the mechanism by which it is done, but in all cases—

Senator MASON—I just want to clarify this; I just want to get this in my head. What you are saying is that provision has been made by state governments for kids in those schools?

Dr Arthur—They have sufficient flexibility in terms of the DER funding that is available to ensure that the needs of those students are met while they are in those schools.

Senator MASON—I am sorry, the state governments have sufficient funding to ensure that those kids—

Dr Arthur—They have sufficient flexibility under the funding that is provided to ensure that the needs of those students are met.

Ms Paul—Because they have counted those.

Senator MASON—You may say that, Dr Arthur, but apparently they are not being met—that is the evidence.

Ms Paul—They have counted those students already, so there is funding.

Senator MASON—I understand Dr Arthur's point.

Ms Paul—There is funding there. It is up to how the state applies it, I suppose.

Senator MASON—Clearly, as kids go to school, wherever it is—but the computer is at the school and not at the hospital.

Ms Paul—Yes.

Senator MASON—The tension simply is that it is impractical, and some say impossible, for these kids to get the computers from the schools into the hospitals. These kids are missing out and it seems ridiculous that some arrangements are not made for them.

Dr Arthur—Senator, those arrangements are going to go to details of the support for those students in the hospitals. They are not really issues that can be solved by funding matters. I will pick you one example. In the case of New South Wales, the way it is rolling out the Digital Education Revolution is to provide all students with a netbook, which is provided to that student and which is supported by networks. To the extent to which that is going to work for a student in a hospital school is going to depend on the nature of the wireless network in that school and the connectivity of that wireless network to the educational system of New South Wales. Those are matters which it is certainly the responsibility of the relevant education department to solve to ensure that those students are not in any way disadvantaged. However they are not matters which are relevant to the funding basis of the Commonwealth program.

Senator MASON—Dr Arthur, I agree with you on this. I do not think it is just funding. I take your point. Arrangements have to be made. I am not saying it is the fault of the Commonwealth or indeed the states, but arrangements have to be made somewhere because clearly this is an issue. I accept it is not funding, but there is some—

Ms Paul—You will need to check with Dr Arthur, but in that circumstance, if New South Wales, for example, is rolling out a particular type of device, the student could take that device into hospital with them—

Dr Arthur—Indeed. Absolutely!

Ms Paul—and that would be a good solution. But what Dr Arthur is then saying is that it depends on how that hospital school has arranged its wireless network or whatever. Nonetheless, given that that student has been accounted for in the funding formula and has got a portable device, there is that—

Senator MASON—I can just see this becoming a running political sore. I am not suggesting it is about the funding necessarily—administration perhaps is a better word.

Dr Arthur—I would just comment, Senator, that we are in liaison with the state and territory authorities on this issue.

Senator MASON—You are, yes.

Dr Arthur—If the people who are interested in this issue continue, as is entirely appropriate, to raise particular issues with us, it is certainly the case that we will pursue the issue with the education authorities.

Senator MASON—Fair enough. It is a pragmatic issue. How could a sick kid in hospital transport a computer? There are practical issues here that clearly have not been addressed. I accept that it is not just a matter of funding.

Ms Paul—I think it is a good issue to raise. If Dr Arthur had not offered, I was also going to say it is the sort of issue we would be more than happy to raise, because it might have a fairly simple solution potentially, and maybe we can help the states think about that.

Dr Bruniges—Senator, I have had direct experience with Westmead Children's Hospital, where the home schools supply the material. The teachers will prepare it in the class and take it in. There is a principal based within Westmead Children's Hospital, and that work is relayed there. Dr Arthur's solution is to have laptops brought in from the home or the enrolment school. In that way there is a combination of the workload on the student considered—the length of stay and the nature and condition of the child—and an attempt to balance out that workload.

Senator MASON—Just quickly on the National School Pride program, on the web under the Nation Building, Economic Stimulus Plan it says:

The National School Pride program will deliver a total \$1.3 billion in funding to all Australian schools—primary and secondary, government and non-government, urban, regional and remote—to undertake construction of small scale infrastructure and minor refurbishment projects and at the same time provide immediate support for jobs.

Does the National School Pride program also apply to hospital schools? According to this it does, but—

Ms Paul—I will rely on Dr Bruniges, obviously, but I think the guidelines for National School Pride are clear that in general terms—I am not just talking about hospital schools here—there is not to be a duplication between what is delivered through DER and what is delivered through National School Pride. I think that is right. If National School Pride were to deliver computers in secondary schools that would not be—

Senator MASON—I understand that.

Ms Paul—something which is a matter for National School Pride.

Senator MASON—Putting the duplication issue aside, Ms Paul, does the National School Pride program apply to hospital schools?

Ms Paul—No, it does not?

Ms Wall—The eligibility requirements under Building the Education Revolution, or BER, are similar in that schools with transient populations are not eligible for funding, for same similar reasons as outlined by Dr Arthur.

Senator MASON—I had a sneaking suspicion it might be like that. So in fact it does not apply to all schools; it applies to schools but not those with transient populations. You might want to have a look at your webpage.

Ms Paul—That is right. The guidelines are clear about that.

Senator MASON—Yes, but this is not.

Ms Paul—The website?

Senator MASON—The web is not.

Ms Paul—Oh, okay.

Senator MASON—It says all Australian schools, primary, secondary, government, non-government, urban, regional and remote. I thought that was the case.

CHAIR—Is that the end, Senator, Mason?

Senator MASON—Yes, thank you.

Senator FIELDING—Ms Paul, I am interested in the types of funding provided for schools for students with learning disabilities. I noticed on the department's website there are a number of sources of funding provided to schools. Could you outline how much the various types of funding specifically dedicated to learning disabilities amount to on a yearly basis?

Ms Paul—I will see what we can do for you, Senator.

Ms Phillips—For the non-government sector, funding is provided under the Schools Assistance Act. Specifically, the program you refer to is the Literacy, Numeracy and Special Learning Needs program. The total funding appropriation for that program for the 2009-12 period is \$814 million.

Ms Paul—That is the four-year funding agreement.

Senator FIELDING—Anything else?

Ms Hanlon—That \$814 million, as we have said, is over a four-year period, Senator. There are two components to that targeted funding, a recurrent component and a per capita component. The recurrent component is a fixed bucket over that period but the per capita component does adjust according to the number of students with disabilities.

Senator FIELDING—But it is within that overall budget amount?

Ms Phillips—Within that overall—

Senator FIELDING—Then it is split between the two?

Ms Phillips—That is right

Senator FIELDING—Could you take me through how much of the money is directed towards providing teachers with adequate training to be able to identify children with learning disabilities from a young age? Do you actually tie it in that way in some way?

Ms Hanlon—Not explicitly, because the funding is actually provided to sectors or jurisdictions in the non-government sector. It is actually their responsibility to distribute that funding to schools as appropriate or to provide programs of support.

Senator FIELDING—Do you get reports back on how it is spent?

Ms Hanlon—We do get reports back from the non-government authorities on how that money is actually being distributed and what it has actually been invested in.

Senator FIELDING—What about the government ones, rather than the non-government ones? Do you get reports back on both?

Ms Hanlon—Yes, the government funding for students with disabilities or students with learning difficulties has been rolled into the National Education Agreement. That funding is actually part of the overall specific purpose funding.

Senator FIELDING—Inside that agreement is there specific money allocated to what I have just asked for—in other words, directed to providing teachers with adequate training to be able to identify children with learning disabilities from a young age?

Ms Hanlon—In the government sector?

Senator FIELDING—In the government sector and then I will go to the non-government.

Ms Hanlon—Okay. In the government sector, the money has been rolled in, as I said. The agreements are under the National Education Agreement. There is no explicit tie to what you are describing.

Senator FIELDING—So, in that regard, we have got no idea what is actually being spent in helping teachers with adequate training to help them identify children with learning disabilities? We have really got no idea?

Ms Hanlon—We do not have an explicit tie from the funding to that. However, under the National Education Agreement, a range of things are outlined that are expectations of jurisdictions. In a broader sense, that would also encompass teachers supporting students from all spectrums.

Senator FIELDING—I would like to know how much of the \$814 million which is specifically—

Ms Hanlon—Which is for the non-government sector.

Senator FIELDING—Sorry?

Ms Hanlon—That is for the non-government sector.

Senator FIELDING—Right. We also need to go back in a second to the government sector and what funding is provided there. But out of the \$814 million, can you tell me what is spent specifically in providing teachers with adequate training to be able to help them identify children with learning disabilities from a young age? I would like an answer to that question. How would you find that out if you do not know?

Ms Hanlon—We could take it on notice, but we will need to go out to each of the jurisdictions and ask them how much money they actually spend explicitly on that particular function.

Senator FIELDING—On notice—I am certainly not trying to direct the department; it is not my job, but I think it is a very key area—can you find out what specific dollars out of the \$814 million are being directed to providing teachers with adequate training to be able to help them identify children with learning disabilities at a young age.

Ms Hanlon—Certainly, we will take that on notice and see what we can do. But, just to make it clear, that \$814 million is for the non-government sector.

Senator FIELDING—That is correct. The government now?

Ms Hanlon—The government sector.

Senator FIELDING—Yes, thank you.

Ms Hanlon—It is the response that I provided before. The money that was previously identified as targeted funding for the government sector has actually been rolled into the overall funding for government schools, and all of the requirements under that funding are under the National Education Agreement.

Senator FIELDING—Do you know offhand how much of that money is directed to providing teachers with adequate training to be able to help identify children with learning disabilities?

Ms Hanlon—No, we do not.

Senator FIELDING—Do they report back in that regard in any way?

Ms Hanlon—No, they do not.

Senator FIELDING—Is there any reason why?

Ms Hanlon—Because under the new financial arrangements, the money is actually being rolled into the base. It is up to states and territories to make decisions about how to best invest that funding. That is part of the new financial arrangements.

Senator FIELDING—If the government had a policy to direct that, that could be done if the government wanted to?

Ms Hanlon—Under the current arrangements, we have a National Education Agreement.

Senator FIELDING—I know. I imagine that the department is familiar with research that shows it is important for teachers to identify students with learning disabilities from a young age, even from about age six, seven or eight, because it is important to adopt effective teaching techniques from the beginning of their education. Are you generally familiar with that?

Ms Hanlon—Yes.

Senator FIELDING—Just to make sure that I have the same research, can you tell me what research you have in that regard, or do you have any that you use?

Dr Bruniges—Certainly, Senator, we can give you a list of research that relates to that. I know that, from a jurisdictional perspective, jurisdictions have in place a number of early intervention programs that go to the very heart of what you are speaking about, where teachers in the early years of schooling use their professional development and training for the identification of particular characteristics and behaviours that students might be demonstrating to identify particular needs. Also, I might just defer to my colleagues over in the early childhood sector in terms of the development of an early childhood development strategy and teacher professional or learning around there. We have done some research in that area to look at the needs of students and what teachers should be focused on.

Ms Paul—Senator, you might be interested in the reference that Dr Bruniges makes there, and that is the Early Childhood Development Strategy—which we can give you—because that is a national strategy signed up to by COAG. It identifies that the earlier the intervention—even before school, if possible; that is getting exactly to your point—the more profound the impact. There are a range of frameworks, if you like.

Senator FIELDING—You probably hear this a fair bit, I suppose, through recent events. I do not want to go through those again, but I am picking up on this area a bit more. Many people have come to me saying that this area is lacking in a lot of funding. I would like to see more directed funding. I am not running the department, but I am certainly going to be focusing on this a fair bit going forward. I am hearing on the ground that a lot of people think there is a lack of funding specifically for children with learning difficulties and for that to be picked up at an early age. If it is not picked up early, kids end up really devastated and struggle all the way through. Even if it is picked up a couple of years late—it is never too late—it does impact them significantly.

Dr Bruniges—That is so.

Senator FIELDING—So I think more needs to be done in this area of learning disabilities and providing teachers with adequate training. Is it something which can be looked at to be included in the national curriculum and also in some of the agreements that you have with the states?

Ms Hanlon—Certainly, under the National Partnership arrangements there is a body of work there that will support in particular students who both are disadvantaged and have special learning needs, particularly in the form of diagnostic tools. There is a strong push, if you like, around the country to have better diagnostic tools to help teachers identify those particular things that you are speaking to. There is also a national project that is going to be led by the Northern Territory around diagnostic tools. I think your comments are actually quite accurate that there is a need, but there is certainly strong support for the development of those tools under the National Partnership Agreement arrangement.

Senator FIELDING—I maybe should have said this up-front: I think teachers have a very tough job.

Ms Hanlon—Yes.

Senator FIELDING—They have got multiple bosses. They have a lot of parents—and there are the principals—and expectations by the public and government as well in that regard. It is a challenge for them when they have got a number of kids in their class and some of them have more needs than others. Are you aware that ACMA—it is a different area so just give me a bit of scope here before you say, ‘It is not in our area’—recently introduced a new cybersafety trainee teacher program which will be run at the Australian Catholic University? I am not going to quiz you on the program; this is just generally. It is quite interesting. It is a trainee teacher program. Hopefully, through the government—I do not want to speak for them—it will be rolled out to other universities. ACMA seem to be able to do this. Is there any reason why this department could not introduce a similar program for trainee teachers, teaching them to identify when children may have a learning disability? It has a specific pilot for cyberbullying in teacher training. I am thinking about why you could not actually set one up. Is there something that would stop that from happening?

Ms Paul—Are you getting at the training of teachers here?

Senator FIELDING—Yes. I have swapped horses a bit here. It is about trainee teachers. I am just saying that the department has responsibility for cyberbullying. Here is a department that has an interest in learning disabilities. I am wondering why a pilot program could not be

set up in that same way for learning disabilities and so it could take the initiative in driving a bit of change through the system.

Ms Paul—That is a fair point and perhaps what we can do is have a look inside the \$814 million that is out there and have a look at what is going on, because there are a lot of really interesting initiatives going on and some of them may go to what you are saying, which is about teacher training. I am sure they would. We are very happy to look at that.

Senator FIELDING—That has been driven by ACMA. I am wondering about this department. Is it in the pipeline or has it been discussed? I am just saying I think it is a good initiative that ACMA has done. ACMA has driven it; the department has driven it. Is this something the department is considering doing with learning disabilities?

Dr Bruniges—Perhaps I could come in and say that, as we walk towards the new national curriculum, as you have spoken about before, teacher professional learning online and the access that teachers have to online materials is going to be greater and greater. There is no reason why we would not want to align something that looks at what teachers might do in terms of curriculum, in terms of supporting teachers to identify students with special needs. Has that got to the heart of the question?

Senator FIELDING—There was an announcement made recently by the government on this issue of cyberbullying. I commend more work being done on it. Part of that recent announcement was about the cybersafety trainee teacher program which will be run at the Australian Catholic University. I am wondering whether this department can maybe look at that.

Ms Paul—Sure, we can certainly look at that.

Senator FIELDING—Yes, as part of more effort being done as to learning disabilities.

Ms Paul—Certainly.

Senator FIELDING—If a parent wanted to take their child to a learning disability assessment centre to determine whether their child has a learning disability, how much money is provided by the government to cover this expense?

Ms Hanlon—Is this in a private context? Is that what you are referring to?

Senator FIELDING—Just generally to start with, because I understand there was some funding years ago in this area. That is all. I am interested to know what—

Ms Hanlon—As far as I am aware, there is no direct funding to parents to take them to a private assessment centre.

Senator FIELDING—Any assessment centre, public or private? I am just interested to know.

Ms Hanlon—Assessment centres could be attached to schools or jurisdictions may have centres of that kind. If it is within the schooling context, I am sure that there is the opportunity for parents to take their children to those types of centres.

Senator FIELDING—But there is no specific funding?

Ms Hanlon—As I understand, there is no specific funding to parents to support their child's access to private centres.

Ms Paul—Unless there is some general support to these assessment facilities through the Commonwealth health department, so maybe that is something which we should look into.

Senator FIELDING—It is likely to cover two portfolios. I understand I cannot get both departments together here. So that makes sense. Has the department done any work on looking at what it would cost the government to offer every child at a young age a free assessment at one of these assessment centres?

Ms Paul—No, I do not believe we have done that work.

Senator FIELDING—Is there a chance of that being looked at all, just as a general—

Ms Paul—We could take it on notice to see if we can find anything out. Why don't we take it on notice and see what there is to say?

Senator FIELDING—Yes, given that, as I said, the department is spending money on learning disabilities, I think that another way of looking at how the funds are spent may be the assessment, because a lot of these kids are not being picked up early enough. That is a general comment.

Ms Paul—Yes.

Senator FIELDING—Thirty or 40 years ago or whatever it was, when I went through at a young age, it was not even on the radar. Today it is definitely on the radar, and I have seen it with my own kid. It is when they are coming through and they struggle and I have other parents coming to me now saying that it is just not picked up early enough. Someone has to own this whether it is this department or that department. Does that make sense?

Ms Paul—Yes.

Senator FIELDING—I suppose I am starting here with where federal money is being spent.

Ms Paul—We hear that too. It is quite important, and that is partly why I mentioned the Early Childhood Development Strategy. I am happy to have a look at it and see what we can find.

Senator FIELDING—How is funding allocated to schools for providing teachers' aides for children with learning disabilities? Is that something that you folks look at in any way at all?

Ms Hanlon—I would say that is more of a state responsibility.

Senator FIELDING—Is there any funding or any dollars at all—

Ms Hanlon—Not directly from us.

Senator FIELDING—that you know of going in?

Ms Hanlon—No, other than again the same buckets of funding that we have just discussed, particularly in terms of the non-government sector and how that money might actually be spent.

Ms Paul—The \$42.4 billion that goes to the states and the non-government schools through the National Education Agreement of course could be funding those people. It is just

that by the time it gets to school level it is a mix of Commonwealth and state or system funding.

Senator FIELDING—I am wondering whether the department has said, maybe through the minister, whether this is something COAG could pick up, because it seems to vary a lot between states and schools as well. In other words, I am getting a lot of people coming to me from different states and what is happening seems to be very variable. Maybe learning difficulties could be put on the agenda of COAG.

Ms Paul—In terms of teachers' aides?

Senator FIELDING—Yes, in particular it is about the level of support. So, as for the training for teachers and teachers' aides, there is no involvement from this department at all in training?

Ms Paul—Not directly, because the funding is generic funding. It depends on how the states or the system applies that funding. That is not to say that the Commonwealth dollar is not supporting that person; it may well be. It is just that we are not saying, 'You must employ this number of teachers' aides.'

Senator FIELDING—When it comes to training—and again I have got to be careful here about which part of the portfolio it is—teachers and the new teachers coming through, how much input do you have in actually making sure that learning difficulties are emphasised within that, knowing it is so important? It is actually becoming a bigger issue for Australia. The percentage of kids who have some sort of learning disability is quite huge. What involvement is there?

Dr Bruniges—I guess, again, it is not a direct involvement but I can give you some examples as to jurisdictions where departments have coupled with local universities to ensure that both ongoing teacher professional learning and indeed pre-service training for teachers incorporates aspects of special learning, but there is nothing at a national basis. That is not to prohibit some very innovative and creative ways of, within each jurisdiction, linking with university and training partners to be able to achieve more support for teachers, both before they come into the schooling sector and indeed to provide that professional learning support.

Senator FIELDING—I will generally add a bit more. I understand there are always priorities and there is always a limit on how much money can be spent on certain issues. I fully understand that issue. As a principle, I think that children with learning disabilities should not be discriminated against and maybe forced to feel dumb. I assume it is everybody's idea to make sure that that would not happen. I am concerned to know, given that a lot of these kids are not being picked up early enough—and it is something I think the department itself could even champion to make sure that more is done in this particular area—whether if more funding were made available there could be the ability to pick up kids with a learning disability at an earlier age. Do you think that could be so if more funding were provided?

Ms Paul—I think it is hard to speculate because we are not in that situation, but we absolutely agree with you that early identification is absolutely key. I think it is an important conversation that we are having and what I would like to do is to take that away and for us come back to you. We might do a bit of a stocktake on what is happening and come back with some well-informed examples of what is going on and perhaps what could be going on, to

take up your point. It is incredibly important. Maybe one of the things that have not been done enough is sharing best practice. You know there would be some fantastic examples out there, but it is a matter of finding them and then sharing them around the country; is it not?

Senator FIELDING—I had not realised how big a problem this is. I just thought I had a problem growing up. Then I thought my son was just different. I did not realise how many others there were until what happened recently. People have come to me and I have read a lot more on the issue. The percentage of kids is actually quite high. Given that we do not even test them all, do you know what the percentage of kids with a learning disability is?

Ms Hanlon—There are some definitional issues in that as well. We do not really have a clear view of percentages. We certainly know about the categories that we are well informed about. The number of students with disabilities in a general sense does appear to be growing, but it would be probably due to the definition of ‘learning difficulty’ as opposed to a confirmed and identified disability. There are some big questions around that. We did some work that I think is quite relevant to teacher training that Ms Banks would like to describe to you.

Ms Banks—A significant piece of work that is happening at the moment nationally is the development of national standards for the teaching profession. These standards will be used to assist with achieving quality of the preservice training and as guidelines for competent teachers and for teachers who may wish to pursue higher career path opportunities within the classroom. One of the important elements in each of these standards is standards that will describe expectations of teachers to work with students with disabilities. That will be reflected in the preservice courses. In future it is expected that preservice education courses at university will involve a process of accreditation against the graduate standards which defines the expectation of a quality beginning teacher when they graduate from their university program. Instruction has clearly been given in these standards, which are in early draft form, to address needs of students with disabilities and learning difficulties and some other specifications. That will not assist in the immediate, but it is certainly part of the national architecture and structure to ensure that is embedded throughout the teaching program. That will also assist in your question on teacher professional development. These standards will be the framework on which the majority of teacher professional development and principal professional development will be based into the future.

CHAIR—Senator Fielding, if you just have a couple of minutes left we will continue on; otherwise we will go to the lunch break.

Senator FIELDING—Having the lunch break would be fine.

CHAIR—We will now suspend for lunch.

Proceedings suspended from 12.30 pm to 1.34 pm

CHAIR—The estimates hearing will resume. Yesterday I indicated that we would make a decision at lunchtime about whether we thought we would move to outcome 5 from yesterday. We have not quite made that decision yet, but we will make that decision in the next half hour when I can confer with the deputy chair. So for those people who are hanging on that decision being made, we will make it by one o’clock. Senator Mason has questions on BER, but I think the minister wanted to make a statement about that first and then we will move to questions.

Senator Carr—Mr Chairman, there has been considerable public comment on this. I just want to make a short statement if I might. Given the level of interest that sections of the parliament have sought to generate on these matters, I thought it would be important to state a few facts. Building the Education Revolution is the biggest school modernisation program in Australian history representing an investment of more than one per cent of GDP. Overall, 25,489 applications have been received between March and August. Some 24,382 projects involving some 30,244 buildings have been funded for 9,526 schools. This represents a commitment to creating jobs in construction and related industries in approximately 4,419 communities. These approvals represent about 49 per cent of all the major construction stimulus projects so far funded. Some 18,850 projects are already underway and 1,153 projects have been completed. This represents about 77 per cent of all major construction stimulus projects underway so far.

In terms of the feedback on the largest component of BER, 85 per cent of primary school principals have strongly supported the Building the Education Revolution in an anonymous survey by their professional association, the Australian Primary Principals Association. So far DEEWR has received only 55 complaints representing 0.22 per cent of the applications received and 0.23 per cent of the projects funded. Mr Chairman, with your agreement, I will table those statements because there are a number of statistics there that members of the committee might find of value.

CHAIR—Yes. Thank you, Minister. Senator Mason.

Senator MASON—Eighty-five per cent support. Not as high as the 97 per cent for chaplaincy services I note, Minister.

Senator Carr—That is true, and 75 per cent of Australians support the stimulus package and the 25 per cent who do not are confined to the Liberal Party. They are important statistics.

Senator MASON—That is five million Australians for a start.

Senator Carr—The fact is the Liberal Party has not supported the funding of these 24,382 projects involving 30,244 buildings.

Senator MASON—Can you imagine 25 per cent of Australians actually opposed to the spending of \$16 billion? That just shows it is not being very well spent, Minister. Everyone should be supporting it, I would have thought. I would have thought if you spend \$16 billion you would reckon everyone would support it, wouldn't you?

CHAIR—Order! We are not going to get into a position of who shouts the loudest should be heard, so let us just move back to questions and answers.

Senator MASON—You cannot even spend \$16 billion with 100 per cent approval! Pathetic!

Senator Carr—Senator, I just wonder which of the 9,526 schools you don't support?

CHAIR—I did not actually mean just go back in the same form; I meant let us stop this. Let me just make an observation as the chair. If questions contain a politically charged element to them they invite a political response, and that is fair and that is obviously going to happen from time to time. But I would prefer as chair if questions are just framed in a way where they are seeking facts from straightforward questions as much as we possibly can. I

know it is a political environment; I am not being naive about this. When questions are simply asked like that, I would expect there to be just an appropriate answer to that and we will try to minimise the debate across the room.

Senator MASON—Thank you, Chair. Quoting from the BER guidelines at page 2, it says this:

Through the BER, the Commonwealth aims to:

1. Provide economic stimulus through the rapid construction and refurbishment of school infrastructure.
2. Build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.

On what basis is the claim made that erecting a new building at a school will help schoolchildren to support achievement and develop learning potential?

Ms Paul—We have evidence on that, so if you would like us to offer that.

Senator MASON—Thank you. So has the department or any other department done any costings of other commonly suggested ways of improving educational outcomes?

Ms Paul—We did talk about this a bit this morning, did we not?

Senator MASON—We did?

Ms Paul—I spoke about the commitment to quality teaching and the range of international and Australian research on quality teaching and research on the importance of school leadership. Dr Arthur talked about the relative paucity of research on ICT. In terms of the positive impact on learning outcomes of buildings, yes, there is some research and I think my colleagues can go to that.

Senator MASON—Can I just ask the specific question—that is, the cost-benefit analysis of providing schools with new buildings versus other ways of improving educational outcomes.

Ms Paul—I am not sure whether the research goes to cost benefit. We might take that on notice for you, but we are aware of some research.

Senator MASON—That is the critical issue, Ms Paul—cost benefits, the best-spend issue.

Ms Paul—We can take that on notice, but there certainly is some international research which we can run over for you now.

Senator MASON—Has the department done any cost-benefit analysis of providing schools with new buildings versus some other ways of improving educational outcomes? Has that research been done?

Ms Paul—No, we have not done a cost-benefit analysis.

Senator MASON—No? So you are spending \$16 billion without a cost-benefit analysis; is that right? That is clever!

Ms Paul—Mind you, Senator, it is probably worth saying that there are an enormous number of testimonials to this, so it is kind of the communities speaking for themselves. We have any number of quotes basically from principals, schools, teachers, parents and citizens and so on about how this investment has made a huge difference to their school, and I will

give you an example here from a principal from the survey that the minister referred to. They said: 'This is a huge bonus, a dream come true for my school and all primary schools. My school is 90-plus years old and this is a fantastic shot in the arm in improving resources in our school to meet present and future needs of our staff, students and our local community of parents and businesses. My parents are so excited about this program. They think it's the best thing to happen to our school.'

Senator MASON—Maybe adjusting class sizes or giving schools more autonomy or rewarding better teachers might be a better spend, Ms Paul, that is the issue.

Ms Paul—As I said before, schooling is a complex matter and I think it is generally accepted, although Dr Bruniges is the one with the PhD in the area, that there are a range of factors and that learning environments is one of them.

Senator MASON—I accept that, but the question is whether it is the one we should be focusing on with \$16 billion.

Senator Carr—Senator, the government told you that there had to be a shot in the arm for the economy at a period when our circumstances were very dire, the consequences being that the Australian economy is doing better than any other economy in the world. I would have thought that that is a very arguable case—that is, that the Australian economy has gone through what has been a global recession in a manner that governments all around the world are incredibly envious of. The decisions of the government were to spend quickly, heavily and in an area of immediate and direct benefit to communities right across this country—4,419 communities. That meant jobs for tradesmen, it meant proper learning environments for students and it meant improved conditions for teachers insofar as they are facilities that schools had been wanting for years.

I taught for 10 years at a school in the northern suburbs of Melbourne. I can assure you that, if we had had this sort of support from the government, the sorts of communities that I was working in in Glenroy would have been considerably better off. It is great good fortune that this government has been prepared to invest so heavily in improving the conditions for students and schools right across this country.

Senator MASON—Minister, I accept that schools will be grateful for it, so of course it is hardly surprising. The question is—

Senator Carr—Well, why don't you support it?

Senator MASON—The question is whether it is the best spend of \$16 billion to secure educational outcomes, and there is no evidence at all that it is. That is the point.

Senator Carr—No, the point is that the Liberal Party does not support spending of this type on Australian schools.

Senator MASON—No. We support the best spend; you support any spend.

Senator Carr—The truth is that the Liberal Party is opposed to any spending on schools. That is the critical issue.

Senator MASON—You have not done the research, so I am happy to move on.

Senator Carr—I have done the research on you, do not worry about that.

Senator BILYK—I want to know which schools you would not give the money to.

Senator MASON—No research has been done. We know that.

Senator BILYK—But I want to know which schools you would not give the money to.

Senator MASON—I would want to spend the \$16 billion as well as I could to support the best educational outcomes. Wouldn't you? Well, it has not been done, because there is no evidence it has. It is quite a simple point. It is not that difficult to make the point.

Senator BILYK—So what would you do, then?

Senator MASON—You want the best educational outcome.

Senator BILYK—So what would you do? What would your party do?

Senator MASON—You would do the research to find out how best to spend it, wouldn't you?

Senator BILYK—What exact research would you do?

Senator MASON—It has not been done, so thank you for your intervention.

Senator BILYK—What research would you undertake?

Senator MASON—You would do comparative research, wouldn't you—at least some?

CHAIR—This is not the time or place for debating these issues.

Senator MASON—But you would not, because you would spend \$16 billion.

Senator BILYK—Certainly in my home state of Tasmania people are exceptionally happy, and the schools are exceptionally happy with the money.

Senator MASON—It is easy to spend money; it is a lot harder to spend it well. That is the key here, and that is your failure. Minister, let us find out about the progress of Primary Schools for the 21st Century. There were 1,499 schools and 2,010 individual projects which received funding under round 1 of Primary Schools for the 21st Century—is that right?

Ms Paul—While we are finding that, I might just have my colleagues draw your attention to the research that I mentioned before.

Dr Bruniges—I referred to research done in 2003 called *Building better performance: an empirical assessment of the learning and other impacts of schools capital investment*. I will just read one of the key quantitative findings from the study. It stated:

- The research provides some additional evidence showing a positive and statistically significant association between capital investment and pupil performance;
- The most significant evidence, from a statistical point of view, is in relation to community primary schools. This is due to a number of issues relating to data quality and coverage for other types of schools; and
- In terms of the different types of capital investment, the strongest positive findings are in relation to measures of investment which can be related directly to the teaching of the curriculum (e.g. ICT-related capital spending, science blocks ...)

Senator MASON—That is right—not school halls.

Dr Bruniges—It continued:

This is consistent with expectations since, a priori, one would expect such investment to have a more direct impact on performance than other types of investment.

I think we also have some evidence about teacher attitudinal work and working in learning environments that will lead to enhanced student outcomes. So, as Ms Paul indicated before, it is probably very complex to assign attribution of one particular variable to an outcome in student performance, but in terms of the education literature all of those things are very important variables in supporting student performance.

Senator MASON—But that is not the question. The question is: has there been a cost-benefit analysis of different proportions of that? It all plays a part. I do not disagree with any of that, but the question is: has there been a cost-benefit analysis of the particular items? No.

Senator Carr—Senator, there is a point at which actions, not further pontification, are actually required from governments. The difficulty with your line of argument is that we would still be sitting around scratching our knee and worrying about whether or not we are doing the right thing. The economy required urgent intervention. Australian schools required urgent intervention. It was very creative of this government to be able to defend our education system by strengthening investment in those schools as well as providing the stimulus to the economy that we needed at a critical time, and it has worked incredibly well. If you want to know about the research, the research is the job numbers in the Australian economy—

Senator MASON—I am going to get to that—don't you worry about that.

Senator Carr—and the growth numbers in the Australian economy.

Senator MASON—I will give you an opportunity to discuss that. Given that you did not ask about job numbers before you let out the contract, I am going to be asking you about that.

Senator Carr—The success of this project is in the fact that the Australian economy is not in recession.

Senator MASON—I will ask you about that in a minute—and remember, we have already discussed that issue. You did not even ask about job numbers before you sent out the contracts, but we will get to that. You will get your opportunity. I mentioned, Ms Paul, that 1,499 schools and 2,010 individual projects received funding under round 1 of Primary Schools for the 21st Century—is that right?

Ms Paul—I think you will find the numbers in the *National coordinator's implementation report* that was put out recently, so we might draw your attention to the relevant part of that.

Ms Wall—Those numbers are correct.

Senator MASON—So how many projects have commenced under round 1?

Ms Wall—We are talking about P21, Primary Schools for the 21st Century?

Senator MASON—Yes.

Ms Wall—Total commencements as of this week are 8,003 projects.

Ms Paul—For the historical numbers, I draw your attention to page 28.

Senator MASON—Hold on: 1,499 schools and 2,010 individual projects received funding under round 1—is that right?

Ms Paul—Yes.

Ms Wall—That is correct.

Senator MASON—And I asked how many projects have commenced in round 1. You said 8,000.

Ms Wall—I have given you a total for P21.

Senator MASON—No, I wanted round 1.

Ms Wall—I am not able to give you a round-by-round commencement. I can give you a total commencement.

Senator MASON—Why can't you give me round 1?

Ms Wall—I cannot give you commencements broken down by rounds simply because at this stage our IT system is not able to provide that level of detail. You will appreciate that our systems have been built in an extraordinarily short period of time and we are still building our systems, but that refinement will be possible soon. At this stage, however, I can give you totals for each element of the program.

Senator MASON—I will ask the questions and you see if you can answer them. You do not know how many projects have been commenced under round 1?

Ms Wall—I cannot identify them by each round.

Senator MASON—So you do not know how many have been commenced and how many have not been commenced—is that right? Do you know how many have not been commenced?

Ms Wall—Under round 1?

Senator MASON—Under round 1.

Ms Wall—No. I can give you a total.

Senator MASON—So do you know how many new jobs have been created on round 1 projects? Do you know that?

Ms Wall—I will go back. Certainly the Treasury has made numerous statements over the last few weeks about the impact of the stimulus on jobs.

Senator MASON—Hold on. That is not the question I asked.

Ms Wall—We are collecting data on jobs at a project level. That data is only applicable at a project level. They are meaningless to aggregate because of the way—

Senator MASON—The parliament will determine what is meaningless to aggregate, not the department.

Ms Paul—We are happy to take that on notice and provide it.

Senator MASON—You were asked a question and you can say that you do not have the answer, but I will ask a question and you see if you can answer it. How many new jobs have been created on the projects commenced in round 1? Do you know the answer to that?

Ms Paul—We would need to take that on notice.

Senator MASON—You do not have that information?

Ms Paul—We will have that information.

Senator Carr—Come on.

Senator MASON—They are fair questions.

Senator Carr—No, they are not.

Senator MASON—That is not an unfair question.

Senator Carr—Senator, I would urge you not to persist with that tone with the officers. It is unnecessary. The officers have not been provocative to you.

Senator MASON—Well, Minister, I will do it with you.

Senator Carr—If you want to have a go at me, you have a go at me.

Senator MASON—All right, I will.

Senator Carr—But do not have a go at the officers.

Senator MASON—We have a huge building project where we have specific headline targets. We have 1,499 schools and 2,010 individual projects which received funding. That is agreed on; there is no argument about that. The projects were to commence between May and June 2009 for completion up to 20 December 2010—is that right? There is no disagreement there, is there? Is there any disagreement with any of those facts?

Ms Paul—You are talking about round 1?

Senator MASON—Round 1. I am asking—

Senator JACINTA COLLINS—Sorry, Senator Mason, I thought you were talking to the minister.

Senator MASON—I am.

Senator JACINTA COLLINS—I say that because you have not adjusted your tone.

Senator MASON—How many projects have been commenced, those guidelines having been taken into account under round 1? Minister, if you do not know, why not?

Ms Paul—We have just answered that, actually.

Senator Carr—The officers have indicated that they are more than happy to take it on notice and they will do that.

Senator MASON—Why do you not have the answer to this?

Senator Carr—Because we did not know you were going to ask that particular question. If you would like to advise the committee of your questions in advance, I have no doubt we could provide further answers.

Senator MASON—Minister, are these questions surprising—that the parliament that votes the executive money—

Senator Carr—No.

Senator MASON—Hold on, I will ask the questions. You are accountable to this committee, not the other way around. This parliamentary committee wants to know, given that

it has given up billions of dollars to fund these projects, how many of those projects have commenced.

Ms Paul—Some 8,003 have commenced.

Senator MASON—How many in round 1?

Ms Paul—We have told you that we are not able to offer that because of our IT system but we have taken that on notice. Ms Wall has been clear: we are making that enhancement to our system and we will be able to provide it once we have done that. At the moment we are able to tell you precisely up to date the number of projects for P21 commenced, which is 8,003.

Senator MASON—But you cannot give us a progress report about the completion rates in round 1, Minister, can you?

CHAIR—I think the evidence is ‘not right now’. The question has been taken on notice.

Senator MASON—Let me go to round 2.

CHAIR—Good.

Senator MASON—Some 3,716 Australian schools will receive \$6.3 billion under round 2—is that right?

Ms Paul—Yes. Page 28 of the report published last week goes to that, too.

Senator MASON—The projects were to commence in June or July 2009 for completion up to 31 January 2011—is that right?

Ms Paul—That is correct.

Senator MASON—How many individual projects—that is, projects that were to commence in June or July 2009, several months ago—have been approved in those 3,716 schools?

Ms Paul—Did you say ‘have been approved’ or ‘commenced’?

Senator MASON—Commenced.

Ms Wall—As I indicated before, I can give you the total commencements for P21 but not by round.

Senator MASON—So you cannot tell me how many commenced out of the 3,716?

Ms Paul—No, but we can tell you that out of the 10,697 projects funded 8,003 have commenced.

Senator MASON—The problem with this, Ms Paul, is that the parliament is unable to tell how well the government is meeting its own time lines. That is the problem.

Ms Paul—We have taken on notice our capacity to do that for you. I think the statistic that might help you here is that, so far, commencements overall in BER across the three elements—there are 18,850 projects already underway—represent 77 per cent of all major construction stimulus projects underway. I think you could get a sense there that there is a fair peak of activity that is coming through BER.

Senator MASON—Let us see that underway. Let us have a look at the issue of commencements, because that is what we are talking about here. Let us have a look at this. I have been looking at the BER guidelines. They say:

Commencement of a project is defined for the purposes of BER as the undertaking of any action, post any design phase, that incurs an expense covered by BER funding for that project.

That is at page 3 of the guidelines. I am assuming this means that the actual construction work need not start at that date in order to satisfy the time line—is that correct?

Ms Wall—As you would appreciate, with any project there are certainly activities that have to occur before construction occurs. Project commencement will involve such things as engaging an architect to do detailed design work, to engage a builder to undertake a site inspection et cetera. That is applicable to any sort of construction, whether we are building a house or a school. There are also things like seeking development approval and consultation with the principal and the school. There is a period and a range of activities that happen which constitute project commencement before the actual construction commences. That is why we are collecting data both on project commencement and project construction, with the exception of National School Pride.

CHAIR—I apologise for interrupting your flow at this point, but there are people waiting on a decision about how we proceed for the rest of the day. I did promise to give an indication by one o'clock. We have decided that we will move to outcome 5, left over from yesterday, at 9 pm. The committee will break and finish the education side of the portfolio at 8.45 pm. We will then have our evening break and then move to outcome 5. Back to you, Senator Mason.

Senator MASON—I will go back to commencement. 'Commencement' does not mean, therefore, that construction work has to begin. Is that right? For example, if I put up some red plastic flags around a site and the money has come from BER, that suffices for commencement—correct?

Ms Paul—Not necessarily. I think we are more drawing on a standard industry approach to project commencement. I think Ms Wall has described that. You may wish her to describe it again, if you like.

Senator MASON—Does the first sod have to be turned for it to be commencement?

Ms Wall—As I indicated, that would be construction commencement, which occurs some time after.

Senator MASON—But they are different things?

Ms Wall—They are, with the exception of National School Pride. Because of the nature of those projects, which are often things like recarpeting, repainting et cetera, we do not capture construction commencement because they are generally smaller projects that do not involve construction.

Senator MASON—I understand that. I read in the newspaper that, under the federal government's criteria, round 2 projects must begin by June or July but a spokeswoman for Ms Gillard said yesterday that that was not intended to mean the building work was supposed to have started by then.

Ms Wall—That is correct.

Senator MASON—So you are certifying that?

Ms Paul—That is the difference. That is the normal industry approach.

Senator MASON—Is there a deadline by which the actual construction work has to start?

Ms Wall—Again, if I refer to the guidelines, for rounds 1 and 2 there is no requirement. Round 3 has an option of project commencement by September or October.

Senator MASON—For round 1 and 2 there is not?

Ms Wall—No, there is a project commencement requirement and a project completion requirement.

Ms Paul—Just to clarify, you are talking about P21 in particular here, because there are three elements and they all have different requirements.

Senator MASON—But there is no deadline by which the actual construction work has to start?

Ms Paul—No, so completion is the target. Round 1 must complete—unless I am corrected—

Senator MASON—We will get to that. So there is no deadline as to when construction must commence, but there is a deadline for when it has to finish. Is that right?

Ms Paul—That is right.

Senator MASON—If that is the case, how are you going to enforce it? If a school starts the construction phase—and there is no deadline on that, as discussed—what do you do if a school does not complete its construction?

Ms Paul—This probably goes to our monthly reporting and monitoring regime, which is extremely robust. I might ask Ms Wall or Dr Bruniges to talk about that. Just to summarise, the completion requirements for National School Pride are for round 1 December this year and for round 2 February next year. The completion requirements for P21 are February 2010 for round 1, January or February 2011 for round 2 and March 2011 to complete the program. Science and language centres are required to complete by 30 June next year. In terms of how we will monitor that, I will turn to Ms Wall.

Senator MASON—So you have a comprehensive monitoring system?

Ms Paul—Yes, we do.

Senator MASON—I am not suggesting you do not, but at the same time you cannot tell me how many projects have commenced in round 1 and 2.

Ms Paul—In P21 some 8,003 have commenced. We know precisely which projects those are.

Senator MASON—In round 1 you cannot.

Ms Paul—In terms of the question you are asking, which is about completion, we know precisely which ones are underway.

Senator MASON—Ms Paul, you say it is a—

Ms Paul—It does not matter which round they are from in this instance if you are concerned about completion.

Senator MASON—No, it does matter because—

Ms Paul—By the time—

Senator MASON—Hold on. You talk about completion. I assumed the stimulus package, to use the minister's words, was all about an immediate start-up.

Ms Paul—And that is why there are 18,850 projects already underway.

Senator MASON—That is a different question, Ms Paul. It is a good try but it is a different question.

Senator Carr—It is not a try; it is a statement of fact.

Senator MASON—Minister, just let me finish.

Senator Carr—Do not make condescending, gratuitous, insulting remarks to the officers.

Senator MASON—Minister, we have just all agreed that for round 1 and round 2—and tell me if I misread the evidence—there is not a deadline by which the actual construction work has to start.

Senator Carr—Senator Mason, you do not have to say to the officers, 'It is a good try.'

Senator MASON—I want to make this point very clear: in round 1 and round 2, is there a deadline by which the actual construction work has to start?

Ms Paul—And we said no. I think the straightforward reflection on your concern, or the answer to your concern, is that the 18,850 projects already underway represent about 77 per cent of all major construction stimulus projects. So clearly there is a huge bump happening as we speak.

Senator MASON—But what we do not know is whether people are delaying the start because there is no deadline for actual construction work to start. We do not know.

Ms Paul—No, we can help you with that, actually.

Senator MASON—Can you?

Ms Paul—Yes, because we can talk about our monitoring regime. I do not know if you—

Senator MASON—So what about rounds 1 and 2?

CHAIR—Senator Mason, just wait.

Ms Paul—I do not know whether you have the coordinator's implementation report—

Senator MASON—I have.

Ms Paul—On pages 8 and 9 we go through program management and reporting obligations and things like the monitoring regime, which we undertake monthly. It is impressive, I think. I will ask Ms Wall to go through it.

Ms Wall—Senator, in relation to your concern about whether we can assess whether the projects are meeting their time lines within the rounds, we can do that and we are doing that at a project level. We have project-level data coming in every month. Obviously when I go down

to the detail I can see that a given project is a round 1 project or a round 2 project and therefore I can assess that against the milestones. What I said to you earlier is that our system at the moment does not have capability to, if you like, sweep up all of the round 1s and give me an aggregate. To do that would require us to do it manually across 24,000 projects. I just do not think that is a very valuable investment of resources at the moment.

Senator MASON—You do not think the parliament would want to know how taxpayers' money is being spent and whether it has been—

Ms Wall—I think we are able to report robustly to the parliament on the important milestones, and those are, as Ms Paul said, that 75 per cent of total P21 projects have commenced, and that would be totally in line with what I would expect given that round 3 projects are not yet required to have commenced. So I would expect that 75 per cent to reflect rounds 1 and 2—and certainly a proportion of round 3—having commenced. But given that they do not have to have commenced until the end of October and that I will not get that data until the following month, I think 75 per cent is a fairly good indication that everything is on track.

Senator MASON—Hold on. You said 'commenced', but you have already agreed that 'commenced' does not mean they have commenced actual construction work—is that right?

Ms Wall—That is correct.

Senator MASON—Thank you. Round 3—

Ms Paul—I might draw your attention to page 30 of the national coordinator's report, where we have actually charted our expectations on progress.

Senator MASON—I just wish you could answer all my questions, Ms Paul. It is very frustrating.

Senator Carr—Senator, the questions are being answered. The officers have explained—

Senator MASON—They are doing their best; I understand that. I do not blame the officers, Minister; I blame you.

Senator Carr—You can blame me all you like. I do not mind. What I have understood from the evidence before the committee is that the commencement of the projects is defined in normal industry terms but there is an expectation of when the projects will be finished, and there is a finite point at which that will happen. The reports have highlighted the way in which the money has been allocated and the work program. Senator, I am finding that quite easy to follow. I am surprised that you are having some difficulty.

Senator MASON—I am only having difficulty because you have not got the information to answer the questions, Minister.

Senator Carr—Well, you have to draw breath and listen. That is a real test at estimates.

Senator MASON—It is a great pity.

CHAIR—Senator Mason, you have the call.

Senator MASON—Under round 3, 2,746 Australian schools will receive \$4.6 billion in funding—is that right?

Ms Wall—That is correct.

Senator MASON—And the projects in round 3 would have commenced in August—

Ms Wall—They have until the end of October, as I was just explaining.

Senator MASON—All right. Hold on. I have made a mistake.

Ms Wall—September-October.

Senator MASON—I had August-September. Have the dates been changed?

Ms Wall—No.

Senator MASON—So it has always been—

Ms Wall—I apologise; they were changed in the revised guidelines, yes.

Senator MASON—They were—to what?

Ms Wall—September-October, and that was because the round 3 announcement was later than expected. So we subsequently extended the commencement time frame.

Senator MASON—The completion date for projects was 31 March 2011—is that right?

Ms Wall—That is correct, for round 3.

Senator MASON—Under round 3, by when must construction commence?

Ms Wall—Round 3 states that projects are to commence in September-October or construction by 1 December.

Senator MASON—Ms Paul mentioned that before—or construction by when?

Ms Wall—By 1 December.

Senator MASON—The government has said that by 1 December construction will start on buildings funded under round 3. Is that still the case?

Ms Wall—It says 'or'. Yes, that is the case.

Senator MASON—I understand that. It was reported the other day in the paper—and this might be wrong but let me ask—that there is concern that the primary school stimulus package is creating labour shortages and is forcing up costs. Is that a concern the government has taken into account?

Ms Paul—Yes, we have been aware of that. We are working, particularly through our monitoring regime, to make sure that value for money is achieved. So we might offer some examples of how we are working that through.

Ms Wall—Generally, the education authorities are reporting that they are not having significant problems around value for money, although there are some regional variations, obviously. There are several examples which I can provide of where education authorities have been making sure that they get value for money. For instance, in October the Victorian government went back to the market for approximately 200 of its round 2 projects to retender those, as it was felt that it would get improved value for money by doing so. The Victorian Catholic Education Office has packaged some projects to gain better value for money. For example, the Catholic primary school in Hopetoun has been packaged into one tender with the

state government's two primary schools and one high school project. There is quite a lot of bundling in that way to get better value for money.

Senator MASON—I accept that.

Ms Wall—I also draw your attention to the fact that PricewaterhouseCoopers was engaged to review the Queensland implementation of BER. That review found that scrutiny of all project costs by its independent quantity surveyor is showing that costs are in line with competitive benchmarks. An indication of the effectiveness of this approach in assuring value for money is that there have to date been only two instances where negotiation has failed to achieve an acceptable price outcome, and in those cases alternative acceptable offers have then been sourced from other contractors.

Senator MASON—We might wait for the Auditor-General to report. The bottom line is that the government is aware of labour shortages and pressures on pricing. That is all. I understand that. Ms Wall and Ms Paul, you mentioned construction by 1 December. I want to get the definition. We know what 'commencement' means. That does not mean too much. What does 'construction' mean? Does that mean the turning of the first sod?

Ms Wall—Construction is defined, for the purposes of BER, as continuous on-site activity.

Senator MASON—Right. So it may not be the turning of the first sod.

Ms Wall—Not if you turned a sod and then left the site for three months before doing anything else. That is why it is continuous on-site activity.

Senator MASON—So how about someone in a Nissen hut looking after the site? That would fall within the definition, would it not? It is continuous on-site occupation.

Ms Paul—Continuous on-site activity means building activity.

Ms Wall—Construction activity.

Senator Carr—Work.

Senator MASON—Work? Not just looking after the site, Minister?

Ms Paul—No.

Senator MASON—I am not a very good lawyer, Minister, but I am interested in what these things mean. This morning this issue was raised again—and I know I have asked Senator Carr questions about this in question time. Evesham State School was again in the *Australian* today. It is a school near Longreach in Queensland, my home state. That school currently has one student, eight-year-old Mary, and has received \$250,000 to build a new resource centre. Education Queensland—

Senator FIFIELD—There's something about Mary!

Senator MASON—Yes. Thank you, Senator Fifield. I have lost my train of thought. Education Queensland said last month that, wherever Mary went, the \$250,000 would follow. Is that right?

Ms Paul—Not precisely.

Senator MASON—What is the situation?

Ms Paul—So today there is some more media about Queensland?

Senator MASON—Yes, in the *Australian*.

Ms Paul—Basically, our guidelines are really clear about closing schools, which is what has been raised this morning. So the media this morning is about small schools being closed by the Queensland state government.

Senator MASON—Yes.

Ms Paul—We are probably already in contact with them—although I was only made aware of it this morning by the media. Basically, our guidelines are really clear. If a school closes then they do not get BER funding. If a school amalgamates then that school can take its funding with them. So we need to work with the Queensland department to find out in which way the guidelines apply in these circumstances, and then we just apply the guidelines.

Senator MASON—It says in today's *Australian*:

Education Queensland said last month the cash would follow "Mary" to whichever new school she chose.

Ms Paul—No, that is not the case.

Senator MASON—It is only if there is an amalgamation?

Senator Carr—It is very dangerous relying on the *Australian*, Senator. I have advised you on this before.

Senator MASON—Which is more dangerous: listening to you or listening to the *Australian*?

Senator Carr—Very dangerous.

CHAIR—Order! Senator Mason.

Senator Carr—Have you given them your questions in advance, Senator?

Senator MASON—What is that?

Senator Carr—The *Australian*.

Senator MASON—No, certainly not. Perhaps I should.

Senator FIFIELD—I think Senator Carr has declared a fatwa on the *Australian*.

Senator Carr—I do not think so. I just do not rely on the *Australian* as a source of my research.

CHAIR—There is actually a committee that looks after media interests, and people might want to pursue these matters elsewhere.

Senator MASON—I just thought I would ask about Mary. Can I move on to the National School Pride program. I think about \$1.3 billion has been provided to schools under the National School Pride program. I think this was allocated to about 9,501 schools to develop 13,188 projects. Is that right?

Ms Paul—It has actually been allocated to 9,497 schools and there are 13,148 projects.

Senator MASON—I am pretty close. How many have commenced?

Ms Paul—10,498.

Senator MASON—Under round 1, which covered 60 per cent of schools, the projects were commenced in April-May this year and are to be completed by 20 December 2009.

Ms Wall—Yes.

Senator MASON—Have all the schools commenced work on all the projects financed under round 1?

Ms Wall—As I explained earlier, I cannot aggregate by round for you. I can give you the total NSP commencements to date and—

Senator MASON—Ms Paul said there were 10,498.

Ms Paul—That is right.

Senator MASON—When we say ‘commenced’, there is the meaning that we discussed before—

Ms Paul—Ms Wall talked about not splitting the definition here, because this might be a piece of small refurbishment. It does not make sense to make a distinction between commencement and construction.

Senator MASON—Yes, but what we know is that commencement does not necessarily mean construction.

Ms Paul—It might almost mean start and finish. I mean, these are quite small projects.

Senator MASON—I accept that, but what we cannot say is that construction has commenced on 10,400.

Ms Paul—Not all of these are literal constructions.

Senator MASON—I accept that. But we cannot say that. All we know is that commence does not mean construction.

Ms Paul—Correct.

Senator MASON—All right. So we do not know about round 1. You cannot tell me that because you do not have those figures or you cannot disaggregate them.

Ms Paul—We know it on a project-by-project basis.

Senator MASON—Yes, but not by rounds.

Ms Paul—Not on an aggregated basis for round 1, that is right.

Senator MASON—And round 2?

Ms Paul—Round 2 is separate.

Senator MASON—It covers 40 per cent of schools—the projects which were to commence in July of this year and be completed by 1 February 2010.

Ms Paul—Correct.

Senator MASON—Have all the schools commenced work on all the projects financed under round 2?

Ms Paul—No. It is 10,498 out of 13,148. You can see that it is the vast proportion. On page 20 of the national coordinator's report, we have the charts of the expected project progress against those two time lines.

Senator MASON—I just want to go back to the 10,498 commencements in the narrow meaning that we were talking about. How many projects were there?

Ms Paul—13,148.

Senator MASON—So that is 2,800-odd that have not commenced and they were supposed to commence by July 2009. That is months ago.

Ms Wall—Yes. About 80 per cent have commenced and some of them have been delayed. I can explain the reasons for those delays. We will see a significant spike in next month's report because education authorities advised us that a significant number of projects could not be undertaken while the children were at school. They needed to be done during the school holidays and, therefore, were being done over the last few weeks. You can appreciate that things like the refurbishment of existing buildings cannot be done with children on site. So we were advised that a number of those would need to wait until the school holidays. I would expect to see quite a spike there.

Another reason for some of the delays is where there is a connection between a National School Pride project and a P21 project. For example, the government might have approved a covered outdoor learning area for a school under National School Pride and then a month or two later the school received funding for a new multipurpose hall and they want the covered outdoor learning area to be attached to the new school hall. So it makes sense—and they have sought approval from us—to delay the National School Pride project and bundle it with the P21 project for practical reasons around construction but also to get better value for money. So there are some reasons. Some other delays have been due to weather, obviously, in certain areas of Australia.

Senator MASON—So there are 10,000 projects overall—because we cannot do round 1 and 2 specifically. We have 10,498 commencements and 13,148 projects approved. As you said, roughly 80 per cent have commenced. Perhaps a bit less have commenced in round 2, which is only about 40 per cent of school projects that were to commence. Assuming round 1 have all commenced, that would mean half of round 2 have not commenced.

Ms Paul—We cannot answer that because we cannot disaggregate it. We could answer it on a project-by-project basis but, as Ms Wall said, we expect a big spike.

Senator MASON—That is not a very good result.

Ms Paul—We are told there will be a big spike from the holidays.

Senator MASON—It is not a very good result.

Ms Paul—I think it is outstanding to have 80 per cent of round 1 well on track for completion.

Senator MASON—Half of round 2 have not commenced.

Ms Paul—We do not know if that is right.

Senator MASON—Or some from round 1, which were due to commence in April-May, have not commenced—take whichever you want.

Ms Paul—Eighty per cent have commenced and we expect to see a large spike arising from the recent school holidays.

Senator MASON—It probably means that half of round 2 have not even commenced.

Senator Carr—No. That is a proposition you keep advancing without any evidence. I can say this: 80 per cent. That is the figure we do have.

Senator MASON—Actually, it is not quite 80 per cent, but anyway—

Senator Carr—Eighty per cent!

Senator MASON—Hold on.

Ms Paul—So you are saying the 20 per cent—

Senator MASON—Some 2,800 have not commenced, Minister. We know that.

Ms Paul—But what I am saying is that most of them we think will—

Senator MASON—Will be in round 2? What—

Ms Paul—have commenced during the holidays.

CHAIR—Just wait please, Senator Mason.

Ms Paul—I understand your logic, which is that half of the 40 per cent equals 20 per cent that have not started. My response is that we expect that actually most of them will have started, and they will have started just now during these school holidays just gone. We will see that in the statistics we get on a monthly basis.

Senator MASON—I hope you are right, Ms Paul, because that is rather less impressive than I had thought initially. It was my mental arithmetic this morning with Dr Arthur that sparked me to that. I turn now to Science and Language Centres for the 21st Century. Under this program projects were to commence by July 2009 for completion by 30 June 2010—is that right?

Ms Paul—Yes.

Senator MASON—And commencement again with that same limited meaning?

Ms Paul—I presume so.

Senator MASON—Is that right?

Ms Paul—Sorry, I am a bit slow on the uptake. Yes, I think so.

Senator MASON—I just want to make sure that we are talking about the same thing.

Ms Paul—Does ‘commence’ mean the same?

Ms Wall—Yes. In terms of the commencement date—I do not think it accords with what you said, Senator—it is August or September.

Senator MASON—It changed?

Ms Wall—That was also revised when the guidelines were revised.

Senator MASON—When was it revised? I can honestly say that what I have in front of me right here says that commencement of projects—this is off the web—is July 2009. I have not mocked it up. When did these time lines change?

Ms Wall—When the new guidelines were issued on 26 August.

Senator MASON—I do not know how I missed that. Was that put up on the website on 26 August?

Ms Wall—My expectation is that that has been updated. I will check that, though.

Senator MASON—Could you find out when it was updated?

Ms Wall—Yes, certainly.

Senator MASON—Because what I have in front of me in relation to Science and Language Centres for 21st Century Secondary Schools is July 2009 for the commencement of projects and 30 June 2010 for projects to be completed. So what are you now suggesting the dates are? What are the new dates?

Ms Wall—The commencement of projects for science and learning centres is August or September, so by the end of September.

Senator MASON—By the end of September now?

Ms Wall—Yes.

Senator MASON—So commencement by the end of the September and completion by when?

Ms Wall—By 30 June 2010.

Senator MASON—So the completion date has not changed, only the commencement date—is that right?

Ms Wall—That is correct.

Senator MASON—When do you think the time line was changed?

Ms Wall—On 26 August the minister issued revised guidelines.

Senator MASON—Hold on. So the revised guidelines were issued after July 2009, when the projects were supposed to have commenced—is that right?

Ms Paul—I think we have explained the reason for the change, which is the same reason for P21, which was that the third round was a bit slower. It was not fair to require people to start in the time frame because the announcements were not made. The round was not able to have been done within the time we originally envisaged, and it was the same for science and language. To be fair to the proponents, we had to shift the start date but not the end date.

Senator MASON—Shift the start date after in fact the date by which the projects would have commenced had already passed.

Ms Wall—This had been discussed with the education authorities prior. It was formalised in the guidelines, but it had been conveyed to them beforehand.

Ms Paul—It was not a surprise to anyone.

Senator MASON—A surprise just for me.

CHAIR—Indeed.

Senator MASON—All right, so by the end of September. What are we now—22 October. Has work commenced on those projects, even with the new start-up date?

Ms Wall—Yes. Commencements on science and learning centres is 349 as of this week.

Senator MASON—That is project commencement?

Ms Wall—That is correct.

Senator MASON—How many projects were approved originally?

Ms Wall—537.

Senator MASON—What sort of percentage, then, made the September deadline for commencement?

Ms Wall—Some 65 per cent of the total approved have commenced as of this week.

Senator MASON—So about two in three—65 per cent. What are you going to do about the other ones? Are you following them up?

Ms Wall—Yes. The education authorities are working closely with us about any delays. We are aware of them and they are required to submit variations to us if there is going to be a change to the project or the time line, and there are legitimate reasons for those.

Ms Paul—We actually track timetable milestones on a project-by-project basis.

Senator MASON—At the last estimates I inquired about a press report concerning New South Wales authorities which feared that their application to refurbish 430 existing buildings rather than erect 150 new ones would be rejected by the minister, and that is on pages 85 to 87 of *Hansard* of Wednesday, 3 June 2009. I was told that no decision had yet been taken as of that date. What has happened in the meantime?

Ms Mitchell—The minister considered that correspondence and she replied that she would not be changing the guidelines with respect to science and language learning centres. I would just like to note that that correspondence reached the minister after the closing date for applications for science and language learning centres, so it was actually too late to even do anything about changing the guidelines.

Senator MASON—The commencement date was changed from July to the end of September. If we can change the commencement date, why couldn't we do something there?

Ms Mitchell—It would have meant reopening the entire round and asking everybody to reapply.

Senator MASON—It is flexible in terms of commencement date but obviously not flexible elsewhere. Before we move on, I have a few more issues I want to cover. You touched on this before, Ms Paul, with regard to compliance and enforcement, and this relates to all of the projects that I have just gone through under BER. Are there any mechanisms to penalise individual schools, state authorities or block grant authorities from falling behind schedule? What do we do to people who do not meet the deadlines?

Ms Wall—As I said, we are working very closely with the education authorities around the time lines and to date they have discussed with us any concerns they have about their ability

and sought agreement with us. We will continue to do that. We get detailed monthly data on progress so that we can detect any slippages and we will follow up with the education authority.

Senator MASON—I appreciate that, but of the science and language centres that we just discussed only 65 per cent have met the deadline for commencement. So what do we do? What is the penalty or the punishment perhaps for failure to abide by the time lines for the guidelines, or aren't there any? Is it just a chat? With cooperative federalism there should be some sort of carrot and stick, wouldn't you think, Ms Paul?

Ms Paul—That is right. It is absolutely pertinent that you mention cooperative federalism there, because the correct place for us to consider this is in the bilateral agreements. So we have a national partnership. The BER is based on a national partnership with all governments and with agreements between the Commonwealth and the 22 systems which control capital—that is, the 14 block grant authorities and the eight states. So we would draw on the agreement, but I do not have it in front of me. If you would like us to look at what the arrangements are for sanctions and so on, I am happy to do so.

Senator MASON—Yes, and see what the sanctions are for failure, Ms Paul.

Ms Paul—Yes, we will. I will take that on notice.

Senator MASON—And how are you going to punish the states and others for their failure to abide by the guidelines?

Ms Paul—Sure.

Senator MASON—Has anyone been penalised for falling behind schedule thus far?

Ms Wall—No.

Senator MASON—We are too kind, I think.

Ms Wall—No, not at all. As I said, where states are concerned about not being able to meet the milestones, they have discussed that with us. They have sought a variation and brought it to our attention. It is not in their interests to fall behind, either. They are very committed to meeting these milestones and delivering, both in terms of jobs and in terms of educational facilities.

Ms Paul—On a serious note, for example, because we are monitoring this on a project-by-project basis, the reason we know that we can expect a spike of activity over the recent school holidays is that we have actually been told that. We have been advised by the different authorities in our monthly monitoring meetings and so on.

Senator MASON—Next time I hope there is a bit of talk about punishment and sanctions, Ms Paul. I might enjoy that. I want to go to the *Herald Sun*. Again, this is not the *Australian* so the minister will be very happy.

Senator Carr—That you have got another source?

Senator MASON—Yes.

Senator Carr—You have got the *Herald Sun*? Have you outsourced all of your questions?

Senator MASON—I am doing it just for you, Minister, to make you happy. I like it when you are happy. On 8 October, the *Herald Sun* reported that Ms Gillard agreed to overrule the Victorian education department to give Langwarrin Primary School a new public-use centre it wanted instead of the building the state education department had wanted to impose on the school. That is what the paper reports. Has the minister met with the school's representatives directly, or was it her staff members or departmental officials who met with the school? Ms Mitchell, do you know the answer to that one?

Ms Mitchell—I understand that a delegation from the school met with the Deputy Prime Minister's office.

Senator MASON—A delegation from the school?

Ms Mitchell—From the school itself, yes.

Senator MASON—Met with Ms Gillard?

Ms Mitchell—I am not aware of who was in attendance at the meeting from the minister's office.

Ms Paul—Our advice is that the school community had been concerned about the template offered to the school. A delegation from Langwarrin Primary School met with the Deputy Prime Minister's office to discuss these concerns, which assisted in arranging a meeting with the Victorian minister at the school to develop a solution that met the needs of the school community. Following that, a variation to the school's project was then submitted to the Commonwealth on Langwarrin Primary School's behalf by the Victorian department on 30 September and the variation was approved. So this issue has now been resolved.

Senator MASON—So it was with Ms Gillard's office, not necessarily with Ms Gillard herself?

Ms Paul—That is correct.

Senator MASON—I just wanted to make that clear. Have there been other instances where the minister, her staff or indeed departmental representatives have met directly with other representatives of other schools that have been concerned?

Ms Paul—The department has certainly spoken with representatives of schools. We talked about some of them last time here and there would have been more. I am not aware of other meetings with the Deputy Prime Minister's office. There may have been but I am not aware of any. I have just been told that, no, we do not think so.

Senator MASON—Do you know why Ms Gillard or her office decided to intervene in this particular case? Do you know why that happened?

Ms Paul—I think there had been an approach and the office responded to the approach. It appears to have assisted in resolving the issue.

Senator MASON—But the usual method has been via the department?

Ms Paul—Correct.

Senator MASON—Mr Briggs, who is the member for Mayo, came to see me, and I would just like to pass copies of some letters to the minister and Ms Paul.

Ms Paul—Is it a particular school?

Senator MASON—Yes, it is. I will give you this information. You may have it or you may not but it is not fair to ask questions without having it. Chairman, should I begin?

CHAIR—You should.

Senator MASON—Ms Paul, if I go beyond what you can answer, just let me know.

Ms Paul—Sure. Could you give us the name of the school?

Senator MASON—It is very hard to pronounce.

Senator FISHER—It would be an important South Australian school.

Senator MASON—It is a very important South Australian school in Mr Briggs's electorate of Mayo. It is Eastern Fleurieu School. As I said, if you have difficulties answering because you do not have the material, let me know. I am informed that Eastern Fleurieu School used to be four separate schools but merged into one school in the late 1990s and it was given a no-worse-off guarantee by the state government in relation to funding programs. But, in relation to the BER program, the school is being treated as one entity and therefore is receiving less funding.

Senator Carr—Is this an article that appeared in the *Australian*, Senator?

Senator MASON—No, it is not.

Senator Carr—Are you sure it was not on 10 September?

Senator MASON—It might be, but it is not my basis. I have two letters here, and you can have them in a minute. I am sure they are coming. There is a letter from Ms Forbes, who is the chairperson of the school, to the Hon. Jane Lomax-Smith MP, who is the Minister for Education in South Australia. She said that Ms Lomax-Smith stands by the commitment from the government that this school be no worse off and that the guarantee remains and that this is the Commonwealth's decision that the school will be disadvantaged by the amalgamation and only receive one lot of BER funding.

Ms Paul—Do you want us to explain that, because we do have this information?

Senator MASON—And then Ms Gillard wrote back to Mr Briggs. Do you have that letter?

Ms Paul—No, I do not have any of the correspondence but we are familiar with the case.

Senator MASON—The letters are coming. I have one more question. I will just keep going because I have nearly finished.

Ms Paul—Sure, that is up to you.

Senator MASON—Ms Gillard's letter to Mr Briggs said that the Commonwealth is simply following state government determinations—that is, that the school is a multicampus single school and will therefore miss out on the funding. But I am informed that Kangaroo Island Community Education received three lots of funding even though there are three campuses and only one school. Indeed, the school only has one principal. So it is about consistency of application of the rules and the relevancy of the state government's no-disadvantage ruling.

Ms Paul—We have been consistent here. The guidelines are entirely clear for BER, and these are Commonwealth guidelines regardless of what state based arrangements there might be. The guidelines have been clear from day one that multicampus schools are treated as one, so the eligibility for this school in Eastern Fleurieu has always been clear—that is, it is eligible for the amount of its enrolment as a single school. In relation to the Kangaroo Island schools, it appears from the advice here that they are three separate schools.

Senator MASON—Apparently they only have one principal. This is what I am informed; this is what I am told.

Ms Paul—Perhaps we have got more information.

Ms Wall—I would add also that the Commonwealth has information about schools with multiple campuses for the non-government sector because that affects our recurrent funding for them. We did not have that information for the government sector, so we asked each government department to provide us with the advice about which schools are separate entities and not merely campuses. So we applied those guidelines according to the information provided by the state education department.

Senator MASON—Ms Gillard in her letter to Mr Briggs said, first of all, what Ms Paul said:

For the purpose of the BER program, schools with multiple campuses are treated as a single school.

I understand that is what Ms Paul said. Ms Gillard then said:

In the case of government schools, it is the relevant state or territory education department that provided advice to my department as to which schools are separate school entities and which schools are multicampus ones.

So that is what you are saying, and I understand that is exactly what Ms Gillard is saying.

Ms Paul—That is right.

Senator MASON—So Ms Lomax-Smith was reassuring them that there would be a no-worse-off guarantee. Would your point be that they go back to the South Australian state government and pursue the issue there?

Ms Paul—Yes, we would have accepted their definition.

Senator MASON—Because it is their definition.

Ms Paul—That is right.

Senator MASON—Thank you.

Senator Carr—We will see that in the *Australian*, will we?

Senator MASON—I do not know, Minister. I will do my best.

Senator Carr—I hope so. I do not like you relying on incorrect information.

Senator MASON—Actually I have an article from the *Australian* we might look at.

CHAIR—We are going well.

Senator MASON—In the *Australian*, the minister—

Senator Carr—Your favourite journal.

Senator MASON—That is right.

Senator Carr—The major source of all your research.

Senator MASON—The nation's journal of record, Minister.

Senator Carr—Why is it so inaccurate, then?

Senator MASON—Let us have a look at it. The *Weekend Australian* on 26 September this year talks about a \$1½ billion blow-out that Minister Gillard unfortunately referred to as a minor speed bump. This apparently happened because the department of finance and the department of education used different assumptions in costing the program. In the article on page 2 of the *Weekend Australian* there is a long explanation as to why this happened. Basically it was that Mr Tanner's department costed the program on the assumption that overall schools would spend only 90 per cent of the total amount and the department of education justified its estimates on a different basis. Those guidelines guaranteed that close to 100 per cent of the possible funding would be spent, contrary to the finance department's assumptions. The explanation in that article is a lot longer than that but let us not go into that. Ms Paul or Minister, it seems there is a clear case described in the *Weekend Australian* of two departments having a major disagreement in the way the program was costed—major because it involves nearly 10 per cent of the cost or \$1½ billion. Why was this matter not resolved earlier?

Ms Paul—That report is not correct. Perhaps I will clarify by—

Senator Carr—Not correct, Senator.

Senator MASON—Let us hear the real story, Minister.

Ms Paul—I would be happy to offer the full story. I guess the best explanation of the change in funding is probably to be found in the Commonwealth Coordinator-General's progress report, which I think was put out shortly after the end of June. In there he says:

The P21 element has been extremely successful, attracting a high degree of interest from primary schools across Australia. The original costing was based on 2007 schools and school enrolment data and assumed a 90 per cent utilisation rate of total potential funding. This has meant higher funding costs than was originally anticipated. This is a result of the program's success, through its flexible delivery arrangements including allowing schools to apply for more than one project, and the release of 2009 enrolment data which shows an increase in the number of students and schools.

To ensure that all Australian primary schools that apply for funding under the P21 Program are able to benefit from the Program, further additional resources ... will be made available. This will provide continued support for the non-residential building construction sector—

Senator MASON—Ms Paul, that is not totally at odds with what I read out at all.

Ms Paul—You were talking about a disagreement. I am saying that that is not the case. It is the case that the first costing was assuming a 90 per cent utilisation rate of total potential funding but, in fact, because the program has been so well taken up—

Senator MASON—I suppose the point is: why was this not seen in advance? The explanation in the *Australian* is precisely what you have said. It says:

Mr Tanner's department costed the program on the assumption that overall schools would spend only 90 per cent of the total amount for which they were collectively eligible, and some schools would choose not to apply for funding.

That is what you have just said. There is no disagreement with that. Then the next paragraph in the *Australian* says:

The guidelines then developed by Ms Gillard's department allowed states and independent school authorities to apply for the maximum amount for every school, to reallocate excess funding from one school to another and to reallocate money from a school that did not need a new building to another in its jurisdiction. These guidelines guaranteed that close to 100 per cent of the possible funding would be spent, contrary to the Finance Department's assumptions.

That does not oppose what you have said at all. It is very similar

Ms Paul—That is right, actually. The whole point of the program is stimulus, so naturally the objective was to maximise. In fact, the single key performance indicator in the national partnership that COAG signed up to is the number of projects. We have been delighted, actually, that the program has been even more successful.

Senator MASON—Yes.

Ms Paul—It is true. It has been even more successful than we thought it might have been.

Senator MASON—Sure. The only issue is that it is costing \$1½ billion more than we thought. The issue is: why was this not foreseen? That is the issue.

Ms Paul—I can explain that. It was absolutely reasonable to think that, given the incredibly compressed time frames for major construction—they are much shorter than you would normally see in a school program; this program is enormous, the biggest single investment ever made in capital for schools—some schools may simply not be able to take that up or some systems may simply not be able to come to the party in the required time. In fact, given that the guidelines did of course allow for flexibility, because the whole point is to maximise take-up, it has been close to 100 per cent take-up, which is a great sign of success.

Senator MASON—So the department of education got it right, Ms Paul, but the department of finance did not do as well as you?

Ms Paul—No, I would not say that.

Senator MASON—Be ungenerous. I would.

Ms Paul—It was quite reasonable to assume and fiscally responsible to assume that there might not be full take-up, but in fact the take-up has been close to full.

Senator MASON—What it means in the end is that the budgetary response was about 10 per cent behind and there is \$1.5 billion more spent. You can argue that that is a good thing. It might be, although I am not certain it is the best spend. We have had that political argument. The bottom line is that the estimates were not right because there was an underestimation by roughly 10 per cent.

Ms Paul—The estimates were entirely reasonable at the time. I remind you, too, that those estimates were based on 2007 enrolment data. Part of the change in funding was to update the enrolment data to 2009 levels.

Senator MASON—Sure. I would have thought you would have been able to foresee the change in enrolment data.

Ms Paul—No, not until you get it. We did update that. You have to base the estimate on what you have to hand, and that was the 2007 data.

Senator Carr—There were some extensions in terms of facilities used for distance education. There are a range of factors here. I do not think the article in the *Australian* gives an adequate reflection of the issues. I think it is—

Senator MASON—You do not like the *Australian*, do you, Minister?

Senator Carr—I think if the *Australian* wants to run a series of articles as a campaign it ought to declare it as a campaign. It is opinion, not fact.

Senator MASON—Poor Ms Lenore Taylor will think you are having a go at her. I am surprised that you would have a go at Lenore Taylor, Minister. The question is whether it should have been foreseen. I would have thought it should have been. You argue perhaps it need not have been. The bottom line—

Senator Carr—I do not think you should rely on the *Australian* as the major source of your advice.

CHAIR—Let us move on, because we have time constraints.

Senator MASON—You are relying on the taxpayer to come up with another \$1½ billion—not that that would worry you, would it?

Senator Carr—You should not rely upon these erroneous reports as the basis for your questions.

CHAIR—I know there is a competition for who gets the last word, but it ought not be. My last word is: Senator Mason, can you continue with your questions.

Senator MASON—Let me move on. My question is not about \$1.5 billion. If that is a minor speed bump, I am this time talking about a much lesser figure. The Primary Schools for the 21st Century component of BER is, I understand, about a \$14.1 billion program, and that has blown out by about 1.5 and others say by 1.7 from the original costing of 12.4. Looking at the government's website in terms of Building the Education Revolution, it says that Primary Schools for the 21st Century is worth \$14.1 billion.

Ms Paul—That is correct.

Senator MASON—If you add up all the government data on Nation Building-Economic Stimulus Plan's Primary Schools for the 21st Century, the amount funded is \$13.77923589 billion. Let us say \$13.77 billion. The costing on the website is \$14.1 billion. So the total amount expended on Nation Building-Economic Stimulus Plan across all primary schools—state government, Catholic, independent—is \$13.779 billion. So there is a gap of about \$320 million; is that right?

Ms Paul—That is right. Would you like us to explain that?

Senator MASON—Thank you.

Ms Wall—I can give you the total figures for all of these, but the gap is for administration funding for the education authorities. There is an amount of \$61.3 million which is uncommitted. I will give you the figures. The total appropriation for P21—do you just want to talk about P21?

Senator MASON—I have not got my calculator, sadly.

CHAIR—Sad for us, I can tell you.

Senator JACINTA COLLINS—Would you like me to do it for you?

Senator MASON—Senator Collins, I think your mental arithmetic is much better than mine. So \$14.1 billion is the budget amount; is that right?

Ms Wall—\$14.1 billion is the appropriation.

Senator MASON—The economic stimulus plan is \$13.779 billion.

Ms Paul—If it helps you, Senator, I did exactly the same calculation the other day and found that it did reconcile, for what it is worth.

Senator MASON—You have a calculator, Ms Paul!

Ms Paul—It is eerie but it is true.

Senator MASON—I congratulate you.

Ms Paul—Thank you.

Senator MASON—Can you take us from \$14.1 billion to \$13.779 billion? How do they meet in the middle?

Ms Wall—I am going to round some of these.

Senator MASON—That is fine. I accept that.

Ms Wall—The total project funding is \$13.8 billion. Then there is \$207 million of administration funding.

Senator MASON—That is a set amount, isn't it?

Ms Wall—It is 1.5 per cent of the total approved project funding. Then there is, if you like, uncommitted residual funding of \$61.3 million. That all adds up to the appropriation of \$14.1 billion.

Senator MASON—Is that right? I will have to take your word for it because I do not have my calculator.

Ms Wall—I assure you it does.

Senator MASON—So \$13.8 billion plus \$207 million for the admin and \$61.3 million left over.

Ms Wall—That is correct.

Senator MASON—I am moving on. Some FOI documents that have been obtained show that up to a quarter of New South Wales BER funding has been lost in management fees. If that is right, as much as \$3 billion may have been wasted nationally if other states have the

same cost structures as in New South Wales. In the *Sydney Morning Herald*—not the *Australian*, Minister—

Senator FIFIELD—Senator Carr’s eyes are lighting up. He has a smile on his face.

Senator MASON—Yes, it is a Fairfax newspaper.

Senator Carr—I look forward to this. Find one from the *Age*.

Senator FIFIELD—Next stop is the ABC.

Senator Carr—It will not take long to get to the ABC. That is true.

Senator MASON—The issue has been raised about administration, management fees and so forth. I will go through it: 5.5 per cent in individual project management fees, four per cent in managing contractor fees and so on. Does the government consider a quarter of the money allocated spent on management fees to be good value for taxpayers and a good spend?

Ms Paul—If it were true we would be deeply concerned, but it is not.

Senator MASON—Don’t you think the *Sydney Morning Herald* is accurate, Ms Paul?

Ms Paul—I am not casting any aspersions on the *Sydney Morning Herald*, but it is not the case. The rules are very clear.

Senator MASON—What are the rules?

Ms Paul—The rules on the 1.5 per cent administration and on the four per cent project funding. We are monitoring the project—

Senator MASON—I just want to get this right. So four per cent on-site management fees?

Ms Wall—No. Four per cent in project management fees on the project. That is the maximum.

Senator MASON—That is fine. So there is four per cent in project management fees. That is a cap, is it?

Ms Wall—That is the maximum.

Ms Paul—So then the question is: what are we—

Senator MASON—Sorry, what was the 1.5 per cent for?

Ms Paul—That is for the system to administer the program—for example in the Catholic system, the staff that it needs to bring on and so on. Four per cent is an industry standard for project management costs on a construction project.

Senator MASON—I will give examples of the other fees mentioned in the *Sydney Morning Herald* article: 5.5 per cent in individual project management fees, four per cent in managing contractor fees, 2.75 per cent in incentive fees for timely completion, 8.82 per cent in modular building coordination fees—

Ms Paul—We are aware of the report.

Senator MASON—Are those fees able to be offered under BER?

Ms Paul—No.

Senator MASON—They cannot be?

Ms Paul—No. We are monitoring these things on a project-by-project basis. So we will know on a project-by-project basis precisely that only up to four per cent is being used for project management costs.

Senator MASON—I understand what you are saying about project management and the cap being four per cent—I appreciate that—but these are different management fees. I accept that the most someone can charge is four per cent as a project management fee, but does BER exclude an incentive fee for timely completion? Does it do that?

Ms Wall—It does not exclude it. As Ms Paul said, we are monitoring the four per cent, and on the evidence available to us from the project level reporting to date we see that the project management costs are coming in between zero and four per cent. From what I have seen in some of the papers, the references to items are things that would not be covered under project management. They would be things like project costs. I have seen references to things like payment of architects and engineers and site work which are part of the project. I think there is some confusion about what is covered and about what comes under the definition of project management.

Senator MASON—I accept that. That is why I am asking the questions. I understand that the four per cent project management fee is capped. But you have just said that under BER there is nothing to stop an incentive fee for timely completion of 2.75 per cent. Is there anything to stop an individual project management fee of 5.5 per cent?

Ms Wall—There is.

Ms Paul—Yes.

Ms Wall—If it is project management and it exceeds four per cent, that would be contrary to the guidelines.

Senator MASON—What about a managing contractor fee of four per cent? Is that precluded under BER?

Ms Paul—Project management can only be up to four per cent.

Senator MASON—How about an 8.82 per cent modular building coordination fee? Is that excluded under BER?

Ms Paul—What we are finding in this area in a number of cases—and this is just one of them—is that there is some confusion, as Ms Wall says, about what counts as project management. So the modular—whatever it was you just mentioned—

Senator MASON—Modular building coordination fee.

Ms Paul—That could be the actual delivery of something on site which may well be a project cost. There has been some confusion among the public, like in this report. When we have gone and looked into it project by project—because we actually review every single project on a monthly basis—it is the case that project management fees are running between zero and four per cent. So it is actually well under control.

Senator MASON—The issue seems to me to be: what is a project management fee? I just get this feeling that that particular category or description—this worries me. What does it actually mean? We have all of these other fees being added. I am not suggesting for a second

that that is not the rule under BER. What I am suggesting is that there is room for these other fees to operate within BER—

Ms Paul—To look like something else.

Senator MASON—You said that there are.

Ms Paul—Yes.

Senator MASON—That worries me. That is all.

Ms Paul—In terms of whether any of this could be gamed inappropriately—

Senator MASON—That is a good word.

Ms Paul—We are very conscious of that. Fortunately, both within the Commonwealth and within each of the state systems' administration of this there are people with long experience in capital works. So we are basically drawing on accepted industry definitions and so on of what counts as project management costs and what counts as project costs. So we feel confident that we are not just making it up for this program. We are actually drawing on industry experience and indeed our own experience with capital programs.

Senator MASON—Does the Commonwealth have sufficient expertise to be able do that?

Ms Paul—Yes, absolutely.

Senator MASON—I do not mean the states; I mean the Commonwealth.

Ms Paul—Yes, absolutely because we have administered major capital programs in schools for decades.

Senator MASON—I think I may be returning to that issue at some stage. I just get the feeling that there is something there.

Ms Paul—That is fine. We are actually on to this each month in these reports and our monitoring regimes. I do not know whether Ms Wall mentioned it, but as part of our monitoring regime we will actually be spot checking, we will actually be doing inspections, we will actually be doing desktop sample surveys of projects and so on. So there is quite an extensive monitoring regime precisely for this reason—to allow us to get a handle on the fact that it is going correctly.

Senator MASON—I like your word, Ms Paul. I like the word 'gaming'. We cannot have that. We cannot have gaming.

Ms Paul—Certainly not.

Senator MASON—Can I go to the issue of signage. There has been much controversy about the publicity side of BER. While some of the issues have now been resolved, apparently following intervention of the AEC, I want to ask a couple of questions about how much money is being spent. Again, Minister, you will be pleased to know that I am referring to a report in the *Australian*, to keep you happy.

Senator Carr—So it will be accurate, will it?

Senator MASON—I do not know. Let me ask, though.

Senator Carr—Let us find out.

Senator MASON—Ms Paul or Minister, can you confirm the existence of a position on Ms Gillard's BER task force called 'Assistant-Director, Signage and Recognition Strategic Communications'? Is there a position called that?

Ms Wall—No, there is not. We have a communications team. We have a team called strategic communications.

Senator MASON—So there is a team called strategic communications.

Ms Wall—There is a team which supports the delivery of the BER program.

Senator MASON—Are there any assistant directors in that team?

Ms Wall—There are people who use that title, yes.

Senator MASON—Do any of those look after signage and recognition?

Ms Wall—There would be some in that team that deal with schools on recognition arrangements, yes.

Senator MASON—So we have a strategic communications team. We have assistant directors and some look after issues relating to signage and recognition. It is getting very close to—

Ms Paul—None of this is unusual, Senator. We have had the same sort of structure—

Senator MASON—It is George Orwell again, Ms Paul.

Ms Paul—Not really, because we have had the same sort of structure for a range of programs like Investing in our Schools, for example. We had quite a large recognition section in that case as well.

Senator MASON—How many people are in the strategic communications team?

Ms Wall—Approximately nine people apparently.

Senator MASON—What is the most senior officer in that team?

Ms Wall—That team is led by an EL2.

Senator MASON—What does an EL2—

Ms Paul—'Director' would be the title.

Senator MASON—EL2.

Ms Paul—It is a nice piece of jargon, isn't it?

Senator MASON—I do not understand what that means.

Senator FIFIELD—They do not have SOG As, Bs and Cs anymore, I do not think.

Ms Paul—No, but a SOG A or B would be an EL2.

Senator FIFIELD—It is a whole new world.

Senator MASON—So an EL2 is the most senior person in that team?

Ms Wall—EL2.

Senator MASON—You can take this on notice. There are nine people and EL2 is the senior person.

Ms Wall—That is correct.

Senator MASON—What are the levels of people who are in that team? Do you know that?

Ms Wall—I would have to take that on notice.

Senator MASON—What is the remuneration for an EL2? That would be publicly available, wouldn't it?

Ms Paul—I would have to take that on notice.

Senator MASON—That must be publicly available, surely.

Ms Paul—It will be in our collective agreement, but I will have to come back to you.

Senator MASON—I do not need to know anyone's name. I just want to know the salary for an EL2.

Ms Paul—I will get it from our collective agreement.

Senator PAYNE—Maybe there is an EL2 here who could—

Ms Paul—No, no.

Senator FIFIELD—Put up your hand if you are an EL2!

CHAIR—Ms Paul is going to take it on notice. If she can get you the information today, she will.

Ms Paul—The information is publicly available, but it is not with me.

Senator MASON—So how many people on the task force are involved with signage, branding, communications and marketing of the program?

Ms Paul—I think we have just told you that.

Senator MASON—So it is just that nine.

Ms Wall—There is a team of nine who cover a range of communication activities including things like looking after the website, distributing communications, monitoring media, responding to media, assisting schools with information. So the team covers a range of things. We do not break the team into specific responsibilities. The team as a whole manages a range of functions.

Senator FIFIELD—It is the Ministry of Truth, Senator Mason.

Senator MASON—So it is just the nine who are involved with the signage, the branding, the communications and the marketing; is that right?

Ms Wall—General communications, that is correct.

Senator MASON—In the article in the *Australian*, which I know the minister loves, from 22 September 2009 on page 6, it is asserted that there has been an instruction given to all school principals to stop erecting BER signs at schools. Why is that?

Ms Wall—That is correct. You will be aware that in August the Australian Electoral Commission provided advice that authorisation of some of the Nation Building—Economic Stimulus Plan signs may be necessary under the provisions of the Commonwealth Electoral

Act. Subsequently the government looked at what action would be necessary to ensure adherence to the legislation. While we were waiting for clarification on whether any action was necessary, we advised education authorities to not put up any further signs until we clarified future arrangements. So that is why that was done.

Senator MASON—It was because of the intervention by the Australian Electoral Commission.

Ms Wall—That is correct.

Ms Paul—By the way, I can give you the range of salary for EL2 which I know you are hanging out for.

Senator MASON—Do they get paid more than we do, Ms Paul?

Ms Paul—The range is between \$97,600 and \$116,000.

Senator MASON—Between the two?

Ms Paul—That is the range.

Senator MASON—I understand. That is nearly as much as you get, Senator Macdonald. Chairman, I have finished my questions on Building the Education Revolution. I was as quick as I could possibly be. I have just a couple of questions on the National Action Plan on Literacy and Numeracy and then that is all I have on outcome 2.

CHAIR—Do you want to finish?

Senator MASON—I will do NAPLAN now, if you like.

CHAIR—Senator Fielding, did you just have a few minutes?

Senator FIELDING—I do.

CHAIR—And is that then you for the day here?

Senator FIELDING—That is.

CHAIR—I call Senator Fielding.

Senator FIELDING—This is a separate issue to the one I raised before. On the department's website I note that the government has commissioned two studies into cyberbullying; is that right?

Ms Paul—Yes.

Senator FIELDING—Can you just go through those for us, if you can?

Ms Paul—Sure. I will draw on my colleague's superior expertise at this point.

Ms Phillips—The two reports that I assume you are referring to are the Australian government's *Australian covert bullying prevalence study* and *Behind the scenes: insights into the human dimension of covert bullying*. They are the two reports.

Senator FIELDING—Yes, thank you.

Ms Phillips—The *Australian covert bullying prevalence study* addressed the lack of current reliable evidence about the nature and prevalence of covert bullying in the Australian context.

Senator FIELDING—Were they both completed, or are they ongoing?

Ms Phillips—They have been released. They are both available on the website.

Senator FIELDING—That is right. From what I understand, both studies recommended the review of the National Safe Schools Framework; is that correct?

Ms Phillips—I am just going through the recommendations. Yes, I believe they do and that National Safe Schools Framework review is underway at the moment.

Senator FIELDING—Okay. Can you let me know how that is going and where it is at and just a bit more about that, if you can? If you could just give me an idea of where the National Safe Schools Framework review is at?

Ms Whittleston—That particular review commenced in April this year and it is due for completion in mid-2010.

Senator FIELDING—Were the terms of reference for that review on the website? I do not know whether I saw them there.

Ms Phillips—I think they are on the website, but we can provide you with a copy of those.

Senator FIELDING—Thank you. On 2 August there was an announcement that the government was giving the Alannah and Madeline Foundation \$3 million for a pilot program aimed at addressing cyberbullying.

Ms Phillips—Yes, Senator.

Senator FIELDING—I think it has been fairly welcomed in the public, from what I can see. I will not make a statement about whether something should have been done earlier—I will not go there. What was the aim of it? Is it a pilot? I am trying to work that out, because that program had been up and running for many years, I think.

Ms Phillips—The pilot that was funded is to test a cybersafety approach for schools. So it is looking at what is a school's current cybersafety approach—what sorts of things they should be doing; what might actually help the school to build a whole-of-school approach; how they keep the kids, parents and teachers engaged and informed; how they might deal with any incidents. There are 150 schools approximately involved in the pilot. At the moment, they have just about got all the schools on board, I believe. Once the pilot is up, they will be testing ways of assisting schools to develop those policies and what is useful.

Senator FIELDING—So again, are there key performance indicators set so that we know when we have done the pilot whether it is working, or is it something that you do along the way?

Ms Phillips—As part of the pilot there will be an independent evaluation undertaken at the end of the exercise. We are also tracking with the schools how they are progressing with it and they will be reporting to us about issues that it throws up for them—issues that might arise.

Senator FIELDING—How were the 150 schools selected? Was it just at random?

Ms Phillips—We have taken it across all jurisdictions—non-government and government, rural and urban et cetera. Schools were then asked to volunteer. Also, jurisdictions were asked to suggest schools that might fit the parameters. We are just working through those now.

Senator FIELDING—How many are actually started in the pilot, or is it still being—

Ms Phillips—The pilot itself is actually a two-phase process. The first part of the pilot was a series of focus work with a small number of schools to develop a product to test. The pilot itself will commence I believe very soon, and that will involve the 450-plus schools.

Senator FIELDING—Is there some sort of body overseeing this, like an advisory council? I make it quite clear that I think it is a good initiative. Cyberbullying, obviously, is a huge issue and most parents welcome more work and resources being done. The pilot is a positive thing. I am just trying to get a bit more of a feeling for the program itself.

Ms Phillips—The Alannah and Madeline Foundation will be reporting back to DEEWR on the progress of the pilot. There is not a separate steering committee that we have created for this pilot.

Senator FIELDING—So there is no separate body here. Is the program outsourced to Alannah and Madeline? In other words, who is really controlling it? Is it the government or is it Alannah and Madeline doing the pilot?

Ms Phillips—The pilot is being delivered by the foundation but based on a detailed project plan that they have agreed with DEEWR.

Ms Paul—We have developed the project plan and then we have, in effect, outsourced it to Alannah and Madeline to implement.

Senator FIELDING—I thought that it had been more outsourced, because you normally have an advisory council overseeing a pilot of some sort.

Ms Paul—I think we have had quite a bit of input with Alannah and Madeline at the front end in terms of planning it and then the development of the approach.

Senator FIELDING—As far as other people inputting into the process, there is not an advisory council that they can go to? It is basically just a pilot that has been outsourced to Alannah and Madeline? They have a good reputation, by the way. I want to make that quite clear.

Ms Paul—They do.

Senator FIELDING—And probably the reason you actually chose them is that they have a very strong track record in this area.

Ms Paul—And I think we have done quite a lot of work with them, too. So we have an existing relationship with them. We could get for you—not the names—the titles and the roles of the people who are running it. We would have a contractual relationship with Alannah and Madeline and we would have satisfied ourselves that the governance was appropriate, because we would have to do that to have a contract with them, which we would have.

Senator FIELDING—If you could provide a bit of information, that would be great.

Ms Paul—Sure.

Senator FIELDING—The next steps, then, if I could just look at some dates in your mind. Obviously, it is a pilot program. Are there key milestones along the way?

Ms Whittleston—It is due to complete on 30 April 2010 and it will inform the review of the National Safe Schools Framework.

Senator FIELDING—Will there be a separate report coming from the pilot itself that will be tabled and made public?

Ms Phillips—There will be a separate report on the pilot and then there will be the independent evaluation report.

Senator FIELDING—Have the dates been set for those reports—just so I know when I can ask for more questions, that is all?

Ms Whittleston—The foundation is due to report in June 2010.

Senator FIELDING—But on the actual pilot program. I am very interested, because the pilot, obviously, will be a catalyst for the ongoing thing and I really want to know what I can expect as far as a report from that and a date.

Ms Paul—It sounds like budget estimates, I think, by the sound of it. Would that be right?

Ms Whittleston—That is correct.

Senator FIELDING—Thank you very much.

Senator IAN MACDONALD—I just wanted to briefly ask some questions about the national curriculum. What consultation process is in place? If I can indicate as well, I want to briefly touch on a matter that Senator Mason started with and that is Indigenous funding for Catholic schools in Queensland. But I will come to that very shortly. In both cases, I will not be long.

Ms Northcott—The consultation processes in relation to the development of a national curriculum to date have been extensive. In April 2008 the government established the Interim National Curriculum Board, which was made up of representatives from the Commonwealth, the states and the territories and also from the non-government sector. They produced, in the first instance, framing papers in the first four key learning areas for the curriculum.

Senator IAN MACDONALD—Is the consultation just with the state-wide groups?

Ms Northcott—No, it is very extensive and public consultation—a very open process.

Senator IAN MACDONALD—Does the public consultation get down to individual school communities or at least in their locality?

Ms Northcott—That will happen later on.

Senator IAN MACDONALD—That will happen?

Ms Northcott—But all the documents have been made available on the website and the public are certainly encouraged to write. We receive many representations, both from individuals and also through local members about various aspects.

Senator IAN MACDONALD—Is it intended, though, to have public meetings or community—

Ms Northcott—It might help if I just go through the process.

Senator IAN MACDONALD—If you can do it very briefly, yes.

Ms Northcott—Yes. There were framing papers. A curriculum will be developed in science, maths, history and English in the first instance. So there were documents called framing papers in each of those areas that were released for public consultation on the website, and the Interim National Curriculum Board sought a lot of feedback on those.

Senator IAN MACDONALD—Time is short and there are a lot of people who have questions, so perhaps I could just put this to you: it has been suggested to me by a group of schools—and I do not need to identify them any more than that—that they fear they will not have an opportunity, particularly Queensland schools. I am not big on education, but I understand Queensland is a little different. Their suggestion is that in various local areas of Queensland there may not be an opportunity to have an input into the national curriculum consultations at an early enough stage to make a difference.

Ms Northcott—At the moment the documents are really descriptive documents about what the content of the national curriculum will be. The first versions of the national curriculum in those first four key learning areas will be available early next year. If you would like to encourage schools to write to me or to write to the new authority, the Australian Curriculum, Assessment and Reporting Authority, about their concerns, we can certainly point them, as we have many individuals and professional organisations, to where those documents can be found. If they have any concerns about what is currently available then they should bring those to our attention. Once the draft curriculum actually comes out—and it will be a draft and out there for everyone to comment on—then people can also make very extensive comment about that. It will come out early in 2010.

Senator IAN MACDONALD—Okay, but is there any opportunity to have some input before the draft comes out?

Ms Northcott—Yes. If they want to write to me or to ACARA—

Senator IAN MACDONALD—Is it intended to have a roadshow going around at any stage meeting with groups? I come from North Queensland. In Townsville and Cairns would there be a—

Ms Northcott—Queensland is represented on the ACARA board and they might want to also raise any concerns they have with the Queensland government. There are also non-government representatives on the board, both the Catholics and the non-government sector. So there are many opportunities and ways that they can provide—

Senator IAN MACDONALD—Yes, but what the Queensland government representative thinks perhaps is not what local communities think.

Ms Northcott—And therefore they might want to come directly to the—

Senator IAN MACDONALD—And this is what I am asking: at any stage, is it intended to have face-to-face roadshows around the country or can they come down and see you in Canberra?

Ms Northcott—Any time. There have been very extensive workshops just recently in relation to each of the four learning areas.

Senator IAN MACDONALD—In all parts of—

Ms Northcott—No.

Senator IAN MACDONALD—You are not just saying capital cities, because where I come from is 2,000 kilometres from the capital city but it is a big city in itself.

Ms Northcott—I cannot make a guarantee. They could certainly make representations to ACARA about doing that. That would be an issue for ACARA.

Senator IAN MACDONALD—ACARA being—just remind me again?

Ms Northcott—The Australian Curriculum, Assessment and Reporting Authority. It is a statutory authority—

Senator IAN MACDONALD—And that is an authority based in Canberra?

Ms Northcott—No, it is currently in Melbourne but will be moving to Sydney early in the new year. It is responsible both for the development of national curriculum and for the new assessment and reporting functions that the government is pursuing.

Senator IAN MACDONALD—It is suggested to me that the Queensland system has always been slightly different—this is the matriculation entrance—to other states. That is a matter for comment, I guess, but I understand that Queenslanders have been through this. They have international experience to say that, whilst not necessarily everyone else should follow their system, they should not necessarily be made to follow everyone else's system, whilst accepting, as everybody does I think, that a national curriculum is a great idea and must happen.

Ms Northcott—I think a number of jurisdictions might make the same point, and part of ACARA's role is to look at best practice within each of the jurisdictions at the moment and international best practice in terms of curriculum and also very extensive talking consultation as they write they draft curriculum. I can undertake to send you the website if you want to provide that to any of the schools and then they will see that the website actually provides very extensive information. There is a lot of information there and any comments that they have they should raise with ACARA.

Senator IAN MACDONALD—That is fine. You have told me what I need to know and you have offered to send me the website. That is good. I know time is short, so I have to curtail you. There is another issue I had which Senator Mason mentioned earlier. Does the department accept that in many instances it is essential to get Indigenous kids out of their local communities, for schooling purposes, into good boarding schools elsewhere to give them some sort of chance in life? Is that accepted?

Ms Paul—Certainly boarding school is one of the many planks which are a proven successful way. Of course, it is not a one-size-fits-all solution.

Senator IAN MACDONALD—Absolutely.

Ms Paul—But, yes, it is very important.

Senator IAN MACDONALD—Again, I am sure your department understands the issue because many of your officials were sitting through the debate that we had in the Senate—a debate that was, for once in our lives, non-political in the interests of trying to get a good outcome. Whilst I and the Catholic education system in Queensland accept that their overall funding has increased, it is not necessarily going to mean that those schools which cater for remote area students but which are not themselves remote are going to be able to get the

funding they need to properly educate these young people who desperately need good education away from their remote areas.

CHAIR—Senator, is this the last question, because we need to go for a break?

Senator IAN MACDONALD—It is.

CHAIR—If it is the last one, we will answer that and then break.

Ms Paul—I have just a couple of quick comments, then. One is that, in terms of general funding for Indigenous education, the nature of the federal financial reforms means that it is now more up to the Catholic system itself to determine that. So the funding is less tied, if you want to use that terminology.

Senator IAN MACDONALD—That is good and bad.

Ms Paul—Exactly, but that is where it stands.

Senator IAN MACDONALD—Yes, but hopefully the government wants to make sure that the kids from remote areas who desperately need quality education in good schools which are not remote get it.

Ms Paul—Yes. So what we are going to be tracking is the outcomes for Indigenous kids. Are the kids attending school? What is the attendance rate? Are they finishing school? What is their achievement level? And so on. That is absolutely right.

Senator IAN MACDONALD—That includes those at high school level who are going to non-remote schools but are from remote areas?

Ms Paul—Absolutely it does.

Senator IAN MACDONALD—You are going to be tracking that?

Ms Paul—We are.

Senator IAN MACDONALD—Tracking the funding that is going to that?

Ms Paul—We are tracking the outcomes. Are we closing the literacy and numeracy gap? Are we closing the gap in attendance? Are we closing the gap in achievement?

Senator IAN MACDONALD—I will leave it there, but I hope you understand my point. It is sensitive issue within the organisations themselves.

Ms Paul—We do and it is.

Senator IAN MACDONALD—In the end, what we are desperately wanting to do is make sure the right funding is there for these remote kids.

Ms Paul—And that it makes a difference—absolutely.

Senator IAN MACDONALD—Thank you.

CHAIR—Thank you. We will now suspend until 10 to four.

Proceedings suspended from 3.33 pm to 3.48 pm

CHAIR—We will resume.

Senator FIFIELD—Good afternoon, Ms Paul. I just have a few questions in relation to the BER program, in particular the issue of templates for the school stimulus spending. I was

wondering whether the templates took into account the potential needs of schools which have students with disabilities. With whatever flexibility there is in the templates, was the opportunity for schools to specify unique needs something that was factored in?

Ms Wall—There is considerable flexibility in the templates. I am aware that education authorities have been working closely with schools with particular needs or characteristics to ensure that the appropriate modifications are allowed. So there is no reason why a school should be constrained by templates.

Senator FIFIELD—So, if a school did not need a gym or a classroom or a library but needed some sort of multipurpose centre, there is that degree of flexibility to say, ‘None of the template options really suits our needs’?

Ms Paul—If we take it back to the sorts of facilities that are available, I think we would mainly be talking about Primary Schools for the 21st Century. There is a list of four items where funding can be used.

Senator FIFIELD—Can you just remind me what those four items are?

Ms Wall—The four items are: construction of new libraries, construction of new multipurpose halls or, in the case of smaller schools, covered outdoor learning areas; construction of classrooms; replacement of demountables or other buildings; refurbishment of existing facilities. So there is quite a degree of scope there. Certainly in the government sector the actual agreement around which of those best meets the needs of the school has been negotiated between the education authority and the school. But there has been significant flexibility.

Senator FIFIELD—How many schools which have received funding under the primary school program identified that they had students with disabilities and that their needs would need to be considered?

Ms Wall—I am not sure that we have that information. Certainly we know about the special schools—that is, schools that cater specifically for children with disabilities. I would have to take on notice whether we could tell you how many schools that are not identified as special schools have students with disabilities, except that probably the vast majority of schools in Australia do.

Senator FIFIELD—Could you look at both categories—special schools that indicated that they had unique needs which would need to be taken into account and other schools that indicated that they either needed or wanted to have modifications to cater for students with disabilities?

Ms Paul—Would you like us to get you a couple of examples of a template or two that show that flexibility, too?

Senator FIFIELD—That would be useful, but I would also be interested in schools in both categories—special and other—that indicated that they had special requirements. I would also be interested in which cases those requests were catered for and in which cases those requests were not able to be catered for. That would be helpful.

Ms Wall—Certainly.

Senator FIFIELD—Let us look at primary schools for the moment. Have any schools complained that they have not been able to achieve a satisfactory outcome from their point of view in relation to the needs of students with special needs?

Ms Wall—I am not aware of any. Again, I can check for you.

Senator FIFIELD—If you could, that would be good. In relation to not just primary schools but other buildings under the school stimulus program, is it a requirement that they have hearing loops installed?

Ms Mitchell—It is not a requirement, but I am aware that in the Northern Territory, for example, they are including those in their classrooms.

Senator FIFIELD—But it is not a requirement of the Commonwealth that hearing loops be included?

Ms Mitchell—No, it is not.

Senator FIFIELD—Do you know whether it is a requirement of jurisdictions other than the Northern Territory?

Ms Mitchell—I would have to take that on notice.

Senator FIFIELD—Is it a requirement that structures under those programs have ramp access for wheelchairs?

Ms Wall—Each of the states will be operating under state legislation around access for populations with special needs. They would all be slightly different, but certainly any new construction or refurbishment is being done in adherence with the relevant state requirements around access.

Senator FIFIELD—But the Commonwealth has not sought to stipulate accessibility requirements?

Ms Paul—I do not think we have needed to do that separately because it is covered by the state legislation.

Senator FIFIELD—That does not always stop the Commonwealth from stipulating things.

Ms Paul—That is a point. We have undertaken to check it out.

Ms Wall—I have certainly seen from some visits and also from looking at project descriptions, that a significant number of them are factoring in ramps, specific toilets with wheelchair access et cetera. The other element is that, because there is a requirement under the program that the facilities are available at low or no cost to the community, that has been a particular feature of new construction—to ensure that they are accessible to members of the community as well as students with disabilities.

Senator FIFIELD—But you will take on notice what the requirements are, jurisdiction by jurisdiction?

Ms Wall—Certainly, I will.

Senator FIFIELD—Partly what has prompted my concern is—and you are probably aware of this—the case of the Courtenay Gardens Primary School in Cranbourne, Victoria. It

is reported—and, Minister, you will be delighted to know that it is not reported in the *Australian* but in another journal of record, a very authoritative publication, the *Cranbourne News*, which I do not even think is a News Limited publication, so you will take comfort and heart from that, I am sure. In the case of Courtenay Gardens Primary School, which was receiving a gym, in order to do the work to build the gym three portable classrooms had to be moved. The three portable classrooms each had wheelchair access for the three—

Senator Carr—How old were the portables?

Senator FIFIELD—I do not know. The portables have been moved. They are still being used. They all had wheelchair access for the three students at the school who required that access. As a result of that work, two of those classrooms no longer have wheelchair access. One has been provided with wheelchair access. Obviously, this is a source of concern to the school and the students—that accessibility is actually being reduced as a by-product of the school's stimulus spending. I just wanted to ask, firstly, if the department is aware of that particular instance.

Ms Paul—We are, although I do not have in front of me the details that you have provided so I am interested in that. The advice we have here is that it is still being worked on. The school was having a disagreement with the Victorian department, if you like, because the school had a design for what looks like a multipurpose hall yet the education department in Victoria wanted to use its template. The school and the department are working that through to come to an acceptable outcome, but we do not report an outcome here yet. So we are aware of it, we have taken an interest in it and we are awaiting the results basically. It does look to be the case that the parties are working together on the issue.

Ms Mitchell—Further to what Ms Paul has said, I actually discussed this yesterday with the Victorian department of education and they have assured me, in writing, that wheelchair access will be provided to all three of those portables that were moved as well as the hall when it is finished.

Senator FIFIELD—And that will not be at a cost to the school itself? It will not come out of the school's budget.

Ms Mitchell—No, it is part of the project.

Senator FIFIELD—That is good news and that is a change from what the school had been advised.

Senator ABETZ—Somebody must have leaked that you were going to ask these questions, Senator Fifield.

Senator FIFIELD—I give all credit to the *Cranbourne News*.

Ms Paul—I give credit to Ms Mitchell for getting on to it.

Ms Wall—I would also like to point out that there is a fact sheet under the BER on disability standards for access to premises, which I believe is on our website. It talks about the new draft disability standards being developed by the Commonwealth. It suggests to everyone that, whilst those standards are not yet law, schools and education authorities consider the proposed new standards in developing new buildings under BER. It also gives several

examples and says that major construction or refurbishment projects under BER should pay particular attention to certain things which are specific for students with disabilities.

Senator FIFIELD—I have a copy of that here. It essentially says, ‘Do your best.’ We know how well the states tend to do when you just say, ‘Do your best. We trust you.’

Dr Bruniges—I think it says ‘comply’.

Senator FIFIELD—There are no sanctions though. The Commonwealth is not going to withhold funding.

Dr Bruniges—We talked about monitoring. We have actually taken some of those questions on notice already. We talked about monitoring and so on. We will get back to you on those.

Senator FIFIELD—That will be good. I am really advocating on behalf of Parliamentary Secretary Shorten today because in an opinion piece in the *Herald Sun* on 4 October he said:

If your workplace or school does not cater for someone in a wheelchair or with any other kind of disability, ask why not and what can be done to change that?

Senator BILYK—I am sure Mr Shorten is really pleased you have been reading that.

Senator FIFIELD—I am sure Mr Shorten is very happy that I am quoting him.

CHAIR—Let us keep moving along. I am sure he has got plenty of other advice for you as well.

Senator FIFIELD—Indeed. I am being quite serious here because I think this is an important area. We want to not only ensure that accessibility is being improved and catered for at new structures but also ensure that accessibility is not being diminished as a result of these works.

Senator Carr—I think you have got your answer on that, so what is your next question?

Senator FIFIELD—I was not aware that I had finished speaking, Senator Carr. Thank you to the officers at the table. I will certainly be following up with Courtenay Gardens Primary School about that project.

Senator MASON—I have BER questions still but I am happy to yield to Senator Abetz.

CHAIR—Let us finish with BER.

Senator MASON—Then I have got NAPLAN.

CHAIR—Why don’t you do BER and then we will go on from there.

Senator MASON—Senator Abetz, are your questions on BER too?

Senator ABETZ—No, mine are on Youth Connections.

CHAIR—Senator Mason, when you have finished that, I think that is the end of BER and then we can move through the rest of the outcome.

Senator MASON—I should have asked this earlier but I did not. I want to know the total number of jobs created under each program of BER—that is, Primary Schools for the 21st Century, the National School Pride program and the Science and Language Centres for 21st

Century Secondary Schools. How many jobs have been created in each of those particular programs? If you do not have that here, can I have all three added together?

Ms Paul—We will take that on notice.

Senator MASON—You do not have it here?

Ms Paul—No. We get it on a project-by-project basis so it is too extensive to be able to bring it here.

Senator MASON—Would it be possible to have it per program—that is, Primary Schools for the 21st Century?

Ms Paul—I think it should be.

Senator MASON—I would like the number of jobs created for each of the three programs. That would be useful.

Ms Paul—Yes.

Senator MASON—Ms Paul, you may notice that I have my calculator. I went through those figures, and let me just check them. It is \$14.1 billion. That is right, isn't it?

Ms Wall—Yes. Can I point out though that because they are such large numbers, if you round them off, they cannot add up.

Senator MASON—I understand that. This is what I have done. It is \$14.1 billion, and the money is distributed to the states, so let us say \$13.779 billion.

Ms Wall—No, total project funding, \$13.852 billion.

Senator MASON—Hold on, what have I got? In the Nation Building—Economic Stimulus Plan of the Australian government from the website, it says that the amount funded for all the states and education authorities, government, Catholic and independent—and I can show the document to you—is \$13,779,235,894. Let us say \$13.779 billion. Are you saying that is wrong?

Ms Wall—I am not sure when you took that off our website.

Senator MASON—Oh, not again.

Ms Paul—I do not think it is our website that you are referring to.

Senator MASON—It is under the Australian government, National Building—Economic Stimulus Plan, and it says Primary Schools for the 21st Century all round funding summary.

Ms Paul—I think we are probably facing a timing issue in terms of it being updated so we can just take you through that.

Ms Wall—I think that reflected it after round 3.

Senator MASON—Just hold on. Let me get the numbers right. So we have got \$14.1 billion. Is that right?

Ms Wall—It is \$14.121 billion appropriation.

Senator MASON—So \$14.121 billion?

Ms Wall—Yes. Then total project funding is \$13.852 billion.

Senator MASON—That particular sum, \$13.852 billion, is different from what I have got. Why do you think that has happened?

Ms Wall—In my implementation report, I explained that there was a final additional round for monetary variations in September, and that was an additional \$73 million. That brings the total therefore to \$13.852 billion.

Senator MASON—What was that \$73 million for?

Ms Wall—The guidelines had indicated that education authorities had up to 31 August to lodge project variations. Mainly they were cases where they had put in an estimate for a project which needed to be revised upwards within the school's notional cap, so it was an opportunity to refine their costings.

Ms Paul—It is dealt with on page 27 of the National Coordinator's report.

Senator MASON—Thank you.

Ms Wall—So that was the final funding round and the numbers I have given you reflect that. That is the end of funding approvals. There will be no further funding announced. There will be no new projects.

Ms Paul—So \$13.85 billion is your final figure.

Senator MASON—So it is \$269 million.

Ms Paul—That is right. We have been through that.

Senator MASON—And there is an administration fee of \$207 million.

Ms Wall—Administration is \$207.8 million.

Senator MASON—And there is roughly \$60 million left.

Ms Wall—Some \$61.3 million is uncommitted.

Senator MASON—What was concerning me was that, until I learned of that \$73 million, we actually had over \$100 million unaccounted for.

Ms Paul—Sure.

Senator MASON—Over \$100 million is a bit more than I would have been happy with. I see it is only \$61 million. Chair, I have no further questions on BER but I do have questions on the National Action Plan on Literacy and Numeracy.

CHAIR—Can we now assume that we have finished with the Digital Education Revolution and Building the Education Revolution?

Senator HUMPHRIES—I have questions.

CHAIR—You have Building the Education Revolution questions, Senator Humphries?

Senator HUMPHRIES—Yes.

CHAIR—Let us finish Building the Education Revolution.

Senator MASON—Sorry, Senator Humphries. Are there any figures you can give me on any of the programs under BER? There are no figures you can give in terms of job creation in

relation to any of those programs—Primary Schools for the 21st Century, National School Pride or science and language?

Ms Paul—We will take that on notice.

Senator MASON—You cannot give the committee any figures as yet?

Ms Paul—It is built on a project basis. We will need to strip it off on a project basis.

CHAIR—Ms Paul, we will not require the officers who were here for Digital Education Revolution again. Hopefully, after Senator Humphries we will not require anyone from Building the Education Revolution either.

Senator HUMPHRIES—The program to upgrade science and language centres in schools was part of BER, was it not?

Ms Wall—That is correct.

Senator HUMPHRIES—And the size of the program was \$800 million? Can you clarify the figure for me?

Ms Wall—The total approved funding was \$821.8 million.

Senator HUMPHRIES—How many centres were funded? How many schools were funded?

Ms Wall—Some 537 schools were funded.

Senator HUMPHRIES—Can I have some explanation as to why not one school in the ACT was deemed suitable for funding under that program?

Ms Wall—A total of 1,357 applications for science and language centres were received. An independent assessment panel was formed to assess those applications and to make recommendations about funding. That panel recommended to the minister a list of 537 which it considered most worthy for funding. Those recommendations were based on criteria about need and other things. It was a competitive process. It was not looked at in terms of distribution across states and territories. Therefore, I conclude that the assessment panel's decision did not reflect any ACT schools.

Senator HUMPHRIES—How many applications from the ACT were there in that funding?

Ms Wall—I would have to check that. I do not have that information with me.

Senator HUMPHRIES—One deputy principal who wrote to me from an ACT school expressed the view that the process had been flawed. A postcode SES test was applied and, for that reason, all schools, he felt, had been automatically excluded from consideration for funding. Would that be true?

Ms Paul—There were three main criteria: need, to which that would be relevant; readiness; and ability to complete by 30 June 2010. So it may have been relevant.

Senator HUMPHRIES—To which of those criteria?

Ms Paul—SES would come under the first criterion.

Senator HUMPHRIES—On the basis of need?

Ms Paul—Yes.

Senator HUMPHRIES—So we are assuming that, because a school is in an area with a relatively high socioeconomic designation, it would not have had a demonstrated need for an upgrade to its science or language centres?

Ms Paul—No. Need was assessed in both ways. Need was assessed both in the level of disadvantage of the school, which goes to what you are talking about there, and the need for the specified building. This is discussed at page 33 of the national coordinator's report. The capacity to complete construction or refurbishment by 30 June 2010, the effective and efficient use of our funding and sustainable building principles are the other criteria. It was assessed in both ways.

The independent panel comprised Andrew Blair, the President of the Australian Secondary Schools Association; Steve Carter, from the Australian Council of Social Service; Bill Daniels, from the Independent Schools Council of Australia; Angelo Scarino, from the Research Centre for Language and Cultures; and James Peacock, former chief scientist and former president of the Academy of Science. That panel recommended those 537.

Senator HUMPHRIES—This particular school deputy principal wrote to me and described the achievements of his school with respect to language courses and programs where there is some involvement by students on a national and international basis. He described how many graduates the school had produced, what a strong centre it was for language training and how old the facilities at the school were. But those factors do not seem to be relevant to any of the three criteria that you mentioned.

Ms Paul—I am sure they were taken into account if they were relevant to the criteria.

Senator HUMPHRIES—Which of the three criteria would they be relevant to?

Ms Paul—You have mentioned age. That would be relevant to the need criteria.

Senator HUMPHRIES—And the success of the students, the strength of the offering at the school? Which criterion would that be relevant to?

Ms Paul—I am not sure.

Senator HUMPHRIES—It did not sound like any of the criteria would be applicable to that.

Ms Paul—I am not sure. It was a very competitive process. The criteria were clear and set out in the guidelines. Could I perhaps invite the school, if it would like to, to get some feedback, as we will do that.

Senator HUMPHRIES—There are no further rounds under the project, are there?

Ms Paul—The commitment was to 500 and, in any event, 537 have been funded.

Ms Wall—I would also add that it is the first stage of assessment. The education authorities actually put forward a prioritised list of applications.

Senator HUMPHRIES—Which authorities?

Ms Wall—The education authorities. In the case of the ACT, the ACT education department determined the list from their state or territory and prioritised that list.

Senator HUMPHRIES—You are saying to me that even the most worthy case from the ACT could not beat even one of those 537 applications?

Ms Paul—That is right.

Ms Wall—I cannot comment on any particular school. As Ms Paul said, we could certainly look at that and provide some feedback.

Senator HUMPHRIES—It sounds very strange to me.

Ms Paul—Unfortunately, there was a two-to-one ratio of unsuccessful to successful, because 1,357 actually applied. It must have been very competitive. I would definitely invite the school to seek feedback if it wishes to.

CHAIR—I think that concludes all of our question on Building the Education Revolution. We now go to Senator Abetz.

Senator ABETZ—My first lot of questions is about Youth Connections. If those officers could come forward I will give a brief preamble. Jane Howlett, an excellent Liberal candidate for Lyons at the next Tasmanian state election, has brought to my attention the problems of the Bridgewater Police and Community Youth Club, which used to be funded under Youth Links. For the \$81,000, the Tasmanian community got literally hundreds of thousands of dollars worth of dividends. The community that it serves has a ratio of 29 per cent of students not attending school at Bridgewater high school.

I am talking about one of the lowest sociodemographic areas, yet 29 per cent of non-school attendees will no longer have any social support out of school hours not directly related to educational issues. What, as I understand, is happening with Youth Connections is that if you want funding you have to provide all the range of services for one of three particular regions in Tasmania or partner with somebody who is going to provide that full range of services in one of those three regions. Is that correct?

Dr Arthur—It is certainly true that the government made decisions to combine and rationalise a number of existing programs and to create two new programs, of which one is Youth Connections. We can go through the reasons which the government has stated for that decision.

Senator ABETZ—What is the program other than Youth Connections?

Ms McLaren—The other program is the School Business Community Partnership Broker Program.

Senator ABETZ—So the activities of the Bridgewater police citizens youth club would definitely fit into the Youth Connections framework.

Dr Arthur—Certainly, from their description, they would fall into activities which would be covered by that program, yes.

Senator ABETZ—Can I compliment—and I do not often do this—the Deputy Prime Minister. I wrote to her on 15 September 2009 about this issue and she responded on 29 September 2009, which I must say is a very good turnaround and relatively detailed. So to the departmental officers who undoubtedly drove that, thank you very much. Can I say it is appreciated when there is a quick turnaround. But what we have, unfortunately, in this letter is

a suggestion that this community club tender to provide Youth Connections across the entire south-east Tasmania service region. Not surprisingly, they are not big enough and they do not want to do that, because they are a specific, locally grown community organisation to deal with a very real social issue in the Bridgewater-Gagebrook area. So they clearly do not have the capacity to tender for the whole lot and nor are they fitting in comfortably with trying to partner with somebody.

So I am just wondering, when this money runs out in a few months time, if there is any program that is available to support these community organisations—and for \$81,000, can I say, the taxpayer is getting hundreds of thousands of dollars worth of dividends. We now have this one-size-fits-all being foisted from Canberra and local community organisations serving a little region are no longer able to directly access funding.

Dr Arthur—I do not think that it is fair to say that a one-size-fits-all solution is being imposed. It is certainly true that there is an attempt to provide a comprehensive solution that will cover all of Australia. You have described, no doubt very accurately, the services provided by that organisation. However, it is not the case that those kinds of services are available throughout Australia as a result of the suite of existing programs which the two new programs are replacing. The intention of government is to provide a comprehensive coverage of services across Australia, and so the needs of the people serviced by this organisation will indeed be met by the new programs. It is not the intention—the government has been quite clear about this—that they will be met in exactly the same way as at the moment. The government, as I said, has made a decision to attempt to rationalise the programs and to bring together and, as a result, to give the opportunity for comprehensive coverage across Australia.

Senator ABETZ—We know all of that. The minister has told me that she had combined several existing programs for at-risk young people into one new program. But the problem is that all of these currently existing programs were filling particular niche areas of need within the community and they have basically been pushed aside and we now have this one fit called Youth Connections and if you cannot tender for all of the south-east region, it is bad luck for that organisation or they have to scurry around and hope that the organisation that is successful for the full south-east region will partner with them and, if they do not partner with them, they are out of business as of 1 January next year. That is the scenario for them, is it not?

Dr Arthur—We can provide some detail on that, but the fundamental rationale behind that is that we have indeed sought to have regions in all of Australia so that there are services in all of those regions for all people throughout Australia, which was not the case under the pattern of existing programs which had been created at various times.

Senator ABETZ—Sorry, fewer programs mean more services? With respect, Dr Arthur, I can understand that we might want to get some sort of savings—

Dr Arthur—It might help if we provided some detail of the point that we are making about the comprehensiveness of the new program as opposed to previous programs.

Senator ABETZ—Quite frankly, the volunteer community of Bridgewater-Gagebrook may be very interested in the Australia-wide grand plan adopted by Minister Gillard, but can I tell you that I do not think so. They are interested in that cohort, especially the 29 per cent of

nonattendees at Bridgewater High School that they have been servicing. They themselves developed the club et cetera to service these people and I fear they will fall as a result of this grand scheme.

Ms McLaren—Could I make a couple of comments? First of all, in relation to whether or not the program is a one-size-fits-all, each of the jurisdictions have worked very closely with the Commonwealth government to tailor the program to suit the activities and initiatives that they have on offer at the jurisdictional level.

Senator ABETZ—If I may interrupt you on that, just so that I can understand ‘the jurisdictional level’. As I understand it, the states were told that Tasmania is going to be divided into three regions.

Ms McLaren—No, that is not correct, I am sorry.

Senator ABETZ—Right. So the states suggested that Tasmania be divided into three regions?

Ms McLaren—Yes.

Senator ABETZ—Thank you. All right, thank you for that, because that is very helpful. In this wonderful era of cooperative federalism, there has been a bit of the blame game here. So that is very interesting. So you are saying that it was the Tasmanian Labor government’s suggestion to divide Tasmania into these three regions and you then, not unreasonably, adopted that suggestion?

Ms McLaren—We have negotiated the number of regions that are to be used in each jurisdiction with that jurisdiction.

Senator ABETZ—In fairness to the state Labor government, then, should I then be asking whether they were told: ‘The state is going to be divided into regions. You tell us how many you think it needs to be divided into’?

Ms McLaren—The jurisdiction knew how much funding they had available for each program and they talked to us about what would make the best sense in terms of their geographic area, the clustering of schools and the way that communities work together. So there were a number of factors taken into consideration in terms of how the regions were developed and they were developed in collaboration with the state and territory governments.

Senator ABETZ—But under the umbrella—if I may interrupt again—the federal government had determined that there would be this Youth Connections program, which would collapse all the existing programs into Youth Connections. That is correct, is it not?

Dr Arthur—Yes.

Senator ABETZ—So, confronted with that, I must say that it was not unreasonable then for the state government—and I do not defend them very often—to say that having three regions in Tasmania makes sense. Thank you for that jurisdictional overview. I interrupted you as you were advising me further, but I wanted to get that cleared. Thanks.

Ms McLaren—If I could also point out, as Dr Arthur was saying, that two of the programs that were replaced by the Youth Connections program were place based—that is, they did not have national coverage. Youth Links was one of them; connections was another.

Part of what the government was trying to do in establishing the new Youth Connections program was ensure that all young people, wherever they lived, had access to all of the types of services including intensive case-managed support for young people who are severely disengaged, at risk facing multiple barriers, and including outreach and engagement services, which are not a one-size-fits-all either. Those services are about how to connect with young people who are not connecting with the system in any other way, so basically how to find them. For example, nationally under the new Youth Connections program we have 113 regions. Of those, 46 regions did not have a Youth Links service at all.

Senator ABETZ—Look, time is short, if I may interrupt you. The grand plan is nice and I accept all that, but with great respect the community of Bridgewater-Gagebrook in Tasmania ain't interested in the grand plan. They want to know how these disadvantaged youths will be able to be assisted after 1 January 2010. It looks as though PCYC Bridgewater is going to collapse because they cannot provide the service for the whole region, not being able to partner with somebody who might get that service.

Dr Arthur—To add to that, Senator, as a result of the process which is currently under tender, there will be a provider who will be responsible for providing a range of services including services addressing those needs in that community. As a result of the decisions the government has taken, there will also be providers in a range of regions where no such services at all are currently provided where those services will now also be provided.

Senator ABETZ—Extending services to other areas is all very nice, Dr Arthur, but if you have an outside provider coming in who is not community based, who does not have local volunteers driving it, the local community and the local kids will not engage with them, if the service providers are not the people who live around the corner, who they see at the shopping centre on a weekend and who interact within the local community. I think I have highlighted the difficulty in issue, and I would invite the minister to set aside the grand plan and look at the need of individual communities. Might I add the cheapness of providing these sorts of services. \$81,000 for what this group does, can I tell you, is an absolute bargain. Having editorialised on that, when does the tender process finish?

Dr Arthur—The exact same reason you advanced is the reason we have included in the tender evaluation criteria matters which go to that issue of being able to provide services which are genuinely based on expertise within the particular region being served, and that is part of the tender process.

Senator ABETZ—Yes, but can I say with great respect that in the south-east region of Tasmania—and I expect that will be one of the smaller regions, dividing Australia into 113—there will be pockets of local communities that the one provider cannot service. That is why the Bridgewater-Gagebrook community said, 'Look, that is all very good. We can provide the local service to our community, but we have no expertise or capacity to deliver in other areas within this new south-east Tasmanian region.' What you will have is the one big service provider trying to deliver services without any real or genuine community contact. To say that the south-east Tasmania region is one homogeneous community is, with respect, not to understand the various pockets of communities that a lot of these different organisations have been servicing and servicing exceptionally well. When does the tender process finish?

Ms McLaren—The tender closed on 6 October.

Senator ABETZ—And when did the evaluation finish?

Ms McLaren—We are currently assessing applications and we expect an announcement before the middle of December.

Senator ABETZ—Even giving you the very real benefit of 1 December, do you honestly believe that the provider of those services, when they are told on 1 December, ‘You’ve got the contract’—with the Christmas break and other things—will be able to get together the personnel and other people to drive the services that are delivered in the Bridgewater-Gagebrook area as of 1 January 2010?

Ms McLaren—That is what they will be required to do under their contract, Senator.

Senator ABETZ—And how many are going to be able to achieve that, realistically?

Ms McLaren—I cannot comment on that, Senator.

Senator ABETZ—If I were to take the middle of December, then you would realistically have the organisation having the capacity within one week of putting everything into place before the Bridgewater PCYC closes down. I think I have made my point that it is a matter of great concern to the local community. Can I turn to trade training and the officials with whom I discussed this matter last time? It will not surprise you that it is to do with Manufacturing Skills Australia, I think it is called, the MSA; is that right?

Ms Paul—That will be covered—

Senator ABETZ—Wrong area?

Ms Paul—Wrong outcome. That is the next outcome: tertiary.

Senator ABETZ—Tertiary?

Ms Paul—Well, whatever the outcome is called, which I think is tertiary. It is the next one after schools. It is because the Industry Skills Council is part of the vocational—

Senator ABETZ—If you tell me that is when it comes up, I will have to wait and these officials will leave again.

Senator FIFIELD—Back briefly to Building the Education Revolution—I do not need the officers, Ms Paul. My office has just been in contact with Courtenay Gardens Primary School in relation to the ramps. They were not aware that they were going to be fitting ramps. Your officers were very prudent and wise in talking to the Victorian department yesterday before estimates, but it would appear the school has not been contacted. Although the school was delighted to hear from my office that they were getting ramps, I think they would draw comfort from the confirmation from your department. I can certainly give you the contact details for the principal and school council president.

Ms Paul—That would be great. Even better, we should try to get the Victorian department to do similarly. It is the nature of breaking news, I suppose.

Senator FIFIELD—Indeed.

Senator CASH—Trade training centres.

Ms Paul—Yes.

Senator CASH—My first question is: how many schools submitted an expression of interest for round 2 of the Trade Training Centres in Schools Program?

Mr De Silva—Expressions of interest or applications?

Senator CASH—Expressions of interest. My next question is how many submitted an application.

Mr De Silva—Off the top of my head I think 172.

Senator CASH—One hundred and seventy-two expressions—

Mr De Silva—I think I answered that at the last estimates. I will look at the transcript.

Senator CASH—In terms of round 2, when will the successful applicants be announced?

Mr De Silva—It will be announced later this year.

Senator CASH—When you say ‘later this year’, my understanding was that the closing date was 9 June 2009 for the applications. Is there a reason they have not been announced yet?

Mr De Silva—No. The normal closing date was 9 June. It was extended until 26 June for some schools which were affected by bushfires, swine flu, floods and so on. The intention was always that it would be announced later in the year and we are on track to do that.

Senator CASH—When you say ‘later in the year’, it is now 22 October. How much later in the year?

Mr De Silva—I do not have a specified date that I can state at this point in time.

Senator CASH—The next week, the next two weeks, the next three weeks?

Mr De Silva—I actually cannot say the exact date.

Senator CASH—Okay, but they will be announced this year? You will give a guarantee that they will absolutely be released this year?

Mr De Silva—Yes, they will. Just to go back to your original question, yes, it was 172 expressions of interest for 106 projects.

Senator CASH—106 projects?

Mr De Silva—Yes, that is expressions of interest.

Senator CASH—So there were 172 expressions of interest for 106 projects?

Mr De Silva—Yes.

Senator CASH—How many applications?

Mr De Silva—There were 142 applications which represented 500 schools.

Senator CASH—You had 142 applications for 106 projects—

Mr De Silva—No, there were 172 expressions of interest.

Senator CASH—Okay, so how many schools were unsuccessful in that round?

Mr De Silva—The expression of interest is the initial stage of the round.

Senator CASH—No, those who actually put in an application.

Mr De Silva—If they submit an expression of interest they are entitled to move to a full application. Of those, 142 went to a full application. So it is not whether they are successful or not; they chose to go to a full application.

Senator CASH—So how many were unsuccessful in terms of the number of projects?

Mr De Silva—From expressions of interest?

Senator CASH—If you had 142 applications for 106 projects—

Mr De Silva—That is still under assessment.

Senator CASH—Okay, so you have not finalised the assessment yet?

Mr De Silva—Yes.

Senator CASH—What is the expected total expenditure for round 2?

Mr De Silva—For round 2 the allocated budget is \$387 million.

Senator CASH—In terms of round 3, do you have the date that the applications will open, the dates the applications will close and the date that the successful applicants will be announced?

Mr De Silva—For round 3?

Senator CASH—Yes.

Mr De Silva—No. The normal process has been that expressions of interest will open immediately after round-2 funding has been announced. The normal process is that EOIs will be open for about five to six weeks and then there is a period of time between expressions of interest closing and then applications opening. So for round 2, expressions of interest closed in December 2008 and applications opened in March 2009 and closed in June 2009. What we have said is that between applications opening and closing it will be about 12 weeks.

Senator CASH—In terms of round 1, how many schools have commenced work on their trade training centres in schools development?

Mr De Silva—In terms of round 1, 96 projects are underway.

Senator CASH—How many schools have completed construction?

Mr De Silva—The first TTC is due to be completed this month.

Senator CASH—So none is actually up and running yet?

Mr De Silva—No. The first will be completed this month and then a further 15 are expected to be completed by January 2010 and then a further 12 by May 2010.

Senator CASH—How does that sit with what the expectations or the projections were, by the department, in terms of the building and construction and the actual completion?

Mr De Silva—There were not projections in terms of how each round would go. It would depend on the size and complexity of the particular project. You might have a project which is just equipment which is a fairly small amount of money; you may have a project which is \$1 million or \$10 million. So the complexity of the project would determine how long it would take. For a project which is about \$1 million the expectation is that it will be 12 to 18 months from the time that an agreement is signed, operating on the basis that there is about six

months of planning, procurement and so on and about 12 months build time. That is for an average \$1 million capital works project.

Senator CASH—In terms of the first project that is going to be completed this month—the 15 in January 2010 and the 12 in May 2010—are you able to provide us the dates that they actually commenced the work?

Mr De Silva—I can take that on notice, but I can provide that.

Senator CASH—I would absolutely appreciate that, and also the actual amount of funding they received.

Mr De Silva—Yes.

Senator CASH—Thank you. How many schools have entered into a partnership arrangement with other schools in terms of the round-1 successful applicants?

Mr De Silva—In terms of round 1, out of 138 successful applications 87 were from clusters involving two or more schools.

Senator CASH—How much funding has been or will be spent on the program in the following dates—2008-09, 2009-10, 2010-11, 2011-12 and 2012-13?

Mr De Silva—The funding allocation for 2008-09 is \$233.142 million; for 2009-10 the allocation is \$352.934 million; for 2010-11 it is \$143.137 million; for 2011-12 it is \$263.7 million; and for 2012-13 it is \$274.9 million.

Senator CASH—What are the KPIs for the trade training centres in schools?

Mr De Silva—In terms of the individual projects?

Senator CASH—Yes.

Mr De Silva—For each project there is a project agreement which is entered into. That sets out various obligations and milestones which schools must meet. Funding is linked to the reaching of those milestones.

Senator CASH—Who actually develops the milestones?

Mr De Silva—It is a process whereby the department in conjunction with the school and the education authority or the education department will work out what is a reasonable time frame in relation to that project. So there is a lot of involvement from the school and the education department in terms of saying, 'For this project, based on its complexity, the time frame should be this,' or for a smaller project the time frame would be different.

Senator CASH—Are there any standard KPIs?

Mr De Silva—In terms of time frames, other than the expectation that planning will take about six months and construction for a \$1 million project will be 12 months—because each project is slightly different and it is really building a specific kind of building for each school—it is tailored to each school.

Senator CASH—In terms of the KPIs for each individual project, how are they actually measured by the department?

Mr De Silva—In the project specific schedule, which is a schedule to the overarching funding agreement, there is a framework of agreements. But in what I will just call a project

agreement there are milestones which depend on the nature of the project. So I will just talk about, say, a major capital works project. There will be a milestone—which is basically that you get a certain amount of funding when you execute the agreement—and that will release 10 per cent of funding to allow you to do your tender, your project fees, your plans. Then there is milestone 2, which is when construction starts, and that is when the next release of funding goes. Then there is a mid-point of construction and that is when the next release of funding goes, and then there is a completion point. So for a major capital works project, those are the four milestones. The school, through the education authority, will notify the department when they have reached milestone 2, which is commencement of construction. Under the project agreement, they are required to provide a mid-construction report, which is milestone 3, and then they are required to provide a letter of notification when they reach milestone 4.

Senator CASH—Is any checking done by the department to ensure that the milestones are actually being met?

Mr De Silva—We have a manual process whereby for each of the projects there is a case manager. So each of the jurisdictions is split between the sections in the task force. There are two people who deal with each project. There will be an EL1 or an APS6 or an EL1 and a—

Senator CASH—Sorry, what are they?

Mr De Silva—It is an EL1—executive level 1.

Senator CASH—What was the other person?

Mr De Silva—It might be an APS6 or an APS5. They will basically have monthly contact with the school project leader or with the education authority to get updates on how things are going. Schools often just call and say, ‘This is what’s happening.’ We actually work very closely with the schools and with the education authorities. There are also regular telephone conferences with education authorities on a routine basis. I had one with New South Wales last week and it is just to make sure that we are kept in the loop as to what is happening on the ground for each of the projects.

Senator CASH—Would there be or has there been any situation whereby the next milestone has not been met but the funding has been released?

Mr De Silva—To my knowledge, no. What happens under the overarching funding agreement is that the funding either is paid to the state department, if it is a government school, or is paid to the BGA if it is an independent or Catholic school. Under the overarching funding agreement they are not allowed to release payment until the milestone has been reached.

Senator CASH—You said ‘to my knowledge’. Can I get you to take that on notice—to go and check to see whether or not there have been several instances where funding has been released and a milestone has not actually been reached? In terms of the projects that you mentioned, you will take on notice whether the milestones are being met? In the event that a milestone or a KPI is not being met, what action does the department take or what action can the department take?

Mr De Silva—If a milestone was not met, we would probably get advance notice of how you are going. So we would say, ‘It’s coming up,’ and if there has been a delay going to tender we would find out— ‘When are you going to go to tender?’ So there is a constant flow of information going backwards and forwards. So we can anticipate if there is going to be a possible delay or not. If there were to be a delay, we would work closely with the education authority and the school to work out what happened: ‘Is it beyond your control? You could not get the planning?’ In some cases it may be working together to run a tender process for a region. So a state government may think it will be more cost effective to run one tender process for a number of projects than to run individual ones, in which case they may say, ‘Let’s coordinate this.’

Senator CASH—Is there any particular document that actually sets out the action that the department should take in the event of a KPI or a milestone not being met?

Mr De Silva—The program guidelines make it clear that the Commonwealth can ask for the funding to come back, but we are basically working very closely to make sure that they just get built.

Senator CASH—Please keep me informed if it does. In terms of the trade training centres, can you provide a list of the traditional trade skills that will be taught at each of the trade training centres that have been announced so far? My understanding when I went to the program guidelines is that page 13 has a full list of all of the traditional skills. So can I get a list in relation to the announced projects?

Mr De Silva—For each school, what qualifications they will provide?

Senator CASH—Correct.

Mr De Silva—For each school or just across the board?

Senator CASH—For each school.

Mr De Silva—Yes.

Senator CASH—Thank you very much.

Mr De Silva—We can do that.

Senator CASH—That is in relation to the traditional trade skills. Can I also please obtain, in addition to these skills, the other top five areas of training that will be taught?

Mr De Silva—Including or excluding traditional trades there? Under the program you are eligible to apply for qualifications that lead to a traditional trade. There are also qualifications for emerging industries and there is also a narrow number of qualifications relating to agriculture and horticulture.

Senator CASH—Could I get both?

Mr De Silva—There are three.

Senator CASH—All three?

Mr De Silva—All three.

Senator CASH—Thank you. Have any schools informed the department of difficulties in acquiring appropriately trained staff to offer their courses?

Mr De Silva—When applications come in they are assessed for ensuring that there are strong partnerships with RTOs. One of the assessment criteria is to assess the quality of the application. Local partnerships and the ability to deliver the qualification are important. Before an agreement is signed we make sure that, yes, you actually have an RTO and that the qualifications that you are proposing to deliver are within the scope of that RTO. Some schools, particularly independent schools, will be an RTO in their own right but other schools will have a partnership with an RTO to deliver the qualifications that they put forward for that project.

Senator CASH—Can I just confirm—and thank you for that clarification—that what you are saying is that the department has not received notification or complaints from any schools that they are unable to acquire or they are having problems with acquiring appropriately trained staff to offer their courses?

Mr De Silva—No.

Senator CASH—Where an application has been rejected, will the school be given feedback as to why the application was unsuccessful, allowing them an opportunity to resubmit the application at a later date?

Mr De Silva—Yes.

Senator CASH—And what is the nature of that process?

Mr De Silva—What we tend to do is, if they are unsuccessful, we will write to them and say, ‘You have been unsuccessful,’ and within that there will be an explanation of what they did, what was positive and what things they may want to improve on. We also offer face-to-face debriefs or, depending on where the school is, maybe a telephone conference. That has been quite successful. Some schools have opted not to have a debrief, because they have already decided to join a cluster in the next round. So from their point of view they are taken care of for the next round. Basically, they get a range of feedback from the department so they can identify where they could improve should they wish to apply in the next round, or a future round.

Senator CASH—Can a school submit or show a draft submission to the department before they put in the expression of interest or application to get some guidance that they are heading in the right direction?

Mr De Silva—That is what the expression of interest is really focused on. The expression of interest is basically a three-page document.

Senator CASH—Yes.

Mr De Silva—And it sets out the broad outline of what their proposed project is, who they propose to build with and what they propose to deliver. As part of that process we give feedback to education authorities saying, ‘For this project they are seeking funding for a qualification that cannot be funded, so don’t put that in.’ It is kind of a first tier. It is just an expression of interest, but it gives an opportunity to give some guidance at that stage.

Senator CASH—Going forward.

Mr De Silva—Yes. At the same time, schools may contact their department with a query: ‘I am a bit confused by what you mean by this.’ But we do not actually get a draft of an application beforehand.

Senator CASH—Are members of parliament able to approach the department and say: ‘Here’s a submission. Have a look at it’?

Mr De Silva—Members of parliament may—

Senator CASH—Or senators.

Mr De Silva—write and say, ‘I understand that school X is applying and I support it.’ They can do that. It is not a factor that is taken into account in the assessment. The assessment criteria are set out in the program guidelines. It is the quality of the proposal, it is capacity to benefit, it is the alignment to the program priorities and it is value for money.

Senator CASH—Do you have a list of the MPs or senators who have provided the legislative support? Are you able to take that on notice to provide that information to the committee?

Mr De Silva—I will take it on notice. I am not sure how many have come in, but I think though the IT system we could track that.

Senator CASH—Thank you.

Mr De Silva—Is this members of federal parliament?

Senator CASH—Correct. Thank you. In terms of Indigenous students, is the department undertaking any research to determine how many Indigenous students are benefiting from the trade training centres?

Mr De Silva—One of the program priorities is to assist Indigenous students, particularly in remote and rural areas. We can track, from the applications that come in, the number of applications that identify Indigenous students as a priority that they are wishing to address. From memory—I have the stats here somewhere—49 per cent of schools identified Indigenous students as a priority.

Senator CASH—I was going to ask you for those statistics. How many Indigenous students are benefiting Australia-wide and what electorates are those Indigenous students being identified in?

Mr De Silva—I can take it on notice to give you the exact stats across the board. I have them here. I have the global figure, but if you want student numbers for every single school—

Senator CASH—Yes, please.

Mr De Silva—We will actually have to go back to each application and, within that, within schools. If it is a cluster of 10, it is going to each piece of information for each school and identifying—

Senator CASH—If you could take that on notice and provide that information.

Mr De Silva—Yes.

Senator CASH—Thank you very much. Under the department’s monitoring and evaluation strategy, how frequently will each trade training centre be monitored?

Mr De Silva—Once it is operating?

Senator CASH—Correct.

Mr De Silva—Under the project agreements, in March each year they are required to submit a report on the operation of the trade training centre for the previous academic year. That basically includes the number of students who were enrolled in the trade training centre and the number of students who graduated or what certificates they achieved when they left. There is also scope to ask for additional information in those reports on a needs basis.

Senator CASH—Are there site visits, desktop monitoring or anything else other than just the report in March of each year?

Mr De Silva—The evaluation there is a draft evaluation which is looking at a range of things. At last estimates the program guidelines set out at 7.7 a range of activities that the department may adopt, including surveys and studies as to what happens to students once they leave. In terms of what we are going to do, that has not been finalised at this stage.

Senator CASH—There are no completed trade training centres to date?

Mr De Silva—The first one is due to be completed this month.

Senator CASH—Yes, which makes my next question: have all completed trade training centres undertaken an opening ceremony? The answer would be no.

Mr De Silva—No.

Senator CASH—Nice and easy. In terms of the actual opening ceremony I want to turn to 7.61 and 7.62 in your guidelines:

Schools that elect not to undertake recognition ceremonies must seek formal exemption from the Minister or his/her Delegate. Where exemption is granted, schools will be required to erect a plaque acknowledging the financial assistance provided by the Australian Government. ... The size of the plaque should be commensurate with the size of the project/structure to which it is to be affixed.

How big does the plaque need to be?

Mr De Silva—We have not specified that in the program guidelines. At this stage, we have left it to the school to determine what is a commensurate size. We have not mandated for a project of this size that the plaque needs to be X size.

Senator CASH—So what would happen if a school decided it only wanted a very small plaque?

Mr De Silva—At this point in time we are doing some further work in terms of giving schools some greater guidance now that we are getting to the stage where they will be doing that.

Senator CASH—Now one is going to be completed.

Mr De Silva—We are going to go out to schools with some more information. That will probably happen in the next month.

Senator CASH—When that information is available are you able to provide a copy to the committee through this process?

Mr De Silva—When the information is available we will do fact sheets and they should be posted on to the website.

Senator CASH—In terms of the department's deliberations around what size the plaque should be, are you able to give me any direction as to what suggestions are being bandied around—a metre by a metre, 30 centimetres by 10 centimetres?

Dr Bruniges—I do think we are to the stage of specifying that. We will go through that shortly.

Senator CASH—I was going to ask what the average cost of a plaque is at this stage. That information is unable to be provided. Is there any guidance in terms of the exact wording that is to be placed on the plaque at this stage?

Mr De Silva—At this stage that is still to be determined.

Senator CASH—I would assume though, that, because the first one is due to open this month, that school will be given guidance sooner rather than later.

Mr De Silva—The opening ceremony has to occur within six months.

Senator CASH—In terms of the requirements for the plaques, have there been any changes to them since the government began rolling out its Trade Training Centres in Schools Program, following the problems with the signage with the Building the Education Revolution?

Mr De Silva—I did not quite hear your question.

Senator CASH—There were issues surrounding the signage for the Building the Education Revolution. Has this impacted on the issue of signage, the need to have signage for trade training centres?

Mr De Silva—No.

Senator CASH—I was listening to Senator Mason earlier, and he referred to the 'assistant director, signage and recognition strategic communications' under the Building the Education Revolution. Is there a similar person who is going to be looking after the signs under the trade training centres project?

Mr De Silva—There is team within my branch which is responsible for Victoria, Western Australia and the ACT.

Senator CASH—When you say a team within your branch, can you just take me through that?

Mr De Silva—There is a team of seven people. There is an EL2, two EL1s, probably two APS6s and two APS5s. I can give you the exact breakdown. That team would be responsible for dealing with a range of things, such as all projects in certain states—that is, all projects in Victoria, government and non-government, all projects within WA, all projects within the ACT. They are also responsible for IT. Our application process goes through the IT system. Part of their job is also being responsible for communications, fact sheets, recognition. It is one aspect of that team.

Senator CASH—So you do not have a dedicated person travelling around measuring the size of the plaques? All that is going to be anticipated?

Mr De Silva—No.

Senator CASH—Could I now just turn very briefly to Australian technical colleges.

Ms Paul—While the officers are coming up, can I make a correction. It goes to communication. I was quoting the salary range for the executive level 2 communication director in the Building the Education Revolution and I read the wrong column and I did not allow for a recent September salary increase under our collective agreement. So I should correct the record. The executive level 2 range of salary is from \$99,552 to \$119,500. I think Dr Bruniges has a quick correction too.

Dr Bruniges—It is just a correction regarding the number of regions in Tasmania, as we were discussing with Senator Abetz before. There are four regions not three.

Senator CASH—Thank you. Now to Australian technical colleges. I would like an update in relation to this section. What is the current status of the Australian Technical College—Spencer Gulf and Outback. Is it to be closed? What is happening with the students?

Ms Febey—The Australian Technical College—Spencer Gulf and Outback has been the subject of discussion between us and the South Australian government for some little time. We are very close to reaching a resolution and would expect an announcement on that fairly soon.

Senator CASH—What does ‘very close’ mean and what does an announcement very soon mean?

Ms Febey—I am informed that the South Australian government is quite keen to make an announcement and it is hoping to do it as soon as it gets clearance to make the details public. We are expecting that to be within the next couple of weeks, but we are dependent on its decisions.

Senator CASH—Is there a reason that this process has taken so long and that a decision has not actually been made to date in terms of the students who actually do not know what they are going to do and where they are going to go?

Ms Febey—There have been a small number of Australian technical colleges for which the initial decision about the future has changed as a result of changing circumstances in the community, and that college has been one of those. So we had to enter into new negotiations part way through when the original model was not able to be carried forward.

Senator CASH—My understanding is that staff received retrenchment letters. So, if they were being retrenched, would that indicate that the college was going to be closed?

Ms Febey—I am not aware that that has happened. I would not have thought that was something that was likely to have happened before we had made a final decision on its future.

Senator CASH—Can you take that on notice and investigate that? That is the information that I have been given: that staff have received retrenchment letters, which has obviously caused some worry. But you are obviously not aware of that. Could you investigate that and see whether or not that is true? If so, why would they receive retrenchment letters before an actual decision to close the college has been made?

Ms Febey—I would have thought it was unlikely, but we can check that for you.

Senator CASH—I appreciate that. That is all the questions I had. Thank you very much.

Senator HUMPHRIES—My questions are on youth support.

Ms Paul—Which aspects—to give me a hint as to who needs to be here?

Senator HUMPHRIES—I want to ask about the announcement the minister made on the Youth Development and Support Program earlier this month and I want to ask about the *State of Australia's young people* report.

Ms Paul—We are fine with that, thank you.

Senator HUMPHRIES—I have seen the media release from Minister Ellis about the Youth Development and Support Program—\$500,000 a year to not-for-profit organisations. I see that grants are invited up to \$75,000. I note that the frequently asked questions on the website suggest that grants of about \$15,000 will be made. I assume—

Ms McKinnon—Sorry, grants of how much would be made?

Senator HUMPHRIES—The website says:

It is anticipated that the majority of the grants made as part of the Program will be around \$15,000.

Although people are invited to make applications up to \$75,000, that is sort of saying to them that they can expect on average only \$15,000. It seems to be a strange way of putting it, but that is what you intend, is it?

Ms McKinnon—Yes. The program has moved from departmental funding to administered funding, so there is a better framework around it. Given that it is a relatively small total funding pool, the grants are not intended to be recurrent funding but more in the line of assisting small community based projects and pilots.

Senator HUMPHRIES—With \$500,000, I assume, we could expect to divide that figure by \$15,000 and get the approximate number of grants that are expected to be handed over. How do you expect this program will actually allow young people to engage with government?

Ms McKinnon—If we look at projects that were funded under the previous iteration of this, there was Heywire, which was the rural youth competition, and there was also funding for the YMCA national youth parliament. So there were a range of public speaking events, rock eisteddfods and also some forums that allowed direct engagement with governments such as the national parliament. One of the main methods for engagement of young people is the Australian Youth Forum, not necessarily this particular program.

Senator HUMPHRIES—When it says 'engage with government', is that meant to be a reference to the government, parliaments or government departments? Does it envisage engaging with politicians from opposition parties or crossbench parties?

Ms McKinnon—I think the reference to government is more about civic engagement and engagement with the government broadly defined rather than a particular party or politician.

Senator HUMPHRIES—Will that be made clear in the way that the grant process is assessed?

Ms McKinnon—In the assessment process, yes.

Senator HUMPHRIES—Can I move to the *State of Australia's young people* report. The minister made a speech to the National Press Club on 12 August, International Youth Day, in which he provided some information that I gather came from the *State of Australia's young people* report. Has the report been released as yet?

Mr Owen—Yes. In fact the report was released today and is available on our website now.

Senator HUMPHRIES—Is there any particular reason that it was launched today?

Mr Owen—It was when it was properly ready. It is concluded.

Senator HUMPHRIES—So it is on the table. You obviously would not have had time to examine its terms. What external consultants or organisations were involved in drafting the report? Can you tell us who they were?

Mr Owen—Two researchers were commissioned for the report. The Social Policy Research Centre of the University of New South Wales is authoring the report and doing the statistical component—the literature search and the statistical analysis for the report. An organisation called E&S Research has undertaken some work directly with young people as part of the report as well to get the young people's voice in the report.

Senator HUMPHRIES—How much did the work cost?

Mr Owen—The Social Policy Research Centre cost was \$120,000, excluding GST, and the E&S work was \$130,000, again excluding GST.

Senator HUMPHRIES—So about a quarter of a million all up. We will read that report with interest. Thank you for that. I wanted to ask about an issue which may fall under this department. It is about the Prime Minister's youth blog. I have the address here if you are not sure what I am referring to. It is the blog where he asks: 'If you were Prime Minister for a day, what would you do?' Can you tell me whether this is run by a department or the Prime Minister's office or the youth support area of this department?

Ms Paul—I think that would come under PM&C. It is not run by us, I do not think.

Mr Owen—Yes, that is right.

Senator HUMPHRIES—So the Office of Youth does not have any role in respect of that website.

Mr Owen—We have no direct role, no. We provide briefings across many departments on general issues to do with young people but nothing specific.

Senator HUMPHRIES—Let me ask about the Australian Youth Forum website. Is that connected with your department?

Mr Owen—Yes.

Senator HUMPHRIES—On the website there is a section titled 'The next big question'. It refers to having a say generally about what is going on in Australia and references made to this discussion being hosted in collaboration with Australia 21. How much funding has been provided to Australia 21 to participate in this website activity?

Mr Owen—There is no funding involved in that arrangement. It is an arrangement under which the AYF, the Australian Youth Forum, website is promoting a consultation on behalf of

Australia 21. We do that quite regularly with major events and major consultations that the community sector is doing.

Senator HUMPHRIES—What typically happens? Do people write in and make comments and then the Australia 21 people blog responses and there is general exchange on the website? Is that how it works?

Mr Owen—It is not so much an exchange as yet. We would like to move to that. It is more of a call to arms for that consultation process. The comments that come back through our website we would summarise and provide to the organisation. But it is mainly directing people to that consultation site as part of the engagement.

Senator HUMPHRIES—You do not expect, then, any sort of report or analysis of what has been put on the website by Australia 21?

Mr Owen—Other than what goes into the public domain from them as part of that process.

Senator HUMPHRIES—I suppose if I was a young person contributing to a website which is partly funded by the Australian government I would assume that my thoughts about the big issues facing Australia would somehow form part of government policy making or policy development. It is not immediately clear how that would occur. Is there anything I am overlooking in that respect?

Mr Owen—We would certainly be looking at that content and looking at the ideas that are coming from that. I would expect that we would provide some advice on the elements that came through our website to our minister on that consultation, but it is not in place of the Australia 21 broader exercise; it is just enriching that exercise. We would take an analysis of what comes through.

Senator HUMPHRIES—So the participants who contribute ideas cannot necessarily expect to get a response to their ideas from the Youth Forum or from Australia 21? Is that what they would expect?

Mr Owen—What has occurred in the past where we have contributed to broader consultations of this type is that there would then be a message back saying, ‘The things we have reported to Minister Ellis as part of the AYF function that we have taken from this blog are these and they have been passed on into that broader Australia 21 process.’

Senator HUMPHRIES—Just to be clear about the relationship between AYF and this website and the government, the government funds AYF and AYF runs the website. The information is considered by the Office for Youth and is provided to the department, but there is no funding for Australia 21 by the Australian government?

Mr Owen—That is correct. The Office for Youth actually runs AYF as well. It is not an outsourced thing; it is us.

Senator HUMPHRIES—I have some questions about the budget and so forth of the Office for Youth, but I will put most of them on notice. I wanted to ask about the program that was announced today by the Prime Minister and the minister for youth in launching the national conversation at Lyneham High School and something here at Parliament House. Was that event funded and run by the Office for Youth?

Mr Owen—That is correct.

Senator HUMPHRIES—Can you give me an idea of the cost of hosting such an event and particularly how people are invited to participate in the event?

Mr Owen—I would need to take that on notice because we are very much still in the process of concluding what has been a big day around launching that consultation process.

Senator HUMPHRIES—All right. I will put those other questions on notice with respect to this issue, and I have some other questions as well which I will place on notice. Thank you very much.

CHAIR—I think Senator Mason has a few more questions in outcome 2 and that then concludes outcome 2.

Senator MASON—I have some questions on NAPLAN tests—the National Assessment Program-Literacy and Numeracy. I turn to an issue that is not one of my strong points, sadly, in terms of methodology with respect to the NAPLAN testing. I understand that the government plans to compare school NAPLAN results in groups of like schools. What are ‘like schools’ and what are the criteria for determining what is a like school? It is a very important issue as to how we are going to compare apples with apples, I suppose.

Dr Bruniges—It is indeed, Senator. At the moment the Australian Curriculum, Assessment and Reporting Authority is working through with states and territories to look at ways in which like schools can be grouped in order to fulfil that reporting requirement in terms of the government’s transparency agenda. So I cannot definitively answer what characteristics will be used; that is the work of the authority. But some of the kinds of things that need to be considered are about the composition of the school. It could be looking at the size of the school or it could be looking at the SES composition of the school based on ABS data. It might go to the heart of the notion of likeness being about the actual performance or attainment of a particular school, but in this case I think ACARA is focused on other characteristics which are community based and school based in order to inform their deliberations about what they will finally define as a like school group and indeed how that will be reported.

Senator MASON—So the criteria for determining what are like schools has yet to be determined?

Dr Bruniges—They are in the deliberations of doing that and indeed working through that with their board. So at this stage I think they are fairly close to some decision in order to meet the time line for that determination.

Senator MASON—Is there any time line for that? Do you know when we might have access to the criteria for determining like schools?

Dr Bruniges—It is probably fair to say that we will probably have that in the near future. As I said, some of those considerations go to a whole range of variables that sit within the current index such as socioeconomic indexes such as the ABS work.

Senator MASON—It does interest me. As the committee knows, I am not a social scientist or a sociologist at all. However, just the methodology in determining how you can compare schools is quite interesting and I suspect quite challenging. There has been some suggestion that it would be more useful to compare a single school from year to year rather than compare

different schools from the same year. Rather than comparing school A to school B, you compare the achievement of a class of kids from year 1 to 2 to year 3 and so forth. Is that a better way of assessing, for example, how well teachers have 'value added' to these particular students? Does that make sense?

Ms Paul—It will be able to do both, I think, Senator.

Senator MASON—You think both, Ms Paul?

Ms Paul—Yes.

Senator MASON—So compare a year 1 class at school A to a year 1 class at school B and also compare a year 1 class at school A with that class in year 2?

Ms Paul—In effect, yes. The years may be different because the testing is done at years 3, 5, 7 and 9, but basically the logic is correct.

Senator MASON—So it can do both?

Dr Bruniges—I think last time at estimates I outlined the fact that the NAPLAN test data is probably a world first in terms of a scale that enables us to both quantify and describe student growth over time and that in fact, with last year being the first year of testing, that scale was constructed. This year is the second year of testing, but what it will mean is that we have built the capacity to track students from year 3 to year 5 to year 7 to year 9 and look at the growth of those students in those aspects of literacy and numeracy, look at schools of similar student characteristics and whether or not performance within literacy and indeed numeracy changes with schools of similar student characteristics, look at the effect of intervention strategies that schools would put in place and how effective they have been between years and within years, and also I guess at the very heart of it is the diagnostic capacity that has been built in in curriculum terms to help identify student strengths and weaknesses. That information can be used by teachers to inform both their teaching and learning and programming and planning.

Senator MASON—Are you confident that the NAPLAN results and the methodology you adopt in the future about assessing what are like schools will be a legitimate and fair way to measure teacher performance?

Dr Bruniges—Like schools was not designed about teacher performance at the class level. We are talking about at the school level.

Senator MASON—I know, but it may be used for that.

Dr Bruniges—It is not a question that ACARA or we have considered. At this stage, I would stress that the data as we move forward is about a like school, and any disaggregation that you do with that data, the error that creeps around that becomes greater. So we would have to look very carefully at making sure that like schools is about looking at schools of similar characteristics and for improvement purposes.

Senator MASON—I am not an expert in this area at all, but is that why the proposal to publish school results is not always an accurate reflection of teaching performance? Some schools have good raw material, as it were, and I do not mean that rudely. Some kids are from professional and sophisticated backgrounds and some kids have come from disadvantaged backgrounds, so it is comparing kids in different socioeconomic status schools. Also, within

that, it is comparing the performance of teachers where teachers might also argue that in fact they have added an enormous amount to these disadvantaged kids. They may have added more to them proportionately than has been added to the disadvantaged kids. Does that make sense?

Dr Bruniges—Absolutely.

Senator MASON—It is quite difficult, and I am not a social scientist.

Dr Bruniges—Hence the importance of the common scale, the 10 bands and that ladder or scale that we have created. Years 3, 5, 7 and 9 give us the capacity to look at that growth of students between those year levels.

Ms Paul—And then the like schools is very important to what you are saying. That is precisely the reason why ACARA is determining this like school approach so that you are comparing apples with apples.

Senator MASON—It is critical, isn't it?

Ms Paul—Absolutely, it is.

Senator MASON—It has even been suggested that the changes in results between two years indicates that comparing data from year to year might be problematic because the tests are different. I have just read this; I am not saying I agree with it but it has been suggested that that is the case. What do you say to that?

Dr Bruniges—Any test or any measure has a certain degree of error around it. We have to be careful that when we construct a test as we go forward into 2010 we have a mechanism to be able to assess how much more difficult the 2010 test was from the 2009 test or indeed the 2008 test, and that, in terms of psychometrics, is about equating the tests. There is a technical process by which we go through to have a look at the difficulty of one year's test compared to the next. It is important that we go through that rigorous process.

Ms Paul—One of the world-leading things about the NAPLAN test—and we could go on about this for a long time—which basically Dr Bruniges has developed, in liaison with a lot of other people around the country, is that it charts progress across this single scale over all these years. What you often find in other countries is that there is this kind of a break in the series, if you like, year on year. While we do have to go through this equating progress, it is nonetheless all on this 10-band scale across these years, which is fantastic. So for diagnostic reasons, as Dr Bruniges was saying, you will be able to know that Johnny was this much above the benchmark in reading in year 3 but now Johnny is in year 5 and he has dropped right down and is below the benchmark. It is actually meaningful year on year because of the way the scale has been constructed.

Senator MASON—I have no doubt that over the course of the next several years politicians and policy makers will seek to draw from this test all sorts of different things—and they already are—but the test has not even been designed for those purposes. It is not a criticism; I am just saying it is possible.

Ms Paul—We need to be careful about that. Dr Bruniges was clear that it has not been designed for certain things and we must make sure that it is used for the purposes for which it was designed.

Senator MASON—Indeed. What about more regular tests? There has been some talk that there should be more regular tests rather than just at years 3, 5, 7 and 9. Perhaps they could be online or whatever. That might give a better test result. Has that been considered?

Ms Paul—I do not think it is actively under consideration at the moment, because all governments at the moment are really focusing on working with ACARA or understanding where ACARA is landing on like schools. That is really the issue of the moment. The 2009 NAPLAN data has only just come out. Certainly, the more information you have, the better. But from a policy maker's point of view, you have to balance cost, intrusion and those sorts of issues with benefit issues. There are clear benefits of, say, going to every year, but there are also some costs too. It would be something which ACARA would need to have a view on. It would be something which all governments would have to consider.

Senator MASON—Fair enough. Are there any international precedents that you have been able to use? Are there tests from other countries where you are seeking to achieve similar outcomes?

Dr Bruniges—Can you ask the question again?

Senator MASON—What do they have in Britain? They used to have—

Ms Paul—Are there comparable systems overseas?

Senator MASON—Yes.

Dr Bruniges—Not quite like our Australian context. I have not seen the diagnostic capacity of what we have put together in the Australian context in any international studies or work that I have participated in.

Senator MASON—Is that right? So this is the most significant national test of its kind in the world?

Ms Paul—We think it is a world leader. It is a tribute to Dr Bruniges and many others, but led by Dr Bruniges.

Senator MASON—Sure.

Dr Bruniges—I think the defining characteristics are the school improvement agenda and the diagnostic capacity of the test, that it is curriculum linked and gives teachers and parents meaningful information about students' strengths and weaknesses and the fact that it is on a common scale.

Senator MASON—I am only hoping Queensland is going to do better in the future. They did not do so well at the last tests.

Ms Paul—They did show some improvements this year.

Senator MASON—There was some improvement but still not good enough.

Senator Carr—Senator Mason, what is your expectation on time this evening?

Senator MASON—Minister, I am not sure. I have nearly finished the NAPLAN questions. I then have questions relating to higher education, which will probably go for about 45 minutes. I cannot be certain but it will be somewhere around 45 minutes. I know Senator Cash has some questions as well.

Senator CASH—They will be an hour or an hour and a half.

Senator Carr—All up?

Senator CASH—All up for me.

Senator Carr—From both of you?

Senator CASH—No, separately, unfortunately.

CHAIR—Just mark 8.45 in your diary.

Senator MASON—Then employment. We never take up all of your time. We are quick and punchy on this committee.

Senator Carr—I can see how punchy you are.

Senator MASON—Pretty punchy. I do not waste your time, Minister. I try not to at least.

CHAIR—Senator Mason, you have not finished in outcome 2 yet, have you?

Senator MASON—I am nearly finished. There have been some reports that some schools are encouraging underperforming students not to attend these NAPLAN tests so as to, in a sense, raise the score of the school. This is a tactic that has been used throughout the world in various places. What compliance mechanisms are in place to ensure that all eligible students sit these tests?

Dr Bruniges—There are some exemptions. Students with severe learning disabilities do not sit the test. As for the absentee, one of the mechanisms that has been in place for a number of years is for states and territories to report their participation rates in the testing program. The other mechanism has been to include students so you see the variation at the state and territory level, and indeed the school level, and whether or not you see a jump in that absentee data from test program to test program. So within the school and also at the state level when that is publicly reported, we will be able to see the participation rates.

Senator MASON—I am just plucking this from the air: attendance at these tests, out of the people who are eligible to sit them, is 95 per cent. If it varies a lot, will you be awake to that?

Dr Bruniges—Well, this will be on our transparency website that we will release and it is also in the national report on schooling each year where that information is published, and that might take a different shape and form. So there are mechanisms in place. I think most jurisdictions—think back to school improvement agendas in states and territories—in their quality assurance mechanisms use the data to have a look at, and they would be asking questions at the local level. We would also be monitoring it at the national level.

Senator MASON—Are there sanctions that you can apply?

Dr Bruniges—Not as such within this agenda, Senator. There are ways in which we are going to use the data in the national partnership agreements to monitor students on literacy and numeracy, but at this stage there are no sanctions in place.

Senator MASON—Have you caught any schools who have held back underperforming students from doing the tests?

Dr Bruniges—I am not aware, but I am sure in jurisdictions they would be looking closely at that school level participation rate. Remember, this is only the second year of NAPLAN.

Senator MASON—I appreciate that. Have you compared this year's with last year's in terms of participation rates? Have there been any discrepancies that you have been able to determine and then act on?

Dr Bruniges—No, not at this stage. The 2009 data has not long been released, in September, for all parents. Then the national report will be released later in the year, in December, and it is at that point that we are in a position to start looking at whether or not there has been any difference, and it will only be after three to five years that will give you a trend.

Senator MASON—I accept that, but you will be able to gauge whether there has been a statistically meaningful jump in people sitting the test.

Dr Bruniges—I guess that would give us a point. We would ask the question why that was the case and then move further from there.

Senator MASON—So you would not know yet what percentage of schools had a participation rate that decreased by 10 per cent or more?

Dr Bruniges—No, Senator.

Senator MASON—Can you tell us in December?

Dr Bruniges—Yes. We would have done the analysis at that point.

Senator MASON—Can you take that on notice? Chair, that is all the questions I have on NAPLAN. That is the last series of questions I have for outcome 2.

[5.42 pm]

CHAIR—That concludes outcome 2 for the committee. We will now proceed to outcome 3. I think Senator Abetz has identified an area which was—

Senator ABETZ—No, somebody else has identified the area, because I was in the wrong area. I want to revisit the area that I visited last time. Can I ask specifically: what are the benefits to the automotive industry being placed in MSA?

Ms Dacey—Some of the reasons that were considered in making this decision were about putting the sector under an ISC in the first place. It was the only economically significant sector that was not covered by an ISC previously. They sought to build on the synergies from the manufacturing elements that are part of the auto sector. Part of the rationale is that the ISCs cover a wide range of industries and a wide range of businesses within their sectors and that auto fitted well within that one.

Senator ABETZ—Who was of that view?

Ms Dacey—I think we talked about this last time—that there was a range of views expressed in the lead-up to the decision and there continues to be.

Senator ABETZ—It was indicated that sectors of the manufacturing side supported the move. I now want to know specifically who supported the move from the auto sector.

Ms Dacey—The information that I have here is that for the FCAI, which is the Federal Chamber of Automotive Industry, the distinct first preference of most people was for a new separate, stand-alone automotive ISC. Then there was debate and discussion about whether

they were going to go into an existing ISC which would be the right ISC for that to fall under. The FCAI, the VACC and the MTAA continue to have their views about where it sits and what the right decision is. Are you asking specifically before the decision?

Senator ABETZ—Yes.

Ms Dacey—Okay. I will just have to look up some notes, Senator.

Senator ABETZ—And who from the auto sector now supports the decision, because I do not think they have changed their position, have they?

Ms Dacey—Well, it depends what you mean by ‘support’, because a lot of people are engaging with MSA quite productively. There are some that are not.

Senator ABETZ—All right. Who in the auto sector are engaging quite productively?

Ms Dacey—The FCAI, Toyota, Holden et cetera are participating in conversations around governance arrangements and the environmental scan that is being developed by the—

Senator ABETZ—The environmental?

Ms Dacey—Scan.

Senator ABETZ—Somebody even predicted that that would be one of the answers that I would be given. Wasn’t this achieved by the ATA and principally funded by the industry itself previously?

Ms Dacey—People are saying that the ATA produce an environmental scan?

Senator ABETZ—Yes.

Ms Dacey—That is not my understanding of the situation, Senator.

Senator ABETZ—Can you please take that on notice, because it was largely funded by industry itself through the ATA.

Ms Dacey—As we discussed last time, Senator, the Commonwealth’s funding relationship with the ATA was around the training packages, not around environmental scans. Environmental scans are a function of the ISCs.

Senator ABETZ—Yes, but they were happening under the ATA. Things can happen outside of the ISCs.

Ms Dacey—The Commonwealth was not funding that particular activity, though, Senator, so I—

Senator ABETZ—That does not mean it does not happen out there in the real world, and that is the problem with the automotive sector’s reluctance in becoming involved in this. They are being told that these things are now going to happen when they were previously already happening, according to my advice. Could you please take on notice that aspect?

Ms Dacey—Yes.

Turn 025

5.48 pm

Senator ABETZ—If I am wrongly informed, I am wrongly informed. Please tell us why so and we will be able to discuss this further in February.

Ms Dacey—Yes, sure.

Senator ABETZ—Who specifically supported the move before the decision was made in the auto sector? Was there anyone?

Ms Dacey—I can quote you the AMWU and the ACTU that came out with statements of support when the decision was made. In terms of what was said before the decision, I do not have that here.

Senator ABETZ—Of course, of those who actually employ the apprentices and who have the trainees as their employees, have you a list of them? We have the ACTU and the AMWU, but the last time I checked they were not employing too many apprentices.

Ms Dacey—That is part of the equation in the decision-making process but that certainly was not the determining decision.

Senator ABETZ—Yes, but what participants in the industry, other than the union movement that you have alluded to, supported this change before it was made?

Senator Carr—Senator, we can spend a lot of time on this. There is quite clearly a matter of disputation with the automotive industry. I can say that I have some familiarity with this. Perhaps if I could ask Mr Burmester—

Senator ABETZ—As I understand it, Minister, there was no disputation within the industry that this was a bad idea before it was made.

Senator Carr—Let us not be semantic about it.

Senator ABETZ—No, and if there was a dispute, I would like to be informed as to who was on the side of this change. That is all. Is there one that we can refer to? Was the VACC, or was the FCAI supportive?

Senator Carr—The point is that there have been further discussions on this issue and I understand there is a proposal for discussions on this matter.

Mr Burmester—Senator, the government made the decision about where to place the ISC. Having done so, there is now a process, which we are part-way through, of getting that into place and implementing that decision.

Senator ABETZ—I can understand that.

Mr Burmester—And largely the players involved are part of that process and are working through that process. So I do not think it is helpful to go back to what the particular organisational view might have been prior to—

Senator ABETZ—With great respect, I will determine what information I believe to be helpful. Thank you for your advice on that, but I will ask the questions. The last time the question: who supported the move, was put, it was taken on notice and we were told sectors of the manufacturing side supported the move. I now want to know who specifically supported the move rather than this sort of generic term. The fact that Ms Dacey is struggling to nominate somebody is not a reflection on her at all; it is an indication, I would suggest, that there was nobody in that space that can be pointed out.

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

Senator ABETZ—Yet again. All right, if you are keen. And specifically this time, not some generic manufacturing people in the manufacturing side. Let us get the exact individuals. Can I be told what are the alleged specific synergies, if I recall your word correctly, Ms Dacey, between the automotive industry and general manufacturing?

Ms Dacey—It refers to the fact that manufacturing is manufacturing is manufacturing, whether it is a car or a boat or some other goods that you produce. It is not actually about the item that you are producing and that is consistent with all of the skills councils. We expect like services and like activities to be covered by skills councils quite broadly. The benefits of having that are that you can share learnings across sectors even though they might be producing different things or they might be different service skill sectors et cetera.

Senator ABETZ—I was fearing that that was part of the rationale. Are you aware how big the auto industry is in Australia?

Ms Dacey—Yes, Senator.

Senator ABETZ—All right. Can you tell us how many people are employed in it?

Ms Dacey—About 400,000.

Senator ABETZ—Well done. That is what I have been told. Of those, 335,000 are engaged in repairs, servicing and sales. What are they doing in the manufacturing skills council because they are not in the business of making things, as you described it—making a car or making a boat. Indeed, 80 per cent of the cars that are bought in Australia do not have their origin in a manufacturing base in Australia. And that is the criticism, that the automotive sector was seen as the manufacturing sector. The manufacturing of automobiles is, with respect, a very, very small component of the auto industry. So we have now lumbered in mechanics, we have now lumbered in panel beaters, the retail sales, et cetera—all part of manufacturing—and the auto sector is scratching its head trying to determine how they are all lumbered in with manufacturing.

Ms Dacey—Senator, one of the key messages that stakeholders gave to the government in the lead-up to the discussion was whatever you do, do not separate us. So the decision had to be made to either put the manufacturers with retail sales and repair, or vice versa. So the government made the decision—

Senator ABETZ—Is that what the automotive sector said?

Ms Dacey—That is certainly the advice that I have. When you were asking me who supported it in the lead-up, the first message was, ‘Whatever you do, don’t split us and we would like our own new stand-alone ISC.’ So there are actually a couple of levels between whether you supported one ISC or MSA. There are a couple of levels to the messaging that stakeholders were giving to the government. In deciding to put the two training packages and the two elements of the sector together under MSA, the government was attempting to keep the sector as a whole.

Senator ABETZ—If you had levels of messaging, would you agree that at the very, very, very top of the messaging from the sector was that they wanted a stand-alone automotive sector.

Ms Dacey—I think that it was certainly a strong message.

Senator ABETZ—Yes, very, very, strong.

Ms Dacey—Yes, and that is a decision of government, though, to maintain the current level of ISCs.

Senator ABETZ—No criticism of you, Ms Dacey. You have to administer that which government foolishly decided and I accept that. So if you think I am criticising you, no, I am not. I am criticising the decision. Can you tell us how many apprenticeships are in the automotive sector—31,500?

Ms Dacey—My figures, yes, Senator.

Senator ABETZ—We must be working from the same source, which is good. Can you then tell us how many of those apprenticeships are in panelbeating, spray-painting, mechanics, et cetera, as opposed to the actual manufacturing sector of the auto industry?

Senator Carr—Senator, I think this is where we are at some confusion. I think there is a general agreement that the training packages have to run across the whole industry. If a person works in a paint shop, in a car factory or in a panel-beating shop, there is a strong view that their qualification ought to be recognised across the whole industry. Hence you can go through a full list of apprenticeships in the industry. That is essentially the argument why it was necessary to rationalise the training package authorisation body together. The nature of the dispute goes to the question about who is represented on the body. Effectively, what you obviously have been getting is a briefing from one section, or one side of the dispute. There is a broader range of issues that are being canvassed.

Senator ABETZ—Thank you for that intervention, but no response at all as to out of the 31,500 apprenticeships in the auto sector, what is the division of those among the various disciplines?

Ms Dacey—Senator, the answer to your question is that there are 1,500 apprenticeships under the automotive training package, which is AUM08, and there are 30,000 under the retail, service and repair.

Senator ABETZ—Just so I get that, out of the 31,500 in very rough figures 1,500 are in what category?

Ms Dacey—Manufacturing.

Senator ABETZ—How many were in—

Ms Dacey—I think you heard me, Senator.

Senator ABETZ—Yes, but what is the category?

Ms Dacey—It just falls under each of the two training packages—the retail, service and repair training package.

Senator ABETZ—There are 30,000 under the retail, service and repair training. Can you see the disproportionate nature of putting the retail, service and repair training into the manufacturing slot which is not, with great respect, a synergy or a neat fit and that is why the automotive sector is still so concerned about this?

Mr Burmester—The point the minister was making was that in fact the occupations do span both of those sectors. It is not just where the apprentices have their initial training. The

skills and capabilities of the workforce do cross both the manufacturing side and the retail and repair side.

Senator ABETZ—Yes, of course they do, but you have 1,500 in the manufacturing sector and 30,000 in the automotive sector. One might just argue, fairly objectively I would have thought, that the balance of convenience might be in the other sector that deals with—

Senator Carr—I think you are missing the point here. The whole point of the modern training system—

Senator ABETZ—Can I finish or not?

Senator Carr—is to ensure that there is portability—

Senator ABETZ—No, I cannot.

Senator Carr—across the industry, not across one particular employer. So you cannot train people to work in the Ford factory; you have to ensure that they are able to be employed right across the sector. There is an interchangeability between whether they work in a panel shop in Coburg or whether they work at the Broadmeadows plant for Ford. The question is whether the credentials are going to be accepted across the industry. That is the point of the approach that is being taken. That is the synergy, as I understand is the jargon that is being used here.

The fundamental issue, though, is whether or not there are demarcation disputes occurring between the relevant trade organisations within the industry. Minister Gillard has made a decision in terms of the structure of this council. There is obviously an ongoing debate about that matter. I understand that Steve Bracks has accepted a request from Ms Gillard to facilitate a meeting to try to resolve these questions on 11 November. I look forward to there being progress arising from that meeting.

Senator ABETZ—Thank you. I was going to complain about the intervention of the minister, but he has injected some more information which I can ask about, and that is the Remembrance Day meeting that is scheduled. Why was it necessary to call that meeting?

Senator Carr—I have just explained that.

Senator ABETZ—Why was it necessary to call that meeting?

Ms Dacey—Senator, can I also add, just so that it is a quite clearly on the record, that, even though there are stakeholders who are opposed to the decision, there are internal differences of opinion within a number of organisations. So, even for those who are most obviously protesting publicly, we have their members coming and attending meetings and participating in the process.

Senator ABETZ—Ms Dacey, I do not think that is a very good area necessarily for the Public Service to go into; otherwise, I might ask whether there are differences of opinion within your department about this and I will ask the minister whether there are differences of opinion within the Labor Party caucus. I do not think that assists us at all. Where I do want to go is: why was it deemed necessary to call this meeting on Remembrance Day?

Mr Burmester—As I mentioned earlier, there is a process in place. Having made the decision that there will be one body to cover—

Senator ABETZ—Can you remind me when that decision was made?

Mr Burmester—I do not have the actual date of that decision.

Senator ABETZ—Month and year?

Ms Dacey—The original decision?

Senator ABETZ—Yes.

Ms Dacey—17 March.

Senator ABETZ—Which year?

Senator Carr—2009.

Mr Burmester—The breadth of the automotive industry but also the breadth of the manufacturing industry means that there needs to be a process by which various interests can ensure that their training concerns for their workforce are well accommodated within the government's new arrangements, and that is what we are working through now. That is not to deny that there are differences of views, but it is about how we accommodate those and ensure that the training packages that emerge from this process suit the manufacturing and the automotive industry in particular.

Senator ABETZ—Would you agree with the proposition that this sort of education and training is most successful when industry has confidence in it?

Mr Burmester—Yes, and that would be the intention of this process—to ensure that those people who will fall under the new body will have confidence that their interests are being met. I would go further than the minister did in saying that the synergies are not just within the automotive industry but also within the manufacturing sector. Workers will need to have the ability to move across industries within the sector. There is a great deal of commonality in many of the aspects of operating in the manufacturing industry that would translate from automotive to other construction or other manufacturing practices.

Senator ABETZ—As we have already agreed, out of the 31,500 apprenticeships only 1,500 are in the manufacturing sector and you have the other 30,000 in a different area. Is the proposition that this sort of training is most successful when industry has confidence in it one we would all agree with?

Senator Carr—You are missing the point. Your description of manufacturing is far too narrow. We are not talking about whether or not they are employed by specific companies.

Senator ABETZ—I have not mentioned specific companies.

Senator Carr—In the automotive industry there would be over 200,000 people who earn a living in the supply chain as well as the original equipment suppliers. It depends on your take on what constitutes the industry and how it relates to engineering more generally or other aspects of manufacturing services. What is being attempted here is a new approach. Obviously disputations have arisen between various trade organisations. What is being proposed is that a meeting be held on 11 November to see what common ground can be achieved and what is the way forward.

Senator ABETZ—The decision was taken without the important industry participants having agreed to it. The decision was taken in March and it is now October. So after more

than six months we still do not have industry sign-on to the extent that you need this peace meeting to be achieved by Premier Bracks.

Senator Carr—The AiG and the ACTU signed up to the proposal. There were a number of other organisations, including the VACC and the Motor Trades Association, which have maintained a position of criticism. There is an attempt being made to reconcile these issues. That is not an unreasonable proposition.

Senator ABETZ—You mentioned the AiG. Can you remind us how many members they have?

Senator Carr—What is AiG's membership across Australia?

Senator ABETZ—Yes.

Senator Carr—I would have thought you would have a better idea than me.

Senator ABETZ—Well, I do and I will offer it to you. It is some 6,000.

Senator Carr—Six thousand companies?

Senator ABETZ—The Australian Industry Group has 6,000 members overall.

Senator Carr—I do not think that is right.

Senator ABETZ—Well, 6,148 according to their declaration to the Australian Industrial Registry.

Senator Carr—Does that represent companies?

Senator ABETZ—No, members.

Senator Carr—I think you will find that the definition of a 'member' there is a bit broader than what you are interpreting.

Senator ABETZ—In that case, can you fix up the Australian Industrial Registry?

Ms Paul—That is what they would have said their members were.

Senator ABETZ—That is right—members. The Australian Chamber of Commerce and Industry, which does not support this move of course, only has about 350,000 businesses. Interestingly, in relation to training packages the Australian Industry Group was in receipt of government funding in excess of \$11.6 million, while the ACCI group, with many more members, received less than that \$11.6 million.

Senator Carr—Is that what this is about? You are defending ACCI against AiG? Is that what you are saying?

Senator ABETZ—No. It is just interesting to note the broad representative nature of the organisations involved. Clearly there is a lot of dispute about this and that is why this meeting was called on 11 November. At whose initiative was this meeting called?

Senator Carr—The minister has requested Mr Bracks to act in this way. Mr Bracks has considerable authority and reputation as a result of the Bracks review—a review that I recall you would have fully supported.

Senator ABETZ—In fact—if I recall the Bracks review—he was paid handsomely for that, from the Bracks review. He suggested we needed an autoambassador to be paid even more, and guess who got the job? Mr Bracks.

Senator Carr—Because of his immense knowledge and understanding of the industry.

Senator ABETZ—It is a great review, isn't it—to suggest the job that you then get and be paid a huge amount of money for it?

Senator Carr—It was a very good appointment, I might say.

Senator ABETZ—All that aside, can I get back to this meeting on 11 November. Who will be at it?

Ms Paul—That still has not been determined yet.

Senator ABETZ—So we are well down the track with that then!

Ms Paul—It may have been, but I am not sure.

Senator ABETZ—I can understand that you are not sure. But you said that it had not been determined yet.

Ms Paul—I said it may not have been determined.

Senator ABETZ—Sorry, I thought you said it had not been determined. Has it been determined?

Mr Burmester—No. The final list of invitees has not yet been finalised, but invitations will be going out very shortly.

Senator ABETZ—Just tell me that it is not the ACTU and the AIG that will be invited but that we will have some greater and broader representation.

Mr Burmester—Of course the intention is to include a broad range of interests in the meeting so that, as you said, the confidence in the arrangements can be secure.

Senator ABETZ—Would you also agree that for this sort of training to be successful you need industry to be actively involved and supportive of the decision-making processes?

Ms Paul—I think as Ms Dacey said quite well a lot of industry has decided to participate in the process so far but, clearly to the extent that there remains disputation, this meeting will hopefully break through some of that.

Senator ABETZ—If they do not participate, where would they get their workforce trained?

Ms Paul—They will get their workforce trained through the relevant training packages. I think one of the really important points that has been made here is there is quite a move across all training packages to try to create common modules, if you like.

Senator ABETZ—Is there an industry skills council for forestry?

Ms Dacey—Yes, there is.

Senator ABETZ—How many apprentices does that deal with?

Ms Dacey—I will need to have a look. I do not know if I have got that number here.

Senator ABETZ—Our information to date has been pretty similar. If I were to nominate the figure of 1,000, would I be far off the mark?

Ms Dacey—I do not have the Australian apprenticeship number for forest works coverage, I am sorry.

Senator ABETZ—Can you take that on notice?

Ms Dacey—Sure.

Senator ABETZ—If we have a separate industry skills council for 1,000, one wonders why one could not have a manufacturing sector—and I agree with that—that might deal with the 30,000 who—

Mr Burmester—The idea in establishing the various ISCs is to ensure there is a reasonable number and not a huge number of individual ISCs setting up and trying to get a common consistency level of standards across all training packages. So if that is the design we have adopted, then you go for the distinctness of the sectors that they cover. It could be that there will be some sectors that are relatively small because the workforces and the training that those workforces need are quite distinct from others. What we have said this evening is that in manufacturing there are synergies across the whole manufacturing sector, including those who happen to be working in the automotive industry.

Senator ABETZ—Including the services and retail sectors, and that is where—

Mr Burmester—Because a number of those occupations that work in both manufacturing and servicing of the automotive industry are in fact the same. The example given was panelbeating, but there are a number of others.

Senator ABETZ—How many panelbeating apprentices out of the—

Ms Dacey—I do not have that level.

Senator ABETZ—Could you give us a good breakdown of it all, because it would be interesting to see how many retail apprenticeships are in that 30,000 that we were discussing. If I could have a detailed breakdown of the 30,000, I would be very interested in that. In relation to manufacturing in Australia—and I am sure you would know this, Minister—where would you say the biggest sort of manufacturing base in Australia was, in which state?

Senator Carr—Victoria.

Senator ABETZ—Victoria?

Senator Carr—I would have to reconsider that because it depends on which aspect. It would be Victoria or New South Wales.

Senator ABETZ—What do you mean ‘which aspect’? Manufacturing is right across the board. We do not need to divide manufacturing, we were just told; that is why we have got this MSA. So which state would you nominate, Minister?

Senator Carr—I would have to check on the figures, but it is either Victoria or New South Wales.

Senator ABETZ—I would nominate your home state and I am astounded that the minister for industry does not know that.

Senator Carr—I just want to check the latest figures, that is all.

Senator ABETZ—I am wondering why the MSA would be housed in Sydney as opposed to Melbourne. Do we have a reason or rationale for that?

Ms Dacey—Why the MSA is in Sydney? I think that is just historically where it was based.

Senator ABETZ—Sorry? When was the MSA started?

Ms Dacey—The ISCs have been around for some time.

Senator ABETZ—No, when was the MSA started? Was it 17 March?

Ms Dacey—No. The MSA existed before 17 March. It was the Industry Skills Council that existed before that decision. So that is just where they happened to be.

Senator ABETZ—So the basis of where it is—

Ms Dacey—They have offices in several places besides Sydney. I cannot tell you where. If you want me to take it on notice, I can.

Senator ABETZ—If you could tell me on notice where they are, that would be very helpful.

Ms Dacey—Sure. Would it also help if I gave you a bit of information about what is going on and what progress is happening?

Senator ABETZ—With great respect, I can hear the ‘version’—I will be polite—from the government’s side, but I have heard it very loud and clear from the actual players in the sector. If you want to give me a podded version on notice in written form, that would be great. I will leave it at that, given the time constraints.

Ms Dacey—Sure.

Senator ABETZ—I will take you up on your offer, but if you could do that on notice in writing, I would be much obliged.

Ms Dacey—Certainly.

Senator MASON—I want to go to overseas students. I know the committee is currently inquiring into the welfare of overseas students, but I have a couple of questions relating to the Commonwealth’s actions thus far. Has the government at any stage demanded from the states an explanation as to why so many colleges keep closing, why so many colleges are not compliant and why action was not taken sooner to fix the problems relating to dodgy providers? Have the states offered any explanation for their appalling efforts in relation to regulations relating to overseas students?

Mr Walters—If I could perhaps answer without endorsing any of the judgements that were contained in that series of questions—

Senator MASON—It is a widely held view, Mr Walters.

Mr Walters—We have regular dialogue with the states. About two years ago, a joint committee on international education was established in recognition of the growth of international education and the fact that that was bringing forward a number of issues. Through that means and through regular dialogue with the states, we do keep up a dialogue with them on regulatory issues. Most recently, there has been a lot of intensive dialogue and,

as you know, the Deputy Prime Minister has introduced a bill into the parliament—which I think is due to be debated in the Senate shortly—which will require all providers to be reregistered by the end of 2010, assuming that the senators feel it right to pass that bill.

There has been a great deal of debate on the subject. I think the bill itself and a number of the issues that you alluded to have also been canvassed in an inquiry which has been mounted under Senator Humphries's chairmanship on this very issue just recently.

Senator MASON—Mr Walters, you say there were negotiations and consultation over some time. Were you aware that so many colleges were not compliant?

Mr Walters—The issue here is that there are a large number of private colleges. A number of them have been subject to various different processes. Of course we have been aware of those processes. We are part of the regulatory system and we maintain a regular dialogue with the states on that issue, as we have done for a number of years. I remember dealing with these issues a number of years ago under a different government. There has been compliance activity and dialogue with the states on the matter over a number of years. I better not go any further. It is not a new issue and there has been dialogue over a number of years.

Senator MASON—I accept what you say. Were you aware that these colleges were not compliant?

Mr Walters—Which colleges are those, Senator?

Senator MASON—The ones that have shown to be non-compliant. When did you become aware of the fact that—

Mr Walters—Where colleges have been shown to be non-compliant, yes, we have been aware of that.

Senator MASON—What did you do then?

Mr Walters—We have taken action where they have been found to be non-compliant.

Senator MASON—Is the monitoring done by the states?

Mr Walters—There is a shared responsibility framework under the ESOS legislation, which was last reviewed in 2005. The code of practice under it which forms the basis of the monitoring was last revised in 2007. That divides responsibility between the states. To simplify that, the states are responsible for the quality of provision and basically the Commonwealth is responsible for aspects of the legislation which deal with compliance with the migration legislation and consumer protection of the students.

Sometimes when issues are raised the states have to investigate the quality issues and we have to investigate other issues. We deal with those on a shared basis. I remember giving evidence to the Senate inquiry on this issue a few weeks ago and I saw myself quoted in the report of that inquiry on this very point. I made the point that we try to collaborate on common-sense basis and deal with the issues as they arise.

Senator MASON—Consumer protection is a Commonwealth responsibility, and that has been a very big issue in recent times.

Mr Walters—It has been an issue over a number of years.

Senator MASON—It is worse, surely, than—

Mr Walters—Certainly cases have arisen recently, yes.

Senator MASON—Indeed. You are satisfied that your regulatory response has been sufficiently good, Mr Walters?

Mr Walters—We do our best, as always, but in—

Senator MASON—But is it good enough, Mr Walters?

Mr Walters—I leave it to senators to be the judge. I will say that there has been an inquiry on these issues recently in connection with the bill and a separate inquiry has been established under Bruce Baird, a former minister, and that is due to report early in the new year on the efficacy of the act and the way in which it is enforced.

Senator MASON—Indeed. It is a serious business this. It is one of Australia's largest export industries. When the legislation is not administered sufficiently well it can cost billions of dollars, Mr Walters. That is why the parliament is very interested in these questions.

Mr Walters—That is doubtless why an inquiry has been established under Mr Baird. We are looking forward to receiving the results of that in the new year.

Senator MASON—That is why this parliament is very concerned to ensure that the executive is administering the act appropriately.

Mr Walters—Quite right, Senator.

Senator MASON—Do you know if there are any prosecutions being pursued by the states in relation to the failure of these colleges? Do you know what regulatory action the states are taking?

Mr Walters—There has been a lot of regulatory action. It is worth making the point that 'prosecutions' refers to criminal prosecutions. That might be possible under state legislation regulating the providers. It might be possible under the migration legislation which DIAC is responsible for administering. Then, in certain circumstances, it might be possible under the Commonwealth legislation. At any given time the states might be pursuing issues under their legislation and we would not necessarily be aware, because of the confidentiality that surrounds criminal matters, whether they are actually pursuing a criminal prosecution or not.

Senator MASON—But have any criminal prosecutions been undertaken in the last couple of years? It is a public fact that they have been undertaken—

Mr Walters—We would have to ask the states and get back to you.

Senator MASON—You do not monitor that?

Mr Walters—I do not have that information handy.

Senator MASON—But you do monitor it?

Mr Walters—I am sorry?

Senator MASON—I am assuming you monitor it.

Mr Walters—We do not necessarily monitor what the states do.

Senator MASON—You do not?

Mr Walters—No. It is not our responsibility. Obviously we liaise with them where Commonwealth responsibilities are concerned.

Senator MASON—I understand that. I am just surprised.

Mr Walters—We are not in the business of monitoring what the states do as such.

Senator MASON—I am just surprised you do not do it as part of a broader oversight.

Mr Walters—It is possible that Mr Baird will conclude in his review whether the respective responsibilities are right at the moment.

Senator MASON—No, it is not respective responsibility. It is whether, in order to undertake your responsibilities, you might want to know what the states are up to.

Mr Walters—We certainly know what the states are up to.

Senator MASON—You just said you do not.

Mr Walters—I said we do where it relates to our responsibilities, Senator.

Senator MASON—You have not necessarily been undertaking the responsibilities very well, Mr Walters. That is why I am asking these questions. Perhaps you might want to look at what the states are doing so you can undertake your responsibilities a little bit better.

Mr Walters—I think it is a good issue, and doubtless Mr Baird will read *Hansard*. We will make sure he does.

Senator MASON—That is why the parliament is asking these questions. The parliament is not necessarily very happy with the performance thus far.

Mr Burmester—I think you need to understand that where a state regulator takes actions to deregister an organisation they are obliged to tell us. Whether that then continued into a criminal investigation or prosecution we would not necessarily have an interest. Having been informed that they had been deregistered or had their licence to offer courses withdrawn, we would have satisfied our regulatory requirements on notification from the states. It is not necessary that a criminal prosecution would have any further impact on our requirements.

Senator MASON—But it certainly would with regard to what you are saying in terms of deregistration of particular colleges.

Mr Burmester—The states are obliged to inform us of actions taken to deregister.

Senator MASON—In recent years there have been about 20 colleges collapse and thousands of students displaced; is that right?

Mr Walters—You said ‘in recent years’. I can give you the figures for this year if you give me a second.

Senator MASON—Give me the last two years.

Mr Walters—I do not think we have them for the last two years. We have got them, if you give me a moment, for this year.

Senator MASON—Take it on notice.

Mr Walters—If you want to keep on asking questions we will find it in just a second.

Senator MASON—In terms of audits of colleges, it is right, is it not, that the states undertake audits of these colleges to ensure they are compliant and viable?

Mr Walters—The basic regulation of education providers is done by the states in respect of the quality of the education provided. They register and audit providers. In respect of overseas students then there is an overlay through the Education Services for Overseas Students Act and the Commonwealth then gets involved. That basically involves a layer of consumer protection and also makes sure that the colleges comply with the requirements that they have under the migration legislation and provides a link to that.

Senator MASON—Are the Commonwealth and states both auditing—the states with respect to quality and the Commonwealth with respect to consumer protection?

Mr Walters—Yes, and sometimes it also involves DIAC if they are looking at migration issues too.

Senator MASON—Who are the audits undertaken by? Are they undertaken by the department, by government instrumentalities—state or federal—or by private firms?

Mr Walters—Normally the activity as far as the Commonwealth is concerned will be undertaken by the department.

Senator MASON—In terms of state responsibilities, who would be doing the auditing?

Mr Walters—In the state it will depend on which state instrumentality has the responsibility for regulating education providers.

Senator MASON—Would it always be a state instrumentality or could it be a private firm?

Mr Walters—I do not believe it would normally be a private firm. I have not heard of such circumstances. That depends on the state legislation. If in some respects they might have devolved responsibility or hired out for help—for example, for professional legal advice—then that could certainly be the case.

Ms Paul—We have not heard of it.

Senator MASON—I am just asking; I am not suggesting it is incorrect. In relation to the Commonwealth's responsibilities for these colleges with respect to consumer protection, has the green light been given by the Commonwealth government with respect to consumer protection to any of those colleges that have collapsed in the last few years?

Mr Walters—When you say the green light, at some stage, to operate, those colleges would have been registered by the state government and then registered by the Commonwealth. Until this year the Commonwealth, provided certain financial requirements are met, has taken the state recommendations and placed them straight on the register. If the Senate passes the legislation currently before it, that situation will change and two extra requirements will be introduced which the Commonwealth minister will need to be satisfied with before putting them on the register. So historically, yes, they would have been given a green light by the state government and then by the Commonwealth.

Senator MASON—That is where Commonwealth responsibility comes in and that could be the failure of the regulatory processes then.

Mr Walters—I think that that is for your judgement. This is an issue which has been canvassed recently before the Senate inquiry and we have given evidence on that issue. We also have Mr Baird appointed to pass judgement on this very issue.

Senator MASON—That is where the rubber hits the road of course. While overseas students have been the big story in relation to these private providers, I assume—I do not know this; I was not part of the committee—that domestic students have also been attending these colleges in some cases. Have any domestic students been displaced as a result of the failure of these colleges?

Mr Walters—I think that would have been the case in some cases but probably not very many.

Senator MASON—Do we have any idea how many?

Mr Walters—I think we would have to take that on notice.

Senator MASON—All right. In terms of the number of international students, given that in the three months to 30 June student visa approvals from India were 17,237 and in the three months to 30 September they were 6,804, that is a drop of more than 60 per cent in that period. Has the government seen a drop-off in student visa approvals from all countries or is it simply India given the particular issues relating to that market?

Mr Walters—You would have to ask the department of immigration for information about visa approvals. I can tell you that student enrolments from India to the end of August were up 19.3 per cent on the year before. Sorry, I beg your pardon; 37.3 per cent.

Senator MASON—Sure, but how about in the most recent three months? Sorry, you are talking about student—

Mr Walters—To the end of August for the 12 months, Indian student enrolments were up 37.3 per cent.

Senator MASON—If the figures I am quoting with respect to visas are correct, we will not know whether student enrolments per se have dropped until later, will we?

Mr Walters—Correct.

Ms Paul—That is right, and we will particularly know at the beginning of the next academic year.

Senator MASON—If that is right—I am told that is right—it does not look good, but it is too early.

Ms Paul—It is. So while the news on enrolments currently appears to be good—

Senator MASON—No, I accept that.

Ms Paul—the testing time will be the start of the new academic year.

Senator MASON—Fair enough. Does the government expect a drop-off in the numbers of international students given tougher migration rules and also, quite frankly, the stronger Australian dollar?

Ms Paul—I think it is hard to call. There are a lot of countervailing forces. When you look at our statistics it looks like the Indian issue—and this goes a bit to your previous point—is an

Indian issue. So we are not seeing a flow on; we are not seeing a knock-on effect in enrolments. But, yes, the things you name could have an impact. At the same time, enrolments in education here have been steadily increasing year on year on year on year on year on year to the point where, yes, it is now Australia's third largest export industry at more than \$14 billion a year. So we have been pleased to date, but we do look towards the academic year's data to see the impact of this year's Indian issues.

Senator MASON—I accept that it is too early. I remember you giving evidence, Ms Paul—

CHAIR—Senator Mason, unless you are just about to wrap up—

Senator MASON—I am very close. Ms Paul, it was interesting the evidence you gave a while ago that in fact despite the global financial crisis this has not led to a drop-off in international students.

Ms Paul—No, that is right.

Senator MASON—Even in domestic students undertaking graduate work.

Ms Paul—You would expect domestic students to go up in a downturn. Education completions go up. But we have been very interested in the fact that international enrolments have held up.

Mr Walters—Senator, I can answer your earlier question. In 2009 we have seen 12 provider closures—I would use that word rather than collapses—involving 1,739 overseas students.

Senator MASON—How many closures were there again?

Mr Walters—Twelve.

Senator MASON—Finally—and thanks, Chair, for your indulgence—are there any plans in place to protect this sector against a potential downturn in international student numbers in relation to India? India seems to be the issue. I know these figures are preliminary in relation to visas, but it does give some indication that there might be an issue. Are there any particular policy responses in train to deal with that?

Mr Walters—As Ms Paul mentioned, India is a part of the market and an important one with just under 20 per cent of the students. But it is also worth noting that at the end of August Chinese students were up 18.7 per cent, Malaysian students were up 10.1 per cent, Thai students were up 19.9 per cent and the overall market was up 20.3 per cent. So we are still seeing fairly substantial growth across all markets.

Senator MASON—But we are dealing with the Indian issue specifically as well, aren't we? I think we are.

Ms Paul—Yes, Senator.

Senator MASON—Didn't the Deputy Prime Minister go to India?

Ms Paul—That is right. So we have republished some of our information particularly targeting Indian students, and there is a lot work being done to offer better information earlier in India right through to the type of welcome and so on once Indian students, or indeed others, are in Australia. But there has been quite a lot of targeted work which I suppose in a way is

aimed straight at consumer protection—better information, more transparent information and earlier information.

Senator MASON—Thank you, Ms Paul. Mr Chairman, I have just two more issues not now but after the break in relation to higher education.

CHAIR—That is all the questioning for international education the committee has.

Senator CASH—Sorry, but I have some for international education.

CHAIR—Okay. We will resume after the dinner break still with international education.

Proceedings suspended from 6.37 pm to 7.30 pm

CHAIR—I call the committee to order.

Senator MASON—Thanks, Mr Chair. Minister, Ms Paul and officers: to facilitate both the minister's wishes and that of the committee, I will not be asking any further questions on higher education because we have not got the time and the employment part of this portfolio has I think two hours of questions later this evening. It is a pity, because I actually wanted to ask about equity in higher education. We had a fascinating discussion last time about that and we discussed policy issues related to that. However, we might do that next time. So I will yield to Senator Cash, but just flag that next time I will be asking questions in relation to that.

Ms Paul—Thank you for doing that.

Senator CASH—Thank you, Senator Mason, I do appreciate it as well. If we could continue on international education providers, since November 2007 how many CRICOS accredited providers of education have closed down?

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

Senator CASH—Do you have any figures in relation to the number of CRICOS accredited providers who have closed down since that time? Is there anything you can provide us with tonight?

Mr Walters—There are the numbers that we gave just before the dinner break for 2009. Would you like us to give those again?

Senator CASH—Would you, please. Thank you.

Ms Chaudhury—There were 12 providers in 2009, with 1,739 students.

Senator CASH—If you could take on notice to provide the figures since November 2007.

Ms Chaudhury—November 2007.

Senator CASH—Thank you very much. Could you also take on notice to provide a list of all of these providers since November 2007, who are CRICOS accredited and have closed down, on a month-by-month basis, their closure date and the reason for their closure. How many providers offering education to overseas students have not had the appropriate accreditation?

Mr Walters—We can only think of one case recently where it was drawn to our attention that there was a provider which appeared to have set up an operation outside the state in which it was registered.

Senator CASH—I am about to pursue that further. That would be Maewill English College that you are referring to.

Mr Walters—Correct.

Senator CASH—So you are only aware of the one at this particular point in time. Ms Chaudhury, I believe you answered the questions that I asked in the inquiry into the welfare of international students. I have received some answers to the questions that were put on notice which I would like to explore further with you.

Ms Chaudhury—Yes.

Senator CASH—In relation to my question on notice, I would like to establish a time line of events that actually took place. I asked, ‘When did the department first take action in relation to Maewill?’ and the answer I was given was, ‘The department commenced its preparations to investigate this provider immediately upon receipt of information on 31 July 2009.’ I understand what you are saying in terms of ‘commenced preparations’, but can you take me through what exactly you did do on that date?

Ms Chaudhury—When we receive information on a provider, often what we have to do is actually check up on the information.

Senator CASH—So verify the information.

Ms Chaudhury—Verify the information and so on. That is a process that we have to go through. We have to consider if there are other sources of information. We also have to consider whether or not the information and the sources who are providing the information are sufficiently strong for us to go in with a warrant or seek the information voluntarily or use a production notice. So we had to do all those considerations and at the end of that we issued a production notice.

Senator CASH—How long did that take?

Ms Chaudhury—Approximately four weeks.

Senator CASH—So the whole of the month of August?

Ms Chaudhury—Not the whole of the month of August. About the third week of August.

Senator CASH—So that was basically to go through the process of verifying that the information that you had received in relation to the Maewill English College was sufficient to take action on and you determined that it was?

Ms Chaudhury—Yes, sufficient to seek further verification.

Senator CASH—I also asked had the department had any discussions with the minister’s office in relation to this particular college? The answer I was given was, ‘The minister’s office is informed of departmental actions involving registered providers when appropriate.’ Can we turn specifically to this particular case. When was the minister’s office actually notified by the department?

Mr Walters—We would have to take that on notice.

Senator CASH—Was the minister’s office notified by the department?

Mr Walters—We certainly would have told them at some point in the proceedings. At any given moment there are quite a lot of issues going on, as you will imagine. So it is a question of when they are informed. We will take that on notice.

Senator CASH—Thank you very much. In that answer, what is meant by ‘when appropriate’?

Ms Chaudhury—In advising the minister’s office?

Senator CASH—Correct.

Ms Chaudhury—Essentially, if we receive anonymous advice that a college is doing something then it would not be appropriate for us to advise the minister’s office right away until we had actually verified it.

Mr Walters—It is a judgement call by us.

Ms Chaudhury—Yes.

Senator CASH—I appreciate that. Are you now able to update me as to the current status of action being undertaken further to part E of the question that I put on notice, which was, ‘And what is the status of the action being taken?’ The answer was, ‘The college—Maewill English College on the Gold Coast—was instructed to close and has done so. The possibility of further action is also under consideration. Alternative placements for the affected students are currently being arranged.’ Is there a further update on what is actually occurring?

Mr Walters—That is pretty much the situation as it stands.

Senator CASH—How are you going with finding alternative places? How many affected students are there?

Ms Chaudhury—Ninety-four.

Senator CASH—So all of these students no longer have places?

Ms Chaudhury—These students are being found places.

Senator CASH—Take me through the process of finding these particular students places.

Ms Chaudhury—It would be through our processes that we already have established, which would be working with our tuition assurance schemes and, failing that, the fund.

Mr Walters—It is also worth bearing in mind the provider is still registered in New South Wales. So they are perfectly able to offer places there.

Senator CASH—So that is a possibility, is it?, to move these students from Queensland down to New South Wales?

Mr Walters—It is one possibility.

Senator CASH—How many students have actually been found places?

Ms Chaudhury—To date I think there have been less than half a dozen who have been found—

Senator CASH—So approximately six students out of 94 have—

Ms Chaudhury—Or less.

Senator CASH—Or less?

Ms Chaudhury—Yes.

Senator CASH—Could you take on notice to provide me with the information on how many students have been found places. So what do the other students do in the meantime?

Mr Walters—I think, if they are on student visas, they will be able to work and they are probably continuing to do that while something is sorted out.

Senator CASH—On what date did the department contact the CRICOS registrar in Queensland in relation to this particular provider?

Mr Walters—The initial information came from Queensland on 31 July and further information was requested of them, which they then provided on 5 August.

Senator CASH—CRICOS provided the information?

Mr Walters—CRICOS is the computer system.

Senator CASH—Yes.

Mr Walters—So you are talking about the Queensland Department of Education and Training.

Senator CASH—Yes. They provided the information on 5 August.

Mr Walters—Yes.

Senator CASH—What was the information that they provided?

Mr Walters—I think we will have to take that on notice.

Senator CASH—Did the minister's office advise the department that the minister's office was aware of the lack of accreditation of Maewill?

Ms Chaudhury—I would have to take that on notice.

Senator CASH—In terms of Maewill's current status, has it been suspended or has its registration been cancelled outright?

Mr Walters—They never had a registration in Queensland.

Senator CASH—In Queensland.

Mr Walters—They are still registered in New South Wales and there are proceedings in relation to that, so I should not comment further.

Senator CASH—No, I appreciate that. Is the department aware of how many international students continued to pay fees to Maewill college during the period since the department was advised of the problem with the Queensland operation and the department taking action?

Ms Chaudhury—We are verifying that information.

Senator CASH—You are verifying that information, are you? Do you have an approximate figure as to how many students continued to pay fees to someone who was not registered or operating without accreditation?

Ms Chaudhury—In New South Wales there are about 197 students.

Senator CASH—And what about in Queensland?

Ms Chaudhury—Ninety-four.

Mr Walters—It is the 94 we referred to earlier.

Senator CASH—In terms of Maewill operating without accreditation in Queensland—and my understanding is that the directors of Maewill are the same for New South Wales and for Queensland—what are the implications for Maewill’s New South Wales campus?

Mr Walters—I just mentioned that there are proceedings in relation to that, so we would rather not comment further.

Senator CASH—That is fine. Let’s talk about it more generally then. If an operator had two campuses in two different states, one without accreditation and one with accreditation, and proceedings were in relation to the one without accreditation, what would occur, or what would be the implications for the state where it was operating lawfully?

Mr Walters—As I say, there are proceedings in relation to this case and, since it is a unique case, it is a bit difficult to speculate in the abstract.

Senator CASH—I do not believe that is true at all. I am just putting to you a proposition under the legislation. What is the answer?

Mr Walters—Under the legislation—

Ms Paul—Are you asking what action we might take, which we probably cannot answer, or are you asking—

Senator CASH—In relation to that example—

Ms Paul—what impact would it have on the state? I was not sure what you were asking.

Senator CASH—No, I am asking, in a general sense, if there is an operator who operates in two states, one state they have accreditation, one state they do not, and they are then being prosecuted in the state in which they do not have accreditation, what would the implications be, if any, for the operation in the state where they do have accreditation?

Ms Paul—I suspect we cannot answer that, because this case is unique.

Senator CASH—As long as there is not a cover-up in relation to the 94 students who are now without a place—

Ms Paul—No.

Senator CASH—because this shonky operation has closed.

Ms Paul—It is our request, because we have proceedings.

Senator CASH—In Victoria, since the state government announced increased audits and a list of providers who are at risk, how many providers have been suspended or their accreditation cancelled?

Mr Walters—I think we would have to take that on notice. What was your start date?

Senator CASH—Since the Victorian state government announced increased audits and a list of—

Mr Walters—We will have to check that date and then get the numbers.

Senator CASH—With the re-registration process, will state and territory bodies have to commit to a physical site visit for every single provider?

Mr Walters—No.

Senator CASH—What will the process be?

Mr Walters—We have been having discussions with the states—and I think this issue came up in fact in the proceedings on the bill in the House of Reps this week—about a risk managed process, so the details are still under consideration. But it certainly is not the case that it is considered that there should be an identical process in every case. That is still under discussion with the states, but it is intended that there should be a graduated process, depending on the degree of risk.

Senator CASH—In relation to the Maewill English College in Queensland, they have been suspended—sorry, I should not say they have been suspended. They have been told to close, and you say they have done so. So on that basis they are unable to continue teaching students?

Mr Walters—In Queensland.

Senator CASH—In Queensland, absolutely. The department has proof that they have done that?

Mr Walters—They have assured us that they have.

Senator CASH—What steps have been taken to actually ensure that that is true?

Mr Walters—We have got a letter from their lawyers. If we had any evidence to suggest that they were not complying then, obviously, if it were necessary to go up there and have a look, we would, but at the moment we have that assurance and we have got no reason to believe that it is not true.

Senator CASH—So you would hope that someone did not make a phone call and was told that they were still enrolling students. I will now turn to Sterling College in New South Wales, which I understand ceased operating at close of business on Tuesday, 28 July 2009.

Ms Chaudhury—Yes.

Senator CASH—You are aware of Sterling College?

Ms Chaudhury—Yes.

Senator CASH—My understanding is that Sterling College was a member of the Tuition Assurance Scheme operated by the Australian Council for Private Education and Training.

Ms Chaudhury—Yes.

Senator CASH—That is correct? Based on that, is it that ACPET was charged with attempting to place all international students from the failed Sterling College campus in a suitable alternative course at no extra expense to the student or students involved?

Ms Chaudhury—Yes.

Senator CASH—And how many students were involved with the closure of Sterling College?

Ms Chaudhury—In New South Wales?

Senator CASH—In New South Wales.

Ms Chaudhury—I will just give you the figure. I just have those numbers broken down. I will have to add them up for you, but I will have them for you—

Senator CASH—Thank you—I would appreciate that. If ACPET is unable to place a student, is that when the ESOS Assurance Fund then steps in and subsequently tries to place the student in a suitable alternative course?

Mr Walters—Yes.

Senator CASH—If that is unsuccessful, is that when the student or students involved may be eligible for a refund from the fund?

Mr Walters—Yes.

Ms Chaudhury—That is right.

Senator CASH—In terms of ‘suitable alternative course’, as it is defined under the legislation, what does that actually mean?

Ms Chaudhury—Some of the considerations for a suitable alternative course might be the cost of the course. They may also be the area where the student is or the qualification offered. All of those things may be taken into consideration. But I must say, though, that sometimes there are personal differences taken into account and ACPET or the fund manager will take those into consideration. So, if a student asks for specific considerations, those will be taken into account.

Senator CASH—Would a suitable alternative course equate to a course that is at least comparable, though, to the previous course in which the student was enrolled? You do not have to change courses as such—

Ms Chaudhury—That is right.

Senator CASH—and embark upon an entirely different course of study?

Ms Chaudhury—No.

Senator CASH—I understand that community welfare students studying at the New South Wales campus of Sterling College prior to the date of closure have been offered a place in the diploma of community welfare at the Australian Institute of Commerce and Language.

Ms Chaudhury—Some of them have.

Senator CASH—Do you know how many have?

Ms Chaudhury—I have it here. It is 178.

Senator CASH—So 178 out of the total of what?

Ms Chaudhury—There were 178, and another 81 who were offered courses elsewhere.

Senator CASH—Is that the total number of students?

Ms Chaudhury—That is the total for community welfare, yes.

Senator CASH—According to the information provided on the Australian Education International website, that offer was made to the community welfare students by the ESOS Assurance Fund?

Ms Chaudhury—Yes.

Senator CASH—So that stage of the process had kicked in?

Ms Chaudhury—Yes.

Senator CASH—On what date did the Australian Institute of Commerce and Language apply for registration for this course?

Ms Chaudhury—I would not have that handy. I would have to take that on notice.

Senator CASH—Are they registered?

Ms Chaudhury—Yes.

Senator CASH—Do you know when they actually got the registration?

Ms Chaudhury—They were an existing provider who added this course later on, so I would have to take on notice when they were registered.

Senator CASH—What would the implications be if they were not registered for providing this course and this course had been offered to the students by the ESOS Assurance Fund?

Mr Walters—They would not be able to enrol students unless they were registered.

Senator CASH—And if the department found out that they were not registered, what action would the department need to take?

Mr Walters—The department would consider all the options that it has available in respect of a situation where people enrol students and they are not registered to do so.

Ms Chaudhury—But the fund manager would check with us to see if the course is, or a provider is, registered.

Senator CASH—Where would you find out? Could I just go online and find out whether or not this particular provider can provide this course? Is there a website?

Ms Chaudhury—You can go into CRICOS.

Senator CASH—Yes.

Ms Chaudhury—Into the CRICOS site.

Senator CASH—And it will tell me if this provider can provide that particular course?

Ms Chaudhury—You can look for the provider and see what courses it provides.

Senator CASH—Does the department regularly go onto CRICOS and check to see that the providers are actually registered to provide the courses they say that they provide?

Ms Chaudhury—We register them on CRICOS.

Senator CASH—So a provider cannot suddenly start providing another course?

Ms Paul—We do the registration, so it is our entry on CRICOS.

Senator CASH—How long would an accreditation process normally take?

Mr Walters—There are two accreditation processes—well, there are more than two, but you have to get accredited as a provider and then you have to get your course accredited. Those are both done by the state government. That could take any amount of time, because the state government might go back with questions, queries and so on and so forth. Then it would come to us as a recommendation from the state government and then we have to make a couple of checks.

Ms Chaudhury—They would have to have tuition assurance coverage. We would do a few checks also and then they would also have paid the ESOS fund.

Mr Walters—Again, that might take a little bit of time, but it could be done quite quickly.

Senator CASH—I have in front of me an information sheet from the Australian Education International website, 'Information for former community welfare students of Sterling College Pty Ltd (NSW)'. Are you aware of this fact sheet?

Ms Chaudhury—Yes.

Senator CASH—Question 3:

I have received an offer for AICL, but I am concerned that AICL is not listed on the AIWCW website as an accredited provider.

The answer given is:

Please be advised that the Diploma of Community Welfare offered by—
this provider—

was registered last week and as such, the ... accreditation process is now underway. We have been advised that this process is being fast tracked to ensure that AICL will be recognised by AIWCW by the time you complete your studies.

Could you just take me through that?

Ms Chaudhury—That is a separate process.

Mr Evans—That accreditation process is one associated with the role of AIWCW as an assessing authority under the migration regulations. Essentially, what that does is allow AIWCW to provide an assessment of qualifications for the purposes of the DIAC points accreditation process. Like any assessing authority, they can stipulate which courses from which institutions they are prepared to consider appropriate for admittance into that professional association, quite separate from anything to do with CRICOS. That is a choice that is made by that organisation in relation to people applying for assessments under the migration regulations.

Senator CASH—If this particular accreditation is not got, will it impact in any way on the students who are actually starting this course?

Mr Evans—It would have no effect in relation to the qualification that they are receiving.

Senator CASH—What is the effect that it would have?

Mr Evans—If those international students had the intention of applying for permanent residency, it may have some implications about whether or not they would be able to get an appropriate certification from that assessing authority, but it has no bearing on anything to do with their education in Australia.

Senator CASH—In relation to these particular students, what is the total liability of the ESOS Assurance Fund if all of these students sought a refund rather than proceeding with an offer if they believed that it was not a suitable alternative course?

Mr Walters—We could take that on notice and give you an estimate, but of course that would depend on looking at what each student had paid and what they were owed.

Senator CASH—How long does the process take in total from when a college or provider closes down to when you have to make an election as to whether or not you ask for a payout under the fund?

Mr Walters—The Tuition Assurance Scheme is under an obligation to make an offer within 28 days and if they cannot do that then it passes to the fund. Then the fund generally moves pretty quickly. But I do not think we have a number to actually give you.

Senator CASH—I also have some questions on the fund itself. Is this the right time to do that?

Ms Chaudhury—Before you move on, you wanted the total number of students at Sterling, New South Wales?

Senator CASH—Thank you very much.

Ms Chaudhury—Six hundred and forty.

Senator CASH—So there are 640 students that are looking for places if the college closed down.

Ms Chaudhury—When that college closed, there were 640 students. Not all of them sought a place, though.

Mr Walters—Typically, some go and find their own places.

Senator CASH—So that option is available to them?

Mr Walters—Yes.

Senator CASH—If I have to find my own place, do I get any compensation for the college closing down?

Ms Chaudhury—No.

Senator CASH—That is just something that happens?

Ms Paul—This is just when people have elected to go and find their own.

Senator CASH—I just mean in terms of, 'It's not my fault that the college closed down.'

Ms Paul—That is right.

Senator CASH—What are the requirements on the tabling of the ESOS Assurance Fund's annual reports in parliament?

Ms Chaudhury—At the moment the ESOS Assurance Fund reports are not tabled in parliament.

Senator CASH—They do not have to be tabled in parliament?

Ms Chaudhury—No.

Senator CASH—Is that under section 80, ‘Financial accountability’, of the actual act?

Ms Chaudhury—Yes, I believe so. The fund accounts are put on the fund’s website.

Senator CASH—When was the 2007 report made public?

Ms Chaudhury—I would have to take that on notice.

Senator CASH—I am going to ask the same in relation to the 2008 report.

Ms Chaudhury—If you want the dates of when they were put on the website, I would have to take those on notice.

Senator CASH—Not a problem at all. The 2008 report is available, though?

Ms Chaudhury—I believe so.

Senator CASH—You might need to take these figures on notice as well. How many international students have been reimbursed from the ESOS Assurance Fund in the 2008-09 financial year?

Mr Walters—We can give you from 1 January 2008 to 30 June 2009.

Senator CASH—Thank you.

Mr Walters—It paid refunds to 889 students, totalling \$4,274,601.

Senator CASH—Can you do the comparison for the previous financial year or will you need to take that on notice?

Ms Chaudhury—The figure Mr Walters just gave you is 1 January 2008 to 30 June 2009, so it is an 18-month figure.

Senator CASH—Can you do a comparison for me?

Ms Chaudhury—I would have to take that on notice.

Senator CASH—That is fine. How much is remaining in the ESOS Assurance Fund as at 15 October 2009?

Mr Walters—We have the number for 30 June. It was \$3.4 million.

Senator CASH—If you look at the 2008 annual report—and yes, it is available—given the recent drop in net assets and calls on the fund in 2008, is the department concerned that the ESOS fund will actually run out of money, considering it only has \$3.4 million left in it?

Mr Walters—We do keep a close eye on it and it is an issue which I think will be before the review under Mr Baird.

Senator CASH—Is that a yes?

Mr Walters—Did you ask: are we concerned?

Senator CASH—Yes.

Mr Walters—I said we keep an eye on it and it is an issue for Mr Baird in his review.

Senator CASH—But in terms of there being \$3.4 million left and there are 640 students from Sterling College who have been displaced, if they were all to put claims in, would the \$3.4 million cover them?

Mr Walters—We would have to see. It is a hypothetical question, but we certainly—

Senator CASH—Is \$3.4 million sufficient for the number of claims?

Mr Walters—We would have to find out when we saw how many complaints there were. We do keep a close eye on it.

Ms Chaudhury—All students, following a closure, do not go to the fund.

Senator CASH—No, I completely understand that. I am just surprised that you paid out \$4,274,601 in one year and you only have \$3.4 million left and we already have two colleges that have closed down. It seems to be heading in a downward spiral. How many students have been placed with other education providers in the last financial year under ESOS?

Ms Chaudhury—Under the fund?

Senator CASH—Or by the fund.

Ms Chaudhury—In 2008-09? I will just get those figures.

Senator CASH—And I am going to ask how that compares with the previous financial year.

Mr Walters—We would have to take that on notice.

Senator CASH—Okay. Ms Chaudhury, you don't have those figures?

Ms Chaudhury—I will have to look and see. I should have the 2008-09 figures, but not for the previous financial year. It might be better if we take the whole thing on notice and then we can give you comparable figures.

Senator CASH—If a provider was not registered and there was a call on the ESOS Assurance Fund, would the fund still be required to refund money to overseas students?

Mr Walters—I think that is a hypothetical question. We would have to look at the circumstances at the time.

Senator CASH—How is it hypothetical? Under the act, you need to be a registered provider, so if you are not a registered provider and there was a call on the fund, what would happen?

Mr Walters—We have not got a circumstance where there is a non-registered provider.

Senator CASH—I am not asking you for a specific circumstance. I am asking you what would happen in that case?

Mr Walters—I think it is a hypothetical question.

Senator CASH—I do not really care what you think, Mr Walters. I am asking the question.

Senator Carr—Whoa! That is being petty.

Senator CASH—No. I am asking the questions, Minister.

Senator Carr—You might be asking the questions—

Senator CASH—There is a serious problem here.

Senator Carr—but you will not be getting an answer with that sort of behaviour.

Senator CASH—And Mr Walters seems to like evading everything and taking it on notice. That is completely inappropriate.

CHAIR—Senator Cash, that is not a fair description of what is happening. Questions are taken on notice because the officers either need to check the details or to make sure that the answers are complete.

Senator CASH—The officers know, with all due respect, Chair, that they come to estimates as public servants here, to provide answers to the Senate committee.

Senator Carr—Read the standing orders, Senator. You have been here long enough to read the standing orders.

CHAIR—The officers have been answering, I think, very responsively where they can. There have not been many instances where that has been challenged, and certainly on occasion it was most inappropriate anyway. But the officers are not required to actually talk about hypotheticals. If you want to talk about why it is not a hypothetical, I am happy for you to have that discussion, but it ought to be a proper—

Senator CASH—Unfortunately, due to time, Chair, I have a number of questions to get through. I will continue moving on.

CHAIR—All right. The question is being taken on notice, if it can be.

Senator CASH—Can the department explain the process for calculating a provider's overseas student income?

Mr Walters—We do not do that on a provider-by-provider basis. The Australian Bureau of Statistics publish figures for their estimates of export earnings from international students and you would need to ask them about their methodology.

Senator CASH—How is a provider's ESOS Assurance Fund premium calculated?

Ms Chaudhury—The assurance fund premium is calculated based on a proportion of their income and that is something that they would provide to the fund manager.

Senator CASH—A proportion of their income based on the number of students that—

Ms Chaudhury—It is what they have earned. That would be something that the fund manager would calculate.

Senator CASH—In relation to the company Totally Indigo Hair and Beauty College, my understanding is that they were registered to offer places to 26 overseas students. However, my understanding is—unless you correct this figure—they in fact enrolled 56 students. On what basis would they have paid their ESOS Assurance Fund premium: on the 26 that were lawfully enrolled, or on the 56?

Ms Chaudhury—It would be on the basis of their income. So the ESOS fund manager would actually be paying the fund on the basis of their income rather than—

Senator CASH—But they would be receiving income from the 56 students.

Ms Chaudhury—Yes.

Senator CASH—Even though they were only registered to offer places to 26—

Ms Chaudhury—Yes, that is right.

Senator CASH—they would still actually pay on the basis of the 56?

Ms Chaudhury—They would actually be paying on the basis of their income.

Senator CASH—Is legal action able to be taken against a provider who overestimates their expected earnings?

Ms Chaudhury—Overestimates their expected earnings?

Senator CASH—Underestimates their expected earnings. Sorry, I am looking at my next question.

Ms Chaudhury—We have not come across that before but—

Senator CASH—Really, it is in relation to Totally Indigo Hair and Beauty College. If they are registered to place or to have places for 26—you can see what my question is?

Ms Chaudhury—Yes. What happens is that when the state registration authority registers a provider they put a number on their capacity for international students.

Senator CASH—So, for example, for Totally Indigo Hair and Beauty College it was 26?

Ms Chaudhury—Yes, 26.

Senator CASH—Okay.

Ms Chaudhury—If they had 57 students—

Senator CASH—They had 57, did they?

Ms Chaudhury—That is the number you were—

Senator CASH—Fifty-six, I had.

Ms Chaudhury—Fifty-six, sorry. They would be reporting an earning to the fund manager to do a calculation and that would be based on total earnings. So they would not be distinguishing between a number.

Mr Burmester—Recently we have instituted a process by which providers cannot overenrol. The number of confirmations of enrolments that they issue are now provided in real time to the state regulators, so there is a limit and they have to live within their limit.

Senator CASH—If you could apply that to, say, Totally Indigo Hair and Beauty College, under the new system they would have only been able to—

Mr Burmester—They would not be able to issue any further confirmation of enrolments, and therefore further visas would not be issued for students coming to that college. We have now tightened up that requirement and that means that the situation you are describing will not happen again.

Senator CASH—Was it as a result of what happened with Totally Indigo Hair and Beauty College that those steps were taken?

Mr Burmester—I do not think it was Totally Indigo Hair and Beauty College.

Mr Walters—No. It has been under discussion for quite some time. The issue was that the states imposed a limit on the number of enrolments. The computer system CRICOS is operated by the Commonwealth, and so the issue was how the states could enforce that through the Commonwealth. So, earlier this year, in discussion with the states—since we at

that time did not have the power to enforce the state limitation which the new bill going through parliament would give us—we instead came up with a system where the states could push a button on our system and enforce the limit on enrolments. So they can now do that.

Senator CASH—You are aware, obviously, of Totally Indigo Hair and Beauty College. In relation to this provider, it is my understanding that, as at 20 August 2009, a provider default occurred and they were not a member of the Tuition Assurance Scheme.

Ms Chaudhury—That is right.

Senator CASH—How was that breach actually uncovered?

Ms Chaudhury—The provider default occurred because the provider closed down. As far as I can recall on this one, they had been a member of the Tuition Assurance Scheme but had lost their membership recently.

Senator CASH—Yes.

Ms Chaudhury—And soon afterwards they closed.

Senator CASH—How does the department then find out about this, though? Is it on the PRISMS site?

Ms Chaudhury—Whether they lose their tuition assurance membership?

Senator CASH—Yes.

Ms Chaudhury—We would be advised by the Tuition Assurance Scheme or by the fund manager.

Senator CASH—How do you find out about the provider default? That is separate to losing their tuition assurance?

Ms Chaudhury—‘Provider default’ is defined in the act and happens in certain circumstances. One of those is when a provider ceases to provide a course.

Senator CASH—How does the department find out about that?

Ms Chaudhury—We would either find out from the state registering body, or we might know about it ourselves.

Senator CASH—How would you know about it yourselves?

Ms Chaudhury—The provider default might be in relation to some sanction that we had put in place.

Mr Walters—Sometimes it is just a matter of normal commercial failure; thinking of going into administration and so on. So we might hear from the administrators, or by any other means.

Senator CASH—So there are a number of ways that the department might be made aware that a provider is closing down.

Ms Chaudhury—That is right.

Senator CASH—Are all international students recorded on the PRISMS IT system?

Ms Chaudhury—Yes.

Mr Walters—If they are on a student visa?

Ms Chaudhury—Yes.

Mr Walters—I say that because some of the ones who do English language courses—quite a substantial part of that sector—are not on student visas.

Senator CASH—So they have to be on the student visa. Where you have the provider Totally Indigo Hair and Beauty College, that has exceeded the permitted number of students enrolled—so 26 versus 56—I can understand now about the Tuition Assurance Scheme, but what students are actually listed on the PRISMS system—the 26 or the 56?

Ms Chaudhury—The bigger number.

Mr Walters—The bigger number. That is for the reason that I just gave: that until recently the provider could continue recruiting. But, because of the button we have now given the states to press, they would no longer be able to create what is called a confirmation of enrolment, and that effectively means they are not able to enrol another student.

Senator CASH—Thank you. I was now going to turn to productivity places.

CHAIR—I think Senator Humphries has got some international student questions.

Senator BACK—Vocational education and training are mine.

Senator CASH—Can I just ask two very quick questions on VET, then I will defer to Senator Back and then I will do productivity places. Does that assist?

CHAIR—We have finished with international students. Thank you.

Senator CASH—Yes, sorry, we have finished. Thank you very much. Has the department been made aware of any VET providers having difficulty applying for VET FEE-HELP?

Ms White—I look after VET FEE-HELP. We have a number of representations from providers who are either in our assessment process or who cannot meet the criteria for VET FEE-HELP and may not have yet applied.

Senator CASH—So there are a number of them, are there?

Ms White—We get some ministerials and we have a help desk—for want of a better term—where providers can come forward with queries. We get a number of inquiries to that help number.

Senator CASH—There is one particular case that I would like to raise with you. It is in Dubbo and it is the Advanced Massage College of Australia. Are you aware of that particular case?

Ms White—I am.

Senator CASH—My understanding is that they are having difficulties in accessing the VET FEE-HELP and that they have brought this to both the department's and the minister's attention. Could you just take me through where you are at with this particular VET provider?

Ms White—The applications lodged for VET FEE-HELP are lodged in confidence but, given you have the name of the provider, I am assuming I can answer the questions.

Senator CASH—I understand that they applied for VET funding on 13 May 2009.

Ms White—I do not have that detail in front of me, but certainly they have been in the process for some months. I have personally spoken to the CEO of the organisation in the last couple of weeks. On their difficulties that they have raised with me, I have sent them a letter, as the delegate, requesting further information in relation to their application. This is part of the legislative process. I cannot remember all the details in that letter. There were quite a number of matters. But the main issue of concern from the proprietor is around not being able to get a credit transfer agreement for a diploma course that he runs.

Mr Burmester—There are a number of criteria which a provider would need to meet to access and as they go through each of those gates the department offers advice and assistance to help them reach those gateways. In this case, obviously there is one criterion that they have not adequately met—or maybe some others—and until they do so we are not in a position to give them access to FEE-HELP.

Senator CASH—One of the issues that they raise in the letter to Ms Gillard is that it has been brought to this particular provider's attention that the Australian Institute of Holistic Medicine based in Perth has been granted VET FEE-HELP funding based on exactly the same criteria as presented by their college in their application for VET FEE-HELP.

Ms White—The provider is referring to the criteria around the credit transfer arrangements, Senator Cash. The college in Perth has a valid credit transfer agreement endorsed by a higher education provider that has been assessed by the department to be compliant with the requirements of the act, and the credit transfer part of their application would have been approved on that basis. The organisation in Dubbo has sought to get that same agreement from at least the university in the local area but on my advice has also approached several other higher education providers, I understand, and has been unable to have a higher education provider endorse that same level of credit transfer for the course he is delivering.

Senator CASH—So the claim in the letter that it was based on exactly the same criteria is wrong?

Ms White—The course is the same course, but it is up to a higher education provider to make a decision on whether that particular provider and course meet their articulation criteria for entry to that higher education provider.

Senator CASH—What does the department do in these cases? Do you assist the people? Do you point them in the right direction?

Ms White—Providers often misunderstand and think they have to have their credit transfer agreement with a university. It can actually be any higher education provider. There are a range of those and it is up to the provider to prove eligibility to us under the act. I certainly had my staff search the higher education provider database for any bachelor courses that looked like they may be remotely similar to the course he was delivering and sent those names off to the proprietor, who I believe has contacted a range of organisations.

Senator CASH—Thank you very much. I now have questions on the productivity places and the Tuition Assurance Scheme. I would prefer to go to productivity places, if that is at all possible.

CHAIR—Yes, you go wherever you want to.

Senator CASH—I am going to refer back to the Totally Indigo case, which you would have heard me referring to with the previous witnesses. In their case, when they have had their CRICOS registration revoked, would they still be allowed to offer the Productivity Places Program for domestic students?

Ms Dacey—I need to take this on notice to check for you, but the name is ringing a bell with me, so I think they were a PPP provider.

Senator CASH—Yes, they were. They are on the website as being one, yes.

Ms Dacey—But you would be aware that we have ceased mainstream delivery of PPP from the Australian government.

Mr Burmester—In a theoretical sense a domestic provider could well meet all the domestic requirements, but when it came to meeting the tuition assurance requirements they may well not be able to secure those and so they would not be able to be eligible for international students.

Senator CASH—I suppose the question is more that they are breaching their obligations in relation to the international students. How would you then assess whether or not they were a fit and proper person to offer the PPP? How would that be done?

Ms Dacey—The way the process works for PPP is that registration happens by the state registration bodies and so we basically work off, ‘Have they crossed all of those benchmarks?’ and then we offer them a contract. In our contract we have certain obligations that we place on them, including giving us regular access to data so that we can do monitoring, onsite visits et cetera. So it is almost an overlay for the program specific, on top of all of that baseline regulation.

Senator CASH—Okay. What proportion of productivity places are offered by TAFEs?

Ms Dacey—Delivered by TAFEs?

Senator CASH—Delivered by TAFEs.

Ms Dacey—Till 30 June, we delivered about two per cent for the mainstream job seeker. That number has gone up, or we expect it to go up, under state delivery though.

Senator CASH—How many providers have ceased offering these places?

Ms Dacey—The way it worked was that we had about 844 RTOs on contract for our delivery. The states and territories have now assumed mainstream delivery, so they have run their own procurement processes and I do not have a number for how many the states have contracted with. I can only give you specific data about the Commonwealth’s contracts.

Senator CASH—Could you do that?

Ms Dacey—The figure is 844 RTOs.

Senator CASH—How many of these providers ceased offering the PPP as a result of losing their accreditation?

Ms Dacey—I will have to take that on notice, but fewer than two or three.

Senator CASH—Yes. Take it on notice and let me know.

Ms Dacey—Sure.

Senator CASH—You may have to take all of these on notice, actually. How many job seekers have enrolled in the Productivity Places Program since its commencement?

Ms Dacey—I can certainly give you the number for the Australian government. To 9 October it is 113,128. What I can also tell you about state and territory delivery is that there are about 35,000 places out there but they are a mix of job seeker and existing worker.

Senator CASH—In terms of your responsibilities, how many job seekers commenced within the six-week time frame?

Ms Dacey—I will have to take it on notice, but there is a provision that if you have not started, effectively, in nine weeks, the places get put back into the pool and reallocated.

Senator CASH—Please take that on notice and let me know. How many job seekers completed their courses?

Ms Dacey—61,754.

Senator CASH—How many gained employment as a result?

Ms Dacey—The number that recorded an employment outcome, which is recorded at 13 weeks, is 9,135.

Mr Burmester—In interpreting that data, however, you have to realise that there are some participants who will be continuing in the courses, and those figures are only for those who have completed. There are a number of students obviously who would be continuing courses who do not appear in the completions or the employment data.

Ms Dacey—I actually have that number. There are 31,610 still in training.

Senator CASH—Okay. I am going to have to put a number of these questions on notice because I do know that Senator Back has a series of questions in relation to this. Jumping now to state issues, the states are now required to submit monthly reports on their progress. When did that commence?

Ms Dacey—Basically, when they started delivering.

Senator CASH—Which was supposed to be from 1 January 2009?

Ms Dacey—The national partnership agreement was not signed till February and it was never going to happen before the NP was signed. We were continuing to deliver until 30 June and the idea was that the states would progressively assume responsibility so that there was a phased transition from one to the other.

Senator CASH—Are all the states providing the reports on time?

Ms Dacey—They are progress reports and we are still working with them to try and get the right data. On time? Yes, we get regular reporting from them.

Senator CASH—But whether or not they are actually—

Ms Dacey—On date? No.

Senator CASH—Okay. Who collates the results at your end?

Ms Dacey—We do. There are three tiers of reporting. There are the monthly progress reports, and that data is audited, so we collate that and we note trends and barriers and

achievements. Then there are six-monthly reports, which are more detailed again and which we use to track against the targets. There has only been one of those and that was on 31 July. Then there are the annual reports, in which we do the financial reconciliation; we net off against the targets in the NP. So those are the rigorous audited data that we will use for the report of the program on an annual basis.

Senator CASH—Could you take on notice for me what information is collected and when this will be made public. Is it possible for the committee to have a copy of the reports for each state and territory since the reporting began? I am interested, though, in what action will be taken when a state is seen to be performing badly. Are you able to tell me that now?

Ms Dacey—We will need to make a decision. The targets in the NP are over the life of the program. They have notional targets per year and we will make a decision when we get the first financial reports, which are due on 31 January next year. That will be the first point at which we have audited data that we can compare the targets with.

Senator CASH—Has all funding for the Productivity Places Program been committed for 2009?

Ms Dacey—No. There is actual expenditure, which we have obviously pushed out the door. We make monthly payments to the states and territories and we are also continuing to deliver a small number of places ourselves. It is tracking well, though.

Senator CASH—I note that the Roger Training Academy has been exposed as offering bogus qualifications in security.

Ms Dacey—That is correct.

Senator CASH—Has the department undertaken any measures to ensure that no other productivity place providers are involved in similar scams?

Ms Dacey—Yes. We have a monitoring and operational assessment program, we have a risk management framework and we are conducting reviews on a variety of RTOs.

Senator CASH—Before I defer to Senator Back on this same issue, I have a number of questions which I will now place on notice. The Leer Institute, which operated in Queensland and Victoria, has apparently had five departmental audits and was scheduled to have one by an external auditor—before it collapsed, as reported in the *Age* newspaper.

Ms Dacey—That is correct.

Senator CASH—This provider claims to have been waiting months to be paid and believes she is owed approximately \$250,000. What is the status of that particular provider?

Ms Dacey—I think as of yesterday that RTO has gone into liquidation; they are in the hands of liquidators. We found irregularities in the paperwork. We withheld payments because we were not satisfied that the activity was happening.

Senator CASH—So her claim that she is owed money is true. However, you would dispute that and say you are withholding the money.

Ms Dacey—Yes. We were trying to get an external auditor to come in, check the books and then we would have had a resolution.

Senator CASH—Okay. I have a number of other questions, but I do know Senator Back has questions on this particular issue.

CHAIR—Senator Back.

Senator BACK—Thank you, Senator. Thank you, Chairman.

CHAIR—You know you have got till 8.45?

Senator BACK—I do not know that I do, Chairman. Your colleague on your right is shaking his head at me.

Senator CASH—I need five minutes more.

CHAIR—Yes, all right.

Senator BACK—With regard to the Productivity Places Program, that is 711,000 jobs over a five-year period, I think?

Ms Dacey—711,000 training places consisting of 319,000 job seekers and 392,000 existing workers.

Senator BACK—392,000 for current workers. I think I read that one of the key objectives is ensuring training is more responsive to the needs of business and participants.

Ms Dacey—Yes.

Senator BACK—Can you give me a quick summary of the skill areas that the training has been or is focused on.

Ms Dacey—The way the areas were determined was through what is called a priority occupations list. That list was based on an internal survey and on data from the department about where there had been months of difficulty filling vacancies. It was also done through consultation with our industry skills councils because they have good knowledge of where there are skills gaps in the economy, and when Skills Australia were up and running they validated the methodology around the priority occupations list.

Senator BACK—Can you give me an indication as to how you feel, from industry's point of view, the program has been running since its inception.

Ms Dacey—The feedback I have had through ministerials et cetera is that there is a huge demand and a huge appetite for the training.

Senator BACK—Can I quote a couple of comments that I have received recently. The Minerals Council of Australia training spokesman in Victoria was saying that the government's 'education revolution' was failing the resources sector. He said the PPP is:

... poorly targeted, poorly implemented and there is a marked mismatch between the needs of industry and the rollout of the program.

Is that feedback that has come to you?

Ms Dacey—I think almost within 24 hours of that comment we had a response from one of the industry skills councils saying the program is hitting its target.

Senator BACK—I am pleased to hear that. The Australian Mines and Metals Association spokesman was saying there are 'better target areas', such as Queensland and the north-west

of WA, and that there are inefficiencies caused by Canberra handing administration to the states. She said:

We're supportive of the initiative, however we think it could be targeted more effectively ... The consequences are significant, particularly for industries such as oil and gas and mining ...

Do you have a response to that?

Ms Dacey—I think that the whole rationale behind handing the places to the states was that they would have a greater capacity to tailor the program to meet the individual needs of their particular local jurisdiction. So, having handed the places over to, say, Western Australia or Queensland, they would be engaged in that dialogue with those stakeholders.

Senator BACK—I will only go to one more. The Master Builders Association CEO said: ... the construction industry also had strong concerns about the \$2.1bn program, first raised early last year but not yet addressed.

“From a building industry point of view, the concern we had was that it allowed for courses that weren't relevant to the industry ... and did not have a strong onsite component,” he said.

Would you care to comment on that criticism?

Mr Burmester—You should also bear in mind that the PPP programs or places are only part of the training effort, and the inclusion of those in the administration of the places by the states was to ensure that the total training effort in a state was directed towards the needs of the state economies. Quite often the notion is that PPPs are the only training available when in fact they are a very small component of the total training effort in any particular state.

Senator BACK—So I guess the question really becomes, on reflection: at this early stage in a five-year program—what is it, \$2.1 billion over the time?—do you regard it as a time, yet, to review it and see that the focus is in fact going to deliver what you hope it will?

Ms Dacey—It is worth noting that that priority occupation list remains open to change, particularly now that the program has gone to states and territories. We would receive one or maybe two requests a week from jurisdictions asking: ‘Can we add this? Can we shape that?’ So that is an ongoing process, particularly now that that transition has happened. In terms of your broader question, the national partnership agreement provides for a midpoint review which is to be completed by no later than June next year and we are just about to start discussions with the states and territories on lessons learned; what we should do going forward.

Senator BACK—Can you tell me then if there is any relationship between the PPP and the recently announced National Resource Sector Employment Taskforce? Is there any link between the two or are they totally separate programs?

Mr Burmester—The task force was announced to coordinate and review the adequacy of training available to the resources sector over the coming years. It does not have places or training funds available as such, but it will draw on and work with the states to ensure that the training efforts of states adequately meet the likely expected demand for the resource sector. In Western Australia they have quite an advanced state-based, workforce-planning approach to the resource sector. There will be state representatives on the task force; there will be direct

consultation and involvement with the resource companies themselves to ensure that we can position the state training effort to meet those future demands.

Senator BACK—I think it was early September that it was announced and then in early October Minister Arbib made a few more comments. Are the terms of reference yet announced and made public?

Mr Burmester—They have not been made public. Mr Gary Gray has been announced as the chair of the task force. The first meeting of that is getting scheduled at the moment and it is appropriate that the task force review the terms of reference before they are finalised and made public. So that work is under way, to ensure the task force can meet soon and get on with its work.

Senator BACK—Perhaps for economy of time you could take this on notice: I would be interested to know the composition of the task force and obviously those terms of reference when they are to hand. Can you advise us yet what budget allocation, if at all, there is for the conduct of the task force itself and where those funds will come from?

Mr Burmester—As I said, there are no specific program funds associated with the task force, but the operations of the task force, the costs of undertaking its work, will be sourced from this department.

Senator BACK—Can you tell me: what is the objective? How many positions do you think will be necessary in this resources skills area? Do you have a figure?

Mr Burmester—We do not have a figure at this stage, but we have started making appointments to particular jobs to get the background work under way. Once the task force itself has decided its priorities and work plan, we will be in a position to staff it appropriately and undertake the research that will be necessary.

Senator BACK—Do you envisage there being private equity participation in achieving the goals of this task force?

Mr Burmester—I am not sure—

Senator BACK—Will it be government conducted or will it actually also be partially private sector managed?

Mr Burmester—The task force will be an advisory body to make recommendations about—

Senator BACK—I guess I am really referring to the delivery of the training program once the task force has identified its needs.

Mr Burmester—That could well be the case. In fact, companies already undertake a large amount of training of their own volition. What the task force can do is coordinate the state delivery or training efforts in the states and make sure they complement those of the companies and that we have a skilled workforce ready for the projects as they come on stream.

Senator BACK—My own assessment, having read and listened and interacted with the leaders of a lot of these organisations, is that we could be possibly looking at 70,000 or 80,000 to 100,000 skilled employees being necessary. Gorgon alone will require 10,000,

building up to that. Is that the sort of figure that you also have in mind and where do you believe we are going to get that sort of level of skilled task force from?

Mr Burmester—That is the point and the purpose of the task force: to do the planning and analysis of the requirements of these.

Senator BACK—Yes.

Mr Burmester—It will always be an uncertain figure, because the timing of the individual projects—when they come on stream—will vary and, of course, if they overlap that has greater consequences than if they are sequenced in some sort of way.

Senator BACK—Yes.

Mr Burmester—So it will be a difficult task. But I can tell you now that one of the terms of reference is that they have to look towards the likely demands and the timing of those demands. That is a fundamental requirement of the task force.

Senator BACK—Can you give me something of the history of the inducement for people to move from the eastern states to Western Australia? Has that been a practice during our last economic activity and would you predict what sort of stimulus might you put into place to encourage people to move perhaps from areas of higher unemployment to where there is going to be an employment demand?

Mr Burmester—That could well be some of the consideration that the task force comes to. There has been, and there continues to be, in the resource sector a great deal of labour mobility to the sites, but also fly-in, fly-out arrangements, which means that the actual location of some of the skilled workers is not always necessarily close to the site. So that will be part of the analysis that we expect the task force to consider.

Senator BACK—Can I then turn to at least partially sourcing this through either a temporary labour force or immigration. I understand there is a review under way which you are participating in with visa and Immigration. Is that correct?

Mr Burmester—I think the minister for immigration has indicated that he is looking at the arrangements for the migration program and that there will be some consultation involved in that over the coming months, but it is really a matter for the department of immigration.

Senator BACK—Is it possible to seek the provision of the terms of reference—which, I assume from your answer, have not yet been formulated—when they are available?

Mr Burmester—I do not know where they are up to in that process. I know it is under way and it has been announced, but where exactly they are up to—

CHAIR—Senator Back, I am going to have to ask you to wind up.

Senator BACK—Chairman, I have just concluded my last question.

CHAIR—You are fantastic. You are the best behaved senator on this committee.

Senator BACK—That might not be a compliment, coming from you, Chair.

CHAIR—It is.

Senator BACK—No, that might not be a compliment.

Senator CASH—I have, very briefly, some questions—

Senator BACK—I could be in trouble with Senator Humphries, as a result.

Senator CASH—on the Tuition Assurance Scheme. Under what circumstances does a provider receive an exemption from the Tuition Assurance Scheme?

Ms White—I can talk about tuition assurance schemes in relation to VET FEE-HELP. Is that what you were wanting?

Senator CASH—It is under the ESOS Act.

Ms Paul—No, we have finished international—

Senator CASH—That is fine. I can put the questions on notice then. Senator Back, would you like the last five minutes?

Senator BACK—I shall defer to Senator Humphries.

Senator HUMPHRIES—I have no questions, so we will have an early—

CHAIR—If you have got a couple more, go for it, but we are finishing at quarter to anyway.

Senator Carr—We are all done, are we?

Ms Paul—I have got something just before we finish.

CHAIR—Yes, Ms Paul.

Ms Paul—Are questions finished? I just wanted to say something just before the end. I would only need a minute.

CHAIR—Yes, we are finished.

Ms Paul—Could I just pay tribute to the appearances of Rod Manns over the last 12 years. Rod is just behind us over here. This is Mr Manns's last estimates before he retires. He retires at the end of the year. Mr Manns, many of you might remember—certainly the minister will—has been appearing before this committee for, we think—

Senator CARR—A very long time.

Ms Paul—about 12 years.

Senator Carr—He taught me a great deal.

Ms Paul—I think it is absolutely fair to say he was always very informative, very thorough and very respectful with his evidence before this committee, and I would just like to pay tribute to Mr Manns on the record.

CHAIR—Yes. Thank you, Ms Paul.

Senator Carr—I concur with that. There was a predecessor of Mr Manns, a man by the name of Des Fooks, who introduced me to Mr Manns's work over many years. I am not certain this was entirely understood at the time. Mr Manns was always incredibly well informed. He has provided this committee with enormous service and served many governments and it is fitting that the committee pay tribute to his expertise. I think it is one of the ironies of our remuneration system that we lose people so young!

Senator BACK—He is not in your electorate. You don't need his vote!

Senator Carr—I probably had that some time ago.

Senator BACK—I hope Hansard got that!

CHAIR—On behalf of the committee: I have only been doing this for seven years, so for a lot less time than Mr Manns, but I do remember you. I have questioned you and I hope I have never offended you—of course, most of that time was as an opposition senator, so I may well have done! But I do recall your evidence was always to the point and I think, from memory, you nearly always satisfied me. But the minister was a much harder taskmaster.

Senator Carr—I definitely insulted him!

CHAIR—So, thank you—and I have appreciated your evidence much more being in government than I did in opposition! Thank you.

Senator HUMPHRIES—I endorse those comments, obviously, on behalf of the coalition members of the committee.

CHAIR—Thank you, Ms Paul and your officers, for your attendance at the estimates today.

Proceedings suspended from 8.43 pm to 8.57 pm

CHAIR—Welcome back. We are now on outcome 5. I do not need to ask if you have got any statements you want to make, do I, Mr Kovacic?

Mr Kovacic—Not at this stage.

CHAIR—Thank you. Senator Cash.

Senator CASH—Thank you very much, Chair. If I could commence with the General Employee Entitlements and Redundancy Scheme, which I shall refer to as GEERS. Can you provide an overview of how the scheme has been operating since 1 July this year?

Mr Hart—When you ask about the operation, are you talking about how we have met our key performance indicators in terms of the portfolio budget statements?

Senator CASH—Yes, please.

Mr Hart—As you are aware, there are three key performance indicators. One is the timeliness of processing GEERS claims, that 90 per cent are processed within 16 weeks of receipt. In the quarter from 1 July 2009 to 30 September 2009, 90.19 per cent of claims have been processed within 16 weeks. There is also a KPI that 98 per cent are processed within four weeks of verified entitlement data. During that same period, 99.59 per cent have been processed within the four weeks. And there is also accuracy of processing GEERS claims, that over 98 per cent of payments are not varied after appeal. In the same period the result has been 99.82 per cent.

Senator CASH—Thank you very much for that. With trends, in relation to employees accessing the scheme, has there been an increase in claims made?

Mr Hart—For that quarter or comparing financial years?

Senator CASH—Comparing financial years, please.

Mr Hart—I can give you the number of GEERS claims received for the last three completed financial years.

Senator CASH—Thank you very much.

Mr Hart—In 2006-07 it was 9,488.

Senator CASH—Yes.

Mr Hart—In 2007-08 it was 9,954. In 2008-09 it was 15,753.

Senator CASH—Wow! 15,753. From what sectors have these claims originated?

Mr Hart—I would have to take that question on notice.

Senator CASH—Thank you. Would you know whether or not there are particular sectors where the rate of employee applications is high or unusual in terms of the 15,753?

Mr Hart—I would have to take that on notice as well.

Senator CASH—Okay. You may have to take this one on notice as well: in terms of the nature of the entitlements claimed by employees, are there any particular trends in what they are actually claiming?

Mr Hart—In terms of?

Senator CASH—In terms of the criteria under the legislation, are they claiming outstanding annual leave entitlements or—

Mr Hart—I could not give you a breakdown of what proportion of those claimants have claimed each entitlement. Each claimant is able to claim for up to three months wages. So you are aware of all those sorts of—

Senator CASH—Yes.

Mr Hart—I cannot give you the breakdown. I would have to take that on notice.

Senator CASH—Yes, if you could take it on notice and provide it to me.

Mr Hart—Yes.

Senator CASH—Thank you very much. With reporting mechanisms, with respect to other Commonwealth agencies—for example, if you see a trend developing in, say, increasing claims in the motor vehicle sales sector—do you notify anyone else of your observations? Is there a notification obligation with other Commonwealth agencies?

Mr Hart—Not specifically with other agencies, but certainly within our jobs group within the department. There is obviously intelligence that might come through our area or their area about expected insolvencies and we will tend to share information with that area.

Senator CASH—Okay.

Mr Hart—And that area does tend to share information with the Department of Innovation, Industry, Science and Research.

Senator CASH—How does the department ascertain when the scheme might be required? For example, at the last estimates hearing, evidence was given that sometimes representatives from the scheme attend meetings with liquidators, employees et cetera. Is that still the same? Are there any other ways that you might ascertain that the scheme is required?

Mr Hart—The primary mechanism is through the insolvency practitioners who are at the centre of the insolvency event. But obviously we gain our intelligence about what is

happening possibly through other areas in the department, through media. Sometimes the insolvency practitioners will contact us directly and say that there might be an opportunity or a need for us to be represented at meetings with staff.

Senator CASH—In terms of the employees of ABC Learning, at the last estimates hearing evidence was given that there was an increase in funding to the scheme to deal with the potential claims of ABC Learning. I understand that there was an additional \$50 million allocated, with \$17.5 million of that being moved to this financial year. Can you provide information about what the scheme has done for employees of ABC Learning?

Mr Hart—I can advise that we have advanced GEERS assistance to 835 employees from ABC Learning to the total of \$2.235 million. Of that \$2.235 million, \$405,634 has been since 1 July 2009.

Senator CASH—Is it expected that the balance of the \$17.5 million that was set aside for the ABC Learning staff will be spent this financial year?

Mr Hart—GEERS is a demand driven scheme, as you know.

Senator CASH—Absolutely.

Mr Hart—It will depend on employees of ABC Learning, if and when they are made redundant in their positions—

Senator CASH—In terms of the department's predictions, do you believe it will be accessed?

Mr Hart—I cannot tell you for sure whether all of the \$17.5 million will be accessed, but we are expecting further claims and we do have further claims that we are currently processing.

Senator CASH—Does the department project forward in terms of the number of claims it believes may be made? For example, what is the expectation for general access to the scheme in, say, the coming three quarters? Do you anticipate an increase in claims—maintaining, decreasing?

Mr Hart—Again, because of the demand driven nature of the scheme, it is quite difficult to predict the future trends with the scheme and it depends on the number of insolvencies, the size of those businesses in terms of the number of claimants, whether those claimants have outstanding entitlements, the extent of those entitlements and what is covered under their industrial instrument in terms of the extent to which the scheme would come into play. So the expected trend is quite difficult to forecast forward.

Senator CASH—Do you do any forecasting forward? Is that something that you do as a department?

Mr Kovacic—It is just really impossible because of the demand driven nature of—

Senator CASH—Yes, that is what I was saying. You actually do not do the forecasting forward?

Mr Kovacic—We just cannot, because there are so many variables here. It is really impossible to do that. For some time we have been seeing whether we can get some methodology, but thus far it has been without success.

Senator CASH—Thank you very much, Mr Kovacic. That is all I have in relation to GEERS. If I could very briefly turn to the Protected Action Ballots Scheme. Thank you, Mr Maynard. At the last estimates I questioned the department about the increased funding under this scheme and whether that represented a view that there was an expectation of an increased number of ballots to take place in the future. The answer I received was that there was no expectation of an increase in protected action ballots. Is this still the view of the department?

Mr Maynard—Yes.

Senator CASH—Thank you.

Mr Maynard—The evidence to date would suggest that we are tracking the same as we did for the previous year. There have been 46 claims—

Senator CASH—Could you just hold on for one moment, because you might actually start answering a whole lot of questions that I do have. I do apologise.

Mr Maynard—I will stop volunteering.

Senator CASH—You will muck up my schedule! How many protected action ballots have taken place since 1 July?

Mr Maynard—Forty-six.

Senator CASH—Thank you very much. How does this compare for the corresponding period in 2008?

Mr Maynard—Forty-one. So we have seen an increase of five, which is very small.

Mr Kovacic—It is worth noting in that regard that the number of protected action ballots or the nature of bargaining is cyclical.

Mr Kovacic—It is worth noting in that regard that the number of protected action ballots or the nature of bargaining is cyclical. Quite often, depending on the number of agreements that you will have expiring in a particular period, that of itself may mean that there is a greater scope for bargaining and may manifest itself in the number of protected action ballots.

Senator CASH—Thank you. What is the average cost per ballot?

Mr Maynard—The average for the September quarter has been \$2,122.

Senator CASH—What factors determine the cost of a ballot?

Mr Maynard—The factors would include the number of individuals that were participating in the ballot and, presumably, also the remoteness of the ballot or the methodology being used.

Senator CASH—Is there a document that sets out what the factors are that you would be able to cost a ballot against?

Mr Maynard—That might best be referred to the Australian Electoral Commission, who manage that and provide us with the invoices.

Senator CASH—I appreciate that. Thank you very much. In terms of costs, do the Australian Electoral Commission, for want of a better term, charge the department to run the ballot?

Mr Maynard—Yes, they do.

Senator CASH—Is it 100 per cent of the cost?

Mr Maynard—Yes.

Mr Kovacic—Under the legislation, the Commonwealth meets the entire cost of the ballot where the Electoral Commission conducts the ballot. Where a different ballot agent is chosen by the parties—

Senator CASH—Then they actually—

Mr Kovacic—That is correct, yes.

Senator CASH—And the department does not bear any cost in relation to that other agency?

Mr Kovacic—No.

Mr Maynard—Correct.

Senator CASH—Has the cost per ballot increased since 1 July this year?

Mr Maynard—No, I do not think it has. I would have to take that on notice to confirm it, but the figures I have before me suggest otherwise.

Senator CASH—I would appreciate that, if you could take it on notice and provide the correct figures. Thank you very much.

Mr Maynard—Certainly.

Senator CASH—Is the department still of the view that the \$1.6 million allocated for this scheme in the budget will be sufficient?

Mr Maynard—Yes.

Senator CASH—From the information available to you, what trend is occurring with respect to the numbers of protected action ballots since 1 July this year?

Mr Maynard—As Mr Kovacic said, it fluctuates according to the number of bargains that are occurring at any one point in time. We do see variation from quarter to quarter and I am not sure that I could provide a meaningful trend.

Senator CASH—Are you able to tell me how many ballots occurred in July 2009?

Mr Maynard—No, I have not got it by the month, but I could take that on notice.

Senator CASH—Would you, please—and then August 2009?

Mr Maynard—Yes.

Senator CASH—September 2009.

Mr Maynard—Yes.

Senator CASH—And perhaps to today's date, in relation to October. Is it possible to ascertain that information?

Mr Maynard—We will seek the advice from the AEC.

Senator CASH—I appreciate that. Thank you very much. They are all the questions I have in relation to that area.

Mr Maynard—Thank you.

Senator CASH—I am now going to, very briefly, turn finally to the Fair Work Education and Information campaign.

Mr Maynard—How can I help, Senator?

Senator CASH—Thank you very much. Can you detail how this program to date has been delivering?

Mr Maynard—To date it has been delivering very well. You would be aware that 19 organisations have been provided with grants of \$12.9 million to provide education services around Australia to employers, employees and any interested party. The grants are providing in excess of 2,300 seminars free to the public. To date we have had over 360 events held free. That includes face-to-face seminars, individual discussions in workplaces, and also webinars—

Senator CASH—Webinars?

Mr Maynard—which is a web seminar—and the provision of online material, notably a service for small business provided by the Council of Small Business Organisations of Australia which provides both static and graphic material and shortly will also be available through multiple languages to better communicate the information about the fair work system.

Mr Kovacic—If I may add: I met with one of the providers last Friday, the Australian Industry Group, and the feedback from their officials was that the seminars were being very well received by people who were attending, that they were well attended and that the material that was being provided was assisting people to understand the new workplace relations system.

Senator CASH—Can a person get a copy of the material from the department's website? Is that something that is available?

Mr Maynard—Yes. All of the material that is being used in these sessions is freely available on the website. If you just bear with me, it is—

Senator CASH—www.

Mr Maynard—Yes, www.deewr.gov.au/workplacerelations/newworkplacerelationslaws.

Senator CASH—Thank you very much. You may have answered this question. At the last estimates hearing the list of successful tenderers to conduct the campaign was yet to be determined. This clearly has now taken place. Were there the 19 organisations that you said had been successful, or were there more than that?

Mr Maynard—There are 19 organisations that have been successful, yes.

Senator CASH—Are you able to list who those organisations are?

Mr Maynard—Yes. If you bear with me, I can read through the 19.

Senator CASH—Thank you very much.

Mr Maynard—The ACT Chamber of Commerce, the Aged and Community Services Australia, Australian Mines and Minerals Association, the Australian Chambers Alliance, the Australian Council of Trade Unions, the Australian Hotels Association, Australian Human Resources Institute, Australian Industry Group, Australian Retailers Association, Australian Road Transport Industrial Organisation, Council of Small Business Organisations of Australia, JobWatch, Master Builders Association, Master Grocers Association, National Farmers Federation, National Retail Association, Recruitment and Consulting Services Australia Ltd, Restaurant and Catering Australia and the Victorian Automobile Chamber of Commerce.

Senator, could I correct a piece of evidence I gave just a little while ago: there have in fact been 945 free events seminars being conducted by these 19—

Senator CASH—You said 360. You are saying it is 945.

Mr Maynard—Yes, I read the incorrect number. It is 945.

Senator CASH—That is out of a total projected of more than 2,300.

Mr Maynard—That is correct: 945 to date; 2,300 the total.

Mr Kovacic—We anticipate the activities under the program will continue through until early 2010.

Senator CASH—In terms of the 945 information sessions that have been conducted to date, are you able to break that figure down on a per state basis and on a per organisation basis? I am obviously happy for you to take that on notice.

Mr Maynard—I think we will take that one on notice.

Senator CASH—Thank you very much. In terms of the medium, you have already outlined that, so thank you very much. At the last estimates hearing it was indicated that the focus of the information sessions was initially to be on the Small Business Fair Dismissal Code and collective bargaining. The evidence given was that these were just the initial areas of interest and that the department was considering other areas. Have those other areas now been determined and, if so, what is the focus of those areas?

Mr Maynard—There are a variety of modules and a variety of topics that are being promoted through the seminars: the overview of the Fair Work Act; collective bargaining framework; unfair dismissal from the perspective of employees; unfair dismissal from the perspective of employers; Small Business Fair Dismissal Code; an overview of Fair Work Australia; an overview of the Fair Work Ombudsman; compliance with the Fair Work Act from the employer perspective; and compliance with the Fair Work Act from the employee perspective.

Senator CASH—Those areas are the focus of the current seminars?

Mr Maynard—Correct.

Senator CASH—Thank you very much. In terms of deciding what the focus should be, how was that process gone through? Who actually decided what topics would be discussed at a particular time and on what basis was the decision made?

Mr Kovacic—It clearly reflected the commencement of the operation of the Fair Work Act and the key elements of that act. As you would be aware, the remaining components of the act—which are the safety net, the National Employment Standards and the modern awards—commence on 1 January. So immediately it was determined to focus on those areas that came into operation on 1 July to assist both employers and employees understand their rights and obligations under the legislation.

Senator CASH—Did you consult with employer groups, employees and industry groups in relation to the information that they required from you at a particular point in time?

Mr Maynard—Yes. As part of the tender process the material that was produced was provided to selected tenderers for comment and we refined the material based on that feedback prior to it being provided in its final form and for their use.

Senator CASH—Who were those selected tenderers?

Mr Maynard—The 19 names that I previously read out.

Senator CASH—Thank you. Going back to the information that is provided on the website which you referred to, that I would be able to download if I wanted it, is that the same information that is handed out at the seminars?

Mr Maynard—That is the basis of the information that is provided. It is customised according to the industry they are focusing on.

Senator CASH—So it can be personalised?

Mr Maynard—Yes, but not significantly changed. They would need to, as part of their grant funding arrangement, get our agreement to make any substantial change to the material. But, yes, it would be put into an appropriate context for the audience that they are delivering to.

Senator CASH—When you say that they would need to get the department's agreement to make a substantial change, does that mean that they can make what might be considered an insubstantial change freely and without the department's authorisation?

Mr Maynard—Yes. Reformatting and making it relevant to the hoteliers, retailers, restaurateurs or whatever else, making references to specific awards or agreements and the like.

Mr Kovacic—The intention that underpins that sort of approach is really to ensure consistency of the information that is provided to participants at the seminars so that you are not getting diverse messages going out. Clearly there is a need to accommodate the particular industry specificities or unique features, but by and large the intention of the approach is to ensure consistency of message.

Senator CASH—We will call them personalised materials. Does the department have copies of those personalised materials, if you have to actually give the authorisation that they can be personalised?

Mr Maynard—Where they seek our agreement and we provide our agreement, yes, we maintain copies of that material and our contract managers continue to have close working

relationships with each of the providers to ensure that the quality of the material provided is consistent with the funding agreement.

Senator CASH—Are you able to provide the committee with a copy of all of the personalised material?

Mr Maynard—Could I start by just checking one fact. I am advised that it is a substantial amount of information.

Senator CASH—I will put on notice the type of information that I require, if that assists you.

Mr Maynard—I think that would be best; otherwise we might—

Senator CASH—Absolutely, provide me with reams and reams.

Mr Maynard—Yes.

Senator CASH—I do appreciate that. In terms of the money allocated to this program—\$12.9 million I believe it was—how much has actually been spent to date?

Mr Maynard—The first round of payments have been made to all providers and we have funded them \$5,911,981.

Senator CASH—What time frames have the information providers indicated that they will be able to complete the program within?

Mr Maynard—At this point we have a list of the seminars that are currently scheduled and they go through until March next year.

Senator CASH—Is that the completion of the program or there will be further programs after that?

Mr Maynard—In announcing the successful grant recipients, the Deputy Prime Minister foreshadowed the potential for a second round. That would be something that has yet to be announced, as to when—

Mr Kovacic—Any further rounds of the program is still a matter for government consideration.

Senator CASH—Thank you very much. Is it expected that additional moneys will need to be allocated—the answer will be yes—should there be a need for future information sessions if the \$12.9 million is spent? Additional moneys would need to flow. Has the department been measuring effectiveness of the information campaign and, if so, how?

Mr Maynard—We require regular feedback reports from the 19 organisations providing advice on activities that they are undertaking and we are monitoring their performance through that mechanism, and any other feedback mechanisms that we can identify, including the occasional mystery shopper.

Senator CASH—That was Mr Kovacic the other day, wasn't it? In terms of the results you have determined so far, how effective has the program been to date? At the last estimates hearing, evidence was given citing hits on websites as an example of a way of monitoring the effectiveness of something. Have you been provided with data as to how many people have accessed the website?

Mr Maynard—Our first round reports have literally been received in the last number of days. We have not yet completed the analysis of it but it would contain that kind of information.

Senator CASH—Have there been any difficulties associated with any of the 19 information providers?

Mr Maynard—No. There is just continued clarification and working closely with all of the providers to ensure that services are provided in accordance with the funding arrangement. No, no problems.

Senator CASH—Have you received any complaints from attendees or negative feedback about the providers?

Mr Maynard—No.

Senator CASH—What processes are in place to allow participants receiving the information to provide feedback or complaints?

Ms Anderson—Part of the arrangements or the paperwork provided to the providers includes a standard evaluation form. We encourage all providers to hand out that evaluation form at each of the sessions. That also forms part of their reporting requirements, to feed back that information from those evaluation reports.

Senator CASH—In terms of the documents and the content of the program actually being delivered by the providers, irrespective of whether or not it has had to be authorised by the department because a substantial modification has been made, does the department keep a copy of the documents that the providers hand out at their information session—so I could go to information session 236 and know what documents were handed out at that session?

Ms Anderson—There would be standard documentation that the provider would have provided us and, from our understanding, they would use that for each of those sessions.

Senator CASH—Is it possible to get a copy of the standard information, in addition to what I have asked for for the personalised information?

Ms Anderson—That would be similar information.

Senator CASH—Fine. I will request it and be more specific in my questions on notice. What restrictions are there on the extent to which the information providers can use the education sessions to promote the interests of their own organisation? For example, can an employer association say to attendees, ‘If you want help in drafting a collective agreement, call us.’ Can they drum up business for themselves?

Ms Anderson—We have restrictions around it in terms of using the government logo. Again, there was guidance provided from the department in terms of how they should use their logo or their promotional material in conjunction with the Australian government logo. Encouraging membership and things like that are not encouraged as part of the program.

Senator CASH—Is it possible to get a copy of those restrictions? So what you can and cannot do at the information sessions.

Mr Kovacic—We will take that on notice. The details of the whys and wherefores in terms of the grant agreements and the funding agreements, yes.

Senator CASH—I appreciate that. Thank you very much. One of the 19 providers was the ACTU.

Mr Kovacic—That is correct.

Senator CASH—So they have received funding under the program?

Mr Maynard—Correct.

Senator CASH—Are their programs available to everybody, union members or not?

Mr Maynard—Yes.

Senator CASH—I also understand—possibly JobWatch?

Mr Maynard—That is correct.

Senator CASH—Who are they?

Mr Kovacic—They are a community service organisation in Victoria. Probably the best analogy that you can draw is it is a bit like a community legal centre. They provide services to employees and provide advice in terms of employment issues more generally, whether it is underpayments or issues such as discrimination, harassment or bullying. Probably an equivalent sort of organisation would be working women's centres that operate in a number of states. So it is that sort of nature of an organisation.

Senator CASH—Except they are only based in Victoria, they are not based in—

Mr Kovacic—That is correct.

Senator CASH—How many people would work for JobWatch?

Mr Maynard—They have a duty solicitor and 16 staff.

Senator CASH—Have they received funding before from the department for similar information programs?

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

Senator CASH—In relation, again, to the Fair Work information campaign, I noticed that yesterday on the Deputy Prime Minister's website a number of media releases in relation to the series of free seminars and workshops were put up—seminars in Queanbeyan, Melbourne and Geelong, South Australian wine regions, the Riverina and the Northern Territory. How were the locations of those seminars determined?

Ms Anderson—We look at a cluster that will be occurring over the following month and so—

Senator CASH—Sorry. A cluster that is occurring?

Ms Anderson—By region, I suppose. If there are a number of seminars occurring, say, in the Northern Territory over the October period then we would cluster those together and put them into a media release.

Mr Kovacic—I think the question was more in terms of who determines the location of the seminars.

Senator CASH—Correct. Sorry.

Ms Anderson—Sorry.

Mr Kovacic—By way of background, one of the criteria in determining the successful candidates was getting a spread of organisations, in terms of not only industries but also regional versus metropolitan locations. Clearly, the locations are ones that are determined by the particular organisations themselves in terms of where they think they will attract the most—

Senator CASH—And then, what, do they come to the department and say, ‘Look, I believe we need to do some in Queanbeyan,’ and is there a sign-off by the department, ‘Yes, that’s fine. You can go ahead and do it in Queanbeyan’?

Ms Anderson—Yes, all providers provided a schedule of proposed locations right at the commencement of the program and basically we reviewed those to ensure that there was adequate spread across metropolitan, regional and remote areas.

Senator CASH—Mr Kovacic, could I explore further with you the factors that are taken into account in terms of where the seminars are actually located.

Mr Kovacic—When you say ‘actually located’, in terms of what?

Senator CASH—For example, Queanbeyan. What is the reason, say, Queanbeyan was chosen? Is it because there is high unemployment in an area?

Mr Maynard—We have taken advice from the organisations who have been successful in obtaining grants as to where they believe there is a demand for the information. So it will, as Mr Kovacic said, include metropolitan, regional and remote locations. If you care to have a look at the website address that I provided, there is in fact a complete list of seminars to be conducted by state over the six months or so and you will see that there is a remarkably wide spread of places that have seminars scheduled, in addition to the online material, which of course people can access from anywhere.

Senator CASH—Are all of the seminars promoted in this way on the Deputy Prime Minister’s website?

Mr Maynard—There are a number of media releases which came out very early in the scheme and you have highlighted a number that came out on 20 October. It is probable that more would be advertised later in the life of the program.

Senator CASH—I am just curious about why these particular ones were chosen to be advertised on the Deputy Prime Minister’s website, as opposed to others that might be occurring but are not advertised.

Mr Maynard—I think it would be currency with the time of the press release.

Senator CASH—You are obviously aware of these press releases.

Mr Maynard—Yes.

Senator CASH—Who actually determined these particular locations? Was it the Deputy Prime Minister’s office? Was it the department? Was it the providers?

Mr Maynard—In terms of those highlighted in the media release?

Senator CASH—Correct.

Mr Maynard—It is the Deputy Prime Minister's media release. It would have been determined by her office.

Senator CASH—Thank you very much. Just a query: for example, there are seminars in the Riverina, seminars in the Northern Territory, seminars in Melbourne and Geelong, seminars in Queanbeyan, and then you have 'seminars in the South Australian wine regions'. I just query why you say 'wine regions' as opposed to 'South Australia north', 'South Australia west' or 'South Australia'.

Mr Kovacic—I am guessing here because, as Mr Maynard has indicated, the media releases were settled by the Deputy Prime Minister's office, but I think the terminology 'South Australian wine regions' probably means a little bit more to the people who it intended to attract to the seminars or alert to the seminars.

Senator CASH—No. I was thinking that, because of the significant concerns raised by the wine industry with their award, perhaps this was a way of addressing—

Mr Kovacic—It could very well be, as well, yes.

Senator CASH—It just happened to be quite opportune that the award has been bogged down, a number of concerns have been raised and then it is specifically for the 'South Australian wine regions'. Is it noted which federal electorate the seminars themselves are in?

Mr Maynard—No.

Senator CASH—So that bears no relevance to where they are actually held?

Mr Maynard—No.

Senator CASH—I have an example of an invitation to attend a provider meeting—'Date, 19 October 2009. Provider, the ACTU and affiliates. Event type, briefing'. But then it has got 'Site meeting. Location, Sydney, New South Wales 2000. Time, 0700 to 1530. Contact, the FWA at ACTU'. What would that actually be? Why would it say 'site meeting'?

Mr Kovacic—Without knowing the documentation, I would have to take that on notice, because I just have no details.

Senator CASH—I appreciate that and I will provide it to you. In terms of the event type, does the department have any specific words that have to be used when promoting their information sessions? For example, would it be acceptable to promote a site meeting? My understanding is that it is actually from your DEEWR website under 'Up-and-coming meetings'.

Mr Kovacic—We will take it on notice. But in terms of the terminology, we are not aware of any limitations on descriptions of how the events are posed. But I have already taken the question on that particular event on notice and we will certainly have a look at it.

Senator CASH—I am just interested, because now I have actually got it in front of me.

Ms Paul—The question has been taken on notice.

Senator CASH—I just find it interesting that a site meeting would be deemed to be an information session for the Fair Work Education and Information program. If that were not deemed to be a correct use of terminology, what would happen? Would the department take action?

Mr Kovacic—We would certainly have a discussion with the provider. ‘Site meeting’ might be something understood by the employees at the particular location and it might be a way of getting them to attend in terms of language that is understandable to the intended audience. But, as I have already indicated, I have taken the issue on notice.

Senator CASH—I appreciate that. That is all from me. Thank you very much for your assistance tonight.

Senator HUMPHRIES—I just want to mop up a few bits that I was asking about yesterday and did not have the appropriate people here to answer. Could I start with the referral of state IR powers to the Commonwealth, please.

Mr Kovacic—You certainly can.

Senator HUMPHRIES—It may be that it is actually better to discuss this today, because I think yesterday there was a bill introduced—

Mr Kovacic—Introduced into the House of Reps.

Senator HUMPHRIES—into the House of Reps to deal with this issue.

Mr Kovacic—That is correct.

Senator HUMPHRIES—Could you just briefly outline to us what the bill affects in the way of referral of state powers on industrial relations?

Mr Kovacic—I might start in general terms and then Ms Perdikogiannis will add to the detail, if I can put it that way. In essence, the bill as introduced into the House yesterday is primarily to accommodate referrals of workplace relations powers from South Australia and Tasmania. You might be aware that Victoria earlier this year determined to continue its referral of its workplace relations powers to the Commonwealth and, as one of the sort of suite of bills associated with the implementation of the fair work legislation, there was legislation introduced to accommodate that referral from Victoria. Since then, South Australia and Tasmania have agreed to refer their powers. Indeed, both jurisdictions have introduced legislation in their respective state parliaments to refer that legislation. To accommodate those referrals, there is a need for legislation at the federal level as well and that is the primary purpose of the bill that was introduced into the House yesterday.

Senator HUMPHRIES—To be clear: Victoria, of course, referred its powers years ago and it has confirmed that it is going to continue to refer. You said South Australia and Tasmania were the subject of this latest bill introduced yesterday.

Mr Kovacic—That is correct.

Senator HUMPHRIES—Did you mention what happens to the other jurisdictions? Where do they stand at the moment?

Mr Kovacic—Certainly. In terms of Queensland and New South Wales, at the last Workplace Relations Ministers Council meeting Queensland reiterated its previous advice that it had, in principle, agreed to refer its workplace relations powers subject to the resolution of a number of remaining issues, and New South Wales indicated that it had yet to make a decision in respect of whether or not it would refer its workplace relations powers. Both jurisdictions committed to working with the Commonwealth to try to reach agreement on any remaining

issues by late October. We have been in the process of discussions with both of those jurisdictions. As you would be aware, the ACT and Northern Territory are already part of the national workplace relations system. In Western Australia, the state government there has indicated that it is not intending to refer its workplace relations powers. However, it is contemplating harmonisation of its workplace relations legislation, but it will not make a decision on that until a review that is currently being conducted of its state workplace relations legislation is concluded. I think it is later this year that that is scheduled to conclude.

Senator HUMPHRIES—So with the exception of Western Australia, there is some indication of movement on the part of all other jurisdictions to be part of the scheme. But I assume it is possible, because bilateral negotiations are going on with different jurisdictions, that the terms of referral might be different from state to state. Is that fair?

Ms Perdikogiannis—The text that states will be referring will, in essence, be the same; states generally will refer matters in respect of all their employees in that state to the extension or otherwise within Commonwealth power, subject to any exclusions that states might have from the reference in relation to their public sector employees or local government employees. But generally the references would require the referral of the text of, in this case, division 2B of parts 1-3 of the Fair Work Act and that would entail, in addition, an amendment reference and a transition reference to support the transition of people from the coverage of the state system to the coverage of the fair work framework.

Senator HUMPHRIES—So if I can just clarify: as far as public sector employees are concerned, are they subject to referral in the case of Victoria—public servants?

Ms Perdikogiannis—That is correct, subject to exclusions that are consistent with principles laid down by the High Court in *Re Australian Education Union*—

Senator HUMPHRIES—Intergovernmental immunities and things like that?

Ms Perdikogiannis—That is right, high-level public servants, ministerial staff, judges et cetera, and in relation to specified subject matters, such as number or identity of employees to be selected for redundancy—that sort of matter. But generally, yes, Victoria has referred, in respect of its public sector.

Mr Kovacic—Just by way of background, the government's policy, *Forward with Fairness*, set out that in terms of a national workplace relations system for the private sector it did not contemplate states referring their powers in respect of their public sector employees. The Victorian referral in that regard is a longstanding one dating back to the late nineties. In respect of local government, that was another area that was identified where states could continue to have cover should they so choose.

Senator HUMPHRIES—If a power over such matters is referred by a state, can it be subsequently withdrawn?

Ms Perdikogiannis—Yes, it can.

Senator HUMPHRIES—So the national scheme—to the extent that it is national, putting aside the case of Western Australia—depends on the continuing support of each state to be part of the scheme and it can withdraw that authority for the Commonwealth to legislate on its behalf at any point in the future?

Mr Kovacic—There are requirements in the legislation in terms of the period of notice that is required to be given of an intention to withdraw that sort of legislation; that is six months.

Ms Perdikogiannis—There are number of circumstances in which a state can withdraw particularly its amendment reference and remain a referring state. If a state terminates its initial reference, it will cease to be a referring state. If, as Mr Kovacic says, a state terminates its amendment reference in specified circumstances, then it will continue to remain a referring state. The effect of that will be that the Fair Work Act will continue to be supported in that state based on the reference, but it will not be able to be amended uniformly.

Senator HUMPHRIES—When this committee conducted its inquiry into the fair work legislation last year, we heard in places like New South Wales a very strong desire from a number of unions for certain conditions to be retained, because they regarded them as being much better conditions than were available in federal awards. I am thinking particularly of local government workers—that representation being made by the union on behalf of those workers. What can be done to accommodate those sorts of concerns—or have those issues already been swallowed up in effect with the award modernisation process?

Mr Kovacic—In terms of New South Wales specifically, those are matters that are still the subject of discussions. Your point about award modernisation is that to some extent that certainly addresses the issues of differences between federal and various state awards or NAPSAs that came into the system as a result of the previous government's Work Choices legislation. The legislation also includes some provisions in terms of where state awards are coming into the national system as a result of a referral by a particular state, and I will ask Ms Perdikogiannis to just spell out the details of that.

Ms Perdikogiannis—Where state system employees are covered by state awards or state agreements before the referral commencement, those awards will be picked up by the federal legislation and converted into federal instruments. They will be known as division 2B state awards and division 2B state agreements. With the awards, Fair Work Australia will be required, over a 12-month transition period, to examine the modern awards to which those employees will become covered, in order to determine whether or not those awards need to be amended to incorporate arrangements for the transition of state covered employees from the former state award to the modern award.

I should say that the commission, in terms of award modernisation, has been developing arrangements for the transition of employees covered by NAPSAs—which are the notional agreements preserving state awards created under the Work Choices Act—to modern awards and these division 2B state referral awards are really—those state awards are very similar. So it is envisaged that a lot of those arrangements will be in place in any event. I should also mention that there will be a facility for take-home pay orders as well for those employees, should there be any reduction for an individual employee as a result of the transition from the division 2B state award to the modern award.

Senator HUMPHRIES—Is it possible, as part of the deal that is done in the case of New South Wales—or possibly other states—to bring it within the new national system, that special arrangements can be made to preserve awards like that for longer than the 12 months you said that Fair Work Australia has to review those arrangements and see whether they will transition them into the structure of similar awards nationally?

Mr Kovacic—The bill provides for a 12-month transition period.

Senator HUMPHRIES—So, if New South Wales came in, everything that they brought in by way of special state award would eventually, within those 12 months, have to be considered by FWA for incorporation into the national system?

Mr Kovacic—Indeed and, as Ms Perdikogiannis has indicated, during that 12-month period Fair Work Australia would need to consider whether there is a need for transitional arrangements to accommodate any sorts of differences between the relevant modern award and the relevant state award or indeed the issue of take-home pay orders for employees. The point that Ms Perdikogiannis made is also relevant—some of the spade work has been done in this sort of area by virtue of the Australian Industrial Relations Commission's consideration of federal awards and NAPSAs in the award modernisation process, given that those NAPSAs are likely to in many respects reflect any state awards that might come into the federal system as a result of a referral.

Senator HUMPHRIES—Is it conceivable that there will be a need to amend the Fair Work Act to accommodate the concerns of states, like New South Wales, which are not yet prepared to take part in this national scheme?

Mr Kovacic—That is a matter for speculation, given the discussions are still continuing.

Senator HUMPHRIES—The government has not indicated, in negotiations, a willingness to negotiate the terms of the act?

Ms Paul—I think that is a matter for government.

Mr Kovacic—That is right.

Ms Paul—I think Mr Kovacic has just said that those negotiations are still ongoing.

Senator HUMPHRIES—In the course of negotiations, has the government said to the states, 'If you're concerned, let's talk about what's in the act and see if we can accommodate your concerns by looking at how the act works and amending it if necessary'?

Senator Arbib—I could not tell you that because I have not been in any of those discussions or negotiations. But certainly they have been long standing and they continue, so we will find out soon.

Senator HUMPHRIES—I assume that these are all being pursued by way of bilateral discussions with the states. I suppose there is an offer open to Western Australia to be part of this national scheme, but at the moment there are not any active negotiations, I assume, given the stated position of the Western Australian government?

Mr Kovacic—The discussions in terms of the issue of a national workplace relations system for the private sector have been progressed initially by officials at the request of the Workplace Relations Ministers Council and it has progressed at two levels. One is a multilateral level where all of the jurisdictions—all of the states and territories—have been involved in the discussions. The outcome of that discussion has been the development of a multilateral intergovernmental agreement which has been signed by the Commonwealth, South Australia, Victoria, Tasmania and the two territories.

In addition, there have been bilateral discussions with a number of jurisdictions and, in particular, those jurisdictions that have been contemplating referral of their workplace relations powers. The outcomes of those discussions are potential bilateral arrangements with each of those jurisdictions. I think at the moment we have a bilateral arrangement with Victoria and South Australia and we are in the process of settling one with Tasmania. Presumably, were Queensland and New South Wales to make a decision to refer their powers, we would, similarly, negotiate bilaterals with them. So you have three levels of governance arrangements, if I can describe it that way: firstly, legislation; secondly, the multilateral intergovernmental agreement; and, thirdly, bilateral agreements between the Commonwealth and referring jurisdictions.

Senator HUMPHRIES—Is it possible to get a schedule or a diary of the occasions where those negotiations have occurred with the individual states and with whom they are conducted—whether they are minister to minister or public servant to public servant?

Mr Kovacic—We will take that on notice. I will just mention that it has been at a combination of levels, both officials to officials as well as ministers to ministers.

Senator Arbib—I am advised, in terms of the 12-month period that has been mentioned, there is also the option that Fair Work Australia can consider and add them into the general five-year period that has been talked about—the transition. It is not a 12-month zooming from the state award to the modern award. They join the five-year phase-in. It is up to Fair Work Australia.

Senator HUMPHRIES—So that 12 months extended to five years effectively is already in the Fair Work Act?

Senator Arbib—Fair Work Australia can decide to plug it into the five-year transition.

Senator HUMPHRIES—So the power to do that is already available?

Mr Kovacic—As you might be aware, in terms of the award modernisation process, the Industrial Relations Commission has determined an approach to transitional arrangements for the implementation of modern awards. It has developed a model clause which takes full effect of the maximum five-year transition period. What the minister is indicating, in respect of those state awards that come into the national system by virtue of a referral, is that during the 12-month period Fair Work Australia will need to contemplate whether there is a need for transitional arrangements. But then the transitional arrangements can operate for the full five-year period consistent with the arrangements that the commission has determined in respect of modern awards.

Senator HUMPHRIES—Understood; thank you. I know that most states presently—or up until this legislation in the case of Tasmania and South Australia—have their own industrial tribunals. In the case of those two states, subject to this legislation that has just been tabled, will the system arrange to transfer the members of the tribunals from being state judicial officers in their special industrial relations to federal ones? How will that work?

Mr Kovacic—The key issues in discussions with the states revolve around tribunal issues, if I can put it that way, as well as service delivery issues in terms of compliance activities and so on. As I have mentioned with tribunals, in some cases there may be, as a result of the additional work, a need to appoint members to Fair Work Australia. Another alternative that

has been canvassed in a general sense in the discussions is the capacity for dual appointees. It is worth noting that state jurisdictions, given that they will continue to have responsibility for public sector matters and also, in some cases, local government issues, will need to retain their own industrial tribunal. So the nature of those issues have varied across the jurisdictions in the discussions that have been held to date.

Senator HUMPHRIES—But if most workers will be subject now to the national scheme then you would have to have a cohort of Fair Work Australia office holders to administer the Fair Work Act in respect of—

Mr Kovacic—There are two ways of doing that. One is additional appointments to Fair Work Australia, and we currently have in train a process for advancing additional appointments to Fair Work Australia. Another mechanism is to have dual appointments—members from state tribunals who can undertake work on behalf of Fair Work Australia. Both of those options are in contemplation in the context of discussions around a national system.

Senator HUMPHRIES—But that has not been decided yet in the case of Tasmania and South Australia. So people who are part of the state tribunal system there at this stage do not know what will happen to them in respect of the new responsibilities that the federal system will impose on them.

Ms Parker—There have been some ongoing discussions. Some of those tribunal members do have some sense of what will be happening to them. One of the issues we have been working through in bilateral negotiations has been to determine a business case for what work will be required. Some of the issues around that have been that under the new system, which is simpler and less adversarial, there is a view that there will be less requirement for formal systems. So some of the discussions have been around that, but there have been no specific announcements yet about which members will move and which ones will not—who will stay in Queensland, for example, and who will move across to Fair Work Australia.

Senator HUMPHRIES—You said a moment ago that some of the members will know where they are heading. How will they know that if this has not been determined yet?

Ms Parker—Through informal discussions so far. There have been no announcements, but some of them have, for example, indicated they are interested in moving to Fair Work Australia or to be dual appointed.

Mr Kovacic—We have not had any discussions with state industrial tribunal members. That is not to say that state officials or state ministers may not have had those discussions.

Senator HUMPHRIES—I want to move on to occupational health and safety harmonisation.

Senator FISHER—Before you do, is the department aware of any members in any state tribunal who have been offered dual appointments by anyone at this stage?

Ms Parker—Not formally that we are aware of.

Senator FISHER—Informally?

Mr Kovacic—Those are matters for government consideration.

Senator Arbib—And they are still under consideration.

Senator FISHER—Is the department aware of whether any members in any state tribunals have been informally offered dual appointments? If so, can you identify the state from which they come? That is not giving anything away, Minister. It is the state from which they come.

Mr Kovacic—If I can just reiterate the point that I made a moment ago, we have not had any discussions with state tribunal members. I understand that the possibility is that some state officials or state ministers may have had some sorts of discussions, but I could not be specific as to where those discussions have occurred and with whom.

Senator Arbib—Again, Senator Fisher, I just restate that these are matters for government and they are currently under discussion. These are not matters or decisions that will be taken by the department; these will be taken by government.

Senator FISHER—Ms Parker, are you aware of any further information that may be able to assist?

Ms Parker—Only what I said before: that I understand that some members in states have been indicating they may be interested in being dual appointed or moving to Fair Work Australia. But I could not say who they were or how many or any detail beyond that.

Senator FISHER—Thank you.

Senator HUMPHRIES—Just before we leave the referral of powers, I am told that there is a rumour that the federal government has agreed that all of the New South Wales commissioners will be appointed to Fair Work Australia as part of a deal to—

Senator Arbib—Again, Senator Humphries, these are matters for government and I do not think you should be putting a rumour to government officials. These are matters that you can direct to me as the minister responsible.

Senator HUMPHRIES—All right. I will put the rumour to you, Minister. Is it true?

Senator Arbib—I have not heard the rumour.

Senator HUMPHRIES—That is not the question I am asking. I am asking: is the rumour true?

Senator JACINTA COLLINS—He cannot tell you if it is true if he has not heard it.

Senator Arbib—As I said, I have not heard that rumour. The matters are still under consideration and negotiation. My understanding is that there have been no informal offers; I am so advised.

Senator HUMPHRIES—I am sure there are no formal offers; you have not passed any legislation yet. Of course there would not be. So you refuse to confirm or deny that the New South Wales commissioners will be appointed to Fair Work Australia?

Senator Arbib—I say to you that there have been no offers of any kind at this point. I hope that helps you. I think it does.

Senator HUMPHRIES—Not much, but—

Senator Arbib—I think it does.

Senator JACINTA COLLINS—Senator Humphries certainly would not be trying to pre-empt appointments.

Senator Arbib—I think I covered that pretty well. There have been no offers.

Senator FISHER—The minister said there have been no offers. What about promises?

Mr Kovacic—I think the best thing to say is that the matters are still under discussion with New South Wales.

Senator HUMPHRIES—It would be surprising in negotiations not to put things on the table and make suggestions about what might be done if agreement can be reached, wouldn't it? You cannot negotiate without putting offers on the table, can you?

Senator Arbib—You are talking about negotiations and discussions that are at the government level and I think I have answered that question.

Senator HUMPHRIES—But you are saying that the public and the Senate are not entitled to know what is being discussed. Is that what you are saying?

Senator Arbib—No. I think I have answered the question appropriately on behalf of the government.

Senator HUMPHRIES—I thought the coalition moved an amendment to the Fair Work Australia bill in the Senate to allow for a five-year transition period for these referrals of powers to the Commonwealth. I thought that was one of the provisions that we put forward, and it was rejected. I have to ask my colleagues, who can recall that debate better than I can.

Senator Arbib—If it was rejected, it was probably rejected for good reason.

Senator HUMPHRIES—So there are no letters of understanding between the governments about what is being proposed for the commissioners?

Ms Paul—I do not think we can go any further than we have.

Senator HUMPHRIES—Moving on to OH&S harmonisation—

Senator FISHER—I have a question about the referral legislation. Ms Perdikogiannis, on the exit strategy for the various states: what are the periods of notice they must give under the couple of scenarios?

Ms Perdikogiannis—The first scenario is that a state will remain a referring state if it and all other states terminate their amendment references on six months notice. That is the standard referral mechanism that exists in Commonwealth reference provisions. The effect of that will be that the legislation will be frozen, so it will not be able to be amended in its application to people who would be within the reference. So the Commonwealth could still amend the legislation in respect of the people that it covers in those states.

Senator FISHER—At what point in time will it be frozen—at the point at which the state gives notice or at the expiration of the notice?

Ms Perdikogiannis—At the expiration of the notice.

Senator FISHER—What about the other exit strategy?

Ms Perdikogiannis—I will refer to the bill for the other mechanism: a state can remain a referring state where, if a state governor is of the opinion that an amendment to the Fair Work Act would breach what are known as the fundamental workplace relations principles—

Senator FISHER—They sound good. Are they new?

Ms Perdikogiannis—They are based on the fundamental principles that were agreed by the Workplace Relations Ministers Council and which are reflected in the intergovernmental agreement underpinning reference.

Senator FISHER—So they are new.

Ms Perdikogiannis—The date is 23 May.

Senator FISHER—It is a new concept—new fundamental principles. Keep going.

Senator Arbib—Is there a question?

Senator FISHER—Ms Perdikogiannis is answering it, actually. Keep going.

Ms Perdikogiannis—So if the governor of a state is of the opinion that an amendment that is proposed to the Fair Work Act breaches fundamental workplace relations principles then the governor can issue a proclamation which will terminate three months from the date of notice. At the end of the three-month period the amendment reference will terminate and any amendments that are enacted up to that point will continue in force, but the Fair Work Act will no longer be able to be amended in respect of employees in that state who are covered as a result of the reference.

Senator FISHER—So, if there were a scenario where every state were to refer their power under this legislation and then there was an amendment to the federal legislation that somehow activated, in the views of each of those states, those new touchy-feely fundamental principles, each of those states could, on three months notice, terminate their reference and employers in each of those states who are non-constitutional corporations would have the federal laws, prior to the changes that triggered the fundamental principle exit, frozen in time in every state around the country. So you would effectively get mirror de facto laws around the country, the same in every state, except for the Commonwealth?

Senator Arbib—Sorry; what is your point, Senator Fisher?

Senator FISHER—Could that be an outcome? If every state were to refer and then if every—

Mr Kovacic—I think we are dealing with hypotheticals.

Senator FISHER—Why have this provision in the bill? Anyway, they may be questions for another day. Why not simply have your six-month exit strategy? The three-month exit strategy with this new concept of fundamental principles sounds worthy of investigation.

Mr Kovacic—They were agreed by the Workplace Relations Ministerial Council in 2008.

Senator FISHER—I bet they were.

CHAIR—That is five minutes of my life I will never get back.

Senator HUMPHRIES—There is always next estimates. You can get them back then.

CHAIR—Senator Humphries.

Senator HUMPHRIES—On the OH&S harmonisation, I note that at the last Workplace Relations Ministerial Council it was agreed to release an endorsed exposure draft of the proposed national OH&S laws. Can we infer from that that the states—or at least those that signed up to this process; I am not sure if it included Western Australia—have endorsed the

draft and that there is agreement on what should be proceeded with, or is this still the matter of some negotiation?

Mr Kovacic—Just by way of background, the process of occupational health and safety harmonisation is governed by an intergovernmental agreement that has been signed by all jurisdictions, at COAG in 2008 from memory. What it requires of the Workplace Relations Ministerial Council is that it settle the policy framework for the model legislation. At its last meeting, Workplace Relations Ministerial Council endorsed the release, for public comment, of an exposure draft of the legislation. That exposure draft reflected the policy decisions on the framework of the legislation that Workplace Relations Ministerial Council had taken at its May meeting. The public comment period is six weeks, and the Workplace Relations Ministerial Council will consider an amended—assuming that there are changes coming out of the public comment process—model set of OHS legislation at its next meeting in early December.

Senator HUMPHRIES—So are you saying to me that there is agreement, in principle, for what is in the draft bill—or the exposure draft—but not final agreement?

Mr Kovacic—The Workplace Relations Ministerial Council endorsed the release of the exposure draft for public comment. The intergovernmental agreement in terms of, I suppose, the process leading to settling the policy includes provisions as to the Workplace Relations Ministerial Council's responsibility in respect of the model legislation, but also voting procedures in terms of resolving policy differences and WRMC's consideration of the model legislation as being consistent with the terms of the IGA.

Senator HUMPHRIES—I am not familiar with the terms of that intergovernmental agreement, but are you saying to me that, if a state does not agree with what is in the final version of this legislation, it is somehow compelled, nonetheless, to be part of a national scheme, even if it does not wish to refer its powers over occupational health and safety?

Mr Kovacic—What the IGA requires of the jurisdictions that are signed up is that they participate in a process and the IGA sets out the voting process. Then, ultimately, once the model legislation is there, it is up to jurisdictions to take it to their respective parliaments and, clearly, it is a matter for the various parliaments as to whether the legislation is enacted.

Senator HUMPHRIES—Is it proposed in the draft bill that the states refer their powers over OH&S, or is it proposed that they simply all adopt standard provisions for OH&S?

Mr Kovacic—It is model legislation, in the sense that each jurisdiction would then need to legislate the model act in its respective jurisdiction.

Senator HUMPHRIES—So it is not the case that states are expected to relinquish any OH&S power to the Commonwealth; really, it is simply that, ideally, they will agree to standard forms of occupational health and safety legislation which they will enact, so that every state has identical provisions?

Mr Kovacic—That is correct.

Senator HUMPHRIES—I am curious to know where that is likely to leave some jurisdictions which obviously have different standards to others with respect to workplace safety. I am told, for example, that this system is loosely based on the Victorian model of

OH&S and that the proposed model places an onus on employers to provide a safe workplace—which is a reasonably practicable onus of providing a safe workplace—whereas in New South Wales the legislation there imposes an absolute onus on an employer to provide a safe workplace.

Mr Kovacic—I am not sure that it is accurate to state that the exposure draft of the model bill is based solely on the Victorian legislation. Just by way of background, the exposure draft of the bill was drafted by Safe Work Australia, in accordance with decisions made by the Workplace Relations Ministerial Council. The council took into account the recommendations made by a review panel, chaired by Robin Stewart-Crompton, which drew on both submissions from a whole range of stakeholders and developed what could best be described as recommendations intended to put in place best practice occupational health and safety regulations. In terms of this specific issue, I might refer to Mr Hoy to answer it.

Mr Hoy—The model legislation actually does introduce a new concept in terms of responsibility for a person conducting a business or undertaking. It is true that that concept has been in place in Victoria, so other states, when they come to enact legislation, will move to that general concept.

Senator HUMPHRIES—How would you describe the concept, in terms of its onus on the employer to provide a safe workplace?

Mr Hoy—It has a general requirement that is different from the old concept of worker/employee responsibilities, to the requirement being on the person conducting any business or undertaking to provide the safe workplace.

Senator HUMPHRIES—What obligation is imposed on that person? Is it an obligation to provide, as in New South Wales, an absolute onus to offer a safe workplace, or is there some different test?

Mr Hoy—No, that is the test that is imposed upon the person.

Senator HUMPHRIES—Under the model legislation?

Mr Hoy—Yes.

Senator HUMPHRIES—So it is an absolute onus to provide a safe workplace?

Mr Hoy—Yes.

Senator HUMPHRIES—In the case of those states that do not have a test as high as that, are you aware of any negotiations that have been conducted between employers and the government as to the effect of a change of the test on their obligations as employers?

Mr Hoy—I am aware that in the states and territories there have been discussions between employers and employees, between governments and the various employers and employee representatives, on these provisions. I am not sure I would call it negotiation. There have been discussions.

Senator HUMPHRIES—Right, okay.

Senator Arbib—As you would expect, this is a major change—and a complex change—in trying to improve OH&S for workers across the country, but at the same time simplifying the system and improving the system for business. There are a great number of stakeholders that

support the government in what they are doing and they believe it is going to be a great reform.

Senator HUMPHRIES—I have no doubt about that. But I just want to clarify that people actually know what the changes will mean; that they will not have a new standard imposed on them without them being aware that they have a different set of legal obligations than what they had before the legislation was passed.

Mr Hoy—In terms of the requirement, the duty is also qualified by what is ‘reasonably practicable’.

Senator HUMPHRIES—Another issue in respect of which there seems to be differences between the states—and which presumably has to be sorted out with respect to the national scheme—is that I understand in New South Wales a trade union has the right to prosecute an employer for an alleged safety breach, whereas that is not in the model legislation.

Mr Hoy—That is correct.

Senator HUMPHRIES—So this may be a case where unions might, arguably, be upset that they are to lose a right to undertake certain powers with respect to what they would consider an unsafe workplace. Are there any other provisions in the model legislation that provide for a union to have a role in prosecuting or bringing an action against an unsafe workplace occupier?

Mr Hoy—The minister took a decision not to include this provision in the model legislation. It was also a recommendation of the independent review panel Mr Kovacic referred to. The unions do have considerable rights under the legislation, in terms of access and training, but in this particular case the onus is not on them to prosecute; it is essentially on the regulator or the crown.

Senator Arbib—Are you suggesting that we attempt to put that back in?

Senator HUMPHRIES—No. This is the same question I raised in respect of the other matter: do people know what the legislation says?

Senator Arbib—I thought you had a conversion there.

Senator JACINTA COLLINS—I thought Senator Humphries might be promoting this.

Senator Arbib—Quoting from the New South Wales union movement.

Senator HUMPHRIES—Dream on! I am interested in safe workplaces.

Senator Arbib—I was surprised.

Senator FISHER—In answer to Senator Humphries, Mr Hoy said, if I heard correctly, the unions do not have the onus to prosecute. I presume also you are saying they do not have the ability?

Mr Hoy—Yes.

Senator FISHER—Thank you.

Senator HUMPHRIES—I am also concerned we do not end up with some industrial unrest occurring because people are not happy with what they might consider to be losing certain rights. Are you ACT based, Mr Hoy?

Mr Hoy—Yes.

Senator HUMPHRIES—There was an issue this week that was raised by, I think, the CFMEU about their right to be involved in prosecution of somebody who conducted—I think it was an unsafe workplace in Fyshwick. Are you aware of any of the details of that case?

Mr Hoy—I am generally aware of the details from what I have seen in the press.

Senator JACINTA COLLINS—Is this the Pickles case?

Mr Hoy—The Pickles matter.

Senator JACINTA COLLINS—Yes, it was on the news tonight.

Senator HUMPHRIES—Good. I am glad it was on the news. Is that an illustration of the point we were just discussing, the right of unions to be—

Mr Hoy—At the minute, that is under the ACT legislation.

Senator HUMPHRIES—Under the federal scheme, would that be one of those cases where unions might seek a right to—

Mr Hoy—The issue the union was seeking was their right of entry to investigate a suspected OHS contravention. That was a particular issue and they had a right to actually do that.

Mr Kovacic—Senator Humphries, coming back to the point, can I just add to an answer that Mr Hoy provided before. It was your first question about the responsibility of a person undertaking a business. The requirement is there for them to do everything reasonably practicable in terms of ensuring the occupational health and safety of persons that work in that workplace.

Where there is a prosecution, it is in New South Wales and Queensland under their current legislation that the onus resides on that person to prove that they met that obligation. In the other jurisdictions currently it is on the prosecutor to prove that. Under the model bill the approach that is taken is that the responsibility resides with the prosecutor to prove that the person undertaking the business did not meet their obligations.

Senator HUMPHRIES—So that would be considered a reduction in the standard that is applied presently in New South Wales on an occupier of a premises or provider of a working environment.

Mr Kovacic—It is a different approach to the approach adopted in New South Wales and Queensland and it is the approach that is reflected in many of the other jurisdictions.

Senator HUMPHRIES—Is it higher or lower? Is it a heavier standard or a lighter standard?

Mr Kovacic—I do not think you can make that sort of conclusion. It is a different approach as to where the onus resides in terms of proving or disproving whether the obligation is being met. Whether it is a higher or lower threshold is not a comparison that you can actually make.

Senator HUMPHRIES—All right. That is all I had to ask about OH&S. Could I turn to some of the information that we were given yesterday about the code that works in the building sector.

Senator BILYK—Yes, let's do that.

Senator HUMPHRIES—I am having too much fun.

Senator BILYK—Have you cracked the code?

Senator HUMPHRIES—I wanted to clarify what we were told yesterday about the code. I understood that we were told that the guidelines published in July of this year by Minister Gillard have the effect of changing the operation of the code by importing some new provisions into the code. But we were also told yesterday, I thought, that the new guidelines, which have been characterised by some as a watering-down of the protections of employers in the code—I put that into the ether; you might not agree with it but that is how it is characterised in some quarters, I think including by the MBA—only applied to new agreements, new expressions of interest or tenders let for the first time on or after 1 August 2009. So there were only a limited number of workplaces to which these guidelines applied. Is that the advice we were given?

Mr Kovacic—A couple of points by way of background. First, the code and guidelines were revised for two primary reasons: firstly, to reflect the Fair Work Act; and, secondly, to also take into account various comments by Murray Wilcox, who undertook a review of the transition of the ABCC into the new Fair Work regime, on the code and guidelines in his report as a result of various submissions that had been made to him. The revisions to the code were made following consultation with key stakeholders in the industry, both from a union perspective as well as from an employer perspective. The ABCC was also part of that process. The period which they operate from is 1 August, so it is for projects beyond then. In terms of projects that commenced prior to that date, pre-existing versions of the guidelines apply to those, depending on when they actually commenced.

Senator HUMPHRIES—That is the advice I thought we were given yesterday. I wanted to show you the letter that has been sent by your department—Mr Jeff Willing, branch manager of Building Industry Branch—to Mr Dave Noonan, the national secretary of the CFMEU Construction and General Division. It is phrased in IR-speak, so I am not entirely sure that I have interpreted it correctly. But it seems to be saying that in fact the effect of the guidelines will be wider than that and will apply to a much larger number of workplaces than simply those which are subject to an expression of interest or tender let for the first time on or after 1 August 2009. If I have not translated the lingo correctly, can you explain to me why that does not say what I think it says?

Mr Kovacic—The letter is as a result, I suppose, of representations that go to transitional issues which relate to the interaction of previous versions of the guidelines with the versions of the guidelines that were released by the Deputy Prime Minister in July. What they do is clarify the interaction of those respective guidelines. As I mentioned before, the revisions to the guidelines were in part to ensure that the guidelines were consistent with the Fair Work Act.

What this particular letter says is that, in circumstances where parties or projects might be subject to previous versions of the guidelines—and the letter talks in terms of the 2006 version of the guidelines—where the parties are negotiating an agreement currently under the auspices of the Fair Work Act, the provisions of the Fair Work Act prevail in those circumstances relative to the 2006 guidelines. So it is really just clarifying how the differing versions of the guidelines interact.

Senator JACINTA COLLINS—It happened under the previous government too, didn't it, in terms of administrative orders?

Mr Maynard—Perhaps if I could just give some context. Senator, you asked yesterday about a code and about guidelines. Both are administrative documents; both relate to procurement policy. The code is the set of principles that was agreed in 1997 between all state, territory and Commonwealth governments. The implementation guidelines, the administrative document that applies to Commonwealth procurement, was introduced in February 1998 and has been released and revised on some six occasions since then; the most recent being 9 July this year. The issue that happens whenever a revised version of the guidelines comes about is a question of, 'What does this mean for new agreements? Will they continue to be constrained or limited by past arrangements under previous versions of the guidelines or will they be able to take account of whatever the law is at that point in time?' The latter is the case and this letter is seeking to make clear that, for those persons who wish to make a new Fair Work Act agreement, they can do so and, as long as the agreement is approved by Fair Work Australia, it will be considered to be compliant with both the 2009 version of the guidelines and prior versions.

Senator HUMPHRIES—As far as the 9 July 2009 guidelines are concerned, are we still saying that those enterprises or projects subject to an expression of interest or tender let for the first time on or after 1 August 2009 are still the only projects to which the 2009 guidelines apply?

Mr Maynard—The 2009 guidelines apply solely to projects let on or after 1 August 2009. The distinction is that, if a builder is working on a 2006 guidelines project and they wish to make a new agreement, they may do so under the Fair Work Act and any agreement that is approved by Fair Work Australia will be considered to be compliant with the code and guidelines, both 2006 and 2009 versions.

Mr Kovacic—In essence, what the letter says is that the Fair Work Act prevails over previous versions of the guidelines.

Senator HUMPHRIES—Right.

Mr Kovacic—So it is not the 2009 guidelines that sort of go back before 1 August; it is the Fair Work Act that prevails in circumstances where an agreement is made under the Fair Work Act.

Senator HUMPHRIES—Okay.

Senator JACINTA COLLINS—Senator Humphries, can I—

Senator HUMPHRIES—Yes, sure.

Senator JACINTA COLLINS—This was widely consulted, wasn't it, unlike some of the earlier variations?

Mr Maynard—The 2009 guidelines were consulted through the consultations occurring as part of the Wilcox inquiry. Following the release of the Wilcox report there were a range of consultations with industry bodies—employee organisations, employer organisations and major construction companies—to look at the Wilcox recommendations and those proposed for the guidelines.

Senator JACINTA COLLINS—Mr Maynard, as you said, there have been six similar changes.

Mr Maynard—Six versions of the guidelines, yes.

Senator JACINTA COLLINS—But on this last occasion they were widely consulted.

Mr Maynard—Widely consulted. We had two draft versions provided to the forum and we had lock-ups where we sought detailed advice on the wording of the guidelines before they were finalised.

Senator JACINTA COLLINS—Thank you.

Senator HUMPHRIES—I am happy on that. Can I move to the SRC amendments that were tabled yesterday or the day before in the House of Reps. Was it yesterday or the day before that this amendment bill was tabled?

Ms Baxter—It was yesterday that the bill was introduced in the House.

Senator HUMPHRIES—The only question I have arising out of this is why it was necessary to legislate to continue the arrangements for a moratorium on new companies joining Comcare. As I understand it, Minister Gillard announced in December 2007 that there would be a moratorium as part of this review that was being undertaken. In her second reading speech she details some of the progress that has been made in the process of negotiation and that is all well and good. But then she says one of the purposes of the bill is to formalise, as she puts it, the arrangements for the moratorium through legislation.

Ms Baxter—That is correct.

Senator HUMPHRIES—If the moratorium has been effective for the last two years, because the moratorium is to be extended, why would it be necessary to legislate for that?

Mr Kovacic—In essence, the government considers it appropriate to formalise the arrangements to provide certainty.

Senator HUMPHRIES—Yes, but what does that say about the effect of the moratorium before this legislation was passed? Does that not suggest that there might have been some uncertainty about that?

Mr Kovacic—No, it is just really to provide clarity for parties that might be interested in where the moratorium might be going.

Senator HUMPHRIES—So there were not any problems identified with the legal basis on which the moratorium up until now has been operated?

Mr Kovacic—Not that I am aware of.

Senator HUMPHRIES—So you are not aware of any problems with the enforceability or validity of the moratorium?

Mr Kovacic—No.

Senator HUMPHRIES—That takes care of that issue. I wanted to ask about the productivity and flexibility clauses in the agreements being ratified by Fair Work Australia. Sorry to rotate you people through that end of the desk. I asked yesterday about the agreements that were being approved by Fair Work Australia and I was trying to discern the extent to which agreements were meeting the desire of the government to have flexibility clauses contained in them—particularly the model flexibility clause. You would have heard me ask Fair Work Australia whether they could tell me what proportion of the agreements contained such clauses and ultimately they could not do that. Can you tell me what proportion of agreements that are being approved are containing the model clause?

Mr Kovacic—We have analysed 305 agreements, which is almost a comprehensive sample of the agreements that have been approved by Fair Work Australia to date. Of those 305 agreements, 69 per cent apply the model clause or a clause very close to it. In addition, a further 10.5 per cent of agreements either provide more flexibility than the model clause or flexibility in respect of all aspects of the relevant enterprise agreement. So, in the order of 80 per cent of agreements either provide the model clause, a clause very close to it, or greater flexibility than the model clause.

Senator HUMPHRIES—And the other 20 per cent are variations on the flexibility clause—that satisfy the act but are substantially different to the model.

Mr Kovacic—In essence, the model clause is a model clause and the act enables employers and employees to bargain on that clause. They can bargain up or down in relation to the scope of the clause and the numbers that I have just provided to you indicate that the overwhelming majority of agreements are reflecting the model clause.

Senator HUMPHRIES—Your ability to answer this question raises in my mind another question, and that is why Fair Work Australia itself did not have these figures available to it or were not able to provide us with any information about the effectiveness, in their working through these agreements, of applying the processes and principles that are actually in the act. I see that in the objects of the Fair Work Act there is an obligation—this, of course, is the key legislation setting up and facilitating Fair Work Australia—to provide:

... workplace relations laws that are fair to working Australians, are flexible for businesses, promote productivity and economic growth—

et cetera. Another provision is:

... achieving productivity and fairness through an emphasis on enterprise-level collective bargaining ...

Those are in the objects of the Fair Work Act, but I am not sure whether Fair Work Australia was not resourced or did not have a priority on collecting information about these things. Does that strike you as being odd, given that they are the chief agency responsible for administering that?

Mr Kovacic—I think that is a question that is better directed to Fair Work Australia.

Senator HUMPHRIES—It was, and they did not provide me with an answer.

Mr Kovacic—I am unable to speak on their behalf.

Senator HUMPHRIES—Has Fair Work Australia—

Senator Arbib—It is only a very new organisation. The general manager, as his evidence to the committee yesterday indicated, has only been in the job since the end of July and we are still working on methodology.

Senator JACINTA COLLINS—They did take it on notice—

Senator HUMPHRIES—They might have done. They were not collecting the information, so they did not have any data on—

Ms Paul—I do not think we can answer why they did not have information and, if they have taken it on notice, you will get the answer from the party that you should get the answer from.

Senator HUMPHRIES—No, I think they took on notice how many of their provisions contained model flexibility agreements et cetera—a question I asked you. You have given me a sample. They should have all the data. They should say, ‘Exactly 64.7 per cent,’ because they have got all the data in front of them, but they have not done that.

Senator Arbib—Again, you are talking about a very new body, and the general manager talked about the work he was doing in terms of methodology and measurement. So I think it is a question you may want to put them next time when they come before the committee.

Senator JACINTA COLLINS—Senator Humphries, as I recall, one of your questions was, for instance, in how many agreements were union parties, and some of those methodological issues have now changed with the new act. The way in which unions become party to an agreement has changed from the previous act. So new methodological means need to be developed to develop the sort of data you are asking for.

Senator HUMPHRIES—I do not accept that at all. You have got a methodology to decide whether agreements satisfy the requirements to have a model clause in it. You can do it. Why can’t Fair Work Australia?

Senator JACINTA COLLINS—But that is a different question from the one I just raised. The one I raised was about unions being party to an agreement, which is what has changed.

Senator HUMPHRIES—Yes, but that is not what I am asking.

Senator JACINTA COLLINS—Okay.

Senator HUMPHRIES—My question is about flexibility agreements and productivity agreements. I am going to come to those other things in a minute. I cannot see why they cannot be collected by them. They might be a new organisation, but this is in the objects of their act. If I was the general manager, the first thing I would read would be the objects of the act that set my organisation up to see what I needed to do to promote, as the act says, ‘Flexibility for business, productivity and economic growth for Australia’s economic prosperity’.

Mr Kovacic—Just to reinforce the points that the minister has made, to be fair to Fair Work Australia, from a historical perspective, the department through its analysis of agreements has historically looked at the content of agreements. It is not something that

previously the Australian Industrial Relations Commission has undertaken. So I think there is a transitional issue, both from the perspective of a new organisation and also coming to grips with its responsibilities under the Fair Work Act, that is probably at play here.

Senator FISHER—Is the department sharing with Fair Work Australia your data collection system and methodology?

Mr Kovacic—We are having regular discussions with Fair Work Australia officials on a regular basis around a whole range of issues relating to the implementation of the Fair Work Act.

Senator FISHER—The minister says they are a new organisation. Yes, they are, but, since the government was elected, the date was always the date for their operation. Meanwhile, you have workplaces at their mercy, effectively. So, as with Senator Humphries, I am hardly satisfied by, ‘It’s a new organisation; see us back here next time and ask us then.’

Ms Paul—But I think Mr Kovacic has just said that this is the sort of work that the department has traditionally done at any rate. It is not something which Fair Work Australia would have inherited as such. It is what Mr Kovacic just said. In terms of us working with them, yes, of course we do.

Senator FISHER—Are you saying the department will continue to do it, rather than Fair Work Australia?

Ms Paul—I did not say that. I just said that—

Senator FISHER—Then the only other—

Ms Paul—I was just reiterating Mr Kovacic’s answer.

Senator FISHER—end point of Mr Kovacic’s contribution is that Fair Work Australia will do it; it is just that it is all a bit new because the department used to do it.

Senator Arbib—There has been an answer to Senator Humphries’s question. If you want to put the question back to Fair Work Australia, then you can do that at the next meeting.

Senator FISHER—Yes, right. Thank you.

CHAIR—Senator Humphries has the call anyway.

Senator HUMPHRIES—Could you provide us with examples—not now; take it on notice, please—of the sorts of flexibility clauses that have been modified by parties to an agreement and have been approved by the tribunal, please? If parties in a negotiation disagree on the terms of a flexibility clause, does the model clause become the ones adopted by default?

Mr Kovacic—If there is an agreement that is lodged with Fair Work Australia which does not contain an individual flexibility clause, the model clause is read into the agreement in those circumstances.

Senator HUMPHRIES—If parties are indiscriminate about the terms of a flexibility clause, can industrial action be taken?

Mr Kovacic—If it is during the life of an agreement, no.

Senator HUMPHRIES—What, say during the life of an existing agreement, that this is going to be renegotiated. What about a new agreement?

Mr Kovacic—If it is in the context of negotiating a new agreement, it would be subject to the provisions of the act. For instance, there would be a need for a protected action ballot order; there would be a range of factors that would need to be taken into account by Fair Work Australia in terms of authorising that. It would need to meet the procedural requirements of the act.

Senator HUMPHRIES—But industrial action is possible.

Mr Kovacic—Subject to meeting the procedural requirements of the act.

Senator HUMPHRIES—Is this what was the issue in the Campbell soup dispute in Victoria recently?

Mr Kovacic—The issue of the nature of the flexibility clause was a matter of disagreement in that matter, but the parties ultimately reached agreement on the clause.

Senator HUMPHRIES—Moving quickly to productivity agreements or productivity clauses, you gave us some information about the incidence of model flexibility clauses. What can you say to us about the same incidence of clauses dealing with productivity in an agreement?

Mr Kovacic—In terms of, I suppose, our analysis of agreements, at this stage it has been very limited. Just by way of background, the department has a workplace agreements database, which codes all agreements against a range of criteria. We have not been able to code the agreements that have been made under the Fair Work Act against those sorts of criteria, so I cannot provide any sort of analysis at this stage. In terms of productivity, what I can say is that probably the level at which productivity impact of agreements will be measured will be at the economy-wide level, through the national accounts figures in terms of productivity, and it clearly needs to be recognised that there are a range of factors that have an impact in terms of productivity at that level.

Clearly, that sort of data around productivity can be disaggregated to an industry basis. My understanding is that the ABS data is available on an annual basis there. I would also allude to previous evidence that we have provided to this committee, which indicates that there is a clear sort of connection between improved productivity and collective bargaining and, from memory, there is a Productivity Commission study which indicates that those industries where collective bargaining prevails in terms of the basis of pay and conditions, that they have higher levels of productivity—

Senator HUMPHRIES—Can I just interrupt you there. I appreciate there are lots of ways of achieving productivity in an economy, but I am more interested in what has actually been built into agreements about this. You have not got any information at the moment, but will it be collected in the future?

Mr Kovacic—I will have to take that on notice. There are a range of factors that we actually code agreements for—whether it be flexibility provisions in terms of the clauses or other flexibilities. If there are specific issues that we become aware of in analysing those agreements, we certainly take note of those, together with the intelligence that we get from

the various stakeholders that we have regular discussions with. We will highlight innovative approaches in terms of productivity and flexibility as well.

Senator HUMPHRIES—What you are saying to me is that there is no plan at this point to analyse the extent to which agreements being approved by Fair Work Australia actually contain productivity clauses?

Mr Kovacic—What I am saying is that we analyse agreements against a whole range of criteria and to the extent that they include—

Senator HUMPHRIES—But not productivity?

Mr Kovacic—Flexibility. Agreements invariably do not say, 'We'll include this particular productivity measure,' in a very black-and-white way. They have a range of changes which either significantly or incrementally implement change. Quite often the agreements themselves are a vehicle for securing agreement from a workforce for ongoing implementation of change. It is not always a black-and-white situation in terms of being able to identify those sorts of changes.

Senator HUMPHRIES—Yes, but given that this was a key issue in the debate about Fair Work Australia and about the new agreement-making process, I am just surprised that you are not measuring the extent to which these issues have been covered. That is more of a comment than a question. Can you give us some examples of agreements lodged that have clauses dealing with productivity measures?

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

Senator HUMPHRIES—All right. Can I ask quickly about the right of lawyers to appear. Fair Work Australia also does not collect any information about the use of the provision in the legislation that allows the commission effectively to turn away a lawyer who appears on behalf of a party. You do not collect that information, do you, Mr Kovacic?

Mr Kovacic—Not on that issue, no.

Senator HUMPHRIES—Has FWA come back to you and said, 'We don't have the resources to do this'? Have they raised any concerns about their capacity to do these things, or have you simply not discussed issues like this?

Mr Kovacic—Certainly we have not discussed the issue of legal representation at all.

Senator HUMPHRIES—Or productivity clauses or flexibility clauses and recording these things?

Mr Kovacic—We have had discussions with Fair Work Australia across a whole range of data. Indeed, the Fair Work Regulations require Fair Work Australia to provide the department with a range of data, but whether it goes to that sort of level of detail I do not know off the top of my head. But in terms of the issue of legal representation, historically I am not aware of the Australian Industrial Relations Commission tracking that sort of data in the past and, based on the answers yesterday from the officials from Fair Work Australia, I understand that Fair Work Australia has not either. The department certainly never has.

Senator HUMPHRIES—Looking at the procedure as you understand it that applies under the Fair Work Act, I pointed out yesterday that if a party goes to the trouble of getting advice

from a lawyer, preparing a case with the assistance of a lawyer, having the lawyer turn up at the commencement of proceedings to prosecute the matter that they want to deal with before the tribunal, it seems somewhat of a sudden death position to be placed in to be told on the first day—with your lawyer, with the files and so forth at the bar table—‘No, you’re not entitled to representation. Go away. Find somebody else to represent you or do it yourself.’ As far as you are concerned, is there anything in the Fair Work Act that would prevent Fair Work Australia from providing some kind of advisory mechanism to litigants, before that point is reached, about whether they will or will not be able to get representation before the tribunal?

CHAIR—Mr O’Sullivan, just before you make a contribution, would you accept that you cannot claim legal professional privilege at this committee?

Mr O’Sullivan—I well and truly accept that. Legal professional privilege is a privilege of a client. It is not a privilege that any lawyer can claim at any time, unless of course they are a client.

CHAIR—Am I mistaken? Was it not you that would claim legal professional privilege and not answer questions at estimates hearings on previous occasions?

Mr O’Sullivan—You are mistaken that I ever made a claim of legal professional privilege, but I think you might be referring to an interaction I had in previous committees with the then Senator Wong.

Senator JACINTA COLLINS—Under a previous government, was it?

CHAIR—Yes. So what did you claim in order to avoid answering those questions at that time?

Mr O’Sullivan—I just followed the normal procedures where, when I was asked a question which I felt went to the content of some legal advice, I raised an objection, then invited the committee to consider whether it wanted to pursue the question. That is, as you know, entirely consistent with the procedures laid down. So I never actually refused to answer the question. I just put before the committee a basis on which it might care to consider not pursuing that matter.

CHAIR—I will have another look at the *Hansard* and we may revisit this in February.

Mr O’Sullivan—Sure.

CHAIR—You can answer Senator Humphries’s question now.

Senator JACINTA COLLINS—Just before he does, I am wondering if you are suggesting that the answer you gave previously would survive the new Senate order as of May this year. You might want to consider that.

Senator HUMPHRIES—This is all a bit of a distraction, with respect, from the issue I have raised.

Unidentified speaker—How is it relevant?

CHAIR—It is relevant because I want to ensure that officers that come to the table are actually able to answer and will answer the questions asked by senators.

Senator HUMPHRIES—If we let him, he will prove if he does or he does not.

CHAIR—We will see. But we will revisit this in February when they are next before us.

Ms Paul—You know that officers of my department have always been very respectful to this committee.

CHAIR—Yes. I notice Mr O’Sullivan has not come to the table up until today, though. Yes, you can answer Senator Humphries’s question now.

Ms Paul—There is no particular mystery there. Mr O’Sullivan is fulfilling a new role and therefore he has not needed to come to the table before now. He was not in Workplace Relations until just recently when Ms James took an opportunity to work with the Fair Work Ombudsman.

CHAIR—I did not mean anything by it except that I had not had the opportunity to ask this question.

Senator JACINTA COLLINS—This was his first opportunity.

Ms Paul—Okay.

Senator JACINTA COLLINS—No implication to the department at all.

Ms Paul—I am very protective of my department.

CHAIR—Yes, Mr O’Sullivan.

Senator HUMPHRIES—Could I have an answer to my question, please?

Mr O’Sullivan—As I recall your question, it was directed at solicitors’ ability to represent clients at proceedings before FWA and you were putting the position of the fairness of turning up and them not being able to—

Senator HUMPHRIES—What I was asking is: is there any problem in the Fair Work Act that would prevent Fair Work Australia from telling parties, before their lawyers gets to the gate of the court or the tribunal, whether or not they are able to appear with a lawyer?

Mr O’Sullivan—Perhaps I could just take a step back. It was ever thus. That was basically the provision under the Workplace Relations Act. That was section 100. Representation by a solicitor for any of the parties was never as of right under the old provision; it was with the leave of the commission.

Senator HUMPHRIES—Okay. But we are talking now about what we do to alleviate the problem of people not knowing whether they can appear or not.

Mr Kovacic—I think, to the extent that a member of Fair Work Australia was aware that an applicant may wish to seek to be legally represented, the member might—and this is pure speculation on my part as to how it might operate in practice—indicate that the issue of representation by a lawyer is not guaranteed, but refer the particular person to the relevant provisions of the act in terms of the sorts of criteria that the member will take into account in deciding whether or not legal representation would be allowed. I should also say that a general principle, if I can describe it that way, that is reflected in the Fair Work Act is that Fair Work Australia will act informally and in most cases that lawyers will not be necessary. So that is a general sort of disposition that is reflected in the legislation and it is against that background that potential applicants would need to be mindful.

Senator HUMPHRIES—Can I put a couple of questions on notice so I can get answers to them. Are parties who have a conscientious objection to being a member of a union or an

employer organisation provided with some means of being able to appear, in the event that they cannot appear through a lawyer? Turning to the issue of consultation with the shadow minister over appointments to Fair Work Australia, I am advised that the shadow minister has indeed been consulted about commissioner appointments.

Mr Kovacic—Appointments to the minimum wage panel of Fair Work Australia. They are part-time appointments.

Senator HUMPHRIES—Yes. But not conciliators?

Mr Kovacic—No.

Senator HUMPHRIES—So could I have some explanation as to why that would be the case, please.

Mr Kovacic—I can answer that one on the spot. There will be two different processes. The government's process for appointments to Fair Work Australia are merit based and, in respect of Fair Work Australia, there have been two separate sets of advertisements. The first were earlier this year in respect of minimum wage panel members. That process is much further advanced in terms of progression. In August advertisements seeking expressions of interest for appointment to Fair Work Australia as commissioners were advertised in the press. At this stage we are still at the short-listing process prior to initially consulting with state and territory officials prior to putting a short list to the Deputy Prime Minister which, subject to her views, can then be the subject of consultation with the president of Fair Work Australia and the opposition spokesperson on workplace relations. So the process is not as advanced as it is in respect of minimum wage panel members, but the process will see the Deputy Prime Minister consult with the opposition spokesperson on those commissioner appointments to Fair Work Australia, once she has had the opportunity to actually have some recommendations put before her in terms of short-listing.

CHAIR—Thank you for another successful estimates and we will see you all again in February. Thank you, Hansard, officers and senators. We will adjourn.

Committee adjourned at 11.02 pm