



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

WEDNESDAY, 1 JUNE 2005

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS,**  
**AND EDUCATION LEGISLATION COMMITTEE**

**Wednesday, 1 June 2005**

**Members:** Senator Marshall (*Deputy Chair*), Senators Barnett, Johnston, Stot Despoja, Troeth and Wong

**Senators in attendance:** Senators Barnett, Carr, Crossin, Johnston, Mason, Stot Despoja and Troeth

**Committee met at 9.04 am**

**EDUCATION, SCIENCE AND TRAINING**

**In Attendance**

Senator Abetz, Special Minister of State

**Department of Education, Science and Training**

**Cross Portfolio**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Finance Branch, Corporate Strategy Group

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

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

Mr Ewen McDonald, Group Manager, Corporate Strategy Group

Ms Margaret Pearce, Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group

Ms Carol Brain, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group

Mr Greg Cox, Director Web Services, Design and Multimedia, Corporate Strategy Group

Mr Tony Kwan, Chief Information Officer, Information Services Group

Ms Jessie Borthwick, Group Manager, Science Group

**Strategic Analysis and Evaluation Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Arthur Townsend, Group Manager

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

Mr Tony Gargan, Branch Manager, Skills Analysis and Research Strategy Branch

Ms Liz Tchacos, Branch Manager, Transitions and Attainment Branch

Ms Susan Bennett, Acting Branch Manager, Student Income Support

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Mr Paul Balnaves, Director, Demographics and Lifelong Learning Section

Ms Anne Gregory, Director, Economic and Growth Analysis Section

Ms Maureen Maclachlan, Director, Higher Education Analysis Section

Ms Anne Broadbent, Higher Education Analysis Section

**Science Group**

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Ms Jessie Borthwick, Group Manager

Mr Colin Walters, Group Manager, Higher Education Group

Mr Steve Irwin, Branch Manager, Science and Technology Policy Branch

Ms Sara Cowan, Branch Manager, International Science Branch

Ms Cathy McKay, Acting Branch Manager, Science Programmes Branch

Mr Patrick Davoren, Director, Radioactive Waste Management Section

**Higher Education Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Colin Walters, Group Manager

Ms Lois Sparkes, Branch Manager Quality Branch

Mr Rod Manns, Branch Manager, Funding and Student Support Branch

Ms Anne Baly, Branch Manager, Teaching, equity and Collaboration Branch

**Innovation and Research Systems Group**

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Dr Evan Arthur, Group Manager

Ms Leanne Harvey, Branch Manager, Research Systems Branch

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

**National Training Directions Group**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Aurora Andruska, Group Manager

Mr Ben Johnson, Branch Manager, New Apprenticeships Services Branch,

Mr Craig Robertson, Branch Manager, Funding and Performance Branch

Ms Linda White, Acting Branch Manager, New Apprenticeships Policy and Programmes Branch

Ms Stella Morahan, Acting Branch Manager, Strategic Directions and Infrastructure Branch

**Industry Skills Development Group**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Acting Group Manager

Ms Robyn Calder, Branch Manager, Skills Branch

Ms Robyn Priddle, Acting Branch Manager, Client Engagement Branch

Ms Catherine Vandermark, Acting Branch Manager, Quality Branch

Mr Murray Kimber, Acting Branch Manager, Technology & Information Services Branch

**Indigenous and Transitions Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Tony Greer, Group Manager

Mr Shane Hoffman, Branch Manager, Indigenous Business Management Branch

Mr Matt Davies, Branch Manager, Transitions Branch

Ms Susan Smith, Branch Manager, Indigenous Education Policy Branch

Ms Marg Sykes, Acting Branch Manager, Enterprise & Career Development Branch

**Schools Resourcing Group**

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Mr Chris Evans, Group Manager

Ms Catherine Wall, Branch Manager, Funding and Coordination Branch

Ms Mary Johnston, Branch Manager, Australian Technical Colleges Branch

Ms Christine Dacey, Branch Manager, Schools Resourcing and Infrastructure

**Schools Outcomes Group**

Dr Trish Mercer, Acting Group Manager

Mr Noel Simpson, Acting Branch Manager Quality Schooling

Ms Di Weddell, Branch Manager Literacy Taskforce

**International Education Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager

Ms Linda Laker, Branch Manager, Educational Standards Branch

Ms Shelagh Whittleston, Branch Manager, international Cooperation Branch

Mr Anthony Fernando, Branch Manager, Market Development Branch

Mr Anthony Zanderigo, Director, Market Policy Unit

**Australian National Training Authority (ANTA)**

Mr Paul Byrne, Interim Chief Executive Officer

Ms Kareena Arthy, Director, Strategic, Planning and Reporting

**Australian Nuclear Science and Technology Organisation (ANSTO)**

Dr Ian Smith, Executive Director

Dr Ron Cameron, Director, Government and Public Affairs

Mr Steven McIntosh, Government Liaison Officer

**Commonwealth Scientific and Industrial Research Organisation (CSIRO)**

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

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

Dr Jack Steele, Chief of Staff, Business Development and Commercialisation

Dr Andrew Johnson, Chief of Division, Sustainable Ecosystems

**Australian Research Council (ARC)**

Prof Peter Hoj, Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Len Marsden, Chief Operating Officer

Dr Stephen Walker, Executive Director, Disciplines and Programs Branch

**CHAIR (Senator Troeth)**—I declare open this meeting of the Senate Employment, Workplace Relations and Education Legislation Committee. I welcome the Minister representing the Minister for Education, Science and Training, the Hon. Senator Eric Abetz; the secretary, Ms Lisa Paul; officers of the Department of Education, Science and Training and agencies; and observers to this public hearing. On 10 May 2005 the Senate referred to this committee documents of proposed expenditure for the year ending 30 June 2006.

The committee will consider these documents with regard to the portfolios allocated to the committee by the Senate on 17 November 2004. We plan to examine the Education, Science and Training portfolio over the next two days, starting with general questions on cross-portfolio issues and continuing with the rest of the agenda. The committee will report to the Senate on 20 June 2005. The committee has resolved that the date of return of answers to questions is Friday 22 July 2005. Any written questions on notice should be lodged with the secretariat by close of business on Wednesday 8 June 2005.

I remind officers that in its orders of continuing effect the Senate has resolved that there is no area in connection with the expenditure of public funds where any person has a discretion to withhold details or explanation from the parliament or its committees unless the parliament has expressly provided otherwise. Officers shall not be asked to give opinions on matters of policy and shall be given an opportunity to refer such questions to superior officers or to the minister. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Oral evidence and documents in estimates proceedings are part of the public record. Minister, would you like to make an opening statement?

**Senator Abetz**—No, thanks.

**CHAIR**—In that case we will move to cross-portfolio issues.

**Senator CARR**—Thank you. Madam Chair, is this your first estimates for Education in this august position?

**CHAIR**—That is correct.

**Senator CARR**—It has been a while since we have had a change of the guard here.

**CHAIR**—It is indeed.

**Senator CARR**—It is the first since former Senator Tierney. He is missed.

**CHAIR**—Indeed.

**Senator Abetz**—He was your sparring partner.

**Senator CARR**—What I can say, Minister, is that he actually knew something about education. It is unfortunate that he lost preselection, as he knew something about the subject matter—which is clearly in very short supply in the government.

**CHAIR**—You may recall that I have been a teacher.

**Senator Abetz**—I do not think we should be talking about preselection.

**Senator CARR**—That is right. You would know about that, wouldn't you?

**CHAIR**—Senator Carr, I would like to remind you that I had many years in the teaching service.

**Senator CARR**—That is right.

**CHAIR**—Would you please proceed to questions.

**Senator CARR**—There have been a few changes in the department. Could you indicate what the changes have been in senior management?

**Ms Paul**—We have increased our focus on the areas which were most affected by machinery of government and election commitments. That is, not surprisingly, particularly in the vocational education and training area and the schools area. As the Australian National Training Authority, ANTA, is coming into the department on 1 July, not surprisingly we have created two groups to deal with vocational and technical education and a relevant deputy secretary in Jim Davidson, who is a new appointment. He was previously a deputy secretary in the Victorian Department of Education and Training looking after the vocational education and training area.

**Senator CARR**—Is he here today?

**Ms Paul**—He will be. There he is: three or four rows back. We have also created two schools groups, because the span of interest in the schools area was too great for one group. There are some additional branches to deal with particular issues over a period of time. They are not permanent structures. The literacy review would be an example. There is also one in the international area. We also have done things to deal with some pressures in the IT area. The vocational education and training groups are probably the ones which have gone through the most extensive restructuring, and that is because we have worked with ANTA—and I am sure we will talk about this some more tomorrow when we get to that outcome—to really integrate it. We did not want to just bring ANTA in and say, 'There's ANTA and there's the old VET group.' We wanted to genuinely integrate the functions, so those structures are quite new. I have brought an organisation chart, if you would like one.

**Senator CARR**—That would be much appreciated. So there have been a number of new deputy secretaries created?

**Ms Paul**—Yes.

**Senator CARR**—Or are they confirmations?

**Ms Paul**—Yes. There are two appointments which were announced recently, Bill Burmester and Jim Davidson. Wendy Jarvie and Grahame Cook are also deputy secretaries.

**Senator CARR**—Congratulations to all those who have achieved such high office. We will probably deal with the specifics later. You said you had two school groups. Why do you need two school groups?

**Ms Paul**—Because some of the new functions—such as the Australian technical colleges, the Investing in Our Schools initiative, the literacy review and a range of other initiatives—have meant that the span has become very wide. Those two groups, like the vocational

education and training groups, will need to work very closely together. But to meet the current pressures that was something which was welcomed by our staff and I think it will work quite well.

**Senator CARR**—But these are special initiatives. Do you see those as being long-term? Obviously you do but I am wondering why you need permanent organisational change to deal with special initiatives?

**Ms Paul**—It may not be permanent. It may be something which lasts for a couple of years and then we move to some other structure. But at the moment the pressures are such that for the sake of our staff we need this. What we were hearing really clearly was that we needed to deal with the pressure points.

**Senator CARR**—Right. What is the number of SES officers in the department?

**Ms Paul**—As of now we have 65, I think.

**Mr McDonald**—As of 31 March, we had 53 substantive SES. We had 59 acting. So that is 59 in total.

**Senator CARR**—How many were there in the previous period?

**Mr McDonald**—In the previous period, my recollection is that as at 30 June it was 47.

**Senator CARR**—Is that 47 total effective full-time SES?

**Mr McDonald**—Yes, substantive and permanent SES.

**Senator CARR**—How many acting did you have? I am just trying to get a sense of this. Are you saying there has been an increase of 13 SES officers in the department?

**Mr McDonald**—In relation to our SES profile, the ratio compared with our staff increases remained effectively the same. So it is about 2.5 per cent, which is quite comparable with other similar agencies.

**Senator CARR**—So there has been an increase of how many effective full-time in the department?

**Mr McDonald**—The current staffing figure in the department as at 31 March is 2,118, which is an increase over the last 2½ years from about 1,617. That is an increase of nearly 500.

**Senator CARR**—That is a 25 per cent growth.

**Ms Paul**—Over that period, yes.

**Mr McDonald**—Over three years.

**Ms Paul**—Since the machinery of government change which brought in ANTA, which had 80 to 100 people working for it, and the election commitments, the department has increased by about 10 per cent. But the proportion of SES to the rest of the department stays under three per cent. It is in proportion.

**Senator CARR**—So I cannot complain about the ARC anymore because of your very frugal disposition of staff?

**Ms Paul**—As I say, we have continued to be in proportion.

**Senator CARR**—Will the agencies?

**Ms Paul**—Of course there were quite a few SES in ANTA, too. Once you bring in all those people, or at least their positions and so on, we remain under three per cent in terms of SES.

**Senator CARR**—And that is the same for all the agencies, is it?

**Ms Paul**—I am not sure where the agencies are. I am not sure what their percentage is. And I have not checked with ARC recently, but they will be with you shortly.

**Senator CARR**—Can you take that on notice? Can I get an indication across all the agencies—

**Ms Paul**—For all the agencies? Certainly.

**Senator CARR**—of what the percentage of SES is and how that compares with the department? You are at 2.5 per cent. One of the concerns I have expressed is that some of the agencies are top heavy with SES. Invariably, those directly affected always come up with very good reasons for why they are top heavy. But I would like a comparison. Are you anticipating that that staffing level of 2,118—with the increase—will stay at that throughout the forward estimates period?

**Ms Paul**—No, it increases again.

**Mr McDonald**—We would expect that figure to be about 2,150 by the end of this financial year, or thereabouts. There are some staff coming in from ANTA, and we are recruiting at the moment as well.

**Ms Paul**—We are on quite a big recruitment drive, as you might imagine, particularly in the vocational education and training area, to bring in the ANTA functions. So the staffing at the moment is on the way up.

**Senator CARR**—I will come back to the question about the productivity dividend and how that is going to be funded. Thank you for that information. I am a bit concerned that we still have questions outstanding.

**Ms Paul**—Would you like me to go through where we are up to?

**Senator CARR**—Yes, that is a standard procedure at this time.

**Ms Paul**—Yes, that is right. You threw me with a different question to start with!. We took 398 questions on notice for the portfolio: 86 were taken at the hearing and 312 were provided in writing later. There were 950 parts across the portfolio. We have one still outstanding from the most recent estimates, and that is a DEST one. That is question E852\_05. You asked us to provide a list of all our administered programs. Mr Storen is coordinating that, but we could not start it until after the budget because you have asked for details of all administered programs. It is now under way, and I hope it will be with you shortly. I am sure it will be. I know Mr Storen is working on it.

I should also say that we still have some questions outstanding from the previous estimates. There are two from supplementary estimates at the end of last year. Question E408\_05 is yours. It is to list membership, meeting location and all costs, including travel, accommodation and sitting fees, food and beverages, for all advisory groups and review committees convened by the department for 2001-02, 2002-03, 2003-04 and for this financial

year so far. That is still coming together, and it is still under way. I am sorry that I was not able to bring it before today. For question E475\_05, which is to itemise all contracts, consultancies, grants, tenders or secondments to ACCI, we have given you an interim response, with quite a long table, from us but there is still some input to come from CSIRO. But I have seen the answer, and for the rest of us it is covered off. From February 2003, there is question E645\_03, which is the details of all advisory committee task forces and other reference groups established in the portfolio since March 1996. You have got an answer, but there will be some input from ANTA.

**Senator CARR**—That is question E645\_03, from February 2003?

**Ms Paul**—Yes.

**Senator CARR**—That is a fair wait.

**Ms Paul**—Yes, it is. I should say you do have all the information from us but you await some input from ANTA, which of course we will endeavour to get for you, or indeed we will end up being responsible for it after 1 July.

**Senator CARR**—Yes. There was one I have not seen on the list anywhere, and that concerns Oceania.

**Ms Paul**—Do you have a number?

**Senator CARR**—Do you have any record of a question on an entity known as Oceania?

**Ms Paul**—It rings a bell. Do you have a number?

**Senator CARR**—I do not have a number; that is what I am saying. There seems to be a problem. I am firmly of the view that I put the question in, but I do not see it on any of the lists anywhere.

**Ms Paul**—What was the issue?

**Senator CARR**—It was concerning an outfit calling itself Oceania that purports to be a university, using a loophole in the Corporations Act.

**Ms Paul**—I remember. I am not sure whether there was a question on notice. Does anyone here remember? I am being told we have not received one. We are happy to take one if you would like us to.

**Senator CARR**—Obviously we will put some material to you. If you wish, we will take it through the higher education division.

**Ms Paul**—That is on the program for tomorrow. That is fine.

**Senator CARR**—Shall we deal with Oceania then?

**Ms Paul**—Sure.

**Senator CARR**—I understand that you have undertaken a review on this matter. Mr Burmester, can we get some information about where the review is at and where the report is?

**Mr Burmester**—Yes.

**Senator CARR**—This is obviously about an entity using the term ‘university’. We all know the history of that matter. There are a number of matters that concern me about the

nature of the answers themselves. Can we take, for instance, No. E752. I am raising this not necessarily because I expect to deal with the detail at this point but, rather, I am concerned about the way in which the answer has been presented. This was a question that went to earnings from the export of education services and the breakdown for the university sector over three years. It is a question that in the past you would have been able to deal with thoroughly. Given the high quality of the education statistics that we have available in this country, I am somewhat disturbed to have yes or no type answers being presented in the way they have been. I have seen this occurring in a number of answers to questions now. They are monosyllabic answers of yes or no. They are questions that I think we are entitled to get some explanation for.

**Senator Abetz**—Can I suggest, with respect, that the art of Senate estimates and asking questions is to ask questions in the correct way. If you do not ask the question in the correct way, you might then get an answer which you do not necessarily like. The document that you seem to be complaining about says:

Do you have any forecasts about earnings from export of education ...

The answer given to that is no. If you wanted to explore it further, you ought to say: ‘If the answer is yes, what can you tell us about it? If the answer is no, why not? Are you thinking about doing it? If not, why not?’ You ask a list of questions so that you get the actual answers that you want. You cannot blame the answer given for the inadequacy of your questions.

**Senator CARR**—So, Senator Abetz, you think that my questions lack detail?

**Senator Abetz**—I am telling you that you got a response to the question that you asked.

**Senator CARR**—I do not want to hear any more complaint that we ask questions that are too detailed. That is a simple answer to the proposition you put to me. We will put in the level of detail that the department clearly needs. After all, they have only been dealing with questions from me for 12 years now.

**Senator Abetz**—That is 12 is too long, according to a lot of people!

**Senator CARR**—I would expect that you would say that.

**Senator Abetz**—Some others in your own party, I think, are saying that as well!

**Senator CARR**—You take the view that any question is one too many. I guess you will just have to grin and bear it, won’t you!

**Senator Abetz**—We will grin and we will bear it.

**Senator CARR**—Can we go to question No. E718. Do you have that there?

**Ms Paul**—Yes.

**Senator CARR**—For the benefit of the transcript, this was a question that went to a statement made by the minister that every child in a Catholic independent school receives less public funding than they would in a public school.

**Ms Paul**—That is not the question I have in front of me. Is yours No. E718\_04?

**Senator CARR**—Yes.

**Ms Paul**—I'm sorry; I had No. E718\_05. I had a question on shared responsibility agreements in Murdi Paaki.

**Senator CARR**—It is good to clarify what we are dealing with here.

**Ms Paul**—If you have some of these which you want to pursue, could we pick them up in conversation in these hearings? If we then need to come back in writing as well, we will be happy to do so. We have got schools this afternoon, and the international one, the previous one—

**Senator CARR**—I appreciate the point you are making. I am happy to discuss the detail at any time. I have the source. We all know each other pretty well after all this time. I know the standard in your training manuals. I have no doubt about the response to this sort of question: you will ask me for the source of the complaint and so on. I have all that. We all know the game here. But what I am interested in is why it is that a question like that, which was asked in February 2004—a simple proposition—the minister makes a statement which was highly controversial—

**Senator Abetz**—According to you.

**Senator CARR**—Yes, that is right; it is controversial because I am making it controversial. The question was asked in February 2004 and I got an answer this week. It says:

Senator Vanstone took this question on notice on behalf of Minister Nelson. As a result, DEST is unable to provide a response to this question.

What I am interested to know is on what possible basis DEST could make such a proposition.

**Ms Paul**—I will have to refresh my recollection. I recall the conversation, and I think it was literally the case that Senator Vanstone—

**Senator CARR**—Dr Nelson is not a senator. Dr Nelson has a representative in the Senate; it was Senator Vanstone at the time.

**Ms Paul**—I am happy to take it on board. We will have another look at it.

**Senator CARR**—We can argue the toss about the accuracy of the statement.

**Ms Paul**—Sure.

**Senator CARR**—I was looking for a precise piece of information: have you—that is, the department—undertaken an analysis of every school? I got back this sort of nonsense 18 months after the question was asked, which seems to me to be one of the biggest duckshoves I have seen in many a year.

**Ms Paul**—I am happy to take it on notice. We will have another look at it.

**Senator CARR**—I appreciate that you will have another look at it but I would like to know what the quality assurance process is within the department that allows such a proposition to be sent back to the Senate committee when it is clearly a ludicrous answer.

**Ms Paul**—It is a correct answer. The clearance processes are in place but, as I have said, I am happy to have another look at it.

**Senator CARR**—It is correct that she did take it on behalf of Dr Nelson. That is true. It is not a justification for the answer. All I want to know is what we can do to improve that situation.

**Senator Abetz**—Once again, there are tactics at Senate estimates that are well understood. Since somebody boasts 12 years experience in this place et cetera, one would have thought by now he would have known. If the minister uses some careful language, Senator Carr has to be alert to that—for example, last night, when people were talking about the low pay commission and things like that. We have to be alert to these things. There are tactics that are employed by both sides. I think it is a bit rich for one side to complain when he is being outwitted.

**CHAIR**—I take your point, Minister. Senator Carr, you have registered your complaint. Ms Paul has indicated that we will deal with it either when we come to that point or at another stage. I would like to move on.

**Senator CARR**—That is very nice of you. I put it to you, Minister, that it is not a question of outwitting people. It appears that this is yet another in a long list of tricks by this government to avoid answering questions.

**Senator Abetz**—No, this is all about your outrageous campaign against government funding of non-government schools. Your attack was purely political. There was nothing in the question in relation to detail. It was all about trying to take a cheap political shot. Guess what Senator Vanstone did? She returned the compliment. Now, with a glass jaw, you are trying to cry foul.

**Senator CARR**—Why is it a cheap political shot to ask whether or not the statement made had any basis in fact? Where is the cheap shot in that?

**Senator Abetz**—You and the minister have been in dispute for I do not know how long. You have been in dispute with the government since 1996 about our education policies—which, I might add, have overwhelming public support. That aside, you have been in dispute with us. That is your right. You try to make political points all the time. Then, when Senator Vanstone sidesteps and lets one go through to the keeper, you complain. With your record, I think you are hardly in a position to complain.

**Senator CARR**—It is a simple proposition, Minister. A second reading speech was delivered by the minister. It contained what purported to be factual statements. I am asking: what was the basis of evidence for those statements? What was the response from the minister? She said, ‘I will take it on notice.’ What was the response from the department? They said, ‘Oh, it was taken on notice by the minister so we don’t have to answer it.’

**Senator Abetz**—That is right. And you should have been alert to that. You were not, and you are suffering the consequences. The department has nevertheless said very graciously that they are willing to re-look at the situation. Rather than exacerbating and highlighting your embarrassment—

**Senator CARR**—So these are the new rules, are they? This is liberal party control of the Senate—the new rules.

**Senator Abetz**—we are willing to take it—

**Senator CARR**—Is that what the game is?

**CHAIR**—Senator Carr!

**Senator Abetz**—We are willing to review the answer, but all you are doing is highlighting for everybody your own incompetence in not picking up that tactic. If you want to keep highlighting it, I am willing to oblige you. But I would have thought, having suffered that embarrassment and the graciousness of the department to revisit it, you would want to shut up on it and move on.

**Senator CARR**—No, look—

**CHAIR**—Senator Carr, I think we have established that there is a question and there is an answer with which you are not satisfied. Ms Paul has indicated that we will review that at a later stage and she will look at it. Could we move on. If you have another matter to raise, would you please do so.

**Senator CARR**—Madam Chair, the graciousness of the department, particularly Ms Paul, is acknowledged and has never been questioned. What I am concerned about is the arrogance and contempt that the minister is showing for this committee.

**Senator Abetz**—That is not a question.

**CHAIR**—I think we need to move on to your next question, please.

**Senator CARR**—In terms of the index that is produced by the department, Ms Paul, do you think that is also accurate?

**Ms Paul**—Which index?

**Senator CARR**—Question E734\_05 is supposed to be a question regarding the Australian certificate of education, but it is on another topic.

**Ms Paul**—Is that E734\_05?

**Senator CARR**—I believe so.

**Ms Paul**—It is a mammoth undertaking but I do not think we have ever got it wrong to my knowledge.

**Senator CARR**—I am just concerned that we need to make sure that answers come back to the committee promptly—we have agreed to that—and that they are accurate—and we have agreed to that.

**Ms Paul**—I have one question about Indigenous teachers and so on. Anyway, I have never come across an error yet, even though we have had 398 questions and so on. But, naturally, if you feel that something has been missed out, we are happy to take it on as a question on notice.

**Senator CARR**—Thank you.

**Ms Paul**—I think we agree them with the committee too. We really try to tick-tack well, and I know that the people are very good at handling all of that detail between us. If there is something missing, of course we will look at it.

**Senator CARR**—As I said, I generally do not have a complaint about the administrative side of this. I do have a complaint about the quality of the answers from time to time. And I ask a lot of questions. There have been many complaints in the past about my questions being too detailed, and now I am being told that I have to put more detail in. I can help you on that.

**Senator Abetz**—You never seem to get right, that is your problem, Senator Carr.

**CHAIR**—Minister!

**Senator CARR**—And my real concern, Ms Paul, which is not a question and a worry for you, is the arrogance that the government is showing about these matters.

**Senator Abetz**—That is another one of those cheap political comments that I referred to earlier. You have now writ it large in *Hansard* for all to see that that is all that you are on about.

**Senator CARR**—There was a question that I lodged and I am concerned that it is not on the list anywhere. Given we ask so many questions, I appreciate that things can go wrong.

**Ms Paul**—We will certainly deal with the Oceania one.

**Senator CARR**—What is the financial impact of the increase in the efficiency dividend?

**Mr Storen**—The impact on the department is in the order of \$3½ million.

**Senator CARR**—How is it intended that that be met?

**Mr Storen**—We are working through our 2005-06 business processes at the moment, so we have not nailed down the details of meeting the efficiency dividend. But we would be looking at strategies such as the provision of our IT services—we are currently in the process of moving them from DEWR back into DEST. We are aiming to make some efficiencies from that move. We also have a range of whole-of-department contracts around office machines, printing and so on through which we create efficiencies in our purchasing.

There are also IT processes in general—as you would imagine, the department has a number of business systems that support how we manage our programs. We are continually examining business processes and how we can use our IT more effectively to reduce the time and energy spent moving data around. At the moment we are looking at a proposal to better harness videoconferencing and how that could drive some efficiencies for us. It is of course a balance between face-to-face meetings and videoconferencing, but it is certainly something we are looking at. There are also procurement processes in general. We look at using panels so that we can use those every time we want to go and purchase a service, rather than creating a tender process. They are the types of things we will be looking at in order to meet the efficiency dividend.

**Senator CARR**—I appreciate that. So there are no staff losses?

**Ms Paul**—No. As I said to you before, we are actually increasing our numbers. But you are not intending to downsize them later on?

**Mr Storen**—No. We are increasing according to forward estimates and what we have allowed through machinery of government and the budget and so on.

**Senator CARR**—And you are confident that you can find \$3½ million in IT savings? That is effectively what it is, isn't it, apart from contract management, perhaps—and machinery and teleconferencing?

**Ms Paul**—Yes, we are. DEST has done really well in, for example, moving business processes into electronic business processes over time. When I arrived I was quite impressed with the extent to which we have done that. We will keep doing that, and it does make a difference.

**Senator CARR**—What is the saving from the changes in relation to taking IT services back from DEWR?

**Mr Storen**—We have been undertaking that process for a number of years now. We started in 2004-05 and we have taken back mid-range, which is the servers, and desktop support in the national office. In 2005-06 we will be taking back the internet gateway environment, desktop support for the network, and communication services. My recollection is that once we do that we are looking at up to \$2 million per annum in savings.

**Senator CARR**—Two million dollars in that alone?

**Mr Storen**—That will take a couple of years. I think 2006-07 will be when we will start to find the full-year effect of those efficiencies. As you would appreciate, we have had to do some purchasing of hardware ourselves, and also some increased staffing of our IT support function to ensure that we can take over the functionality.

**Senator CARR**—I could never understand why it was that the services went to DEWR at the time of the last split, but I presume that was the best you could do on the occasion. Is that the case?

**Mr Storen**—It was a business decision taken in 1998, I believe.

**Senator CARR**—When the split occurred.

**Mr Storen**—Yes. Over the years, both departments have been affected by machinery of government changes and additions of functions, so we have changed the focus of how we deliver and interact with the IT world. It is very timely that we start going our own way, and that is what is occurring.

**Senator CARR**—How much money do you think will be saved in contract management?

**Mr Storen**—I do not have any figures to hand on those types of things.

**Senator CARR**—So you cannot give me a disaggregation.

**Mr Storen**—I cannot give you an itemised list. As I said earlier, we have not embraced precisely how we are going to harvest \$3½ million but we have a number of strategies which we will implement in 2005-06.

**Ms Paul**—We have not set a target. We are just pursuing good business practice in the areas that Mr Storen mentioned.

**Senator CARR**—Is that \$3½ million over the forward estimates or is it per annum?

**Mr Storen**—The efficiency dividend is 1¼ per cent per annum of our operating money. Our operating money is \$389 million moving into 2005-06. So it is per annum, Senator.

**Senator CARR**—Am I correct that the full year effect of that is \$3½ million per annum?

**Mr Storen**—Yes.

**Senator CARR**—Was it \$14 million over four years? Is that the sort of figure we are talking about?

**Mr Storen**—That is what the figure would accumulate to.

**Senator CARR**—\$14 million?

**Ms Paul**—It is 1.25 per cent each year.

**Senator CARR**—It is an extraordinarily large sum of money.

**Mr Storen**—That would be \$14 million over about \$1.45 billion over the period.

**Senator CARR**—Are you certain there is no employment impact to reach that sort of money?

**Ms Paul**—We have managed so far. We have had a one per cent dividend for a long time. That is the way that we like to manage it.

**Senator CARR**—Could it not also be argued that many of the programs that are currently operating implicitly suffer an efficiency dividend of one form or another that is a reduction given that the index does not cover the full cost of increased prices? In answer to question No. E740-04, you provided me with advice on the range of indices that are currently operating, and many of the programs are at WCI 1—which is 2.3 per cent at this time. Is the indexation rate on that particular scale still 2.3 per cent?

**Mr Storen**—I do not have the current indexation rates by WCI with me, but it would be in that order of magnitude.

**Senator CARR**—So that I can keep my files up to date, can I get the current rates of indexation? They vary according to wage price movements, do they not? Is the AGSRC roughly around eight per cent now?

**Mr Storen**—We can take that up with the schools group. I could hazard a guess but I would prefer to take that up with the schools group.

**Senator CARR**—Given that the figure of 2.3 per cent is considerably below the movement in prices, is there not implicit in the indexation arrangements for those programs that are indexed at that rate a reduction in the amount of money that they have available to undertake function for function?

**Mr Storen**—The government policy on the efficiency dividend, as we have discussed, provides an explicit efficiency dividend to the department's operations. Their policy to provide a range of WCI indexes to programs is the indexation policy. I would have to check, but I think that the CPI is also running around the two per cent to 2½ per cent market at the moment too, is it not?

**Ms Paul**—Those indexes increase our funding to our programs each year. AGSRC, of course, is done on quite a different basis. It is hard to say what the relevant costs are within each of those programs.

**Senator CARR**—I would have thought that, if you were to look at the equivalent costs for the same programs within schools, and you have all the quality programs indexed at 2.3 per cent, which is the figure I had for 2003-04—and I know it may have gone up slightly for 2004-05—you would see that the equivalent figure for schools funding under the AGSRC was 7.1 per cent. These are substantial differences. Either AGSRC is over the odds, and I suspect it might be, or WCI 1 is considerably under the odds in terms of price movements, and I suspect that that is also the case. My question goes to whether or not the indexation arrangements, implicitly built into them for most of the programs operating below AGSRC, have a deflationary effect on the amounts of money that are available for function for function.

**Ms Paul**—And I was simply suggesting—perhaps not too clearly—that regarding the programs indexed by WCI indexes, we would not necessarily know how the costs are moving underneath those indexes, so we could not say what the impact is of the WCI indexes. AGSRC, on the other hand, is done on a completely different basis, based on state based reports of actual expenditure and so on.

**Senator CARR**—That is right. We already have this iniquitous situation where, on these figures, universities have their funding indexed at 2.3 per cent, schools at 7.1 per cent for recurrent grants, New Apprenticeships and others are indexed at 2.3 per cent, and I think TAFE at about that time was about 1.8 per cent. The point I am making is that there is quite an extraordinary range in the indexation arrangements. What about Questacon? What are they indexed at?

**Mr Storen**—They receive the same indexation arrangements as the department.

**Ms Paul**—They are part of the department.

**Mr Storen**—They are part of the department's appropriation.

**Senator CARR**—What is your indexation rate?

**Mr Storen**—I do not have the precise number, but it is around two per cent to 2½ per cent.

**Senator CARR**—You get an indexation rate of 2½ per cent, and you give 1.25 per cent back by way of an efficiency dividend. Is that roughly how it works?

**Mr Storen**—Yes.

**Senator MASON**—I have a few questions relating to the Auditor-General's report of June 2003 entitled *Absence management in the Australian Public Service*. First of all, could you tell me what the sick leave and also the personal leave—a larger figure—was overall, but also what it was per full-time employee for the last calendar year, 2004.

**Mr McDonald**—For the last financial year, sick leave per FTE was 9.77 days.

**Senator MASON**—How about personal leave, which is a slightly larger figure?

**Mr McDonald**—The total personal leave is roughly two days more, so 11 point something.

**Ms Paul**—It looks as though, so far, we are going down this year, if we annualise from the first quarter.

**Senator MASON**—Is that right? You have anticipated my next question. The figure I have for the 2001-02 financial year for personal leave is 7.92. There has been a bit of a jump. Why is that? It is a large jump, in fact.

**Mr McDonald**—The ANAO report was in, I think, 2001 or 2002. Over the last 2½ years, our sick leave has been trending down very slightly. In the department we monitor those through a benchmarking arrangement. So we are in a group of APS agencies and we benchmark those each quarter. We also consider those rates at our people in leadership committee, which is made up of branch managers from across the organisation. So we analyse those each six weeks. We then report to our corporate leadership group, which is made up of our executive and our group managers. We also analyse that data at that point.

As a result of the last meeting, for example, we have commissioned our HR branch to do an analysis by location and day for unscheduled absences. So they will look across the agency at whether there are particular points where it is higher and then investigate what might be the reasons for that. We have also now provided that report just recently down to branch manager level. Previously it was at group manager level and now it is down to branch manager level. When you do those discussions you can see across the organisation where there are some differences. Those were some of the findings coming out of that ANAO report.

**Senator MASON**—I appreciate the background. You mentioned that sick leave is starting to trend down, but it was 7.92 for personal leave, which is larger than sick leave, in 2001-02 and in the calendar year 2004, which is two and a half years later, there has been a massive increase—a 40 per cent increase. Why?

**Ms Paul**—I do not know that we would have with us why it went up from 2001 to 2002, if those are the years you are looking at there. It could have been the way we counted it. For example, we have had some toing-and-froing about whether we were counting FTEs or people.

**Senator MASON**—FTEs.

**Ms Paul**—I am not sure. It is three or four years ago. We could go back, on notice, and try to look at why, but I do not know why.

**Senator MASON**—Can you get me an explanation?

**Ms Paul**—We could try to.

**Senator MASON**—The committee would like to know why because that is a big increase. Rather than pointing the finger at anyone, in terms of management trying to find out how you can improve the situation I think that is worth while. Mr McDonald has outlined some ways. Do you collect statistics on unscheduled absences?

**Ms Paul**—Yes.

**Senator MASON**—The gender, the age of the person, how long they have been in the service and their work group: do you collect all that?

**Mr McDonald**—We collect information in our HR area by that. Individually we collect information on leave. In terms of reporting across the board, we report by location.

**Senator MASON**—And gender, age and how long they have been in the Public Service?

**Ms Paul**—I do not think we have asked for that, because it seems to us that the most important things to look at have been: team by team, because a team can have an impact one way or another; location; and, as Mr McDonald said, day of the week, which is an interesting thing to look at.

**Senator MASON**—It is, whether it is a Monday or a Friday.

**Ms Paul**—I also want to say that, as you know, it is a balancing act too. We actually want people to take their sick leave if they are sick. There have been some interesting articles recently about what I heard someone calling ‘presenteeism’, rather than absenteeism, of sick people coming to work and infecting others and making the situation worse. There were some American articles about that. One thing I have been most pleased to see in coming into DEST is our healthy work strategy. We do a lot through our certified agreement. We give people \$200 in our certified agreement each year to pursue gym membership or a healthy activity.

**Senator MASON**—Sure, and that is great stuff.

**Ms Paul**—Yes. And I am sure all that has made a difference to the trend down.

**Senator MASON**—Are there flu vaccinations and so forth?

**Ms Paul**—Yes. I am happy to go back and find out why it kicked up in those previous years. I do not think we would have that with us, because it is some time ago.

**Senator MASON**—You collect some of those things I mentioned but not all of them. I only raise them because as a management tool they may be useful.

**Ms Paul**—They may be.

**Senator MASON**—The Audit Office flags them as useful tools for managers.

**Ms Paul**—We collect it individually, but we report on the things which seem to make the most difference. Another thing which I could have mentioned was, for example, outliers—people who have had the misfortune of having a very long illness, a chronic illness or a major event. That is an interesting one too, because sometimes you can get a team that looks like it is taking a lot of sick leave and actually it is one or two people.

**Senator MASON**—I accept that.

**Ms Paul**—We have done all those sorts of analyses too. It is very important and we focus on it each quarter when our people in leadership committee meets.

**Senator MASON**—Are you happy with the number of unscheduled absences? Are you happy with the figures that you have detailed this morning?

**Ms Paul**—I am happy that that is trending down.

**Senator MASON**—Let us get this right. It seems to be trending up from 2001-02, but you are saying that over the last year or two it has been trending down.

**Ms Paul**—Yes. As we enter 2005 it is looking like all the things we have put in place are making a difference. We benchmark ourselves. Our unscheduled absences sit in the mid range.

**Senator MASON**—They do, but my point is that in 2001-02 you were in the lower part. Now you are about middle.

**Ms Paul**—Yes. That is of interest. The annualised results for the first quarter look like they might take us back to those sorts of numbers, but I do not know whether we were counting the same thing. As I said, we will have to look at that. We always want that number to be as low as it can be, obviously, because that means our staff are healthy, and we want that to be the case. But I also do not want ill people to feel that they cannot take the leave they are entitled to.

**Senator MASON**—That is fair and it is not a bad sort of debating point but, if you want a debate about it, there is a lot more leave than in the private sector. We can debate this all day. That is why, in a sense, we have to talk large numbers and generally. I accept that there are individual circumstances and that individual departments have their own cultures. They have different gender make-ups, for example, and part-time workers. I do accept that. I am not trying to say that this is all dreadful, but I want to make the point that the committee is looking at it because it is a serious issue—it costs the taxpayer over \$300 million a year—and I am surprised that it has gone up so much. If you could find out and detail to the committee why that happened, I would be very grateful.

**Ms Paul**—We will give it our best shot.

**Senator CARR**—Before moving to consultancies, I have some questions about the COAG trial. The department is the lead agency in Murdi Paaki. Is that still the case?

**Ms Paul**—Yes.

**Senator CARR**—I have been asking questions of a number of departments. Part of the difficulty with the government's changes is that there is no central agency now where we can talk about these matters. Invariably we are referred to individual committees to ask questions about these matters. I appreciate that you may not have all the information on this at hand. Could you have the information provided today, if it is possible to readily retrieve it. I am interested to know how much has been spent by the department on the Murdi Paaki trial. Do you have anyone here who can assist me with that now?

**Ms Paul**—When we have our Indigenous education outcome, I think Mr Greer might have some of that available for you. If we do not have it with us, we can certainly provide it quickly on notice.

**Senator CARR**—Dr Jarvie, do you have any information on the matter?

**Dr Jarvie**—I do not have it with me. We will see what we can do by tomorrow afternoon. I do not know that we have it collated in that way.

**Senator CARR**—I am looking for how much money has been spent and the breakdown for each of the financial years in which the money has been spent. Have you provided any interpreter services during the trials? Could you provide me with details of that. I am also advised that three consultants have been engaged in pilot projects in different regions. Was Murdi Paaki one of those regions in which consultants were employed?

**Ms Paul**—Dr Jarvie will probably have the good oil on this, but certainly when I was up in Murdi Paaki most recently one of the community working parties had used a consultant as a facilitator for one of their community plans. Dr Jarvie may have more information.

**Dr Jarvie**—We put in substantial funding for each community working party to get a consultant to help them develop a community development plan, and that funding was provided primarily I believe through the Family and Community Services portfolio. We can certainly give you more information on that. So, yes, we have used consultants fairly widely to support the planning process for the communities.

**Ms Paul**—That is, at their desire. We are obviously not forcing a process on them. If a community working party has wanted to use a consultant, it has been available for them.

**Dr Jarvie**—And certainly we pay for facilitators and working party workshops.

**Senator CARR**—Can you provide me with the detail of the facilitators' work and, in particular, what communications consultancies have been undertaken?

**Dr Jarvie**—I do not recall any communications consultancies.

**Ms Paul**—It has been by way of a facilitator here and there for each of the community working parties.

**Senator CARR**—Have any other consultants been employed, other than facilitators?

**Ms Paul**—I do not think so. We will check for you. I certainly do not recall any from when I was up there and so on.

**Dr Jarvie**—Geoff Spring was a consultant on helping the development of the data working party and the development of the evaluation strategy; that was a part of his work. That was over a year ago now.

**Senator CARR**—Mr Spring was at the time employed as a management consultant.

**Dr Jarvie**—I think he was a consultant to our department. Is that right?

**Mr McDonald**—Yes.

**Dr Jarvie**—He was a consultant to our department at that time.

**Senator CARR**—How did he end up on this trial?

**Dr Jarvie**—We asked him to be involved. That was one of his duties; it was in his contract.

**Senator CARR**—You had the capacity to deploy him on special projects like this?

**Dr Jarvie**—Yes. It was part of his contract. You have those details; we have provided them before. That was one of the things that we specified because of his expertise in this area.

**Senator CARR**—It is said that Murdi Paaki is probably one of the better COAG trials, and I would be quick to acknowledge that. Some very serious issues have been raised about the implementation of the COAG trial processes.

**Ms Paul**—We are very proud of the work in Murdi Paaki, absolutely. And we are just one player. We are being guided by those 16 communities, but those community working parties have really done some extremely impressive work. It was really very impressive to see the priorities that they were identifying for their own communities when I was up there most recently. Thank you for saying that, and we are certainly pleased with how things seem to be travelling.

**Senator CARR**—I must also acknowledge that, with regard to the SRAs that have been signed in the region, the level of consultation has been much higher than, from my observation, other SRA processes, particularly those with state governments. The information I am getting is that there are different types of SRAs in Murdi Paaki from those I have seen in other parts of the country. How many SRAs have been signed?

**Ms Paul**—I think we have got eight. It is around that number; we will get the exact details for you. I was up there in December and most recently in April at the signings of several of them. There are some at the regional level and then there are particular community ones for the community priorities. The state government is a signatory to all, I think, or at least to most of them. It has come out of the work of community working parties individually and then when they have come together. There was one signing in December and one in April.

**Senator CARR**—The press release on 14 December was a little unclear insofar as I am not able to establish from reading it how many were signed. It was not clear to me how many were signed in April. I had the impression it might have been six in total, so it is news to me that there were eight.

**Ms Paul**—I will have to get the right number.

**Senator CARR**—The exact number is not a particular concern. I am just saying that the way it was presented to me is not altogether clear. Can we get copies of these SRAs?

**Ms Paul**—Yes. We can also get you a summary of the regional ones—Mr Greer has all that information at his fingertips. Possibly, it was unclear because of the difference between a regional SRA and a community one—I do not know. But we can certainly enumerate them in detail for you.

**Senator CARR**—The overarching SRA speaks of, as I understand the reports of it, a number of targets or objectives. One of those targets is that there be a secretariat of 16 people in place under these community working parties within six months. How is the department going on reaching that target?

**Dr Jarvie**—That was to provide secretariat support for each of the 16 community working parties. They are provided through, at the moment, CDP participants, with a top-up from the Department of Employment and Workplace Relations. I do not know exactly how many are in place at the moment. They do tend to change from time to time. I would have to take that question on notice.

**Ms Paul**—They are not just rolling out. They have actually been in existence for some time.

**Dr Jarvie**—Yes, but they do change. Sometimes they get better jobs and they move on; others have been there for a while. I do not know the exact situation right now.

**Senator CARR**—I am told that all of the people under the agreement would be trained with accredited training arrangements.

**Dr Jarvie**—Yes. The accredited training is being provided by the NSW government through TAFEs.

**Senator CARR**—And that is actually happening, is it?

**Dr Jarvie**—Yes, as far I am aware it is happening. When the secretariat staff changed there were obviously delays in getting the new people into the training. Again, we can try to provide you with more information on that tomorrow. I do not have any of my papers on that issue with me.

**Senator CARR**—The third area was this reference to ‘refreshing’—that all the community working party memberships will be refreshed over a two-year period. How do you intend to refresh them? Does that mean you are going to purge them?

**Dr Jarvie**—They were refreshed. I believe they called for new members, but I will be able to give you more details on that tomorrow. It did take place.

**Senator CARR**—I am interested to know why it is that the 16 places in the secretariat were down for CDEP. Why wasn’t the department funding them under the normal wages and conditions arrangements that you would for secretariat work of that type?

**Dr Jarvie**—It seemed a reasonable whole-of-government approach to the needs of the secretariat at the time. I would have to take that on notice and come back tomorrow with a bit more detail. It seemed a reasonable way to proceed, given that CDEP was operating in all or virtually all of those communities and given that they had many people there who were suitable.

**Senator CARR**—Given the government’s attitude about ‘real jobs,’ why didn’t you provide real jobs instead of CDEP?

**Dr Jarvie**—I will take that on notice until tomorrow.

**Senator CARR**—Clearly there would be quite a substantial difference in wages, wouldn’t there?

**Ms Paul**—As Dr Jarvie said, it sounds like there was a top-up.

**Dr Jarvie**—Yes, from STEP, because in fact they are training positions.

**Senator CARR**—So these are STEP positions. Once the accredited training has been concluded, are the individuals kept on or are they sacked?

**Dr Jarvie**—I believe they are kept on. Can I take any further questions tomorrow?

**Senator CARR**—When you are seeking further advice on this matter, can you tell me at what level the top-up funding is?

**Dr Jarvie**—Yes.

**Senator CARR**—That would obviously help to establish what the wage subsidy is and what the remuneration is for these positions.

**Dr Jarvie**—I think the problem is not so much people being sacked, quite honestly, as that, when they are trained, they actually move on to better positions. I think that is terrific and a great outcome of this.

**Senator CARR**—Absolutely, if that is what is happening. The regional council that signed the agreement was an ATSIC council. Who now is the community partner given that the ATSIC council is to be abolished?

**Dr Jarvie**—I would suggest that we come back to this tomorrow. It might be more fruitful.

**Senator CARR**—Fair enough. You obviously get the flavour of where I want to go with that. I want to know how it is working. I have a more general question on the evaluation. Is an evaluation process under way?

**Ms Paul**—Yes, there is evaluation. We can give you the details when Mr Greer is here tomorrow. That is built into the agreements.

**Dr Jarvie**—It is under way at the moment.

**Senator CARR**—When I raised similar questions with DEWR yesterday, I was advised by the secretary that the management of the DEWR Cape York and Shepparton trial areas were being moved back to OIPC. Is that the same process that you are undertaking?

**Ms Paul**—No, we have not. Of course, we work with OIPC and the ICC. DEST has been colocating itself with ICCs and so on. I am not quite sure what the DEWR arrangement is. In our case, we are continuing to work with OIPC through the ICC as well as with the New South Wales state government and the other 16 community working parties in the regional forum. From my point of view that is continuing. The commitment is there and we will continue to pursue the line of activities we are on because they seem to be very successful from the community's point of view and, indeed, therefore from ours.

**Senator CARR**—I want to be clear about this. As far as DEST is concerned, you are not aware of any change in administrative arrangements in regard to your role as lead agency for the COAG trial in Murdi Paaki?

**Ms Paul**—I remain the lead secretary for Murdi Paaki. But, of course, we now work with OIPC and particularly through the relevant ICC.

**Senator CARR**—Can I be clear about the SRA. What we are actually looking for is copies of the SRAs, not just the summaries.

**Ms Paul**—I understood that. I was only offering the summary because it would help us with the number.

**Senator CARR**—They are very helpful, but I would like to have a look at what they are. As to the level of communication with the New South Wales government more generally on Indigenous education, would you say there is the same level of consultation in Murdi Paaki as there is across the rest of the state or is it at a higher level?

**Dr Jarvie**—It is definitely at a higher level. We meet regularly with the New South Wales government and the community representatives in a steering committee for Murdi Paaki. The next meeting is next week.

**Senator CARR**—Are you planning to sign any other SRAs in New South Wales outside the Murdi Paaki area?

**Dr Jarvie**—OIPC would be leading on those. You would have to direct questions to them on that.

**Senator CARR**—You are not engaged in any discussions on any other SRAs?

**Dr Jarvie**—Our state manager may be, but I am not.

**Senator JOHNSTON**—When you say you meet regularly, what you mean by regularly?

**Ms Paul**—Every couple of months. It depends on progress. It is a jointly chaired arrangement. New South Wales, Sam Jeffries—the community representative—and I are alternate chairs.

**Senator CARR**—I now turn to consultancies. First of all, I go back to the question that remains outstanding: the updated interim answer provided to E475—there have been two efforts to get this right. ACCI has received \$3,830,742—nearly \$4 million in consultancies for one employer organisation—yet we still do not have the full list.

**Ms Paul**—Unless I am corrected, I think you have the full list from us. Weren't we waiting on—

**Senator CARR**—CSIRO?

**Ms Paul**—Yes. I think we were waiting on another agency. Isn't it over several years?

**Senator CARR**—Yes. It is still an extraordinary amount of money—nearly \$4 million—to one organisation.

**Mr Kriz**—That is since 1996. It is not just a few years, it is virtually 10 years. That is a huge period of time.

**Senator CARR**—But this is an industrial outfit—an employers group. How does it compare to other employer groups? What is the total amount that DEST has paid to other employer groups? Do you have that sort of information readily available?

**Mr Kriz**—No.

**Senator CARR**—Can you provide that to me? Can I have a comparison, please, of the amount of money paid to other employer groups and unions? I am staggered by that amount of money, that is all. One employer group gets nearly \$4 million from this department alone.

**Ms Paul**—It looks like it is over about eight years—

**Senator CARR**—Yes.

**Ms Paul**—and the average would be well less than half a million dollars per year, I guess. I had a look at it too—

**Senator CARR**—We are not running grant-in-aid programs for bosses organisations, are we? You are not saying that?

**Ms Paul**—When you look at the answer, which I did, you can see that it is a range of activities, particularly when we consult the industry bodies in the vocational education and training sector, for example, on the NISI initiative around skills shortages and so on over the eight years. It seemed to be a range of consultation and then seeking particular expertise for particular tasks. In terms of the other industry groups, such as AiG and so on, we would have to take that on notice in the same way—it is quite a complex question over such a long period of time—but we are happy to do so.

**Senator CARR**—Thank you. The bulk of the money, though, is identified from 2001. There are 13 funding arrangements, one secondment and one service contract with ACCI since 2001. The government clearly has very special relationships with ACCI, given that the former secretary ended up as a head of department and a former ministerial adviser ended up

as the chief executive officer. There was obviously a round robin going on in terms of the change—

**Senator Abetz**—That is an interesting commentary. Have you got a question?

**Senator CARR**—I am just wondering whether there is any special relationship with ACCI that allows the circumstances where this sort of money can be paid to one particular organisation.

**Ms Paul**—No, we do not have a special relationship with ACCI. We relate to all industry groups. Indeed, when I look through this document I can see that many of these activities would almost certainly have included the other industry groups as well.

**Senator CARR**—If we can get a comparison and perhaps establish whether they are getting any special favours—

**Ms Paul**—Sure.

**Senator CARR**—It is not likely that the ACTU would get that level of support, is it?

**CHAIR**—I think you have made your point, Senator Carr. Can we move on?

**Senator Abetz**—They used to sit at cabinet tables, I understand, under a previous regime, so I do not think you would want to go there, would you, Senator Carr?

**Senator CARR**—Is the department providing special assistance to the ACTU?

**Ms Paul**—No, and nor are we to ACCI either, I think.

**Senator CARR**—The consultancy expenditure is on the rise. The way I read the table in E863, the department spent \$14 million in 2001, \$20 million in the following year, close to \$21 million in 2002-03, and I see that it is \$17 million now. Is there any explanation for that pattern of expenditure, Mr Kriz?

**Mr Kriz**—Are you looking at contract values or the actual expenditure?

**Senator CARR**—The expenditure.

**Mr Kriz**—I have figures here, for example, on new consultancies let in each financial year. The figures for the new consultancies are: \$7.1 million in 1998; \$9.8 million in 1999; \$15 million in 2000-01; \$12 million in 2001-02; \$13 million in 2002-03; \$7.9 million in 2003-04; and, up to 16 February, \$1.7 million in 2004-05. So those figures are actually trending down in terms of what we have spent on the new consultancies that we let each year. It is a similar story in terms of total expenditure: \$22.8 million in 2002; \$17.3 million in 2003; and, up to 16 February, \$13 million in 2004-05. That is the expenditure story.

**Senator CARR**—Sure. Do you have E863 there with you?

**Mr Kriz**—Yes.

**Senator CARR**—That is where I have drawn my figures from. That is expenditure. Basically, if we look at the trend line, you are right: I can see a decline in the last two years. But in 1996 it was standing at \$5 million, it went up to nearly \$21 million, and it is now down to \$17 million. Whichever way you look at it that is a dramatic increase in the total cost of consultancies over the life of this government. Given that the department is now starting to grow again—and obviously you have increased functions; and I trust that officers have been

employed properly and are doing good work—why are we still seeing this quite dramatic growth of some 400 per cent in consultancy expenditure? Year on year, that is quite a dramatic increase, wouldn't you agree?

**Mr Kriz**—There is certainly an increase. The department sources its service providers internally and externally to deliver what the government requires us to deliver. The figures go up and down. They indicate that we respond to the requirements as they change from year to year. Some of the numbers that are presented in that table are numbers which do not necessarily reflect what is happening in current financial years, because they are overhangs from previous multiyear contracts. That is why I read out to you the total expenditure in relation to new consultancies let in each financial year. As you can see from those figures, they are actually going down quite dramatically—from \$15 million in 2001, to \$7.9 million in 2003, to \$1.7 million this year. Some of that decrease this year is no doubt due to the fact that there was an election and some of the activities that the department undertook were actually reduced, as they were for all other departments during the election period.

**Senator CARR**—Yes. But, Mr Kriz, you would agree that there is an electoral cycle that needs to be taken into account with these expenditure tables.

**Mr Kriz**—No, what I was saying was that in the period of the caretaker government our department, like every other department, is constrained in relation to some of the activities that it can undertake. So you can see that there has been a reduction in new consultancies, and I would put that down to the fact that for a certain period of time—which even went beyond the election period—activity is reduced, necessarily.

**Senator CARR**—It would not be that you are undertaking more work in the run-up to an election?

**Mr Kriz**—I do not think that is the case.

**Senator CARR**—Let us have a look at some of the detail. Could I have a copy of a standard contract that you use for your consultancies?

**Mr Kriz**—Certainly.

**Senator CARR**—A blank one.

**CHAIR**—We would not want you signing on to anything, Senator Carr.

**Senator CARR**—I certainly would not want to do that. We have done a fair bit of work over the years on this in this committee, and I think it has been productive. There have been changes which have been arranged. I would like to think that was in part due to the questions asked here. Let us have a look at the contract and see what has been required. Is there anywhere in the procurement guidelines where I might find reference to single oral quotes?

**Mr Kriz**—I do not follow the question.

**Senator CARR**—Is there anything in the guidelines about a single oral quote?

**Mr Kriz**—Are you talking about the Commonwealth procurement guidelines?

**Senator CARR**—Yes.

**Mr Kriz**—The Commonwealth procurement guidelines operate at a much more general level. Our departmental rules in relation to procurement obviously follow all of those but then we add some of our own. The primary requirement under the Commonwealth procurement guidelines is that the Commonwealth obtain value for money. The most recent development reflected in the Commonwealth procurement guidelines, which is a bit more prescriptive, relates to the free trade agreement covered procurements, where procurements with an expected value of over \$80,000 that are covered under the free trade agreement are required to have an open tender.

**Senator CARR**—So it does not happen; there is no such thing as tenders being awarded on the basis of a single oral quote?

**Mr Kriz**—Of course it happens.

**Senator CARR**—How often?

**Mr Kriz**—I would probably have to take that on notice, but our rules allow a single oral quote up to about \$10,000 in terms of purchasing. We have to balance the cost of obtaining value for money through an exercise which requires us to go to a number of suppliers with the actual value of the procurement.

**Senator CARR**—I appreciate that. That is why you do have the provision for single quotes to be taken.

**Mr Kriz**—Yes, under our DEST rules.

**Senator CARR**—I am not arguing about how many or whether more should be open tender. So you have a select tender process. What surprises me that is that there is a provision for oral quotes.

**Mr Kriz**—Yes.

**Senator CARR**—You say it is not uncommon.

**Mr Kriz**—I did not say that; I said that our rules allowed for it up to an expenditure value of \$10,000.

**Senator CARR**—In your experience, how common is it?

**Mr Kriz**—Eighty per cent of our expenditure—in terms of the number of procurements that we undertake—takes place under the \$100,000 category. In that sense, it would probably be quite common to have expenditure occur under \$10,000. What proportion of that would have a written quote and what proportion an oral quote, I do not know. But I can get back to you on that. The point about this is that expenditure below \$100,000—the 80 per cent of instances of actual procurements that are undertaken—only reflects 20 per cent of the value of the amount of public funds that are expended. Above \$100,000, we have only 20 per cent of the number of procurements but about 80 per cent of the value.

**Senator CARR**—That makes sense. So you have a small number of very big contracts and a lot of little contracts.

**Mr Kriz**—Yes. In relation to the small number of the very big contracts where a lot more money is at stake and a lot more can go wrong, we obviously apply far greater scrutiny to them in order to utilise our resources most effectively.

**Senator CARR**—If I recall rightly, this committee has raised questions in the past about single tender quotes of \$100,000 or below on many occasions. In fact, was it not the department's position that you have increased the threshold figure at which there had to be reporting?

**Mr Kriz**—No. We changed our business rules to reflect what I have just said in relation to the last answer.

**Senator CARR**—What was the previous threshold?

**Mr Kriz**—We had a threshold of \$50,000 and it went up to \$100,000. The reason why it went up was due to the risk assessment we undertook in relation to the profile of our expenditure.

**Senator CARR**—Indeed. Equally, it may be shown that there were fewer reporting requirements as a consequence of that move—

**Mr Kriz**—That was not the reason. You can find lots of things by looking at data but that was not the reason. The reason was that we were trying to properly use our resources. Like any organisation, we have finite resources—

**Senator CARR**—Yes. There were serious issues, if I recall rightly, about the capacity of the department to manage its contracts at the time, which I note have improved out of sight from when I raised these matters to begin with. I recall the circus of the secretary of the department bringing in that trolley of contracts.

**Senator Abetz**—Once again, Chair, those sorts of comments do not assist. It might be a good time to have an adjournment so Senator Carr can desist from those sorts of pejorative comments.

**CHAIR**—We have about 10 minutes to run, Minister, so I will allow Senator Carr to continue for that time.

**Senator CARR**—What I am saying is that a special computer system had to be put in—the PRISM system. I am surprised, though, that there is a provision in the guidelines for oral tenders.

**Ms Paul**—Yesterday, I was looking at one of our questions on notice on this and going through the big table—which you have had a look at, no doubt—on our procurements. As Mr Kriz had said, while there is a provision for that under \$10,000, I did not see too many of them. We can certainly enumerate them for you. To me, most of our procurements—and you probably have the advantage on me in having it in front of you—looked to be select tenders. In other words, they were above \$10,000 and they were below other limits. Then there were quite a few open tenders, too, above the \$80,000 mark, as required under the US free trade agreement. We are happy to look at it.

**Senator CARR**—Let us have a look at this one. We have the Innovations and Research Systems Group buying a consultancy. I am trying to pick up a number but there does not seem to be a number on the consultancy. There was one oral quote. That was 19 April 2004. The contract number is 75071. It was \$13,200. I do not know about you, Mr Kriz, but I still think \$13,200 is a lot of money.

**Mr Kriz**—It is. When I have to pay my Visa card or whatever, it definitely is. But we are looking at a department that expends billions. We are looking at a department that is responsible, in relation to its procurements, for hundreds of millions of dollars of procurements a year. We have to adopt proper resource allocation methods in relation to protecting that money as best as we can. The basis of what we have undertaken is as set out in our business rules.

There are other instances: people in my organisation are purchasing coat stands. You would not go out and get tenders if you were purchasing three or four coat stands for an area. However, if you were purchasing for a much bigger organisation throughout the Commonwealth it would be a different issue. It is an issue that you look at each time you undertake a procurement. As I have said, our guiding principle is that where 80 per cent of Commonwealth funds are exposed, if you like, we apply the greatest scrutiny.

**Senator CARR**—When I look through the list I see that the Innovations Research Systems Group has had quite a significant number of contracts with a company called BUYiT. Is that the consultancy?

**Mr Kriz**—Can I ask which question you are looking at?

**Senator CARR**—I am looking at the table that was attached to question E548\_05. Obviously, we will return to this matter after the break.

**Mr Kriz**—BUYiT is the system that we built. If you look at the top you will see the procurement reference number of the two systems: the archive system and the new one, the BUYiT system.

**Senator CARR**—So we have a series of quotes to the BUYiT program and I notice a number of different—

**Mr Kriz**—Sorry, BUYiT is the procurement management system which records all this data and manages the whole procurement system in the department.

**Senator CARR**—I follow you on that.

**Mr Kriz**—So if you want to find out who the consultant is, you go further along to the consultant contractor column which identifies all the consultants. The first one on attachment A is NCVR, for example.

**Senator CARR**—But there are a number of consultants engaged at roughly the same money—less than the \$20,000 mark; I can come to the details if you want—some of which have one written quote and others have none. I am interested to know what is the consistency in the application of this particular rule within your procurement guidelines.

**Mr Kriz**—If you look at 5185, four down the first page of attachment A, that is a good example. The contract value is \$6,080. The procurement method that is required is one oral quote, and what was used was one oral quote. So up to \$10,000 our business managers can use one oral quote.

**Senator CARR**—What if it is more than \$10,000?

**Mr Kriz**—If it is more than \$10,000 they require a written quote—up to \$50,000, one written quote. If it is between \$50,000 and \$100,000 they require three written quotes. In each

of those instances, as we have canvassed in the past as well, they have the ability to exempt from that minimum requirement where that would produce better value for money, which, as I have mentioned before, is the primary driver that we are required to comply with under the Commonwealth procurement guidelines.

**Senator CARR**—So you have a series of guidelines which you can get exemptions from when it suits you?

**Mr Kriz**—Not that suit us—that produce a better return, a better value for money proposition, to the Australian taxpayer.

**Senator CARR**—For instance, on page 5 there is a consultancy listed. It is contract 75357 and it is for the Corporate Strategy Group. There is a quote for \$15,000. I presume from what you have just told me that an exemption has been awarded.

**Mr Kriz**—I am looking at page 5 of 18.

**Senator CARR**—I am on page 5 of 24.

**Mr Kriz**—That makes it a bit difficult. Even without looking at it, the short answer is yes, an exemption would have been provided there. The reason for it is provided for you in the table, under the heading ‘Exemption grounds’. The details in relation to any of those exemptions no doubt can be provided by the particular group that was responsible for them.

**Senator CARR**—What does N/a stand for, under the ‘Exemption grounds’ heading? Does it mean ‘not applicable’?

**Mr Kriz**—Yes.

**Senator CARR**—So what are the grounds, if it is not applicable?

**Mr Kriz**—Exemption grounds are not applicable because they were not used—because the minimum requirement was used.

**Senator CARR**—The minimum requirement is \$10,000. It is a \$15,000 contract.

**Mr Burmester**—Can we just find the exact contract. What was the number?

**Senator CARR**—It is 75357. Dupont and Associates Pty Ltd.

**Mr Kriz**—Could you give me the group.

**Senator CARR**—It was the Corporate Strategy Group. It was let on 10 August 2004 and went through to January 2005. It states that privacy is the reason we cannot have the report.

**Mr Burmester**—Who was the contract with?

**Senator CARR**—The Corporate Strategy Group.

**Mr Burmester**—Yes, but who was the contract party?

**Mr McDonald**—I think you said it was Dupont and Associates. Dupont undertake a number of independent assessments to do with performance or discipline. There are issues to do with the code of conduct where they undertake an independent assessment. If there is a performance management issue, where that part of the process requires an independent assessment then an agent or a consultant like Dupont, which is independent of the organisation, comes into the organisation and does that assessment.

**Senator CARR**—It is a forensic audit. Is that the sort of thing?

**Mr McDonald**—They go through independently and assess the circumstances. They look at whether the performance agreement is in place, whether the person is being assessed correctly against that performance agreement, and then they provide a report. It is part of the process that our certified agreement requires. What can happen is that it can be envisaged that the cost of that contract will be less than \$10,000 because of the work that is originally proposed in relation to the assessment. As you can imagine, with assessments to do with discipline or performance other things can occur during that process that require further investigation. Therefore, the cost can increase. Without knowing the detail, that would be my assessment of what has occurred there.

**Senator CARR**—So that takes you to \$15,000, which is \$5,000 above the limit. I can follow that line of argument. Why then in the table you have provided me with are the exemption grounds not applicable? Why is it recorded in that manner?

**Mr McDonald**—I would have to investigate it. My initial view would be that when Dupont were engaged the contract was envisaged to be less than \$10,000 and therefore there was no requirement for exemption. When the contract was in place and the consultant was undertaking work in relation to that contract then more investigative work was required which then pushed the cost of the contract up, so there was no need for an exemption.

#### **Proceedings suspended from 10.44 am to 11.03 am**

**Senator CARR**—Mr Kriz, can I take you to the last two lines on page 11 of the 24-page list of consultancies document.

**Ms Paul**—I am impressed that you can read that!

**Senator Abetz**—It helps if you are myopic!

**Senator CARR**—I am looking at the Innovation And Research Systems Group. There is a consultancy presumably for HR and other services. There is one oral quote on 19 April 2004. The value there was \$13,200.

**Mr Kriz**—Yes, Senator.

**Senator CARR**—Again, the exemption reason is not provided. So it is over the limit and it has clearly got an exemption, because otherwise—

**Mr Kriz**—I will present you with a reason for this. The two columns—the ‘contract value’ column and the ‘total paid’ column—do two things. The first column indicates what the estimated contract value would be. In the normal course, that would be for a minimum of one oral quote below \$10,000. However, what has happened in this case and also in the previous case is that the original estimated value may have been, say, \$8,000 and then later on the scope changed and additional work was required of that particular provider. That provider is already there, so there is no issue of going to the market or doing anything like that, and the true position in relation to the money that the Commonwealth is liable for is reflected later on. The only thing that this does not show is that, in this instance and in the previous instance, there has been a variation.

**Senator CARR**— I will go to the third instance. On the next line it gives a contract value of \$19,800—almost double; in fact a splinter under \$20,000. Again, we have the same set of circumstances: one oral quote and ‘exemption grounds n/a’. Can you explain that to me?

**Mr Kriz**—That is the same issue.

**Senator CARR**—Yes, but how many times does this issue occur?

**Mr Kriz**—I do not know. Out of the hundreds of contracts, I do not know.

**Senator CARR**—I guess what I am saying is: what is so difficult about a written quote?

**Mr Kriz**—That would make no difference. If there were a requirement for a written quote, you would still be in the same position. The only difference is that one is on paper and the other is an oral quote.

**Senator CARR**—Do you ever have any disputes about the valuation of contracts based on the oral quotation system?

**Mr Kriz**—No. For example, when I call up to book a venue for a training session, I ring up, I book the venue, I get the price, I pay it, my people turn up and the training takes place. I would probably have greater problems trying to get a written quote out of people who run it on a regular basis as a facility to provide training. As I said, we are attempting to ensure that we spend our time where it is most valuable for the Commonwealth in terms of protecting the most Commonwealth dollars—so that we are not chasing rates and mice in comparison to the large expenditure that this department expends.

**Senator CARR**—And all the invoices are written, are they not?

**Mr Kriz**—Yes, this is all linked into our financial system.

**Senator CARR**—I now turn to Horizon Public Relations. On page 4 of the list, there is \$188,000 for public relations for a ministerial awards event. What did that involve?

**Mr Kriz**—Is that corporate services group?

**Senator CARR**—The procurement reference number is 5089 and it is on page 4 of the list. It is halfway down the page against ‘Corporate Strategy Group’.

**Mr Kriz**—My colleague, Margaret Pearce, will answer that question.

**Senator CARR**—It was public relations for an awards event for employers of new apprentices. What was the purpose of the contract?

**Ms Pearce**—We run awards for rural and regional employers of new apprentices. This contract relates to that. The contracting company does virtually everything—all of the public relations and all of the press to basically illicit interest. It organises the whole thing from go to whoa.

**Senator CARR**—It is a lot of money. Is it a PR campaign?

**Ms Pearce**—No, this is a set of awards.

**Senator CARR**—Is it an awards night?

**Ms Pearce**—That is right.

**Senator CARR**—I will turn to Eureka Strategy Research Pty Ltd on page 6, which is procurement reference No. 6679. For ‘DEST stakeholder perceptions’ we are looking at \$50,000 worth of work. What does that involve?

**Ms Pearce**—That is our stakeholder survey, which we run every couple of years.

**Senator CARR**—And it is not completed?

**Ms Pearce**—It is not completed, but we expect it to be completed shortly.

**Senator CARR**—Which stakeholders are surveyed?

**Ms Pearce**—We have a stakeholder database of key stakeholders. They would be anything from universities to schools et cetera—all of the people that each of the line areas in the department deals with. They would select a group of those to survey.

**Senator CARR**—This is a selected tender?

**Ms Pearce**—That is right—a GCU panel arrangement.

**Senator CARR**—Why would this be a selected tender?

**Ms Pearce**—There are relatively few companies in the field that do this set of activities. We sought advice from the GCU on their list of consultants and we approached four of them.

**Senator CARR**—This is basic market research.

**Ms Pearce**—That is right.

**Senator CARR**—I am surprised that this would have to come under the Government Communications Unit.

**Mr Kriz**—It does not have to. What was just explained was that, indeed, the business area went beyond what was required of it under the rules.

**Senator CARR**—How did it go beyond what was required?

**Mr Kriz**—The requirement is for one written quote. Four written quotes were obtained.

**Ms Pearce**—Three companies out of the four decided to quote.

**Mr Kriz**—Three companies quoted and four were approached.

**Senator CARR**—These were from the Government Communication Unit list?

**Mr Kriz**—Yes.

**Senator CARR**—Why would you go there for basic work on stakeholder perceptions? Why did you go to the Government Communications Unit list for this project?

**Mr Kriz**—Presumably part of the function of the GCU is to actually isolate those companies that can do work of a sufficient quality to represent the government’s position in relation to these things.

**Senator Abetz**—The GCU has a list of competent and capable companies, be it for qualitative or quantitative research or whatever the particular expertise is. I do not think it is surprising that any department might put in a call to the GCU seeking some assistance as to who or what might have expertise in a particular area. If that is what the department did, I would have thought that there was nothing surprising about that.

**Ms Paul**—We would be aware of who we had used before too. It is a regular thing that we do every couple of years. Of course, we do that so that we can compare ourselves with ourselves over time.

**Senator CARR**—So you provide reports of this, do you?

**Ms Paul**—Yes. It is still coming in. The early results are looking pretty positive for us, as they did last time, fortunately. We are always keen to know where we might improve our work with our external clients and stakeholders.

**Senator CARR**—Can you tell me the nature of the survey work that is undertaken? Do we have any samples of the surveys?

**Ms Pearce**—I do not have them with me.

**Senator CARR**—I do not expect you to carry them with you, but—

**Ms Pearce**—I can tell you what the methodology is, if that would help.

**Senator CARR**—Yes, I am interested to know.

**Ms Pearce**—It is basically a two-phase approach. There is a qualitative and a quantitative survey. On the quantitative side of it, there is a telephone survey of 225 stakeholders, which is a fair selection. On the qualitative side, where they drill down, they go and interview 16 people in depth to get qualitative information from those people.

**Senator CARR**—And these people are a representative sample, I take it, of people that the department deals with?

**Ms Pearce**—Yes.

**Senator CARR**—When do you expect the report will be available?

**Ms Pearce**—I am hoping it will be very shortly—in the next couple of weeks.

**Senator CARR**—Obviously, I would seek formally to have a copy of that report, please. Turning now to page 7, listed there is ‘Excelerated Consulting—extra services.’ The relevant contract numbers are 5789 and 6347. What do those contracts refer to?

**Mr Kriz**—It would probably be best to take that up with the Higher Education Group.

**Mr Storen**—I can throw some light on that entry. Excelerated Consulting are a Canberra firm that provide and support a particular IT solution that is used to manage a fair amount of data. It is quite powerful in managing financial data and the Higher Education Group use them to consolidate their data. The contract is likely to be for the development and ongoing support behind that particular tool.

**Senator CARR**—What sort of data do they handle?

**Mr Storen**—It is a system called iTM1, which is described as a spreadsheet, if you like, on steroids. It is an extremely flexible add-on to your standard Excel spreadsheet. If you are familiar with Excel—

**Senator CARR**—Oh, I’m absolutely familiar with it!

**Mr Storen**—it can manage only three dimensions of data. If you are looking at financial data across years, accounts and, say, locations, that is about the extent of Excel’s capacity.

With iTM1 you can introduce as many dimensions as you like to add to your fields, and get different views of the data at the press of a button. To my knowledge, the particular company is the sole provider and supporter of iTM1 in Canberra at this stage.

**Senator CARR**—So you have bought the programming and this is support services for that programming—is that right?

**Mr Storen**—I am not familiar with the particular contract, but there is likely to be the development cost of the company coming in and looking at what fields et cetera need to be set up for the particular use that Higher Education have for it. Then there is, more than likely, a tail-end of that contract for support. With most IT you need some expertise on tap in case the people on the ground cannot—

**Senator CARR**—I am surprised, given the amount of money that you have to find for IT, that you wouldn't have that sort of expertise available in-house.

**Mr Storen**—The in-house expertise covers the standard desktop platform—Word, Excel, Access, PowerPoint et cetera—but when you look at some of the volumes of data that the department collects and needs to manipulate, present and report on, you see that more powerful tools are required, and we get those tools into the department. There is some in-house expertise with this particular application, but not to the standard required for ongoing use of it.

**Senator CARR**—Turning now to page 8, listed there is 'Erebus International,' with contract number 5154, concerning a report on enterprise education in schools. It was due to be completed on 11 June 2004—is that right?

**Mr Kriz**—Yes—that is what it says, Senator.

**Senator CARR**—And it was completed?

**Mr Kriz**—Yes.

**Senator CARR**—Why is it still waiting departmental clearance?

**Mr Kriz**—Are you looking at PRN 5154?

**Senator CARR**—Yes, I am looking at 5154, a contract under the Indigenous and Transitions Group. The recommended procurement method was open tender.

**Mr Kriz**—Yes.

**Senator CARR**—It is *Enterprise education in schools*, the future directions project—the better part of \$400,000. A final report has presumably been provided but it is awaiting departmental clearance.

**Mr Kriz**—My table says that a final report has been produced and it is available to the committee.

**Senator CARR**—We have a clear difference of advice. I am reading directly from your sheet, page 8. Everything else is in agreement except 'awaiting departmental clearance'.

**Mr Kriz**—I will have to check on that. As far as I can see here that is not the case.

**Senator CARR**—Thank you. If it is available to the committee, that is all we want to know. I go now to Morris Walker, on page 12. This is a report prepared by Dr Spring, is it? I refer to the second line in the table.

**Mr Kriz**—The Innovation and Research Systems Group might be in the best position to deal with that.

**Senator CARR**—I am seeking a copy of the report. I take it that it was prepared by Dr Spring. Can you confirm that for me? I am also interested to know why it was necessary to provide editing services. I would have thought that the normal consultancy arrangements would involve a consultant preparing a report for you—unless you are not happy with the report and you need to doctor it. I would have thought that Dr Spring would provide you with a report you did not have to doctor.

**Mr Kriz**—I am sure that there are lots of people who are employed as editors who would see their job not as doctoring documents but improving them.

**Senator CARR**—Right. So is that what it is? Is that what happened? That is why you had to edit Dr Spring's report?

**Mr Kriz**—We will have to look into it, but obviously the department is not engaged in doctoring documents.

**Senator CARR**—No.

**Ms Paul**—And I cannot say from looking at it whether it is Dr Spring or what the scope of the consultancy was but we can have a look at it.

**Senator CARR**—I turn to 5303 on page 15, which relates to Victor Price. Who is Victor Price?

**Mr Kriz**—He is an ex-departmental person called Vic Price, I think, from the last column. I assume it is an individual who used to work in the department, but that is all that I know.

**Senator CARR**—Could you provide me information as to his expertise in data compilation and analysis?

**Mr Kriz**—Yes.

**Ms Paul**—I think this one was about updating the SES scores prior to the new quadrennium. Anyway, we can check it out for you.

**Senator CARR**—The table tells me that a contract of this type requires three written quotes but only one written quote was provided. Has an exemption been granted?

**Mr Kriz**—Yes.

**Senator CARR**—And that was urgency and practicality.

**Mr Kriz**—Yes.

**Senator CARR**—What was so urgent about having to spend \$90,000?

**Mr Kriz**—The next column, after the exemption ground column which identifies urgency and practicality, gives the reasons from the business area for utilising that exemption ground.

**Senator CARR**—Timeliness of the SES funding arrangements—you did not know that you were going to change the SES funding arrangements?

**Ms Paul**—I think it was about the data work that we needed to do to update the SES scores and so on. He was part of that, to my recollection. The timing, to my recollection, although I will check it, was not about spending the money, it was about the quadrennium timing.

**Senator CARR**—This is in May 2004 during the lead-up to the new quadrennium. This committee had plenty of time to discuss the new quadrennium. We had a Senate inquiry. I presume the department had plenty of time to discuss the new—

**Mr Burmester**—I would like to add something. If Mr Price was working on that data, the data had to be provided: it is not that the data was available. We knew when the deadline was for the quadrennium calculations, but the raw data which he would need to work out the results would have to become available. I was not there at the time, but it could be that the data only became available to us within a certain timeframe.

**Senator CARR**—Mr Burmester, I am wondering why the department did not have this expertise available to it.

**Ms Paul**—I think it was volume: we do have expertise in this area but I think it was to do with the volume involved. When we get to the schools area this afternoon Mr Evans will know. My recollection is that there was a pressure point after the data was made available, as Mr Burmester said, and then you have to manipulate the data. At the time, we probably needed all the person power we could get.

**Senator CARR**—This isn't the only contract that Mr Price has been awarded, is it?

**Ms Paul**—I do not know.

**Senator CARR**—I think you will find that if you go to 3127 there is a \$60,000 contract there, too—another urgent job.

**Ms Paul**—That may well be the case, because if he is an ex-departmental officer with particular expertise it would not be surprising that in the lead-up to a major four-year round we may have used him.

**Senator CARR**—You couldn't put him on the payroll?

**Ms Paul**—I do not know. I will need to look at each of those consultancies: I do not know what the exact details were.

**Senator CARR**—When did Mr Price leave the department? I am sure he is an expert. I am not disputing his expertise: obviously you have enjoyed his work because you have employed him a couple of times.

**Ms Paul**—We can find that out for you.

**Senator CARR**—What I am querying is why it is necessary? Why the department would not have this expertise available to it? Particularly as you surely must have appreciated that the quadrennium was coming to an end.

**Ms Paul**—Yes, I do not think it was a surprise. I think it was the volume requirement at the time. We have expertise, we just did not have enough people—I think that is probably the answer. Anyway, we will check with the schools group.

**Senator CARR**—On page 22, at 6342 is on higher performance indicators, the report on which was due on 16 April this year. Has it been completed?

**Mr Burmester**—I am not sure whether that has been completed. The work was to have a look at the indicators that we collect for a range of quality indicators and determine whether they were robust enough to use in further work such as the quality assessments of universities and the teaching quality fund, which comes on-stream next year and will depend on measures of quality. So it was to examine the robustness and value of those indicators.

**Senator Carr**—Access Economics are certainly never cheap, and I can see they are certainly not cheap here. When was the report due?

**Mr Burmester**—It was due in April, as the report says.

**Dr Jarvie**—It has been received.

**Senator CARR**—When will the committee be able to get a copy of its report?

**Dr Jarvie**—I will check and find out. We will be able to answer that later.

**Senator CARR**—I understand that Melbourne University Private has received a number of contracts. I have an old table here and I know that they have received contract work in the past from a Commonwealth department. Are you able to tell me how much money has been paid to Melbourne University Private since 2002?

**Mr Burmester**—We would have to take that on notice.

**Senator CARR**—I have looked through your annual reports and I see that in 2003-04 there were three contracts, at a cost of over \$1 million—the National Quality Schooling Framework, the Boys' Education Lighthouse Schools project and the development of *Schooling issues digest No. 6: student motivation and engagement*. Were they the only three contracts in 2004 that were provided to Melbourne University Private?

**Mr Kriz**—I think the answers that were provided to you were updates to previous questions on notice. I have four contracts listed for Melbourne University Private.

**Senator CARR**—In 2004?

**Mr Kriz**—No, the end date of the first one is December 2003. There were two in 2004 and one in December 2004. One is for the development of the National Quality Schooling Framework, another one for the same thing in a different year. The next one is for the development of the *Schooling issues digest No. 6: student motivation and engagement* and the last one is for the Boys' Education Lighthouse Schools project. There are four, subject to checking whether in fact there are others from previous years.

**Senator CARR**—I cannot find all of those contracts in the departmental annual report. The Boy's Educational Lighthouse Schools project is listed in an answer to a previous question, E991\_04, but not in the annual report. Have all of those contracts been listed in the annual reports?

**Mr Kriz**—We will take that on notice.

**Senator CARR**—When I look at the annual report of Melbourne University Private, it lists 14 academic staff. They are all members of three schools in the university—applied languages, international development and enterprise. Fourteen staff are lead researchers or coordinators. Who are the lead researchers or coordinators for each of the consultancies that Melbourne University Private ran with the department in 2003-04?

**Mr Kriz**—We will take that on notice.

**Senator CARR**—I am particularly interested in how Melbourne University Private, which does not have a school of education, manages to secure so many education contracts with the department?

**Mr Kriz**—Three out of the four that I listed were won through an open tender exercise so, presumably, they presented as the best value for money for the Commonwealth.

**Ms Paul**—I may be wrong—and Mr Evans can correct me later on today—but isn't that the base for Peter Cuttance? Wasn't it Professor Peter Cuttance—who certainly is an expert—and his group who ran the Boys' Education Lighthouse Schools work? I think it is a particular group that we have been working with who do have the relevant expertise, but of course Mr Evans will know.

**Senator CARR**—There is discussion in Melbourne that MUP may well be closed down. Do you have any ongoing arrangements with MUP at the moment?

**Ms Paul**—We may, if I am right in my speculation, and it is only that, be still working with Professor Cuttance. But I think we will need to check that. I do not know whether we have active contracts.

**Senator CARR**—But Professor Cuttance is not on the staff at MUP, is he?

**Ms Paul**—I am not sure. I may be wrong here. I thought we worked with him on the boys lighthouse.

**Senator CARR**—You may well have, but my information is that he is not with MUP.

**Ms Paul**—Okay. We will have to check that.

**Senator CARR**—My advice that he is not on the current lists in the annual report of MUP, unless he is employed in some other capacity. If that is the case, surely Melbourne University Private would not have misled the Victorian government on this.

**Ms Paul**—I may have got the wrong end of the stick with where he is. We will have to check it out for you.

**Senator CARR**—Has MUP concluded all its contracts? The due date, for instance, on the schools issues digests project was listed as 14 April. Has that been concluded?

**Mr Burmester**—We will have to check and get back to you this afternoon.

**Senator CARR**—Melbourne University Private had a loss, I understand, in 2004 of \$2.7 million. It had contracts from this department for over \$1 million. Clearly, revenue from these contracts is extremely important to Melbourne University Private.

**Ms Paul**—These were particular projects. The ones you have named I am certainly familiar with the content of. They were particular and time limited projects like the work on the boys education lighthouse schools round, which culminated in a funding round of innovative projects and so on. We certainly sought external expertise to help us, but it was a particular task and was time limited.

**Senator CARR**—I see that a further contract has been let this year for \$50,000 for a regulatory framework for private higher education institutions in the United Arab Emirates and Iran. Can you indicate who the lead academic is on that project? Are you able to provide me with that information?

**Mr Kriz**—Yes.

**Dr Jarvie**—We have some additional information about the Access Economics report. It has been released. It is going to be in the web site, we are expecting, by the end of the week.

**Senator CARR**—Thank you. Are these contracts with Melbourne University Private, per se, or are they with individual researchers?

**Mr Burmester**—The general form of a contract with an entity would require them to specify the key personnel that would be working on the contracted work. So, while the formal contract may be with an entity such as MUP, that would certainly detail the personnel and contribution they would make to the project.

**Senator CARR**—Is it your experience that Melbourne University public, the official university, and Melbourne University Private compete for projects?

**Ms Paul**—I do not know.

**Mr Burmester**—I do not know on what basis we could make any assessment in that regard.

**Senator CARR**—If you could provide me with that information I would appreciate it. There is a question about surveys on the New Apprenticeships schemes, question E484\_05. Is there someone here who can assist me with the contract? It is listed in the annual report as being \$400,000 for New Apprenticeships schemes. Have we got expertise on that matter?

**Mr Burmester**—Yes. What precisely is your question?

**Senator CARR**—You have already provided me in E860 and an E818 a very short summary of the surveys. I am interested in the survey that was undertaken by the Social Research Centre on New Apprenticeship centres client satisfaction.

**Mr Burmester**—Yes. There were two surveys undertaken, one that surveyed people shortly after they had completed or left an apprenticeship—three months after—and another one that looked at people 12 months after they had left. I am told there is actually a third one. I do not know about the third one.

**Senator CARR**—What is the third one?

**Ms Borthwick**—There were three surveys undertaken as part of the evaluation of New Apprenticeships. They were conducted last year by the Social Research Centre. Two of them were on the outcomes of New Apprenticeships and another one was on satisfaction with New Apprenticeship centres.

**Senator CARR**—What was the value of the third contract on the NACs?

**Ms Borthwick**—I do not have that information with me. That one was actually managed directly by our VET group.

**Senator CARR**—Right. Can you take that on notice for me, please?

**Ms Borthwick**—Certainly.

**Senator CARR**—We have \$400,000 spent that I can identify. One was \$146,000 and one was \$242,000.

**Ms Borthwick**—That is correct.

**Senator CARR**—This was question No. 484. The third contract is not mentioned here. Is this another badly worded question that does not allow you to tell me what is going on or is there some contract that has been entered into since this question was asked that I was not aware of?

**Ms Paul**—We are certainly happy to give you the details of each contract.

**Senator CARR**—I have no doubt that you are. But when I ask a question about the surveys conducted by the Social Research Centre and I am told there were two and then discover there are three, I wonder why that is. Can you explain to me why it is that this additional information was not provided in the answer?

**Ms Borthwick**—I imagine that it may just be a function of the contracts being managed in two separate groups, and that therefore it is an oversight.

**Senator CARR**—I have asked a question on surveys conducted by the Social Research Centre, and I referred to both. I did not know there was a third one. Was that my mistake? If I had actually said ‘all of them’ would I have got an answer? I asked, ‘What was the duration of the contracts? What was the purpose? What were the findings?’ I would have thought that I would be told that as a matter of fact there were three and not two.

**Senator Abetz**—Did you ask in fact about both contracts? That would alert people to there being two contracts. Chances are that may have been previously specified: I do not know. Once again, the department have been very gracious in saying that they will have a look at it and get back to you. But if you talked about both contracts and you got comment about two contracts I would have thought that not unreasonable. But let us see what we can find out for you.

**Ms Borthwick**—I also think it was in the context of the discussion at the last estimates, which focused on two rather than the third.

**Senator CARR**—Yes. I can see how this confusion would have arisen. On 26 April this year, I understand the department wrote to my colleague Ms Macklin regarding these matters. Is that right?

**Mr Burmester**—Yes. I believe I was the signatory to that letter.

**Senator CARR**—Is it true that that letter referred to ‘raw survey data’, indicating that raw survey data existed but ‘because interest has been shown in obtaining further information

about the survey DEST has decided to continue further analysis of the survey data in advance of plans for a more comprehensive analysis’?

**Mr Burmester**—Yes, that is right. We used a fair amount of the data that was received from the people who undertook the survey for us in producing the evaluation report on New Apprenticeships, but there was some additional data that had not yet been tabulated and analysed. We had intended to do that during this calendar year. Given the Deputy Leader of the Opposition’s interest in this matter, we have advanced those plans and have contracted someone to do the analysis. That report is just about finished. It is being proofread this week. That is how close we are to releasing it.

**Senator CARR**—Will we have a copy by Friday?

**Mr Burmester**—We will have to show it to the minister, which we do as a courtesy, but I would imagine that it would be released early next week.

**Senator CARR**—Thank you. I am pleased to hear that. I am interested to know, though, how a situation could arise where you could spend \$400,000 on the two surveys that are referred to in the answer but not obtain an analysis of the data.

**Mr Burmester**—We did. We got the data and, in the preparation of the evaluation of New Apprenticeships, we used that data extensively. We had always intended to go back and use the data to do further analysis after we completed the evaluation. We had intended to do that over the course of this year. We have now advanced that. The data was always going to be used. It was just a matter of time.

**Ms Paul**—I will put it in context. From the start, we wanted to collect as much information as we could to use for two purposes. Firstly, it was for the evaluation which came out in the report that was released earlier in the year. Secondly, given that we were doing a survey at any rate, we wanted to try to collect as much information as we could that we could mine, as they say, later. That is exactly what we are doing. It is that later work which we had always intended that Mr Burmester is saying we have brought forward and will release publicly. We have released the raw data. We will keep releasing the data analysis.

**Senator CARR**—Ms Paul, the FOI decision that was released on 4 May stated:

DEST does not have any reports or summaries of the data that was used in Skills at Work. The Department sought no such reports from SRC [Social Research Centre] and produced no unpublished internal reports.

**Ms Paul**—That is right. Our intention was to create a database which would go beyond the requirements of the evaluation and which we could mine as we wished to, over time. Given the interest in this matter, we have accelerated that mining and are now producing a report, which Mr Burmester mentioned.

**Mr Burmester**—The contract required the Social Research Centre to undertake the survey and provide us with the data. The data was analysed for the purposes of the evaluation and released as part of that evaluation. I think it was in February or March this year. The remaining data was available to look at subsequent to that. The answer that I signed, which said that there were no other internal documents, clearly identified that the raw data was available in the department. The statement that there were no other internal reports was

correct at that time. Subsequently we have created, and are finalising this week, an additional report.

**Senator CARR**—What were the technical reasons for the delays that were referred to in the *Financial Review* on 27 April?

**Ms Paul**—Which delays?

**Senator CARR**—I will quote from the *Financial Review*:

The department has since cited “technical issues” as a reason for delays in providing the data. Last Thursday a spokesman said some answers could be available in three weeks and a full report released later.

**Mr Burmester**—I think there was a Senate return to order on this data. When the request was made we indicated—and presumably that is where the *Financial Review* picked up the comments—that releasing the raw data was absolutely no help to anyone because it was an SAS data set which had to be analysed using a SAS package. Until you do that analysis, having the raw data is of very little value unless somebody can operate the SAS package to extract tables and analysis.

**Senator CARR**—So the \$400,000 that was included for the collection of this data did not involve any analysis? Is the SRC being paid an additional amount of money for analysis?

**Mr Burmester**—No. The contract with SRC was to develop and undertake the survey and provide the data from it.

**Senator CARR**—So they collect the gear?

**Mr Burmester**—Yes, and they provided a technical report about the statistical method they had used.

**Senator CARR**—But no analysis?

**Mr Burmester**—No, not of the data.

**Senator CARR**—So how much money is going to have to be spent on doing the analysis?

**Mr Burmester**—As I said, we undertook some analysis for the evaluation. Subsequently, it would have been departmental staff who would have worked through the rest of the database. To get it done quickly we have contracted another company to undertake the analysis.

**Senator CARR**—Who is the other company?

**Ms Borthwick**—I am not sure it is actually an incorporated company, but it is DSI, who are based at the Australian National University.

**Senator CARR**—So it is a group at the ANU contracted to do the analysis of the data collected by another consultant.

**Ms Borthwick**—Correct.

**Senator CARR**—How much is that contract worth?

**Ms Borthwick**—I am not sure. We can get that information to you very quickly. It is a reasonably modest sum.

**Senator CARR**—I suppose when you are paying \$400,000 to collect information anything would be modest in terms of getting someone to look at it.

**Ms Borthwick**—The \$400,000 actually represents around \$25 per interview, which is a fairly average cost.

**Mr Burmester**—The subsequent contract with the group at the ANU was to actually allow the data to be analysed and presented and released publicly a lot faster than we could have done it within our own resources. We are actually trying to meet the request from the Deputy Leader of the Opposition.

**Senator CARR**—Absolutely. We should be grateful that the department have undertaken this contract.

**Ms Paul**—It certainly means we are able to do it earlier than we had planned.

**Senator CARR**—And you are able to confirm that the full details, not the sections of the reports, will be released?

**Mr Burmester**—I have not cleared it yet and I have not seen the outcome, but I am assured that it is totally comprehensive. I think it runs to five volumes and 600 pages.

**Senator CARR**—I am sure there would be many members of the public who would be very keen to read those full five volumes, so long as they get the chance. They will all be provided, will they?

**Ms Paul**—That is our intention. We think it will be a very rich source which we will certainly use for a long time.

**Mr Kriz**—We have also released all the data to the Deputy Leader of the Opposition. She has all of it. Indeed, whatever analysis can be done here can be done by her office as well or contractors that she might wish to employ.

**Senator CARR**—I have no doubt there will be a comprehensive response. You were able to produce quite positive analysis of the New Apprenticeships scheme.

**Mr Burmester**—The results of the survey were very positive overall. That was the outcome.

**Ms Paul**—Particularly around satisfaction rates for employers and new apprentices and around work comes as well—satisfaction rates were running at around 90 per cent for both parties and employment outcomes were looking very positive as well. Overall, it was a very good story.

**Senator Abetz**—They are the sort of the satisfaction rates that Senator Carr and I can only dream about!

**Senator CARR**—Is that the only survey that you have undertaken?

**Mr Burmester**—In regard to what?

**Senator CARR**—Have there been any other surveys undertaken? Is that the only survey?

**Ms Paul**—In terms of satisfaction?

**Senator CARR**—Yes.

**Ms Paul**—I am not sure. Ms Borthwick might whether the NCVET or any other party has done surveys. We can check it out for you, anyway.

**Senator CARR**—Thank you.

**Mr Kriz**—Do you mean surveys on any topic?

**Senator CARR**—No, satisfaction surveys on the New Apprenticeships scheme. Is that the only one you have done?

**Ms Borthwick**—I am not sure what the question is.

**Senator CARR**—How many satisfaction surveys have been undertaken on the New Apprenticeships scheme in the last three years?

**Ms Borthwick**—I am not sure. I cannot give you that answer straight away. But, certainly, those three were, if not the only ones, the major ones that were undertaken in the last 12 to 18 months.

**Senator CARR**—The 2004 survey of employer and New Apprenticeships satisfaction was published in December 2004, wasn't it?

**Ms Borthwick**—I believe so.

**Senator CARR**—The department, I understand, is spending \$856,000 on the redesign of its web site. I asked you at the last estimates about the original cost, which I understand was \$213,000. The total costs have now risen to \$856,000. Is that right?

**Mr McDonald**—The total cost of the Hiser contract that we talked about at the last estimates, as we noted in the question on notice response, was \$254,203.

**Senator CARR**—Yes, that is No. E478.

**Mr McDonald**—Yes.

**Senator CARR**—But is that the total cost of the development of the new web site?

**Mr McDonald**—In terms of Hiser, that is the total cost.

**Senator CARR**—Yes, but what is the total cost of the web site?

**Mr McDonald**—The total cost of the completed site was \$896,000.

**Ms Paul**—That accounts for our own staff costs.

**Senator CARR**—I want to know what it costs for a new web site. You are telling me that it is \$896,000. What was the original estimate of the cost of the new web site?

**Mr McDonald**—The original estimate was \$856,000.

**Senator CARR**—Why has there been a variation?

**Mr McDonald**—The additional cost is wages for staff working on the final stages of the web site prior to its release. Some additional work was required to be done prior to the release of the internet site publicly. That increased the cost by \$40,000.

**Senator CARR**—What matters did the additional work go to?

**Ms Pearce**—It was essentially about migration—that is, moving the data onto the new system. If you are moving off a system that is basically structured around your department

and onto a new system that is not structured that way—where you have multiple pathways and much richer avenues into the information—you cannot just develop a program and plonk information into the new system. You actually have to handle individual bits of information dealing with the line areas and work out where those pathways should be. That accounts for the additional money.

**Mr McDonald**—Our costs included staff. A lot of costs do not. You might be familiar with the ANAO report. In relation to the elements of a web site design, our costs compare favourably with those in the ANAO report.

**Senator CARR**—I have seen the CSIRO's little extravaganza on this, so I do agree with you. By comparison this is a remarkably thrifty exercise.

**Ms Paul**—It is, actually. We are very pleased with it. So far we have had 345,000 visits since the launch, which was only a number of weeks ago.

**Senator Abetz**—How many of those were by Senator Carr?

**Senator CARR**—We are a big user of the web site—that is true.

**Senator Abetz**—I thought you might be!

**Senator CARR**—We are conscientious in our work of monitoring the shocking behaviour of this government. We take every opportunity to point that out too.

**Ms Paul**—Some 2.2 million pages have been viewed since we launched it. I will be interested in your view but we think it is working much better for our users. We were averaging 70,000 hits a week; since then we are averaging more when you do the numbers on it. We think it is a much better way for our clients and stakeholders to come in. They can come in as a teacher or a parent. It is much more personalised. I will not go on but the linkages are very complex.

**Senator CARR**—You have asked for my views. It is put to me that the reason the visitation rate is up is that people are having great trouble finding bits and pieces.

**Ms Paul**—No, I dispute that.

**Senator CARR**—They need to go in many more times.

**Ms Paul**—No, I dispute that.

**Senator Abetz**—Is this your personal experience?

**Senator CARR**—There are some difficulties. I can assure you that the site is not clear in all respects. Many of the reports that we use regularly are difficult to find.

**Ms Paul**—We heard that a report had been difficult to find. Ms Pearce can go into more detail. But we did look at it. As we understand it, in that instance the person was coming in via Google. Google had not updated itself, because it refreshes only once a month on key hits and, most unfortunately, DEST probably is not its biggest hit. If the person had come in through the new web site we believe that they probably would have got to that particular report, which is there, on the second or third hit.

We had reports which were archived, if you like, on the site. Now they are active again, so that everything that was on the old site is on the new site but it should be easier to access. We

have indexed our research better and there are multiple pathways to those reports. From our point of view we have not heard of teething problems except for the one which you named. We think that we are well equipped to meet that now.

**Senator CARR**—Could I get a breakdown on what the \$900,000 has been spent on in terms of the new web site?

**Ms Paul**—Yes.

**Senator CARR**—Worthington Di Marzio appear to have substantial arrangements with the department. You have undertaken a number of market research contracts with them. You have not been provided with reports because you say it is still being used to inform continuing policy and communications mechanisms. Is that for the department or for the government?

**Ms Paul**—I am not sure which—

**Senator CARR**—I draw your attention to E489\_05.

**Mr Burmester**—Their involvement was with the higher education campaign. We are continuing that campaign. There are still some information products to be distributed. The media buy exposure has been completed but there are some further products to be issued to the next round of school children coming up to year 12 and people looking to enrol in universities. So there are still some products to be finished and circulated but that is going to finish very soon, so the reports will not be too far away.

**Senator CARR**—Are they new campaigns?

**Mr Burmester**—They are the completion of the program that included, as it turned out, some belated media buy because the election held up the information campaign on the new higher education arrangements, and we are using that campaign to make sure that the products that are available for people completing school this year are available in plenty of time. We just have to complete that aspect of it.

**Senator CARR**—How much are you spending on media this year?

**Mr Burmester**—Some of the campaign continued into January and February, I think, but there is no media after that time. The media has been completed. I do not know the breakdown within this calendar year.

**Ms Pearce**—I think we will be able to provide that at the end of the month.

**Senator CARR**—So you will take that on notice?

**Ms Pearce**—Yes.

**Senator CARR**—When are these additional products—as you refer to them—going to air? What is it for?

**Mr Burmester**—There is no more media.

**Senator CARR**—These are pamphlets, are they?

**Mr Burmester**—These are pamphlets, brochures and so on for careers evenings and careers fairs around the country.

**Senator CARR**—So it is printed media?

**Mr Burmester**—Yes.

**Senator CARR**—How much is unexpended? How much money is left in the budget for that?

**Mr Burmester**—We will not know a precise figure until we have completed that. That is only a month away—at the end of June.

**Senator CARR**—The projects will be completed in a month. Why can't we have access to the market research that was undertaken?

**Mr Burmester**—The traditional pattern has been that the reports that are used in a campaign are not released until the completion of that campaign. But we could seek release of those ones. It is all but finished—

**Senator CARR**—That is right.

**Mr Burmester**—so I cannot see that there is a problem.

**Senator CARR**—If I can have a copy of the report, I would appreciate it. I take it these additional expenditures come under the Crossroads campaign? Would they be broadly defined as part of the Crossroads campaign?

**Mr Burmester**—It was part of the introduction of the reforms to higher education. I am not sure what the tag line was. It was not 'crossroads', I can tell you that. It had 'help' in the—

**Ms Paul**—It links to the Going to Uni web site. There were references to that through it.

**Senator CARR**—I asked a question, E490, which went to expenditure of \$2.7 million in the campaign and I was seek advice as to whether that was the total cost of the campaign—the universities campaign.

**Mr Burmester**—At this point, our projections are that we will be within the \$2.7 million.

**Senator CARR**—So there will be no overrun?

**Mr Burmester**—No. If anything, we are likely to underspend to some extent, but I do not know what that will be.

**Senator CARR**—Given that the project is about to end, you must be able to provide me with advice on the total cost and a breakdown of the expenditure for this campaign. You say that there has been an evaluation, which I expect would be the standard administrative procedure. Do you have a copy of that evaluation report?

**Mr Burmester**—We have a copy. We could release that at the same time as the other one.

**Senator CARR**—I would appreciate that. There was a further \$1.4 million spent on advertising for promotion of Backing Australia's Ability. Is that separate campaign?

**Mr Burmester**—That must be a previous financial year. I think you are talking about the actual cost that we identified in the launch of the package back in 2003.

**Senator CARR**—I am referring to question No. E730-05. You advised me in that answer that there were three categories of expenditure: press and magazine—print medium—radio and internet. I presume there was no TV.

**Mr Burmester**—Sorry, Senator—that figure is a subset of the \$2.7 million. This is just the media buy for—

**Senator CARR**—Can I have the details of the media buy, the dates and the magazines that the printed material appeared in, the cost of each of the advertisements and the details of the media buy for the advertisements that were placed on air—that is, on radio stations—and the costs of each of those placements?

**Mr Burmester**—Yes, we can do that.

**Senator CARR**—Do you have copies of the artwork for the print advertisements and scripts for the radio advertisements?

**Mr Burmester**—I have certainly seen the script, and I am sure we could find a copy of the ad that was placed.

**Senator CARR**—Thank you very much. I have put a number of questions on notice. Mr Burmester, given your expertise in this area, you might be able to answer this straightaway. Is there a working group on the proposed merger between the CSIRO and the ANU?

**Ms Paul**—There is a working group, and it is Mr Cook who has—unless you want to—

**Mr Burmester**—I was going to say that I was going to defer that one until higher education gets here.

**Ms Paul**—Mr Cook has the latest word on that.

**Senator CARR**—I will put the rest of my cross-portfolio questions on notice, if that is convenient.

**CHAIR**—We will deal with Abstudy now.

**Senator CROSSIN**—Can I go back through questions we asked in February about the review of the impact of the Abstudy changes in 2000. How many submissions have you now received on that?

**Ms Borthwick**—Seventeen.

**Senator CROSSIN**—Seventeen written submissions?

**Ms Borthwick**—That is right.

**Senator CROSSIN**—Are they publicly available?

**Ms Borthwick**—Yes. They are listed on the web site, except where the group making the submission has asked for it to be kept confidential.

**Senator CROSSIN**—So the actual submission has been posted on the web site, rather than just who sent it in?

**Ms Borthwick**—In most cases, yes.

**Senator CROSSIN**—How many have asked for their submission to be kept confidential?

**Ms Borthwick**—I do not have that figure to hand, but it is a reasonably small proportion.

**Senator CROSSIN**—Can you find that out for me?

**Ms Borthwick**—Certainly.

**Senator CROSSIN**—You tell me that you sent out about 110 copies of the discussion paper. What I forgot to ask, which I would like to ask now, is whether you will provide me with a list of the people who were sent a copy of the discussion paper, or the providers who were sent the discussion paper.

**Ms Borthwick**—Certainly. For the most part they are the groups that we consulted, which I think we also provided to you, but we will see what we can find in relation to that.

**Senator CROSSIN**—I think the only thing I am aware of about consultation is the number of people who attended the consultation. I do not have a list of people you specifically consulted on the review paper.

**Ms Tchacos**—Question on notice No. 738 listed the number of people attending each of the consultations, and they were representatives of the organisations listed in the response to question E42\_05.

**Senator CROSSIN**—Could I have a list of the people to whom you sent the discussion paper? In February Ms Borthwick said that they had had a lot of feedback during the consultations about other sources of information that we might want to take into account. What were the other sources of information that were raised during the consultations?

**Ms Borthwick**—There were a range. It has been suggested that we might need to do further qualitative work. In response to that, we have since done two case studies, at Edith Cowan University and the University of Technology, Sydney.

**Senator CROSSIN**—Is that the only thing that was raised—further qualitative work?

**Ms Borthwick**—Ms Tchacos might like to add to this but the biggest issue that was raised with us was that our data was statistical analysis, that we needed to add to it with qualitative information at a more local level and that we might need to disaggregate our data more, and we are looking to do that as well.

**Senator CROSSIN**—So there are two case studies. Was it just two students?

**Ms Borthwick**—No. We went to the universities and spoke to a number of groups within the universities, including the vice-chancellors. Again, I do not know whether Ms Tchacos wants to add to that.

**Senator CROSSIN**—Why were those two places chosen, given that in Queensland you only had six people attending the consultations—the lowest number in the country, apparently, apart from Tasmania, who do not seem to worry about this problem.

**Senator Abetz**—What was that?

**Senator CROSSIN**—It is true; they are not on this list. In New South Wales there were a limited number of people compared with places such as Melbourne or Perth. Why were those two places chosen?

**Ms Borthwick**—If I recall, we wanted to have two contrasting universities, one in a large metropolitan capital—Sydney—and another where there were a large number of Indigenous students. I think it was suggested to us specifically that we might like to look at Edith Cowan as a case study.

**Senator CROSSIN**—So who is conducting that work?

**Ms Borthwick**—We did that work.

**Senator CROSSIN**—Is it finished?

**Ms Borthwick**—It is. I believe that we finished it last month.

**Senator CROSSIN**—What is the intention now—to put together a further discussion paper with that qualitative work?

**Ms Borthwick**—That is right, yes.

**Senator CROSSIN**—That was a good guess of mine. Will that be resent to stakeholders for further comment?

**Ms Borthwick**—We have not considered that at this stage.

**Senator CROSSIN**—When do you hope the revised discussion paper will be completed?

**Ms Borthwick**—We are in the stage of drafting it now. We are writing it up. As you would appreciate, particularly with the further work that we have done since we drafted the discussion paper and with the complexity of the issues concerned, it may still be some weeks or months before it is completed.

**Senator CROSSIN**—You said to me back in February that you would be putting out a final paper with the findings. I take it that strategy has changed now and that what you are intending to do is not put out a final paper but a revised discussion paper.

**Ms Borthwick**—No.

**Senator CROSSIN**—So it will be your final paper?

**Ms Borthwick**—That is right, taking on board the additional information and indeed the feedback that we have had during the process.

**Senator CROSSIN**—Are you able to tell me whether or not that would be a public document? Is there any advice on that?

**Ms Borthwick**—Not at this stage. We would clear that paper with the minister, as we normally do.

**Senator CROSSIN**—So that may be some months away still by the time the minister clears it.

**Ms Borthwick**—I am hopeful that we can finish it within a month or so, but I would be reluctant to give a specific date at this stage.

**Senator CROSSIN**—So let me get this clear. I take it that your final paper will be a summary of your consultations and your case studies with recommendations to the minister? Or just answering his initial terms of reference?

**Ms Borthwick**—No, it would be answering the initial terms of reference.

**Senator CROSSIN**—I see. In the discussion paper I noticed that you have put here, on page 3 of the paper, I think, that all the higher education statistics used in the paper come from the national Higher Education Statistic Collection compiled by DEST, with cooperation from ABS statistics. I raised the issue before that each chart was not identified. Has there been an attempt to rectify that?

**Ms Borthwick**—Again, I thought we had provided a response. But if it has not met your requirements we can certainly go back and look at that again. We have certainly taken that point on board and the final discussion paper will source and cite all tables.

**Senator CROSSIN**—I had it raised with me by a number of people who were interested in this discussion paper and wanted, I suppose, to reverify your statistics. It was a bit hard to track where you had got them from. I just wanted to have an update on it. I not sure whether this is your responsibility or that of the Indigenous branch—if it is not you I am sure you will tell me—but I asked in 2003 about the number of secondary school aged children across the Northern Territory, Western Australia and Queensland. The answer to question was E001\_04, and I wanted an update on the tables. The tables were, ‘persons aged 13 to 17 years’, and they were identified at that stage in the 2001 ABS census, so I am assuming that now you could use last year’s census as a new point of reference.

**Ms Borthwick**—I believe the next census is in 2006.

**Senator CROSSIN**—I think you used the 2001 ABS census before, and I think there has been another one.

**Ms Paul**—No, the full population census is taken every five years.

**Senator CROSSIN**—So those figures will be the same. Does the department have the number of persons aged 13 to 17 years of secondary school age? Or do you rely on the ABS data?

**Ms Borthwick**—I would like to take that on notice; I am not sure what the situation is.

**Ms Paul**—The ABS runs population surveys and so on much more frequently than they do the census.

**Senator CROSSIN**—If you went back and looked at this question you would see the table.

**Ms Paul**—My guess is that there will probably be something more recent that we can help you with.

**Senator CROSSIN**—My question really goes to the number of secondary school students across the Northern Territory, West Australia and Queensland—non-Indigenous and Indigenous—in relation to the third table, which is about the number of Abstudy applications that have been received from those three states.

**Ms Paul**—I am sure we can update that. I think we can do that without having to rely on census data.

**Dr Jarvie**—We can rely on schools data.

**Ms Paul**—Anyway, we will take it on. I do not think it will be difficult.

**Senator CROSSIN**—Finally, can you tell me if the Abstudy loan scheme is still in existence?

**Ms Bennett**—Are you referring to the Student Financial Supplement Scheme?

**Senator CROSSIN**—Is that what it has been renamed as?

**Ms Bennett**—It has always been called that. It has been available to students on various forms of income support.

**Senator CROSSIN**—The Abstudy loan scheme was available at least up until 2003-04, as far as I know. Abstudy is a component of the Student Financial Support Scheme.

**Ms Bennett**—From 2003 it was called the Student Financial Supplement Scheme.

**Senator CROSSIN**—You don't have a discreet Abstudy component of that scheme?

**Ms Bennett**—No.

**Senator CROSSIN**—It is all just one scheme now?

**Ms Bennett**—Yes.

**Senator CROSSIN**—What was the amount spent on for 2003-04 on the SFSS?

**Ms Bennett**—I will take that on notice.

**Senator CROSSIN**—Okay. Can you tell me what the budget estimate is for that scheme in the portfolio statement?

**Ms Bennett**—That scheme is closed.

**Dr Jarvie**—The Abstudy SFSS for 2005-06 was \$12.233 million.

**Ms Paul**—Was that for Abstudy recipients, Dr Jarvie?

**Dr Jarvie**—Yes, that is my advice.

**Ms Paul**—So we are able to break it down, by the sound of it.

**Dr Jarvie**—That figure was the actual expenditure for 2005-06

**Senator CROSSIN**—Anticipated expenditure for 2005-06?

**Dr Jarvie**—It must be for 2005-06. Sorry, that was for 2004-05.

**Senator CROSSIN**—Did you say they were Abstudy recipients?

**Dr Jarvie**—I think that would have to be what the figure represents. The ones on Youth Allowance are included in the Youth Allowance figure

**Senator CROSSIN**—You cannot tell from those figures how many Indigenous persons would have applied?

**Dr Jarvie**—I will take that on notice—I do not have that information with me. We can provide you with figures on how many people still had outstanding loans under the SFSS under Abstudy. Is that what you want us to provide?

**Senator CROSSIN**—Yes, that is what I want. What is the budget estimate for 2005-06 for Abstudy?

**Dr Jarvie**—It is a total figure for tertiary and secondary recipients. On page 78 of the portfolio budget statement under 'Student Assistance Act' the figure is given as \$96.321 million for 2005-06. That includes the SFSS. That was for outcome 2.

**Senator CROSSIN**—I am not quite sure what you are giving me here.

**Dr Jarvie**—I am giving you the expenditure for outcome 2 under Abstudy. Then you have to add in expenditure for Abstudy under outcome 1.

**Senator CROSSIN**—That should exclude, though, the SFSS moneys—is that correct?

**Ms Paul**—We think so. We are trying to add together what would be spent under the schools outcome, which is outcome 1, for secondary students on Abstudy, with the money for the tertiary students on Abstudy, which comes under outcome 2. We have to add them up.

**Senator CROSSIN**—Is that why I cannot find an Abstudy line in the PBS? Is that right?

**Dr Jarvie**—It is in two separate places.

**Ms Paul**—On the other hand, Mr Storen might have it at his fingertips because he is our financial person.

**Senator CROSSIN**—He might be able to pull it all together for us, instantly.

**Mr Storen**—The figures in the PBS are presented by legislation, if you like. So there is a number in outcome 1 which is school students but it includes Abstudy and AIC together. I can give you the split here if you want. Did you want the 2005-06 estimate for Abstudy?

**Senator CROSSIN**—Yes, I did.

**Mr Storen**—Okay, Abstudy secondary for 2005-06 is \$101.451.

**Senator CROSSIN**—Million?

**Mr Storen**—Yes. Abstudy tertiary for 2005-06, which excludes the student financial supplement, is \$87.978 million. Sorry, I have given you the 2004-05 numbers. I will now work back and give you the 2005-06 numbers. For tertiary it is \$89.282 million and for secondary—

**Senator CROSSIN**—You gave me secondary, didn't you?

**Mr Storen**—I gave you the 2004-05 numbers for secondary. It is \$109.122 million.

#### **Proceedings suspended from 12.31 pm to 1.36 pm**

**ACTING CHAIR**—We will continue questions to the department on output 1.2—Abstudy.

**Senator CROSSIN**—I want to go over some of the figures I obtained before lunch. Mr Storen, the figures you gave me for the budget estimates for 2005-06 for Abstudy come to \$198,404,000 in total. Is that right?

**Mr Storen**—If you add \$109 million to \$89 million, that will give you \$198 million, yes.

**Senator CROSSIN**—I have in front of me the answer to a question on notice that I received on 4 June 2003. I had asked for the budget estimates for Abstudy for 2003-04. The answer was \$197.6 million. It would seem to me that in the space of two years that is only about a \$900,000 increase. Is that right?

**Mr Storen**—I do not have the 2003-04 numbers with me but, if that is the answer you were given, that would have been the budget estimate at 2003-04. A better comparison might be the actual expenditure for 2003-04 through to 2005-06, which I do not have with me either.

**Senator CROSSIN**—I will get you to take on notice, then, the actual expenditure for Abstudy for 2003-04 and 2004-05. Are the figures you have given me today based on the number of students you are expecting will access Abstudy?

**Mr Storen**—That would be one element of how the numbers are forecast.

**Senator CROSSIN**—What is the other element? Do you pay Centrelink an administration fee?

**Mr Storen**—That is not included in those numbers. They are purely the numbers that get to clients. The main income support component of Abstudy does get indexed as well. That is my understanding. I am not sure of the indexation rate. So there are client numbers and there is also an increase in the base amount paid.

**Senator CROSSIN**—Can you disaggregate that figure for me for the coming budget estimates. Take it on notice if you need to.

**Mr Storen**—We will look at what we can do for you.

**Senator CROSSIN**—I am interested to know, for the coming year and the last two years, how many secondary and tertiary students those figures are based on.

**Mr Storen**—Part of that answer is in the PBS. The number of school students in receipt of Abstudy is listed on page 60. For the 2004 calendar year it was 34,156. For the 2005 calendar year it is 35,955. There are similar numbers for tertiary students on page 86 of the PBS. For the 2004 calendar year it was 23,486. For the 2005 calendar year it is 24,117.

**Senator CROSSIN**—That is an estimate, isn't it?

**Mr Storen**—Yes, the 2005 year is of course an estimate.

**Senator CROSSIN**—Thank you. That is all I have got.

**Senator CARR**—I have one question, and another I will put on notice because it requires more detailed commentary and it might be better if there is a more considered response. The number of Abstudy processing centres has been reduced to four; there were 10. What has happened to the staff in the larger number of the 10 centres? Have they been relocated?

**Ms Paul**—I do not know.

**Ms Bennett**—That is probably a question for Centrelink. I do not know about staffing, but I would assume they had been absorbed into other Centrelink activities. Those processing centres are used to process all the paperwork and applications for Abstudy across the country.

**Senator CARR**—So students can still approach Centrelink about their Abstudy programs?

**Ms Bennett**—They can.

**Ms Paul**—They can approach any office or any customer service centre or agent, but the backroom work is done in these four centres now, I understand.

**Senator CARR**—I will put that on notice for Centrelink. In terms of the review of Abstudy itself, the submissions have now closed, have they not?

**Ms Tchacos**—Yes.

**Senator CARR**—What is the next step in the process of review? Will there be a report published?

**Dr Jarvie**—We answered a series of questions on this earlier, and a final report is being produced.

**Senator CARR**—I am sorry; I was out of the room. When do you expect the final report to be published?

**Ms Borthwick**—As we mentioned earlier, we are in the process of drafting that report now. I am hopeful that we will have it completed within a month or so, but I do not have a precise date yet.

**Senator CARR**—Thank you for that. That concludes my questions for this outcome.

[1.46 pm]

#### **Australian Research Council**

**CHAIR**—Welcome.

**Senator CARR**—I welcome the officers. Do you have any information on the Commonwealth's investment in research and development as a percentage of GDP?

**Prof. Hoj**—For this year?

**Senator CARR**—Yes.

**Prof. Hoj**—I believe we are at about nine per cent of the total investment that the government has extended, so about \$480 million for this financial year, out of some \$5.3 billion, I understand.

**Senator CARR**—As a percentage of GDP, what is the Commonwealth's investment in R&D?

**Prof. Hoj**—As a percentage of GDP? I understand that it is about 0.8 per cent.

**Senator CARR**—Is it 0.8 per cent?

**Prof. Hoj**—I stand to be corrected, but that is my understanding.

**Senator CARR**—Professor Barlow, President of FASTS, is saying that the investment is projected to fall to 0.597 per cent, down from 0.66 per cent in 2003-04 and 0.62 in 2004-05. Do those figures sound familiar to you?

**Prof. Hoj**—Those figures do not sound familiar to me, but I could be mistaken. Quite clearly, if the economy has grown faster than the investment in R&D, the percentage could have dropped. I know for the ARC the budget has gone up from \$480 million this year to \$560 million next year.

**Senator CARR**—So your budget is improving. How are you intending to spend the money?

**Prof. Hoj**—We are intending to spend it on the programs that we are currently conducting, to be able to perhaps fund a greater percentage of the requests from researchers. Also, in recent years you would have noticed that the success rate for our granting schemes has gone up quite significantly. In about 2001 our major scheme, the Discovery scheme, had a success rate of about 21 per cent. That has steadily increased, to about 30 per cent last year. The average grant size has gone from \$45,000 per annum, or thereabouts, to about \$99,000 in Discovery last year. That is one of the ways that that increased expenditure is flowing through to researchers.

**Senator CARR**—What you doing in regard to staffing at the ARC?

**Prof. Hoj**—Could you be more specific in your question, please?

**Senator CARR**—Sorry?

**Prof. Hoj**—What you mean by ‘what are you doing’?

**Senator CARR**—How many extra staff are you putting on? Is your staffing entitlement change over the year?

**Prof. Hoj**—It is likely that our staffing will increase.

**Senator CARR**—By how much?

**Mr Marsden**—We expect it to increase. The current estimate for this financial is 64 staff up to about 76 staff during the course of the 2005-06 financial.

**Senator CARR**—What is the reason for the increase of 12? Why are you increasing staff?

**Mr Marsden**—For a number of reasons. Obviously, as Professor Hoj said, it is so we can effectively administer the grant programs. As the BA funding reaches its peak level, the funding will be directed towards a number of areas. A key area that has been announced a number of times by Professor Hoj in a number of talks is research evaluation. Another area is improving our post-award management and improving our systems to support the programs themselves.

**Senator CARR**—How many SES officers are going to be employed?

**Prof. Hoj**—We currently number eight—as we were when we met last night. There were nine at one stage. I indicated to you the last time that the optimal running of the program will require us to take on further SES officers, and we would not hesitate to do that if we can afford it.

**Senator CARR**—Do you have any plans to increase the number of SES officers?

**Prof. Hoj**—It is very likely that we would get back up to nine, as we were before.

**Senator CARR**—Of the 64 staff, how many officers EL level?

**Prof. Hoj**—I will get Len Marsden to answer that question.

**Mr Marsden**—We have 21 officers at that level. We have five EL2 officers and 16 EL1 officers.

**Senator CARR**—The department has a ratio of 2.5 in their SES staffing. Your ratio would be substantially higher. I know I have discussed this with you before, but I am just wondering whether you could explain to me what the contemporary justification is to have such a higher rate of SES officers when compared to the total staffing?

**Prof. Hoj**—There would be several components to the answer. One is that we have been fairly frugal in taking on staff at lower classifications. Quite clearly, if we took on a couple of hundred staff at lower classifications, the ratio would improve. The nature of our business is one that does not allow us to run it unless we have people who are expert in the areas across which we distribute funding. You will recall that the Knowledge and Innovation statement from, I think, 1999 talks about the need for the ARC to have program managers. Those

program managers have to be at the very senior doctoral level in order to make judgments about what is now an expenditure of \$560 million per annum. That is part of the justification. I think the other thing you would be interested to know is that the ARC compared to like agencies overseas, such as Canadian agencies or the NSF, has a lower percentage of its administrative budget spent on running our own staff. We are very lean by those comparisons.

**Senator CARR**—They have bigger research programs, do they not? We could equally say that the—

**Prof. Hoj**—I am talking about percentages. So, relative to the size of the research program, the ARC, from what we can judge, is very lean.

**Senator CARR**—I look forward with interest to talking to you later about your staffing arrangements. Coming back to the issue of Australia's performance in terms of its international comparisons—since you have raised the matter—what do you regard as the optimum level for Australia's R&D performance?

**Prof. Hoj**—What do you mean—in terms of investment? I am sorry, but I do not understand the question.

**Senator CARR**—I am trying to understand how it is that we have a situation in this country where our GERD ratios suggest that we are below our international competitors—our OECD average, for instance. What is the ARC's target in terms of improving our research and development performance as a country as a percentage of GDP? Do you have any strategies at all to deal with that?

**Prof. Hoj**—Let me just try to understand the question, and I am sorry—

**Senator CARR**—Australia's GERD figure is about 1.54 per cent. Would you agree with that?

**Prof. Hoj**—Yes, I understand that. So you are now talking about gross expenditure and not government expenditure?

**Senator CARR**—The international comparison is about 2.25 per cent. It is true that the Australian government performance in that area is slightly better than many international comparisons. Our private investment is clearly the area of weakness. Given that there is this gap, do you have any proposals currently under way within the Australian Research Council to address that gap?

**Prof. Hoj**—You correctly pointed out that the greatest discrepancy is in the business expenditure on R&D. One of the things that the ARC can do to try to improve that situation is to assist business to form partnerships between publicly funded researchers and private business in order demonstrate the true returns that you can get from properly executed and linked research. The ARC is very keen to do that. We run a Linkage program. One of the things that we have done over the last few years is to introduce two funding rounds per annum to be more responsive to the tighter time frames that business R&D requires. The other thing we are trying to do is to be better able to articulate the outcomes that stem from our research. That is one of the reasons, as Mr Marsden has just outlined, that we believe that we need to increase our staff complement.

**Senator CARR**—How much did you say that the Linkage program was going to expand by?

**Prof. Hoj**—I did not say that the Linkage program was going to expand. It has obviously expanded in line with the BAA1 and BAA2 to the extent that it is now, I believe, 20 per cent of our annual expenditure and it runs twice per annum. Perhaps Dr Walker could add to that.

**Dr Walker**—In 2001 what was known as the SPURT program—which became the Linkage program—had allocated to it \$58 million. In 2004 it was allocated \$119 million. So it has roughly doubled over the last few years.

**Senator CARR**—Have you put any proposals within government aimed at improving private sector R&D?

**Prof. Hoj**—One of the things we are trying to do is to make our Linkage scheme more attractive. We have recently changed some of our funding rules to allow for larger industry based contributions to be made with appropriate eligible university partners to apply for grants of significant size. If there is a significant uptake in that area, one could well argue that the program is so successful that to invest more money in it is justified. We are continually finetuning that particular program.

**Senator CARR**—Are they the only measures that you are taking?

**Prof. Hoj**—They are not the only measures we are taking. As I said, we have also now strategically positioned ourselves to better articulate the outcomes of the research and to communicate those outcomes. We believe that seeing is believing and we need to be able to get people to buy into that scheme.

**Senator CARR**—Do you still regard yourself as a key advice to government on research matters?

**Prof. Hoj**—We regard ourselves as an important component of advice to the government on research matters.

**Senator CARR**—What discussions do you have with the Department of Industry, Tourism and Resources, for example, about how to improve private sector performance in research?

**Prof. Hoj**—You will be aware that we have a board on which we have several ex-officio members. One of those board members is the Secretary of the Department of Industry, Tourism and Resources, Mr Paterson. The board meetings form a very important component in our sharing of intelligence in this regard. You would also be aware that we co-fund the Biotechnology Centre of Excellence.

**Senator CARR**—What about the R&D boards within the department of industry? Do you have any liaison with them?

**Prof. Hoj**—Recently we met with the chairman of the IR&D board. I have a further meeting scheduled in my diary—I cannot remember the date—to talk about synergies and things we can do to better work towards the outcomes that you are seeking; namely, an increased investment and more effective investment in business R&D.

**Senator CARR**—Do you have primary responsibility for the research quality framework, or is that a direct departmental responsibility?

**Prof. Hoj**—That is a DEST responsibility.

**Senator CARR**—I will deal with that there. Have you been consulted about proposals for research-only universities or teaching-only universities?

**Prof. Hoj**—No, not to the collective recollection of the four people that are here.

**Senator CARR**—So your opinion has not been sought on changing the national protocols for universities?

**Prof. Hoj**—To the best of my knowledge, no.

**Senator CARR**—Have you put forward any views about teaching-only universities?

**Prof. Hoj**—The view that we put forward in relation to the universities and research is that the ARC believes that there should be a mechanism to fund the best research proposals from the universities irrespective of what university they come from.

**Senator CARR**—Yes, but have you canvassed any views about whether or not there should be research-only universities?

**Prof. Hoj**—To the best of my knowledge, no. The answer seems to be no.

**Senator CARR**—Has the ARC taken a position on teaching-only universities? Has the council itself taken any position on this?

**Prof. Hoj**—No, we have not.

**Senator CARR**—Thank you.

**CHAIR**—Thank you.

[2.03 pm]

### **Australian Nuclear Science and Technology Organisation**

**CHAIR**—Welcome. I want to welcome the minister, Senator Vanstone, to the table. Minister, thank you for attending this afternoon.

**Senator Vanstone**—Thank you very much, Senator Troeth. It is a pleasure.

**Senator CARR**—I thank the officers for their appearance here today. Dr Smith, how are you going with the new reactor? Is it still likely to be completed in September?

**Dr Smith**—No. We have now received notification from the contractor with a new schedule. We are now expecting the completion to be in December, or January 2007.

**Senator CARR**—What is the reason for the delay?

**Dr Smith**—There is a number of reasons that the contractor has put forward. Some of these relate to the regulatory activities of ARPANSA, and some relate to construction difficulties with the reflector tank, which is a very complex piece of apparatus in the core.

**Senator CARR**—Can I go through those two reasons. What concerns has ARPANSA expressed to you that would warrant a delay?

**Dr Smith**—It is not concerns expressed by ARPANSA but the regulations and processes which ARPANSA are enforcing upon the contractor.

**Senator CARR**—Yes, which is what you expect. There is nothing untoward or unusual about that, is there?

**Dr Smith**—No. One expects regulators to—

**Senator CARR**—regulate.

**Dr Smith**—undertake their work. One hopes that they do it in the most efficient and effective way possible.

**Senator CARR**—Do you think that is what is happening?

**Dr Smith**—We are concerned that ARPANSA are stretched with resources, given the amount of work that is involved in this process.

**Senator CARR**—So do you think they are underresourced?

**Dr Smith**—I do not know whether they are underresourced precisely. My observation is that they are—

**Senator CARR**—I thought that a doctor/lawyer would have appreciated some assistance from you on this.

**Dr Smith**—Their response time seems to indicate that they are stretched with the resources in this area.

**Senator CARR**—In relation to the provisions they are calling on you for, has there been any identification of any difficulties?

**Dr Smith**—No particular difficulties.

**Senator CARR**—So, as far as you are concerned, it is just a compliance issue, and they are taking time to do the paperwork. Is that the point?

**Dr Smith**—Yes. It is the processes that they have insisted that the contractor goes through before constructing and installing—

**Senator CARR**—They are all reasonable processes, aren't they? Dr Smith, you would have to agree with that?

**Senator Vanstone**—With respect, it might help if questions are put to officers and they can answer them in their own words, rather than giving a paraphrase and asking if they agree or disagree. Senator Carr, I know you do not intend to verbal, but officers can often take it that they have to say yes or no, which then means that they have to either accept or reject your wording. With respect, if you want an answer, just ask the question rather than put what might appear to some to be a verbal.

**Senator CARR**—Minister, thank you very much for your advice, but Dr Smith is no monkey; he knows what he is saying. I have asked him a straight question; I expect he will give me straight answers. He always has in the past. I do not see why it will change now.

**Senator Vanstone**—The record will show the view that I have put to you.

**Senator CARR**—Dr Smith, do you consider the regulator's requirements to be reasonable?

**Dr Smith**—The regulator is enforcing the act in Australia, which is entirely appropriate for it. The difficulty that has arisen is that the contractor did not foresee the time frame which would be involved in undertaking those processes.

**Senator CARR**—Who is the contractor concerned that is having difficulties meeting these requirements?

**Dr Smith**—The prime contractor is INVAP.

**Senator CARR**—Are they having difficulty meeting these requirements?

**Senator Vanstone**—With respect, the question was: ‘Who is the contractor that is having difficulties meeting these requirements?’ The senator commented that, if he asked a straight question, he would be given an answer. Dr Smith gave him an answer; he gave him the name. Then the question comes: ‘Are they having trouble meeting these requirements?’

**Senator CARR**—He did not answer the question.

**Senator Vanstone**—That was contained in the original question.

**Senator CARR**—Are they having difficulty meeting the requirements?

**Senator Vanstone**—That has been answered. My plane is not until late on Friday, so I do not care if you keep us here. But there is no point in an insect badgering officers, making people answer questions who cannot respond as directly as I can, or as other parliamentarians can, and causing their tension levels to rise because questions are asked again and again in different ways. It is just not satisfactory.

**Senator CARR**—Dr Smith does not look as if his tension levels are raised. He looks quite relaxed.

**Senator Vanstone**—He does look as if he can look after himself. But, with respect, Madam Chair—

**Senator CARR**—He runs ANSTO. He would know all about pressure.

**Senator Vanstone**—There is a matter of precedent here. I have a fundamental view, which is shared by my colleagues, that if a question has been asked and has been answered it amounts to badgering to re-ask it of the same officer.

**CHAIR**—Senator Carr, you indicated that you had a few questions.

**Senator CARR**—I have a few more now that the minister has intervened. She has helped me along; she has inspired me.

**CHAIR**—I advise you to keep moving along.

**Senator Vanstone**—I have a number of achievements in life, and they have never included inspiring Senator Carr!

**Senator CARR**—As you say, we have until Friday afternoon to sort this out.

**Senator Vanstone**—I have, yes.

**Senator CARR**—So have I, so I am only too happy to oblige.

**CHAIR**—Next question.

**Senator CARR**—What is the difficulty that INVAP have faced in meeting these requirements?

**Dr Smith**—The difficulties revolve around ARPANSA. This is the first time that ARPANSA as an organisation has been asked to license the construction of a nuclear reactor. The expectation of INVAP is their international experience, and the two expectations of timing have not matched.

**Senator CARR**—In what areas have there been delays in terms of regulations?

**Dr Smith**—Those areas are spread across the whole contract because it is the way that the contractor has been forced to operate to satisfy the ARPANSA requirements.

**Senator CARR**—So it is everything?

**Dr Smith**—It basically means that we have had to have sequential construction, rather than construction in parallel. Components have to have been constructed and installed sequentially, rather than in a parallel manner.

**Senator CARR**—You said there were some other technical difficulties with the construction itself that were also causing delays.

**Dr Smith**—There has been a delay which is now complete in that the reflector vessel is being installed in the pool. But that was a complex piece of apparatus which took INVAP longer to construct than they expected.

**Senator CARR**—And that is now sorted out?

**Dr Smith**—Yes.

**Senator CARR**—There were problems with the cooling rods originally. Have those difficulties been sorted out as well?

**Dr Smith**—I am not aware of any problems in that regard.

**Senator CARR**—Can I ask you about the other ancillary matter, which is the question of the site for a waste repository. Do you have any advice to tender on what progress is being made on the siting?

**Dr Smith**—That matter is in the hands of the department, as we advised you at the last Senate estimates meeting. We provide technical advice and the department is conducting the work.

**Senator CARR**—That is why I asked you whether you had any advice to tender. It is not your responsibility, but you are providing the technical advice. How many sites are you providing technical advice on?

**Dr Smith**—The decision-making process has not reached the point where we are evaluating sites directly.

**Senator CARR**—So the technical advice just goes to the criteria?

**Dr Smith**—Yes.

**Senator CARR**—And the main criteria remain as they have historically?

**Dr Smith**—They remain the internationally accepted criteria.

**Senator CARR**—Those criteria are stability of soil, geological stability, water supply, transport links—

**Dr Smith**—And security, yes.

**Senator STOTT DESPOJA**—I want to clarify what I can ask the witnesses. I am not sure exactly whether Senator Carr has chased this up. I also have questions regarding sites under consideration. Am I going to elicit any responses?

**Dr Smith**—That is the responsibility of the department.

**Senator STOTT DESPOJA**—Can I put these questions to you? I thought that Senator Carr was saying he was not getting a response.

**Senator CARR**—They have already answered questions. The advice is that science officials will answer those questions.

**Senator STOTT DESPOJA**—Can I begin by asking about any offshore Commonwealth sites that are being considered for the colocated national store and national repository?

**Senator Vanstone**—I am sorry—apparently it has not been made clear. Those are the questions that have to go to departmental officials.

**Senator STOTT DESPOJA**—That is what I was seeking to clarify. I am sorry. I am happy to pass the questions on to officials in that department.

**Senator Vanstone**—I am not sure when they are coming.

**CHAIR**—The science group will be coming later.

**Senator Vanstone**—It will be sometime later this afternoon. We can get someone to advise you.

**Senator STOTT DESPOJA**—I am happy to wait until then. Like other people, I have been going from one estimates hearing to another, so I am quite happy to wait until then. I can hold off on all of my questions until then.

**CHAIR**—Thank you, gentlemen.

[2.15 pm]

#### **Commonwealth Scientific and Industrial Research Organisation**

**Senator CARR**—I thank the officers for their appearance and congratulate Dr Garrett on his reappointment. Is it a three-year appointment?

**Dr Garrett**—From the end of this year, yes.

**Senator CARR**—Did you get the chance to discuss the reappointment with many senior officers in the government? What was the process for reappointment?

**Dr Garrett**—This was a process that was through the board and the minister and cabinet. This is an official process.

**Senator CARR**—Right. So is there any truth to the rumour that you might have got a longer term if you had let Peter Shergold win more at your regular tennis sessions?

**Dr Garrett**—I beg your pardon?

**Senator CARR**—It has been put to me that you play tennis with Dr Shergold and I am wondering whether or not it had any bearing—

**CHAIR**—That is quite inappropriate, Senator.

**Senator JOHNSTON**—I tell you what, Senator Carr, you are really plumbing the depths.

**CHAIR**—I would ask you to confine your questions to those of a professional nature.

**Senator Vanstone**—I invite Senator Carr to clarify the record as to whether you are seeking to make an inference there.

**Senator CARR**—No, I am not making any inference whatsoever, Minister—whatsoever.

**Dr Garrett**—He was making conversation.

**Senator Vanstone**—Senator Carr rarely says anything without making an inference.

**Senator CARR**—I think it is a very good thing that the head of CSIRO plays tennis with the cabinet secretary.

**CHAIR**—I ask you to withdraw totally any inference related to that.

**Senator CARR**—What inference was there?

**CHAIR**—I think you know that as well as I do—

**Senator CARR**—I do not know that there was any inference at all.

**Senator Vanstone**—I am happy to move on, Madam Chair, because I think the record shows the game that Senator Carr is playing—and it is not tennis.

**Senator CARR**—I refer to the budget papers for CSIRO. I take you to page 265 of the DEST PBS.

**Dr Garrett**—I believe that it is appropriate for our chief financial officer Mike Whelan to handle questions of details here.

**Senator CARR**—The total for 2004-05 is \$909 million. That is correct, isn't it?

**Mr Whelan**—I am on page 265 of the budget estimates—5.2 budgeted financial statements tables.

**Senator CARR**—The figure is \$909 million. Have I read that correctly—revenues from ordinary activities, \$909,338,000?

**Mr Whelan**—That is correct but that figure is not on page 265 of my estimates.

**Senator CARR**—I am looking at page 265, 'Budgeted financial statements—CSIRO'. It looks like the same document appears on page 266. Have there been two budget PBSs?

**Mr Whelan**—Not that I know of. There was a misprint in the original, so there may have been a supplementary production. But if you are referring to table 5.2—

**Senator CARR**—I am referring to table 5.2—budgeted financial statements tables. The page number on the photocopy is 265. In the document it is 266.

**Mr Whelan**—I have it.

**Senator CARR**—Are we talking about the same document?

**Mr Whelan**—I think we are now.

**Senator CARR**—I would like to go through that document with you. We have \$909,000 in the revenues from ordinary activities. For the next two years it is \$962,000 and \$1.024 million. Is that right?

**Mr Whelan**—That is correct.

**Senator CARR**—I will turn to page 101 of your five-year plan. Do you have a copy of that there?

**Mr Whelan**—No, I do not.

**Senator CARR**—It is the target financial scenario.

**Mr Whelan**—Yes. I am familiar with that.

**Senator CARR**—It lists the total external revenues. If I look across the bottom of that page, I see the figures \$947,000, \$1.006 million and \$1.0076 million. Would you agree with that?

**Mr Whelan**—Yes.

**Senator CARR**—It seems to me that we have substantial discrepancies between what is published in the PBS and what is published in your target financial scenario. Would you agree?

**Mr Whelan**—Yes. That variance is explained in the PBS and has been explained here previously. At the time of preparing the organisational strategic plan the figures at page 101 included revenues for joint ventures that CSIRO is associated with, such as Food Science Australia and, subsequent to that, the creation of a joint venture with New Zealand Forest Research Institute Ltd and ensis. At that time the plan also included revenues associated with the National Measurement Laboratory. Decisions have been taken by government since then to move the National Measurement Laboratory out of CSIRO. It is now part of the National Measurement Institute, which is in DITR. The revenues for Food Science Australia and ensis are accounted by the equity method in CSIRO's accounts. Therefore, the headline revenue is not included in the portfolio budget statements. But we do make footnotes to the PBS, our annual financial report and any external data we produce to note that difference. In broad terms, when you take those three factors into account, the numbers in the PBS are consistent with the target financial scenario on page 101 of the organisational strategic plan. If it would help, I would be more than happy to provide you with a reconciliation of those.

**Senator CARR**—If you could, please. Let us just go through it. What is the variation on the national measurement labs?

**Mr Whelan**—I do not know if I have the exact detail with me. I will just check.

**Senator CARR**—What page is the footnote on that you are referring to?

**Mr Whelan**—On page 259 there is a footnote with respect to external revenues associated with Food Science Australia and the ensis joint venture. I am pretty sure—it may not be in this PBS but it was in the additional estimates PBS—that the movement of the National Measurement Institute is shown. But you will see that the details are there for ensis and FSA.

**Senator CARR**—So that is the \$27.5 million listed on page 259.

**Mr Whelan**—That is correct.

**Senator CARR**—Are there any other sources that I should be aware of?

**Mr Whelan**—The National Measurement Institute.

**Senator CARR**—When I do the reconciliations on those two figures I see a gap of \$130 million, not \$27 million.

**Mr Whelan**—The other big change since the strategic plan was published is the abolition of the capital use charge, which was \$100 million of appropriation income. That is the other component. I am sorry I did not refer to that before—that had been covered in previous PBS statements. As I said, I am more than happy to provide you with a reconciliation. In broad terms, the numbers are equivalent.

**Dr Garrett**—It might also be useful for you to look back at the last annual report, on page 35, where we summarise the interrelationship between the CSIRO group and the CSIRO strategic plan. The footnotes there confirm what Mr Whelan has been indicating to you.

**Senator CARR**—If we go to expenditure, I have the strategic plan and the figure in that is \$962 million for 2004-05. The PBS says \$906 million. If I go to 2005-06 it is \$1026 million.

**Mr Whelan**—It is the same factor. On both sides—the revenue and expense side—the factors I have referred to have an impact. So the expenses for FSA, ensis and NML are not included in the expenses in the PBS either.

**Senator CARR**—Is the capital use charge in the PBS statements?

**Mr Whelan**—It is not in the current PBS.

**Senator CARR**—Can you explain to me why it is not there?

**Mr Whelan**—The government abolished the capital use charge.

**Senator CARR**—But these are the PBSs for the forward estimates.

**Mr Whelan**—Yes, but the capital use charge stopped applying in 2002-03. It has not been in the PBS since 2003-04. The organisation's strategic plan was produced prior to that.

**Senator CARR**—What about the revenues? If I look at the non-government revenue, external revenue stands at \$327 million, \$363 million for 2005-06 and \$411 million for 2006-07. Would you agree with those figures?

**Mr Whelan**—Where are you drawing those figures from?

**Senator CARR**—Table 5.2, Budgeted Financial Statements. It is external revenue with revenue from government and sale of assets eliminated. Excluding revenues from government and sale of assets, what is your external revenue for 2004-05, 2006-07?

**Mr Whelan**—Looking at table 5.1 on page 266 of the estimates, revenue from goods and services for 2004-05 is budgeted at \$285.5 million, \$8 million for interest, \$5 million from rents and \$28 million from royalties. The equivalent figures for 2005-06 are: \$303 million for goods and services, \$9.4 million for interest, \$5.6 million from rents, and \$45.3 million from royalties.

**Senator CARR**—When I add them up I get the figures I have read to you before. When I look at the strategic plan I notice that the discrepancies appear to be: \$365 million for 2004-5, \$394 million for 2005-06 and \$440 million for 2006-07. So the external revenue projections appear to be different from those published in the PBS.

**Mr Whelan**—The PBS data is different to the target financial scenario because of the expected revenue from the forestry joint venture and the Food Science Australia joint venture.

**Senator CARR**—That is a \$90 million discrepancy.

**Mr Whelan**—It is the primary driver.

**Senator CARR**—I am sorry?

**Mr Whelan**—The primary driver is the estimated revenue from Food Science Australia, the ensis joint venture and the impact of the National Measurement Laboratory.

**Senator CARR**—So in the current year it is a \$30 million discrepancy. How much is that accounted for by the food services changes?

**Mr Whelan**—It is \$23.9 million in 2004-05.

**Dr Garrett**—It is also important to recognise that it is a difference, not a discrepancy. It is a difference between the ways we are working in these joint ventures, as Mr Whelan has explained.

**Senator CARR**—I am not certain that I fully appreciate the difference between those two words in that context—‘difference’ and ‘discrepancy’. Clearly, they are not the same figures.

**Dr Garrett**—That is correct, as we have tried to explain.

**Senator CARR**—So are you saying to me that in your judgment you will meet your external earnings targets?

**Mr Whelan**—The external earnings targets are reflected in the current PBS. The figures for 2004-05 reflect the budget in the organisation, and we are tracking towards them at this point in time. A number of the factors were ahead of plan at the end of April and some were behind, so May and June will be interesting months for us. The figures for 2005-06 are our budget for next year.

**Senator CARR**—So what are the interesting figures you are looking for to make the expected amount of money?

**Mr Whelan**—There is a pattern of revenue generation in the organisation where a lot of revenue is booked in in May and June as major research projects are completed. So we are hoping that that continues on track and that we make our budget numbers.

**Senator CARR**—Are you expecting that that will occur—that you will actually meet them?

**Mr Whelan**—Our current forecast is that we will achieve a break-even bottom line result which is consistent with our overall budget estimates.

**Senator CARR**—I want to be clear about this. You are actually saying that the reason for the difference—what I call the discrepancy between these figures—is the capital user charge.

**Mr Whelan**—There are a number of components.

**Senator CARR**—But that is the major one—\$130 million, and \$100 million of that is the capital user charge.

**Mr Whelan**—On a quick glance, yes. I said I would be happy to provide you with a reconciliation of those.

**Dr Garrett**—In addition, as Mr Whelan indicated, the joint ventures were involved with Food Science Australia and ensis provide the—

**Senator CARR**—I understand that, but it was \$100 million off that and \$30 million off the other joint ventures. That is the thrust of what you are saying to us?

**Mr Whelan**—Yes.

**Senator CARR**—I look forward to the reconciliation figures. When will you be able to tell us how the actual went in this financial year?

**Mr Whelan**—We will table our annual report in parliament in October, I think, or thereabouts.

**Senator CARR**—Do we have to wait until October to get that information? Can you take that on notice?

**Mr Whelan**—There will probably be an estimates hearing between the end of June and October. We will probably have an Auditor-General's report on our financial statements in August.

**Senator CARR**—On the plans for the division of Sustainable Ecosystems, I understand that there is a repositioning strategy in place. Is that right?

**Dr Garrett**—That is correct.

**Senator CARR**—Are you aware of any concerns being expressed about the repositioning strategy?

**Dr Garrett**—Yes. There have been concerns in the newspapers.

**Senator CARR**—What is the nature of the ecological research that you intend to pursue through the new division of Sustainable Ecosystems?

**Dr Garrett**—That is a level of detail for which I think it may be appropriate to ask my colleague Dr Andrew Johnson, who heads up that division, to join us and then he can talk us through that.

**Dr Johnson**—Would you mind repeating the question?

**Senator CARR**—I understand that the publicity surrounding this issue has drawn attention to what the division regards as its commitment to ecological research. Concern has been expressed to me about the movement away from ecological research. That is why I ask: what is the nature of the commitment to ecological research as a result of this restructure?

**Dr Johnson**—The nature of the commitment remains unshaken. The division still sees ecological research as a core platform or core component of its research portfolio. We will be continuing to invest in ecological research in the division and, as per the direction that the

division has been heading in for nearly five years now, we will be continuing to ensure that our ecological expertise is integrated with our other skills in social science, economics and agricultural science so that we can deliver solutions into the landscape that we are working in. We plan on ecological science still being core business for this division.

**Senator CARR**—It was said to me that you are moving away from wildlife and feral pest management and moving more into agricultural farming systems ecology. How do you respond to that charge?

**Dr Johnson**—We have certainly decreased, as a total proportion of our investment, work on single species. That has been done in response to a number of factors. Much of the work on the traditional wildlife research the division has done is now being picked up through other mechanisms, such as the Australian Invasive Animals CRC, the universities, state government departments, NGOs and so forth. We are still maintaining an investment in that space; we have just declined the investment we have made and reinvested in areas which we see as having a higher priority.

**Senator CARR**—What is the measure of decline that you speak of? You talk in percentage terms. How much would the decline be?

**Dr Johnson**—We have basically decided not to continue with two longstanding projects. That roughly equates to about a million and a half dollars worth of investment, depending on how you count it. It is roughly about that much, and we are reinvesting the money that had previously been invested in some of that single species research into broader ecological and other research.

**Senator CARR**—What is the budget for the division?

**Dr Johnson**—The total budget is roughly \$45 million.

**Senator CARR**—So a million and half is moving away from those areas in terms of feral pest management and wildlife management. Is that right?

**Dr Johnson**—Yes, but we are still investing in that sort of work in other parts of the country. The work that is in question was some work that we were doing in north-west Western Australia and a little bit of work in the ACT. But we are still investing in that type of work in North Queensland, in the wheat belt of eastern Australia and also in the wheat belt in south-western Australia.

**Senator CARR**—Have there been any changes in personnel in the division?

**Dr Johnson**—The total numbers of staff in the division have been growing since I was appointed chief in October 2003. As a consequence of these decisions, we have asked seven staff who are currently based in Canberra to move to North Queensland, again to grow the impact we feel we can have in North Queensland. And 11 staff have been identified as being potentially surplus to requirements. We are working very hard to redeploy those folk in other parts of the division and/or other parts of the CSIRO.

**Senator CARR**—So are you hopeful that there will be no redundancies?

**Dr Johnson**—We are always hopeful that there will be no redundancies, but that is a process that is still working through the system. I cannot give you an answer to that just at this stage, but I repeat that we are working very hard to try to find homes for those folk.

**Senator CARR**—I am sure you are. Do you have a budget for redundancies for the project?

**Dr Johnson**—We have provisioned for the eventuality that, if we cannot find homes for those people, there will then be redundancy costs. And I think it has been prudent to provision for it, but again we are hoping that we will not be in that position.

**Senator CARR**—What is the provision?

**Dr Johnson**—I cannot give you the exact figure. I could come back to you on that, if you wish.

**Senator CARR**—If you could.

**Dr Johnson**—Yes.

**Senator CARR**—In the review, is it anticipated that there will be further changes other than the 11 staff that you have identified?

**Dr Johnson**—Not specifically. You say ‘changes’. The division’s portfolio is continuously evolving as we evolve to meet the needs of the country. There will always be ongoing evolution in the division’s portfolio. As I communicated to staff, as a consequence of some of those decisions, we are hoping to increase the investments we make in addressing some of the sustainability issues facing urban Australia. We are hoping to increase our investment to help the country address some of the issues around sustainability in the coastal zone. We are also hoping to grow some of the investment we are making already into working with Indigenous people to address some of the really challenging issues they are facing from a sustainability perspective.

**Senator CARR**—Absolutely. If I have this right, I take it from what you have said that you have discussed these changes with other agencies who pick up this work.

**Dr Johnson**—Indeed.

**Senator CARR**—Who have you discussed it with?

**Dr Johnson**—I am happy to provide you with a full listing, but to summarise we have canvassed obviously key partner agencies within the Australian government—agencies such as DAFF, the Department of the Environment and Heritage, DOTARS—and extensively with our partners in the states, particularly in Queensland and Victoria, where some of these changes have been felt. We have consulted widely with industry, our industry partners and partners in the community. And we have consulted with selected individuals around the country who we see as thought leaders on some of these issues.

**Senator CARR**—Was there a commitment that these other agencies that you speak of—and I appreciate you are taking on notice to provide a list—take over the work that was previously done by CSIRO?

**Dr Johnson**—Sorry, commitment on behalf of the agencies?

**Senator CARR**—Those other agencies?

**Dr Johnson**—No, to the best of my knowledge there has never been any commitment, although certainly in the work that we have stopped in Western Australia there are ongoing discussions between CSIRO and the Western Australian Department of Conservation and Land Management to ensure that the good work that was done in Western Australia and the knowledge that was gained there is able to continue to deliver benefits into the business of that department. One of the field sites in the north-west of Western Australia is immediately adjacent to a Conservation and Land Management field site. We are still in discussions with them on how that experimental site can be transitioned from what it has currently been, which is an operational experimental site that needs to be wound down and we need to make sure that that happens in a smooth way.

**Senator CARR**—So we do not have any undertaking from other agencies that this work will continue?

**Dr Johnson**—Some of the work that the division has been doing here will occur in other parts of CSIRO. I neglected to mention before that there are also five staff moving from the division of Sustainable Ecosystems to the division of Entomology. We try to build a critical mass in our environmental biotechnology space. Those guys will remain at the vanguard of research in this through our engagement with the Australian Invasive Animals CRC. I see a lot of the core science work that the division had been doing in this domain being picked up through the CRC as it now evolves into its new form.

**Senator CARR**—So there are 11 staff with possible redundancy—

**Dr Johnson**—Possible, yes.

**Senator CARR**—and five being transferred, so 16 positions all up?

**Dr Johnson**—Five of those staff have started the process of moving over into Entomology already. They will be at full capacity at Entomology.

**Senator CARR**—So the net effect will be 16?

**Dr Johnson**—Yes.

**Senator CARR**—Thank you for your frankness there; that is good. You are saying that is about a \$1.4 million transfer. Is that what you said before?

**Dr Johnson**—If you include the staff who are going to entomology that would obviously increase that figure. The number you originally raised related to the staff who were potentially surplus. Again I can get you actual numbers if you would like that. That is not a problem.

**Senator CARR**—If you could please. I have here an email from you dated 26 May. I take it that you are the Andrew Johnson—

**Dr Johnson**—Yes, that is right.

**Senator CARR**—The email talks of 16 positions.

**Dr Johnson**—Is this for reinvestment?

**Senator CARR**—Yes, for reinvesting what equates to \$1.4 million. You are looking for additional staff. You have identified 15 new positions to be appointed in the next 12 months.

**Dr Johnson**—Yes.

**Senator CARR**—I just mentioned 16, but are we talking about roughly the same sort of number here? Are those 15 new places the net effect of the changes?

**Dr Johnson**—The total staff number in the division will remain roughly flat. We are hoping that some of these new investments that we are making will provide the platform for additional growth in the division's operations. As you will see if you have a copy of that email, it is quite a detailed email outlining the areas in which we want to grow our investment. We are very optimistic that those investments will be the platform for the future of the division.

**Senator CARR**—The way I read the document is that you are repositioning for the future and will undertake three core activities focusing on existing portfolio investment in new priority areas of research first of all.

**Dr Johnson**—Yes.

**Senator CARR**—You say that investing in resources will provide headroom for scientific staff and balance the division budget. The new positions you are advertising suggest to me that there is quite a substantial movement away from feral pest management and wildlife management positions and towards positions such as grazing land ecologists, agroforestry scientists and other farming-directed personnel. That is a substantial shift, would you not agree?

**Dr Johnson**—It is a shift, but I think you will also see in that email, at the bottom of the first page and the start of the second page, a key sentence which puts those new appointments into context. It says that these new positions in themes 1, 2 and 4 will complement the 32 positions that we have recruited in this area since I was appointed chief in October 2003. I think that is a really important number. What it is saying, I hope, is that we are not moving away from those areas. Rather, what we are doing is changing the emphasis of our investment. Those 32 positions which were appointed early in my term will now be complemented by these 14 new positions to provide what we feel is an appropriate balance in our research portfolio.

**Dr Garrett**—I would just emphasise that, over the last few years, the increased investment in Andrew's division is close to 20 per cent.

**Dr Johnson**—If you take those figures for the new investment on their own, one could imply that there is a movement away. But, if you join them up with the figures for the staff appointments that have been made in the healthy ecosystems theme, which is where the division's core ecological science is undertaken, you will see that, on the contrary, we have been continuing to invest in ecological science. It is one of the three core underpinning disciplines that are fundamental to our success.

**Senator CARR**—What is the nature of those 32 positions you speak of?

**Dr Johnson**—They are mixed. Again, if you are interested in the detail, I am happy to provide it to you. They are a mix, just as the 14 investment positions here are a mix of scientific positions and research support positions to enable our science to happen. They are all research or research projects. There is no administration.

**Senator CARR**—So they are all research based?

**Dr Johnson**—Yes, they are all research based.

**Senator CARR**—You are saying they are all in the feral—

**Dr Johnson**—No, they are not all in the feral area. Some of them are. Again, I cannot give you a direct answer now as to how many of that 32 are directly to do with that area. An important point is that the nature of the division's work is inherently multidisciplinary. The scientists who we are appointing—our ecologists—would have a broad portfolio of activity, not just in feral animal research. It is fair to say that a proportion of those 32 would be actively engaged in work dealing with core ecological science, whether it deals with native species or introduced species. Very often it is dealing with both as we work towards landscape management solutions.

**Senator CARR**—How many of the new positions—the 15 positions—

**Dr Johnson**—They are all research scientist positions.

**Senator CARR**—There is no change in the management structure?

**Dr Johnson**—No, none at all.

**Senator CARR**—In terms of the investment in the new priority areas of research, basically this is why you need to have—I think you referred to this—surplus to requirement scientists. There is a shift in that regard and that has been financed.

**Dr Johnson**—Correct.

**Senator CARR**—Are you able to provide me with a list of the research programs that are going to be scaled back as a result of these changes?

**Dr Johnson**—None of the research programs per se will be scaled back. We have seen that a couple of research projects will be ceased. I am happy to provide you with details on them. I may stand corrected here but I understand that we have sent you a brief on a couple of those within the last week or two.

**Senator CARR**—To me?

**Dr Johnson**—Yes. But we are happy to send that brief through again.

**Senator CARR**—No. I will be happy to chase it up. I am always delighted to hear from CSIRO.

**Dr Johnson**—I understand it was last week or maybe the week before. It was probably the week before.

**Senator CARR**—The week before? So it has been here for two weeks?

**Dr Johnson**—It was a two-page brief that explained where these changes have occurred. None of our research programs have ceased. There are just two specific bits of work in one research program that we have decided to halt.

**Senator CARR**—Thank you for that. That is very good of you if that is what you have done. That might help some of these matters. Has the person who has been offered a placement in North Queensland accepted?

**Dr Johnson**—The date for them to accept is 16 July, as best I understand, so I am still waiting to hear. I have just been passed a note that you were sent the brief on those projects on 16 May.

**Senator CARR**—Thank you.

**Dr Johnson**—If it has gone missing I would be happy to—

**Senator CARR**—I will find out who it was sent to. It would be very handy. Thank you.

**Dr Johnson**—Getting back to the staff who have been asked to move north, they were informed of the decision in late February, early March. We have asked them to think about their decision until 16 July. As yet, only two staff have indicated to me that they do not wish to go north and that they wish to be redeployed in other parts of the division. I am still waiting on the other five staff to indicate to me what their preference is.

**Senator CARR**—It has been put to me that the Entomology division will only have a very small role in some lab based work on some house mice in the new Australasian Invasive Animals CRC. As for invertebrate pests in general, the CRC will focus primarily on short-term product management.

**Dr Johnson**—I am sorry: short-term—

**Senator CARR**—It will focus on short-term product development in response to political priorities and will have little or no ability to direct resources to some of the longer term more fundamental ecological research that is really essential. How do you respond to that charge?

**Dr Johnson**—I think that is a question you will have to put to the board and the director of that CRC. I think they are in a better position to answer that question. My understanding is that the sort of work that the CRC do will pick up a lot of the things that we have decided not to continue to work on. As I said before, it is not just that CRC that will pick up a lot of the elements of the work that we have stopped. For example, much of the work that we have decided to stop in Western Australia I believe will be picked up through the Department of Conservation and Land Management in Western Australia, the Western Australia Museum and so forth. But in terms of the detailed directions of the Australian Invasive Animals CRC, I think you probably should put that question to the CEO and the Chairman of the Board

**Senator CARR**—Of course, this raises the broader issue about the movement away from public benefit research. Dr Garrett, how do you respond to the matter that this is a reflection of the CSIRO's movement away from public benefit research?

**Dr Garrett**—There is no basis for that statement. We have talked about it on a number of occasions and the facts regarding the investment in our current portfolio and the portfolio going forward emphasise that ongoing commitment to public-good research. In addition, many of the domains in which we are engaged with more commercially oriented work—the health area and the food area, for example—have very significant public-good benefits. I am happy to provide you—again—with a little think piece on that, but there is no basis for that claim. We are completely committed, as indicated by the 20 per cent increase in investment in three years in this particular division that I talked about before.

**Senator CARR**—Have you made any decision as to what happens to staff that do not want to move to North Queensland, Dr Johnson?

**Dr Johnson**—The first point of call if they do not wish to move to North Queensland would be for us to determine whether their skills can be redeployed in other parts of CSE—the Sustainable Ecosystems division—or CSIRO. Again, we are optimistic that that can be done, but if it cannot be done then those people would also be deemed as potentially surplus to requirements. But I emphasise that we are working very hard on this and it is my sincere intention to ensure that these folk have a continuing and ongoing role in the organisation.

**Senator CARR**—The brief you sent me, Dr Garrett: was that actually a brief or was it a press release?

**Dr Johnson**—No, it was a brief. Two pages, I believe.

**Senator CARR**—Has there been any concern within the CSIRO about public comment being made on this issue?

**Dr Johnson**—Is that a question to me, Senator Carr?

**Senator CARR**—It is one for Dr Garrett.

**Dr Garrett**—I will take it.

**Senator CARR**—The look out of the corner of the eye suggested to me that it was someone else's job.

**Dr Garrett**—Yes, concerns were expressed.

**Senator CARR**—What has happened about that public comment?

**Dr Garrett**—Could you repeat your question for us?

**Senator CARR**—Let us have a look at this. Dr Tyndale-Biscoe is the author of the famous *Life of Marsupials*, is he not?

**Dr Garrett**—That is correct.

**Senator CARR**—What is his position within the CSIRO at the moment?

**Dr Garrett**—Honorary fellow, one of 17 or so in the division of sustainable ecosystems.

**Senator CARR**—It has been put to me that he has been told that he is not to make public comments on this matter. Is that right?

**Dr Johnson**—I might answer that, if that is okay, because I have had direct involvement in this. That statement is absolutely incorrect. Probably the source of where you are heading with this is a conversation I had with all the Fellows in the division, just as I have had with all staff at some point in time. There are two categories of fellows in the organisation: honorary fellows and post-retirement fellows. I said to them, as I said to other staff, that we are all responsible to deliver on the organisation's public comment policy. At no stage has Dr Tyndale-Biscoe been told he cannot comment publicly. Rather, he has been reminded that he needs to address the requirements of that policy, which are that he seek authorisation from responsible senior officers in the organisation before speaking to the media or before making public comment. But at no stage has Dr Tyndale-Biscoe been impeded from discussing the issues that he has wished to discuss in public.

**Senator CARR**—Has there been any reminder to the research fellows of their formal obligations in regard to public comment?

**Dr Johnson**—There has.

**Senator CARR**—There has?

**Dr Johnson**—At a meeting that I had with the fellows a few weeks ago. But that is not unusual. That is an issue that is discussed as part of the many obligations that staff within the organisation have. At that meeting, we also discussed the broader obligations they have in terms of their inputs to things like occupational health and safety and so forth. It is just part of what I would see as good governance in the division.

**Senator CARR**—They were told that they are not entitled to make independent comment.

**Dr Johnson**—No, that is incorrect. They were reminded that, under the policy that we have, they are not authorised to comment publicly without permission from responsible senior officers in the organisation. That is a requirement that all CSIRO staff have, not just our Fellows. As I said before, at no stage, to the best of my knowledge, have any of the Fellows or any of the other staff in the division of Sustainable Ecosystems been impeded from speaking in public or making public comment.

**Dr Garrett**—And that is a policy that we have had in place for many years. It is consistent with that in many large organisations—public sector or private sector. It is a part of good governance and good management on speaking around organisational policy.

**Senator CARR**—These Senior Fellows are not direct employees, are they?

**Dr Johnson**—My understanding is that they are no longer officers of CSIRO, but they do sign an agreement—a form of a contract—when they agree to stay on, post their retirement. In that agreement, issues around public commentary; around work, health and safety; and around normal organisational principles for the organisation are spelt out. They agree to apply by and adhere to those issues as a condition of their continuing involvement with the organisation as a Fellow, whether it be Post-retirement or Honorary.

**Senator CARR**—Were they told that they could either agree with the restructure, disagree but be prepared to wear it or resign if they felt they could not live with the changes?

**Dr Johnson**—No, they were not told that. They were told that, if they wished to make public comment, they needed to seek authorisation from the responsible officers in CSIRO. And if they felt that they still wished to make public comment—sorry, I will rephrase that: if they wished to step outside the organisational guidelines, they were welcome to do that but perhaps not in an official capacity but in a private capacity.

**Dr Garrett**—And that applies to any staff member.

**Dr Johnson**—It applies to all staff.

**Senator CARR**—But these are not staff; that is the point.

**Dr Johnson**—They are not officers of CSIRO in the traditional sense—and I can get a clarification on that from our people development and culture group here. They are officers of CSIRO in a different sense to that of a normal full-time employee. When they agree to remain as a Fellow, they are bound by a suite of conditions, almost all of which mirror those conditions which apply to any normal CSIRO employee.

**Senator CARR**—I understand from the briefing note that you sent through to my officer that—and I have been reminded that it is in my folder here—in exchange for using CSIRO libraries, computers and labs, Post-retirement and Honorary Fellows agree not to discuss work that is commercial-in-confidence, to abide by occupational health and safety regulations, and to adhere to the policy on public comment. Is that the case?

**Dr Johnson**—Correct.

**Senator CARR**—So there is no question of commercial-in-confidence here, is there?

**Dr Johnson**—No, not at all. The issue in question was the case of Dr Tyndale-Biscoe that you referred to; that was an issue around public comment and public comment only.

**Senator CARR**—So obviously it was not an occupational health and safety matter.

**Dr Johnson**—No.

**Senator CARR**—Maybe we should have a look at the public policy on public comment. I have a copy of the public policy document for staff members here—public policy on public comment by staff members, policy 20406. Is that the one?

**Dr Garrett**—I believe so; that was sent to the committee as part of the answer to question E840-05. Is that the one that you have that in front of you?

**Senator CARR**—Yes. Have you already sent that to me?

**Dr Garrett**—Yes.

**Senator CARR**—The one I have here is dated 8 December and there is an attachment—question and answer sessions—dated 9 December. Is that right? Did Ms Donna Staunton write the document?

**Dr Garrett**—Ms Staunton has the convening responsibility for coordinating the public comment policy on behalf of the executive team.

**Senator CARR**—But did she write the document?

**Dr Garrett**—As indicated, we have had a public comment policy for many years. This was an update of that policy which Ms Staunton's group had the responsibility of communicating.

**Dr Sandland**—We answered several questions on notice on that subject, E840\_05 and E841\_05, which detail the changes in the policy over the previously existing policy. It was not a policy but rather a set of guidelines.

**Senator CARR**—So we now have a policy as distinct from guidelines.

**Dr Sandland**—That is right.

**Senator CARR**—That is how you describe the differences.

**Dr Garrett**—And we provided clarity for staff in the previous version. It was not quite clear where and who staff should consult for authorisation and now it is clear. So it was an upgrade.

**Dr Sandland**—Those questions were posed by Senator Stott Despoja.

**Senator CARR**—You say you have no trouble with this being public. That is not an issue, is it? I am wondering why it was that officers of the CSIRO, particularly in the

communications area, chose to refuse a copy of this policy to the Parliamentary Library claiming it was an internal document.

**Dr Garrett**—What stage was that?

**Senator CARR**—It was put to me quite recently.

**Dr Garrett**—It may have been—and I would have to make inquiries—when we were updating the policy and it was probably still a draft. It has been now issued formally. Dr Sandland will add to that.

**Dr Sandland**—There were some technical issues in relation to library numbers and so forth and whether it in fact constituted a publication in that sense, which is still being looked at.

**Senator CARR**—It was given to the library in the last 48 hours—I concede that—but I am wondering why it took so long for the Parliamentary Library to be given a copy.

**Dr Sandland**—I suspect it related to the technical issues to which I have just alluded.

**Senator CARR**—They have only been resolved in the last 48 hours.

**Dr Sandland**—I am not sure that they have been resolved in terms of the formal process of declaring it a document within the library.

**Senator CARR**—Can you explain to me what these technical issues are that required such secrecy?

**Dr Sandland**—I believe they related to—I will check this out in full for you—a publication having a proper publication number, which this one does not. This was prepared as an internal CSIRO document and therefore does not necessarily automatically satisfy the normal criterion that constitutes a publication.

**Dr Garrett**—I must take issue with you using the word ‘secrecy’. This is obviously a document that was widely communicated inside the organisation. There were a whole set of questions and answers to that. It was available on our web site et cetera, so it is hardly a secret document.

**Senator CARR**—But two weeks ago the Parliamentary Library could not get access to it. It has been provided in the last 48 hours. I am at a loss to appreciate what the change has been. First, I am at a loss to understand why the library would not be able to have access to it. As you say, it is not a secret document.

**Dr Sandland**—Correct.

**Senator CARR**—I cannot follow that line of argument. Given what we heard last time about certain journalists being blacklisted, I am wondering—

**Dr Garrett**—Could I make a suggestion? Could we pick up on these technical issues and try and respond to them?

**Senator CARR**—What are the technical issues?

**Dr Garrett**—We do not have that information. I think we have tried to make the point that this is not a secret document and that staff are aware of it. It has been a policy that has been in the organisation for many years. It is good governance and good management. There have

been minor amendments for the sake of clarification and there are obviously some issues that Ron and I are not totally across at this stage. We can get that information for you.

**Senator CARR**—What exactly did the research Fellows do that was in breach of this policy that I referred to?

**Dr Garrett**—As Dr Johnson indicated, it was incumbent on CSIRO staff to seek permission before talking with the media around items of organisation strategy and policy. That did not happen in this particular case, and that was brought up in conversation, as Dr Johnson has indicated.

**Senator CARR**—I am wondering where Dr Tyndale-Biscoe's personal comments did not meet the requirement to encourage public debate about serious matters. There is clearly no breach of commercial-in-confidence, there are no matters in regard to occupational health and safety. I would have thought—

**Mr Whelan**—It is on page 5 of the policy. Policy statement principle No. 1 states:

No staff, other than those listed (see procedure 1, page 7), should comment to the media unless they have been granted permission to do so.

I think Dr Johnson made the comment to you earlier that that permission was not sought.

**Senator CARR**—These are not staff.

**Dr Johnson**—Under the terms and conditions of his employment, as an Honorary Fellow he is obliged to adhere to the CSIRO public comment policy. I think that rules this in scope.

**Senator CARR**—Why were the predecessors to this document withheld from the library?

**Dr Garrett**—I am sorry?

**Senator CARR**—There is the 1997 predecessor to this document.

**Dr Garrett**—Correct.

**Senator CARR**—Why was that withheld from the Parliamentary Library?

**Dr Garrett**—In 1997 it was withheld, you mean?

**Senator CARR**—It was withheld from the Parliamentary Library as late as two weeks ago.

**Dr Sandland**—I understand that when the request originally came through from the Parliamentary Library for the policy on public comment it was uncertain as to the status of the document whether it was in fact a public document or whether it was an internal document, in which case it would not be valid for it to be held in the Parliamentary Library. Once that was checked out it was dispatched forthwith. I am unaware of any request from the Parliamentary Library for a copy of the previous internal guidelines on public comment by CSIRO officers that it replaced.

**Senator CARR**—The old guidelines made it quite clear that if views were expressed such as were expressed in regard to this matter and were clearly identified as personal or private individual they were plainly in keeping with those guidelines. There appears to have been a change in official position. Is that the case?

**Dr Sandland**—I do not believe that that is the case. CSIRO officers, provided they identify that they are making the comment as a private individual, can continue to make a comment.

**Dr Garrett**—In fact it says that on page 5 of the policy.

**Senator CARR**—My question goes to whether or not there has been a change in the guidelines to restrict legitimate public comment on matters of public interest which are not commercial-in-confidence and which are not in breach of normal requirements. These are not staff officers; they are research Fellows, the equivalent of professors emeritus. I cannot see why it has been necessary to close people down in this way.

**Dr Garrett**—We are not closing people down. As we indicated, there were minor changes associated with clarifying the authorisation sequence for talking to the media. There were also minor modifications to the fact that media announcements were previously to be made through CSIRO National Awareness to now through the corporate media team. So it was picking up on guidelines of seven or eight years before and clarifying detail. We communicated widely within the organisation. There was clear understanding. There was no push back. We have had this one incident of concern and Dr Johnson has explained the origins of it. It is good governance and it is consistent with widely accepted practice in running major organisations.

**Senator CARR**—It has been put to me that in fact this is not just a minor revision but that there are quite substantial changes in the guidelines. If you wish to, I can go through line by line.

**Dr Garrett**—Question on notice E891\_05 was asked by Senator Stott-Despoja. It asked, ‘How does this differ to previous guidelines on public comment?’ We responded to that. We have given the information. If you would like more detail we would appreciate it if you would request it on notice so we can clarify it. We believe we have answered the question several times.

**Dr Sandland**—In particular—as detailed in that answer—the policy outlines the expectation that CSIRO staff will talk publicly about their work and that they are encouraged and have a right to do so. But it also outlines that there are nevertheless some circumstances where care is needed or where it may be inappropriate to make public comment. Indeed, the policy specifies the protocols to enable staff to understand what those issues are.

**Senator CARR**—Let us go through it. The new policy states:

CSIRO staff are encouraged to communicate and this policy is designed to facilitate open communication and informed public debate.

New words are:

No staff, other than those listed ... should comment to the media unless they have been granted permission to do so.

CSIRO staff should not comment publicly

...            ...            ...            ...

CSIRO staff should limit communication ...

Those are all new words that have been added.

**Dr Garrett**—Excuse me, but I do not know what you are reading from.

**Senator CARR**—I have compared the old guidelines with the new ones, and I am saying to you that there are repeated references in the new ones to restrictions on staff making public comment. The new policy is not simply a revision; it is a major rewrite of the old guidelines. The old guidelines encouraged staff to communicate with the public. In my reading of them the new guidelines seek to restrict comment to the public by people other than those authorised to do so.

**Dr Sandland**—The new guidelines in fact explicitly indicate those areas where it is not appropriate for staff to make public comment while identified as being CSIRO staff.

**Senator CARR**—Dr Garrett, has there been a policy for the CSIRO to place advertorials in newspapers? Has there been a change in administrative arrangements whereby your communication division places advertorials in newspapers and magazines?

**Dr Garrett**—There is no change in policy. We are using opportunities to place advertorials where it seems appropriate for the benefit of the organisation.

**Senator CARR**—What is the budget for this project, for the placing of advertorials?

**Dr Garrett**—I do not have that detail. I can refer to specifics. Would you, for example, be talking about the *SOLVE* magazine?

**Senator CARR**—The *SOLVE* magazine, the CSIRO diet, which obviously I could make good use of! I am sure you will provide the committee members with all of that. I take it that there is a budget for these projects.

**Dr Garrett**—In the case of the wellbeing diet, I have not been advised of any advertorial expenses associated. We have received significant and positive commentary in the media in the case of *SOLVE*. It was a budgeted item.

**Senator CARR**—How much was that?

**Dr Garrett**—We ran four issues. The overall budget, through the *Australian Financial Review* for 90,000 readers, with another 10,000 copies distributed to other stakeholders, was essentially 85c a copy, or \$85,000. It was part of our vehicle of distribution run of work.

**Senator CARR**—That was for the four issues?

**Dr Garrett**—No, that was per issue, as I indicated.

**Senator CARR**—So it is four times that?

**Dr Garrett**—That is correct.

**Senator CARR**—That is the full production cost as well?

**Dr Garrett**—That is the total cost to the organisation.

**Senator CARR**—Were there any other lift-outs, inserts or advertorials prepared in the last year by the CSIRO?

**Dr Garrett**—Not that I am aware of. I would need to take that on notice, because individual divisions may have contributed to that. I should say that at least two of the divisions have reduced their overall media cost because of the advantages of communicating through this particular vehicle. We have received very positive feedback and response to this. I should also add that it was part of the implementation of our strategy of taking a one-CSIRO

approach, the implementation of our strategic communications plan and a response to what the external stakeholders required about what CSIRO is doing now and engaging with the professional business community. This is a response to a clear demand.

**Senator CARR**—So we are looking at the *Australian Financial Review*. What is the targeted audience for that 100,000 copies?

**Dr Garrett**—It was essentially the 90,000 readership of *AFR*, a wide range of Australian business, with another 10,000 copies distributed to contacts and stakeholders in industry, parliamentarians, libraries and government departments. So it was a vehicle to communicate CSIRO's wide-ranging work in this whole domain.

**Senator CARR**—Are the *Financial Review* publishers the only newspaper that you are seeking to have this material published in?

**Dr Garrett**—With this particular magazine, yes.

**Senator CARR**—Are there any other lift-outs, as I was asking before, that you have arrangements to publish in other newspapers?

**Dr Garrett**—I have indicated not to my knowledge, but I will take that on notice.

**Senator CARR**—Can you please identify what the target audience is? Who controls the editorial content of these publicity sheets?

**Dr Sandland**—The editorial content is controlled by a small committee led by one of our divisional communicators from CSIRO Manufacturing and Infrastructure Technology. One of the pleasing features about this is that this initiative came as a whole-of-CSIRO initiative but from one of our divisions. So the costs are shared across the organisation. The editorial content is worked through by this committee.

**Senator CARR**—It is produced by a consultancy, isn't it?

**Dr Sandland**—Many of the articles are indeed written by consultants and freelance journalists.

**Senator CARR**—How much do you pay for that?

**Dr Sandland**—I am not sure whether the cost of the publication that has been given to you include the cost of the consultants or not. I presume that it does.

**Senator CARR**—Dr Garrett did say it was the total cost.

**Dr Garrett**—That was my understanding, but we can check for you.

**Senator CARR**—CSIRO is our pre-eminent scientific organisation. Why do you find it necessary to go to freelance writers to write articles?

**Dr Garrett**—We have a network of significant numbers of individuals who can contribute to aspects of our overall program. As such, depending on work demands with our existing network of communicators, individual assignments are assigned to consultants. They are essentially fee-for-service workers.

**Senator CARR**—The CSIRO diet appeared in the *Sunday Age* supplement. Did CSIRO pay for that?

**Dr Sandland**—The Total Wellbeing Diet book is being published by a reputable external publisher. I am not aware of CSIRO paying for any costs associated with these inserts. Obviously, the work has created a great deal of interest, as has the publication.

**Senator CARR**—You will be able to pick that up in the question I asked. Dr Garrett, you will be able to tell me about that.

**Dr Garrett**—Surely.

**CHAIR**—Is that book generally available?

**Dr Sandland**—It is generally available.

**Senator CARR**—I have already put in a plug for us to get a copy of it.

**CHAIR**—Good. I am very pleased about that.

**Dr Sandland**—It is generally available but it is very hard to get a copy at the moment.

**CHAIR**—I have tried, and it is very difficult.

**Dr Garrett**—I think it has sold out.

**CHAIR**—I am not asking for a free copy—

**Senator CARR**—I did.

**CHAIR**—but I must commend you on it. I think it is an excellent initiative.

**Senator CARR**—It is a public policy issue, this one.

**CHAIR**—So it will become more freely available?

**Dr Sandland**—I believe so. It is going to a second print.

**Dr Garrett**—There is a second print of 30,000 copies. The first print of 60,000 has already sold out.

**CHAIR**—Good.

**Senator CARR**—You say that this publishing exercise is being met from across the divisions. I take it there is a new organisation called CSIRO Publishing?

**Dr Sandland**—There is an organisation called CSIRO Publishing.

**Dr Garrett**—Dr Sandland is the chairman of that group.

**Senator CARR**—So it publishes 22 journals?

**Dr Sandland**—Of that order.

**Senator CARR**—That would probably make it one of the leading scientific publishers in Australia, wouldn't it?

**Dr Sandland**—That is correct.

**Senator CARR**—Are all of these journals refereed?

**Dr Sandland**—All of the journals are refereed.

**Senator CARR**—Do you produce books as well?

**Dr Sandland**—Books are produced.

**Senator CARR**—Do you recall how many books are on the list?

**Dr Sandland**—Unfortunately, I do not have the exact number here, but it is quite a significant portfolio. Many of the books are into multiple reprints.

**Senator CARR**—I take it that you outsource the publication of some books from CSIRO?

**Dr Sandland**—There is no compulsion for CSIRO people to publish their books with CSIRO Publishing.

**Senator CARR**—But does CSIRO Publishing place books with other publishers?

**Dr Sandland**—I am not aware of it placing books with other publishers. It is basically a self-sufficient organisation.

**Senator CARR**—You say scientists are not required to publish through CSIRO Publishing. Do they have to seek permission to have their work published?

**Dr Sandland**—Their scientific papers?

**Senator CARR**—Yes.

**Dr Sandland**—Generally speaking, there are fairly rigorous internal refereeing procedures as well as the peer review that occurs externally.

**Senator CARR**—Do they have to get permission to publish?

**Dr Sandland**—I think it varies from division to division, but certainly when I was the chief of a division I had to approve all publications that came out of the organisation.

**Senator CARR**—That is CSIRO stamped publications.

**Dr Sandland**—Absolutely.

**Senator CARR**—I am interested to know in terms of the public comment policy whether your scientists are required to get permission before they publish research findings that they have undertaken.

**Dr Sandland**—As I said, there are internal refereeing procedures for the publication of science.

**Senator CARR**—Dr Garrett, when you do give permission for your scientists to give interviews with a media outlet, do you require their conversations to be taped?

**Dr Garrett**—Do we require that? I am not aware of that as a requirement. I think it would be normal good practice to tape those conversations, to check, if you like, the efficacy and efficiency of the communication message. That would be normal good communication practice, but I do not believe it is a requirement.

**Senator CARR**—I can see what you mean: anyone, such as politicians, should tape their conversations with journalists because they cannot rely on the accuracy of the reporting—is that what you are saying?

**Dr Garrett**—No, I am not saying that at all.

**Senator CARR**—I would say it would be strange practice for us to tape our conversations. I am sure that most journalists would be horrified to hear that politicians were taping

conversations. In fact, there is a requirement for journalists to advise other parties that they are taping conversations.

**Dr Garrett**—Yes, there is.

**Senator CARR**—It has been put to me that a retrenched scientist, Jeff Short, was ordered to tape his conversation with the *Canberra Times*. Is that right, Dr Johnson?

**Dr Johnson**—I can comment on that. That is an incorrect statement. At the time at which Dr Short was approached by the *Canberra Times* he was one of those staff who I referred to before who were potentially surplus to requirements. I think that is a really key point. He had not been retrenched. He was in negotiations with the organisation about his exit from CSIRO so that he could continue an ongoing program of research. It was by mutual agreement. He felt more comfortable, given the sensitivities of the issues, and we were also happy for him to tape the conversation. As I understand it, he informed the journalist in question that that is what he wished to do but in no way was he ordered or directed to tape the conversation, to the best of my knowledge.

**Senator CARR**—You have denied that; that is fine. The opportunity was there for that to occur. Dr Garrett, the diet book—and it says this on your web site—is published by Penguin.

**Dr Garrett**—It is.

**Senator CARR**—I take it there are arrangements with other commercial publishers.

**Dr Garrett**—Yes. As Dr Sandland indicated, there is no obligation on CSIRO individuals, teams or groups to publish through CSIRO Publishing.

**Senator CARR**—Is CSIRO Publishing self-financing?

**Dr Sandland**—That is a complex question, because CSIRO Publishing remains a part of CSIRO. It is still a matter to be resolved finally by CSIRO's executive. Generally speaking, the answer is basically yes.

**Senator CARR**—It is self-financing?

**Dr Sandland**—It is self-financing. It makes a profit on operations.

**Senator CARR**—It took us a while to get there; that is all.

**Dr Sandland**—I am sorry, Senator. There are complications in the way our accounts go between various parts of the organisation, so it is not quite as simple as it might seem.

**Senator CARR**—It has been put to me that CSIRO publishing have been recently told that they do not have to pay earnings back to CSIRO head office—is that right?

**Dr Sandland**—I do not understand the question.

**Senator CARR**—That is, external earnings, if I could put it like that, to use other divisional terms. Is there a requirement for their external earnings to be put back into the pot or are they allowed to keep them for other purposes?

**Mr Whelan**—CSIRO Publishing is largely funded from its external earnings, so it is largely self-funding. As Dr Sandland indicated, there is a small amount of corporate overhead that is also potentially recoverable from those external earnings, but the vast majority of resources that publishing generates are reinvested in CSIRO Publishing. They fund it.

**Senator CARR**—Does CSIRO Publishing have to pay a dividend?

**Mr Whelan**—It has not to this point in time.

**Senator CARR**—Is it required to?

**Mr Whelan**—It has not been required to to this point in time.

**Senator CARR**—At the moment there is a deficit, is there? CSIRO Publishing has a deficit, does it? CSIRO corporate is paying the gap between what it costs to run CSIRO Publishing and their revenues.

**Mr Whelan**—Like any unit in CSIRO, while we strive for balanced operating results, if there is a shortfall the organisation is funding it because there is no-one else to fund it.

**Senator CARR**—What is the budget for CSIRO Publishing?

**Mr Whelan**—I do not have those details in front of me.

**Senator CARR**—Could you please take on notice to provide the budget, the number of staff employed, the number of publications and the turnover.

**Mr Whelan**—Yes.

**Senator CARR**—You presumably have an appropriation for them, do you?

**Mr Whelan**—As Dr Sandland indicated earlier, there is some current ambiguity with respect to the level of appropriation income that is invested in publishing associated with the attribution of corporate overheads, but, given that you have asked the question, we will provide you with that detail in the answer.

**Senator CARR**—What I am looking for is what it is up to this point. I need to know the projections in the forward budget period. What plans does the CSIRO management have for the financing of CSIRO Publishing?

**Mr Whelan**—We are yet to approve the final budget for 2005-06. That is due to go to the board in June. After that we will be able to provide you with details.

**Senator CARR**—I would like to know if there has been any cross-subsidisation from CSIRO Publications for the payment of the advertorials that have appeared in the newspapers.

**Dr Sandland**—From CSIRO Publishing?

**Senator CARR**—Yes.

**Dr Sandland**—The answer is no.

**Senator CARR**—Are there any proposals for the downsizing of CSIRO Publishing?

**Dr Sandland**—No.

**Senator CARR**—Thank you. I look forward to your answers. I want to ask about the web site. How are we going with the web site?

**Dr Sandland**—The web site was launched internally today, as I understand it. I have not had the pleasure of seeing it yet, but I understand that it is great.

**Senator CARR**—Today? It certainly was not working last night.

**Dr Garrett**—As Dr Sandland indicated, it was launched internally, according to our plan. If you were looking for it, you would not have been able to find it.

**Dr Sandland**—You would not have been able to find it anyway because it is being launched internally first to make sure that we have—

**Senator CARR**—You think I could not find it?

**Dr Sandland**—I am sure that you would not have been able to find it last night.

**Senator CARR**—It had nothing to do with the committee meeting today?

**Dr Sandland**—We established a target of the end of May for a release.

**Dr Garrett**—And we did it on 1 June.

**Dr Sandland**—The team worked until midnight last night attempting to resolve a number of issues. They had worked all the previous weekend. They had a number of technical and other issues to resolve. My understanding is that they resolved them, to their great credit, this morning.

**Senator CARR**—I have a number of dates on this project. In February, I think you told me that you were going to get it up and running by 30 April.

**Dr Garrett**—That is correct.

**Senator CARR**—You told me that you had been working to that program for 12 months. That is right, isn't it—you had been working to that deadline for 12 months?

**Dr Sandland**—As we have indicated in a number of answers to questions on the CSIRO web site, this was a large and complex project and some of the challenges were underestimated originally.

**Senator CARR**—It is now internally working. It is actually working now?

**Dr Sandland**—As I understand it. As I said, I have not seen it myself.

**Senator CARR**—What was the total cost? Do we have an update?

**Dr Sandland**—I believe we have answered the questions on the total cost in—

**Senator CARR**—Yes, but it only got started today so I can only presume that they were not finalised until today.

**Dr Sandland**—The web project has had a series of budgets over the last few years. Essentially, we have come in on budget in each of those.

**Senator CARR**—Okay. What I would like to know is what the current budget is, please. As you said, there have been a number of budgets.

**Dr Garrett**—The budget for 2004-05 is \$3.25 million. That is the cost of purchasing the hardware and the software, labour salaries and travel. As Dr Sandland indicated, the challenge was to deliver a web environment and a content management system which allow the amalgamation of more than 250 existing web sites, so it is a complex project. We are one month behind schedule from 30 May to 1 June in terms of delivering it internally, which I think is a very significant testimony to the work of the team. We made the decision some

months ago to run it internally to build awareness inside the organisation. Obviously, there will be some bugs before we go externally.

**Senator CARR**—So the total cost is still at \$9.47 million?

**Dr Sandland**—That is correct.

**Senator CARR**—It has not changed?

**Dr Sandland**—That is correct.

**Senator CARR**—It has taken 3½ years to get it up and running?

**Dr Sandland**—As we have indicated in a number of answers to you previously, this has been a staged process. It started with a project called 'CSIRO Live'. That was effectively brought to a conclusion. We have now moved to CSIRO.au to get the content of the organisation, which is one of the richest content environments of any organisation in Australia, into a unified form. As Dr Garrett said earlier, it had previously been essentially compartmentalised into 256 different web sites.

**Senator CARR**—I understand how big CSIRO is. When will the public get to see this? When will there be an external launch of the CSIRO web site?

**Dr Garrett**—We do not have that date yet. We need the team to come up with a date. It will certainly be within the course of a couple of months or so, but I am not going to be pinned down to that one because I need the team to do that work. But that is the current feeling.

**Dr Sandland**—In answer to question on notice E555-05, we stated that we expected that the new web site would be launched externally on or before 30 June. Obviously, that external launch date has not been met because of the complexities that we have had to deal with. We nevertheless expect that it will occur in the later part of this year.

**Senator CARR**—Right. So for \$9.5 million we still do not get an external web site?

**Dr Sandland**—The web site is positioned, once it has been totally populated with the organisation's content, to give an outstanding external web site that will be of great benefit to stakeholders and to people within CSIRO trying to engage, as we do, with our external stakeholders. It has been a large and complex process. We understand that the costs of a project as significant as this are very often of this magnitude or more.

**Senator CARR**—Really?

**Dr Sandland**—Yes.

**Senator CARR**—You can point to all these agencies of your size in the Australian government that have spent \$9.5 million and 3½ years to develop a web site that does not work?

**Dr Sandland**—I can assure you that the complexity of CSIRO's content, being a knowledge rich organisation with over 20 divisions with 256 web sites, is a challenge that is greater than most agencies would deal with.

**Dr Garrett**—As indicated, we have benchmarked with colleagues around the nation and around the world about the complexity and the expense associated with this and we are not out of kilter.

**CHAIR**—I am delighted to hear that, Dr Garrett. I will now call an afternoon tea break.

**Proceedings suspended from 3.45 pm to 4.03 pm**

**Senator CARR**—Can I go back to the matter that I raised with regard to Dr Jeff Short, where I think Dr Johnson was telling me that he thought that there was not an instruction. It has been put to me that Dr Short was refused permission to talk to the *Canberra Times*. It has been put to me, and I have an email here to this effect, he was granted permission on the condition that the conversation be taped. The communications manager of CSE told the *Canberra Times* that she did not like the tone of the stories about the CSE changes and that the organisation ‘would think carefully before including the *Canberra Times* in any further media information’. Is that true?

**Dr Johnson**—Are there three questions there?

**Senator CARR**—There are three questions. The first is: was Jeff Short initially refused permission to talk to the *Canberra Times*?

**Dr Johnson**—On that question, the initial request from the *Canberra Times* was declined until I had had an opportunity to talk to Dr Short to gauge his willingness or otherwise to speak to the *Canberra Times* because of the issues that I referred to before our break regarding his status. After discussion with Dr Short—and, as I said before, by mutual agreement around the taping of the conversation—we agreed that it was appropriate for Dr Short to talk to the *Canberra Times*. That is the state of play, as best I understand it.

**Senator CARR**—I appreciate that you are not the person who is named here as the communications manager. That is not your title?

**Dr Johnson**—No.

**Senator CARR**—But I have the name of the communications manager, and I am prepared to use it if you think that helps you.

**Dr Johnson**—So the second question is?

**Senator CARR**—The second question is, ‘Was the condition of the interview that the conversation be taped?’

**Dr Johnson**—I am not sure I would agree with the use of the word ‘condition’. But it is accurate, as I have stated already, that both Dr Short and myself felt it was appropriate that the interview would proceed on the basis that it be recorded.

**Senator CARR**—Was it the case that the communications manager for your division told the *Canberra Times* that she did not like the tone of the stories about the CSE changes and that the organisation—that is, CSIRO—would ‘think carefully before including the *Canberra Times* in any further media information’?

**Dr Johnson**—I have absolutely no knowledge of that conversation taking place. I am surprised to hear that that is what you have heard. Having knowledge of our communication manager, Ms Angela Kirkman who, at all times, has conducted herself in a professional

manner with integrity, I would be surprised if that were the case. I personally have no knowledge of those comments being made. I presume that you are implying that they were made by Ms Kirkman to the *Canberra Times*?

**Senator CARR**—I did not mention the name, but that is the name that has been given to me.

**Dr Johnson**—Without the name, but you are implying the comment was made by—

**Senator CARR**—Angela Kirkman is the name that has been given to me.

**Dr Johnson**—Ms Kirkman to the *Canberra Times*? Is that what you are suggesting?

**Senator CARR**—Yes.

**Dr Johnson**—I have no knowledge of that and, as I said before, Ms Kirkman is an outstanding professional and I would be very surprised if that were the case.

**Dr Garrett**—And, Senator, she would be very aware that she would not have the jurisdiction to talk on behalf of the organisation.

**Senator CARR**—That is right. Press secretaries, spin doctors—whatever you like to call them—occasionally do say things to people that they are not entitled to say. Would you agree with that proposition?

**Dr Johnson**—As a theoretical proposition that is probably accurate but, if you are then extending that to imply that this occurred in the case of Ms Kirkman, I have given my answer. I have no knowledge of it and I would be very surprised if that were the case.

**Senator CARR**—Going back to Policy on Public Comment, Dr Garrett, from my reading of the document, on page 4, under the heading ‘Comments to the media and media releases’, it states,

The following Executives are authorised to speak to the media, but before doing so they should inform the Executive Director of Communications:

**Dr Garrett**—Could you give us the page from which you are quoting.

**Senator CARR**—Page 4.

**Dr Garrett**—Which item?

**Senator CARR**—The first item.

**Dr Garrett**—I am on page 4 and I cannot find those words.

**Senator CARR**—Under the heading ‘Procedures and Responsibilities’.

**Dr Garrett**—It is on page 7 of our document. You have a photocopy; we have the original.

**Senator CARR**—Whatever it is, under the heading ‘Procedures and Responsibilities’, item 1, ‘Comments to the Media and Media Releases’, it states:

Before a CSIRO staff member provides any comment to the media, they should seek permission from the Divisional Chief or Deputy Chief in which the staff member works, the Divisional Communication Manager or the Managers of Corporate Communications.

It goes on:

The following Executives are authorised to speak to the media, but before doing so, they should inform the Executive Director of Communications:

Then it lists you, Dr Garrett:

- The Chief Executive
- The Deputy Chief Executive and other members of the Executive Team
- Chiefs of Divisions and Flagship Directors

and

- Manager of Corporate Communications

Dr Garrett, is it reasonable for me to interpret from those remarks that you have to get permission from your Executive Director of Communications before you give any media interview?

**Dr Garrett**—No, under no circumstances. It says ‘inform’. It is good management practice that you keep the person responsible in the loop. The word is ‘inform’.

**Senator CARR**—So none of those officers are required to get the agreement of the Executive Director of Communications.

**Dr Garrett**—Correct.

**Senator CARR**—I understand that you have agreed to meet Mr Pockley and he has suggested that it should be by way of interview. He was on the black list. He is now off the black list, I take it.

**Dr Garrett**—He was not on the black list. I must take issue with that ‘blackballing’ word again. He has received information. It is not appropriate to use that word. I feel very strongly about that, as you well know. But, I agree, I have written to him. He has kindly written back, and we will be getting together.

**Senator CARR**—And he would like to do this by way of interview.

**Dr Garrett**—As I understand it.

**Senator CARR**—Do you agree it will be by interview?

**Dr Garrett**—I will be having a follow-up discussion with him.

**Senator CARR**—By interview? I want to know if you have agreed to meet with him on the basis of doing an interview with a journalist.

**Dr Garrett**—That is the position he has put. I have to make a call as to whether, in the first instance, we want a discussion because we are, if you like, rebuilding our relationship. If that is the case, then we have a formal interview. As you well know, things have been problematic in the past around the interview situation. I think we have seriously gone the extra mile in terms of saying that we would like to engage. And I have done that.

**Senator CARR**—Is that the sort of thing you would consult Ms Staunton about?

**Dr Garrett**—As part of our communication team, working closely with Ron Sandland and Donna, it is a discussion that we have had in terms of how we should best engage. As you are probably aware, Dr Sandland and Donna Staunton have also suggested they get together with Peter Pockley. So we are really seeking to engage.

**Senator CARR**—Mr Whelan, you were saying before that you thought that the \$130 million difference in the figures could be accounted for—\$100 million of which could be the capital user charge. Looking back over the figures for 2003-04, I notice that there was effectively a drop of from \$937 million to \$899 million. That is a drop of 4 per cent. Is that where the capital user charge first hit?

**Mr Whelan**—That is correct.

**Senator CARR**—How much, from the figures after that date, is a capital user charge?

**Mr Whelan**—There would not be anything after that date.

**Senator CARR**—I was arguing before about the differences between the figures for total revenue. So those figures can exclude the capital user charge?

**Mr Whelan**—If it is beyond 2003-04, yes.

**Senator CARR**—I am going back to square one because that was exactly my point. There was a discrepancy between the PBS figures and your target financial scenario of \$130 million. You say that \$30 million of that is coming from joint ventures—

**Mr Whelan**—I am sorry. I think I said that, at a quick look, I thought it was that. I have subsequently looked at the data as well. The difference is not \$130 million; the difference based on the data that I have is \$32 million. I said that I would provide you with a full reconciliation of that, and I fully intend to do so.

**Senator CARR**—Thank you very much. I would appreciate if you would. I am happy to discuss this later if we cannot do it now. But it does seem to me that, if the capital user charge is prior to those years, we will have to look for another explanation for the differences.

**Mr Whelan**—As I said, I will provide you with a full reconciliation.

**Senator CARR**—My reading of the differences between your strategic plan and the PBS figures is \$36 million for 2004-05, \$44 million for 2005-06 and \$52 million for 2006-07. Can you confirm those figures?

**Mr Whelan**—They are different to the figures I have. As I said, I will provide you with a full reconciliation.

**Senator CARR**—Those are the assumptions that I am making in my claim of a \$132 million discrepancy. Clearly, the capital user charge would seem not to fit within that category.

**Mr Whelan**—I cannot provide any further comment.

**Senator CARR**—How are we going with the *Southern Surveyor*?

**Dr Garrett**—You have got me there. I have not got anything on that. We are going well.

**Senator CARR**—You are going well?

**Dr Garrett**—So I understand. I should foreshadow any questions by saying that I had not anticipated any issues in this domain and therefore I haven't had a briefing. The appropriate experts are not here; therefore, perhaps we should save the committee's time by putting all your questions in this domain, unless they are very general, on notice. But all the information

I have from the responsible managers is that we are sailing well. We are doing good research, and all is under control.

**Senator CARR**—You mentioned in the *Canberra Times* that you get very few scientific questions here, a point I disagree with you on, but nonetheless I have a few I need to follow through on and they are not actually prepared to be on notice, so we need to perhaps go through with them. What is the chemical composition of hydrogen sulfide?

**Dr Garrett**—H<sub>2</sub>S.

**Senator JOHNSTON**—Are these questions just to fill in time?

**Senator CARR**—He is about to discover the line of argument here; he is about to discover in a big way.

**Senator JOHNSTON**—My apologies, Senator. I just thought you were trying change the course of history.

**Senator CARR**—Is it true that it has a pretty strong smell?

**Dr Garrett**—That is correct.

**Senator CARR**—And it can be detected by humans in concentrations of 0.5 per million?

**Dr Garrett**—I would have to take advice on that. From schoolboy chemistry days I think—

**Senator CARR**—It is probably a damn sight stronger than mine. It is put to me that it gives off a hell of a stink.

**Dr Garrett**—That is correct.

**Senator CARR**—What is also put to me is that the *Southern Surveyor* cruise 2004-05, Weipa to Darwin via the Gulf of Carpentaria, from 21 March to 13 April this year, was contracted to Geoscience Australia. It was a chartered voyage. Geoscience Australia—I ask you to confirm this—were paying a daily rate of \$38,000 for that cruise. Does that sound about right?

**Dr Garrett**—Yes, that sounds about right.

**Senator CARR**—It was also put to me that the Geoscience expedition's chief scientist on the cruise was Dr Peter Harris. I understand that he sent an email to your director of national facilities, Fred Stein, complaining about the repeated sewerage and noxious odour problems on the vessel. I ask if you could confirm that these are occupational health and safety issues on the vessel that created intolerable working conditions and that the vessel had no equipment to monitor the problem, let alone deal with it. It was also put to me that an ultimatum has been put to CSIRO that the problem is either fixed or there will be a halt put to the next cruise. Can you confirm any of this?

**Dr Garrett**—I will have to take it all on notice. The fact that I do not think I or any of my colleagues are aware of this indicates that either the problem has been fixed or there is a difference of opinion, but I will take it on notice and get back to you. I would say 'ultimatum' is a strong word. We have very good relationships with Geoscience Australia. I would have thought that these problems, if there are problems of this magnitude, could be sorted out.

**Senator CARR**—That is a situation where basically the grey and black water tanks had been mixed and in which occupational health and safety issues became such that there was considerable concern being expressed by the crew and the charter operators.

**Dr Garrett**—Okay. Thank you, Senator. We will take it on notice.

**Senator CARR**—Further, I would like to know what arrangements were made for the storage of garbage on the vessel, because again it was put to me that no incinerator was provided in the refurbishments and that there were major health problems with garbage storage on the vessel. While it said, of course, that the age of this vessel does not require certain facilities to be provided for a little while yet—until 2008—there were recently quite major refurbishments undertaken on the vessel, but these rudimentary arrangements were not made. I would be interested to know why it is that those measures were not taken.

**Dr Garrett**—We will report back to you.

**Senator CARR**—Thank you. Geoscience Australia has three cruises, doesn't it—there have been three cruises for the vessel?

**Dr Garrett**—I will have to confirm that. I do not know.

**Senator CARR**—If you could. I will put a series of questions along those lines and establish what is happening on that matter. The court action on intellectual property—I understand that action is still progressing in the United States; is that right? This is the wireless LAN.

**Dr Garrett**—Senator, as you are aware, this matter is obviously both legally and commercially sensitive and CSIRO wish to limit our public statements in relation to this case.

**Senator CARR**—That is a reasonable point. I take it you have got legal counsel on this matter?

**Dr Garrett**—Yes.

**Senator CARR**—You are saying it is a matter that is still before the courts in the United States. Have you budgeted for the court case?

**Senator JOHNSTON**—That is not a question you have to answer, Dr Garrett; it could be prejudicial to the conducting of the case. Now don't go near it, please, Senator Carr!

**Senator CARR**—That is a fair enough point.

**Dr Garrett**—Thank you. Thank you, Senator Johnston.

**Senator CARR**—Can I ask you about Mr Baghai's departure. I take it he received severance pay?

**Dr Garrett**—No.

**Senator CARR**—None at all?

**Dr Garrett**—He was on a contractual term, which he completed.

**Senator CARR**—So this was an end of contract departure, was it?

**Dr Garrett**—Yes.

**Senator CARR**—Was any cost-benefit analysis undertaken of the work of the business development unit during the period of his contract?

**Dr Garrett**—Not specifically, but obviously we monitor and have formal processes in place to evaluate the performance of senior executives in the areas for which they are responsible.

**Senator CARR**—When did he go?

**Dr Garrett**—He is still with us. His term ends on 30 June.

**Senator CARR**—I see. What changes are you intending to make to the Business Development and Commercialisation unit, given Mr Baghai's departure?

**Dr Garrett**—We have appointed a new head of that operation, Mr Nigel Poole, and there are some small movements of staff: the business improvement group has moved across to work with Mr Peter May, who is Executive Director, People and Culture.

**Senator CARR**—When you say 'movement', are those functions that are moving?

**Dr Garrett**—It is a small team that is moving from being engaged in the work that they did under Mehrdad's supervision in the implementation primarily of business improvement initiatives, such as our fast-track contracting process, to now work on a program in project management, project leadership, with the change team that Peter May has responsibility for.

**Senator CARR**—What is the budget for the unit now? It was about \$10 million a year, wasn't it?

**Dr Garrett**—We have answered this question on notice—

**Senator CARR**—I am just trying to remember: was it about \$10 million?

**Dr Garrett**—I think it was a little more than that. I think it was about \$12 million, but I can get that detail for you. It is in question E561\_05, in the second paragraph, where it says the budget for the corporate BD&C group in 2005-06 is \$13.23 million.

**Senator CARR**—Do you have a projection on its budget over the forward estimates period?

**Mr Whelan**—Taking into account the movement of the business improvement group that Dr Garrett indicated, there is a slight reduction in the overall value of the BD&C budget expected, reflecting the completion of some initial project activity and a move to more of a steady state budget in that group.

**Senator CARR**—Mr Baghai chose to leave?

**Dr Garrett**—As I indicated, in the initial engagement of Mehrdad Baghai we agreed on a three-year term. That has been very successfully completed. He has decided to move back to the private sector.

**Senator CARR**—Given that he is moving back to the private sector, I will not be saying any more about that matter. When was the carbon management group established?

**Dr Garrett**—I will have to ask my colleague Dr Jack Steele to join us. He is a senior official in BD&C. I am sure he will be able to give some indication.

**Dr Steele**—It would have been in approximately August 2004—in about the middle of last year.

**Senator CARR**—Has it now closed down?

**Dr Steele**—Yes, it has been shut down as an operation.

**Senator CARR**—When was that done?

**Dr Steele**—Approximately two months ago.

**Senator CARR**—Why?

**Dr Steele**—It was formed as a mechanism providing professional services in that particular domain. It turned out that the marketplace was not yet ripe for those professional services to be active in that area. The original expectation was that it was going to provide services to countries who were interested in getting that sort of forecasting in expectation of the Kyoto Protocol et cetera. But upon testing the marketplace for the number of companies who might have been interested in receiving those services it became clear that the prospect was not going to be successful at this stage of the proceedings. Therefore, the company was shut down. It may well be that it was a few years ahead of its time.

**Senator CARR**—What was the cost of the group?

**Dr Steele**—That is a good question.

**Mr Whelan**—I think it was approximately \$400,000.

**Dr Steele**—That is right, I think it was about \$350,000 over that period of time.

**Senator CARR**—What role did Mr Molitor play in the group?

**Dr Steele**—He was a contractor to CSIRO during the period of time in which that group was active—during the business development phase of determining whether or not there was potentially a business case around the company and also the company's activities.

**Senator CARR**—How much did he receive for his contract work?

**Dr Steele**—I would have to take that question on notice. I do not have that figure immediately available to me.

**Senator CARR**—Can you give me the total costs of the contract. Obviously there was a travel arrangement and other expenses as well.

**Dr Steele**—Yes.

**Senator CARR**—Who made the decision to close down the group?

**Dr Steele**—One needs to be precise about the answer to this. First of all, obviously, the decision to close down the company was a decision of the directors of the company.

**Senator CARR**—Yes, I see your point.

**Dr Steele**—Secondly, the decision to do that, although it was made independently by the directors of the company, was done in the context of it being clear from the activities of the project that the business plan was not going to be sustained. So, fundamentally, the decision was one for the directors of the company.

**Senator CARR**—And you are absolutely certain that the reason for closure was just because of the failure to meet the business plan?

**Dr Steele**—Absolutely.

**Senator CARR**—Have there been any proposals to take over CSIRO's patent No. 80211 dealing with wireless communication?

**Dr Garrett**—I referred to that previously. That is the wireless LAN. My answer stands.

**Senator CARR**—My apologies. I do not want you to say any more on that. Was Mr Peter O'Keefe asked to undertake a special project relating to creativity in CSIRO? Do you have any advice on that matter?

**Dr Sandland**—Mr O'Keefe carried out a project on creativity and innovation—that is correct.

**Senator CARR**—What was the cost of that project?

**Dr Sandland**—The project was carried out in part while Mr O'Keefe was employed by CSIRO. He continued to work on a pro bono basis on that project after he left CSIRO. It was work that occurred during his normal course of employment and therefore we do not have a cost on it.

**Senator CARR**—However, he parted company with CSIRO in December 2004, did he not?

**Dr Sandland**—That is correct.

**Senator CARR**—What I am interested to know is how he continued to work for the CSIRO after he had left.

**Dr Sandland**—He worked with CSIRO on a pro bono basis. He was provided with facilities after he left as part of his agreement with CSIRO.

**Senator CARR**—And that arrangement was made in consultation with Comcare, was it?

**Dr Sandland**—The arrangement was between CSIRO and Mr O'Keefe. The terms of that arrangement are private to Mr O'Keefe and the organisation.

**Senator CARR**—Can you indicate to me the nature of Mr O'Keefe's departure in December 2004 from CSIRO?

**Dr Sandland**—He left under an agreement with CSIRO, the terms of which are confidential, as I stated previously.

**Senator CARR**—So he leaves on a confidential arrangement and comes back on a confidential arrangement without pay?

**Dr Sandland**—His coming back was part of that arrangement. He wished to complete some research that he was undertaking which he and CSIRO believed would be of value. That was the basis on which he carried out that work.

**Senator CARR**—When will the work be concluded?

**Dr Sandland**—I believe that the first phase of the work has been concluded.

**Senator CARR**—Can you tell me what the nature of the work was that he was undertaking?

**Dr Sandland**—I mentioned to you the nature of the work earlier. In fact, I think you had a definition of it. It was essentially a study of the factors that are likely to promote creativity and innovation in a scientific or otherwise creative workplace. It was desk based research and also research based on interviews with companies that employ people in that type of work.

**Mr Whelan**—We have an update on the Geoscience Australia cruise. This may not go to all of the questions that you are going to put on notice, but it is worth noting that the sewerage system for the vessel had had regular maintenance and in fact an upgrade prior to the cruise that was chartered by Geoscience Australia. There were some problems with the sewerage system on that cruise where the odour was unpleasant. They detected a flaw in the monitoring system; however, it was determined that it was operating well within safety limits. Further maintenance was undertaken on the vessel when it arrived in Darwin. Geoscience Australia has subsequently completed another cruise and there have been no significant problems identified.

**Senator CARR**—I will put the questions on notice and you can tell me what the work was that was undertaken. Thank you. Do you have the former chief of exploration and mining seconded to Monash University?

**Dr Garrett**—Are you talking about Dr Neil Phillips?

**Senator CARR**—Yes.

**Dr Garrett**—He is working with colleagues at Monash University. We have a number of projects in common with that university.

**Senator CARR**—Is CSIRO paying Monash? What is the arrangement?

**Dr Garrett**—No. As per questions on notice E596\_05 through to E600\_05, Dr Phillips is currently on CSIRO staff as he completes his term with us.

**Senator CARR**—He will be returning to CSIRO?

**Dr Garrett**—No, his term of contract will be completed at the end of this year.

**Senator CARR**—Have there been any redundancies within the mining and exploration division between 2003 and October 2004?

**Dr Garrett**—I only have detailed information from 1 July 2004. There have been seven redundancies.

**Senator CARR**—How many fixed-term employees are no longer with the division during that period?

**Dr Garrett**—I am struggling to understand that question.

**Senator CARR**—I asked a question about redundancy. Were there any other forms of departure—terminations or resignations—other than redundancy?

**Dr Garrett**—In the natural scheme of things I am sure there were resignations, term contract endings et cetera. I can get that detail for you should you so wish.

**Senator CARR**—If you could please.

**Dr Garrett**—Let me just clarify the question.

**Senator CARR**—I am looking for the number of fixed-term employees in the division who ceased with the division from 1 July 2003 to 29 October 2004; how many of those persons were research scientists and what their classifications were; how many of them have been redeployed and on what terms have they been redeployed—

**Dr Garrett**—We have responded in this way before. Redeployment is a regular activity in our organisation and we actually do not record individual cases. So that would be a very difficult question to answer.

**Senator CARR**—What can you tell me about the movement of staff from that division?

**Dr Garrett**—We can provide the information in the previous questions you have asked, and we will do so.

**Senator CARR**—Thank you. Has there been any payment for secondments for any of these staff during that period? I take it that Monash is paying CSIRO for the services of the officer who is seconded.

**Dr Garrett**—I do not have the detail. I think it is a collaborative arrangement. There is probably office accommodation but I will have to take on notice the information you request.

**Senator CARR**—Thank you. Have any staff in the Forestry and Forest Products division been made redundant?

**Dr Garrett**—In the time period I indicated to you, from 1 July?

**Senator CARR**—Yes.

**Dr Garrett**—There have been nine staff made redundant between 1 July and the middle of May 2005.

**Senator CARR**—And for what reasons were those nine persons made redundant?

**Dr Garrett**—As you will be aware, we have been refocusing the activities of that division. The division is engaged in a joint venture with New Zealand Forest Research, called ensis, but most of the redundancies have been due not to the expansion but to a change in research priorities to meet our normal regular review of priorities.

**Senator CARR**—What does the change in research priorities mean for this division? Obviously nine staff are no longer with them.

**Dr Garrett**—Yes.

**Senator CARR**—What is the nature of the refocus in research priorities?

**Dr Garrett**—In the same way that Dr Johnson talked in detail about the change in priorities in his own division, I would need to take the question on notice because I do not have the responsible expert with me.

**Senator CARR**—Fair enough. What research areas were the nine staff in? Were they research staff or administrative staff? I need to know what the areas of work were that those nine staff undertook. Are you seeking to re-employ additional staff? Were further recruitments to take place between 1 July 2004 and May 2005? Do you have any information on that?

**Dr Garrett**—No. I will take it on notice.

**Senator CARR**—Will the persons that are re-employed be on fixed terms or on ongoing employment? What areas of research are you likely to re-employ in?

**Dr Garrett**—We will get back to you.

**Senator CARR**—Could I ask you about the CSIRO textile and fibre technology work at Geelong. A constituent of mine and a former senior scientist with CSIRO has approached me on these matters. This is a patent concerning the optic sorter—a unit for detecting and rejecting contaminated fibres in spinning mills. I am advised that 50 systems were in operation. This is work that was undertaken though CSIRO, was it not?

**Dr Garrett**—I do not have that information.

**Senator CARR**—I will ask a series of questions on this next issue and I will place them on notice if you do not have a brief there. How are the EBA negotiations running at the moment?

**Dr Garrett**—They are running well.

**Senator CARR**—Is it the case that management is not wishing to negotiate directly with the CPSU, the AMWU or the CSIRO staff association in these matters?

**Dr Garrett**—That is not correct.

**Mr Whelan**—At this stage those organisations have agreed to a process whereby staff representatives from CSIRO divisions and corporate units are participating in what we call an enterprise working group, working through issues associated with the next agreement. Those organisations that you mentioned are party to that process. The group has met on two occasions of three days each and is scheduled to have a third meeting in June. In those meetings the group had discussions with personnel from both the staff association and CSIRO management, and it is exploring a range of issues related to a future enterprise agreement. I personally participated in that process. It has been highly constructive and I am looking forward to the outcomes of it.

**Dr Garrett**—I would endorse that. I have been engaged in both sets of three-day meetings. Mr Whelan joined me, with other senior officers, at the last meeting. It was a very constructive engagement. Mr May, the responsible executive, has subsequently communicated with all staff on the outcomes of those discussions. It was a very positive engagement this time.

**Senator CARR**—You say that the unions concerned have agreed to this negotiating model.

**Mr Whelan**—To the best of my knowledge. I participated in a workshop with the staff association and representatives of the other organisation that you mentioned—sorry; I forget the acronym—at which possible models were discussed. There might have been some divergence on the way to approach it to start with, but I think that we ended up agreeing on the model.

**Senator CARR**—Was it the case that you undertook a survey of staff on the EBA?

**Mr Whelan**—The representatives of the enterprise agreement working group have had a range of interactions with personnel in their divisions and corporate groups, seeking their

input on ideas and issues. Those have been brought together in the working group sessions that I was talking about.

**Senator CARR**—Did 98 per cent of the respondents to the survey endorse the staff association as the bargaining agent?

**Mr Whelan**—I think you are referring to a staff association survey as opposed to a CSIRO survey.

**Senator CARR**—I see. So you are not aware of that survey.

**Mr Whelan**—I am aware of a survey. I did not initiate it. But I think that is what you are referring to.

**Senator CARR**—What is your plan in terms of finalising the EB negotiations?

**Mr Whelan**—The current enterprise agreement is due to expire at the end of October 2005. We are working with staff representatives and the staff association to have a new agreement finalised before then. That is the intention of the process.

**Senator CARR**—Is there any advice from the minister's office or the department with regard to the terms of the EB?

**Mr Whelan**—To the best of my knowledge, we have had no interaction with the department or the minister's office on this matter to date.

**Dr Garrett**—I would concur with that.

**Senator CARR**—That is any minister's office?

**Mr Whelan**—That is correct.

**Senator CARR**—Is there a proposal to charge divisional staff for the use of meeting rooms at Clayton?

**Mr Whelan**—There is certainly no corporate approach to doing that, but from time to time divisions that host multi-use sites, for example—and this may not be the division, so forgive me, divisional staff watching this; this is live TV in CSIRO at the moment—

**Senator CARR**—I hear it is pretty good on the internet.

**Mr Whelan**—Let us say, for example, that the Division of Minerals at Clayton funded an auditorium or a range of meeting rooms that were from time to time used by other divisions. That division, as an example, may put in place some interdivisional charging arrangement. There is no enterprise policy for that; it is really on a case by case basis.

**Senator CARR**—What is the rationale for charging staff for the use of meeting rooms?

**Mr Whelan**—As I indicated, the charging of other divisions for the use of facilities is to make sure that there is an appropriate recognition in the costs of projects for the use of that particular asset or facility. As you would appreciate, we try to attribute costs correctly to output projects so that any external changes are appropriately priced. From time to time that involves interdivisional charging. It is not something that we actively encourage, and we are hopeful that, moving forward, we will take more of an enterprise approach to that sort of thing.

**Senator CARR**—I bet you are. How long has it been going on?

**Mr Whelan**—I do not know.

**Senator CARR**—How widespread is it?

**Mr Whelan**—I do not know.

**Senator CARR**—When do you think it will stop?

**Mr Whelan**—I do not know.

**Senator CARR**—I would have thought corporate affairs could get that sorted out pretty smartly, couldn't they, given that you obviously do not think much of it?

**Mr Whelan**—I do not think it is a corporate affairs issue. There is a range of local practices that it is not always appropriate to take a corporate position on. We try and focus on the key policy issues as far as pricing and costing of output projects are concerned, but there would be a range of local practices in CSIRO that are probably best left at a local level.

**Senator CARR**—Dr Garrett, you know I have a strong view on the university-CSIRO amalgamation issue. I am reading reports and hearing that discussions are being held about CSIRO and the ANU—which I have a deep affection for as well—being said to have some prospect of merging. 'Closer engagements' and other words are used. What can you tell the committee about the discussions that are being held with the department or the minister on these matters?

**Dr Garrett**—It is accurate that we are engaged in very helpful discussions with our senior ANU colleagues around engaging between our respective institutions increasingly into the future. It is not accurate that a merger—which is a word that has been used from time to time—is appropriate to these discussions. CSIRO and ANU have a long history of engagement. As part of our own strategy, we are seeking to enhance our collaboration with our university colleagues to look for ways where we can improve and enhance that into the future to the benefit of the nation. Earlier this year, we undertook a mapping study in terms of the extent of that engagement around joint publications, joint appointments and co-supervision of postgraduate students et cetera. We believe that there are a number of ways in which we can enhance this. Our minister, rightly, is encouraging us in this process and indeed has facilitated an external person—Professor Sir Graeme Davies, from the University of London—as an independent chair, together with Professor Chubb and me, to look at ways in which, as I have indicated, we can meaningfully enhance the relationship between our respective institutions into the future.

**Senator CARR**—Nine of CSIRO's 19 divisions have facilities in Canberra. They employ 1,400 staff.

**Dr Garrett**—That is correct.

**Senator CARR**—I can think of five or so divisional head offices around the ANU in the Black Mountain laboratories in very close proximity. You say the word 'merger' is not appropriate.

**Dr Garrett**—That is what I am saying.

**Senator CARR**—Is it the word that is being used, though?

**Dr Garrett**—It has been used in the media. It is my view—and I know Professor Chubb shares this, and the respective governance councils do too—that that is not an appropriate scenario. But we do believe there are significant opportunities to increasingly collaborate in the future across a number of domains of scientific interest.

**Senator CARR**—How is the CSIRO's university collaboration fund to be used?

**Dr Garrett**—The collaboration fund refers specifically to the flagship funding domain. This, as you will know, is a significant component of the new money we received with the federal budget last year. We have, in the course of the last month—and Dr Sandland can talk more to the detail—signed off on the processes by which we will seek to work with universities across the nation to enhance the objectives and deliverables of our flagships.

**Senator CARR**—Has there been a designation of how that, I think, \$97 million—

**Dr Garrett**—That is correct.

**Senator CARR**—Have you got a budget allocation for that \$97 million yet?

**Dr Sandland**—We have a putative allocation in terms of the various components of the fund: the flagship clusters, flagship projects, flagship visiting fellowships and flagship postgraduate scholarships. That is where we do have a potential allocation. But the clusters will be essentially worked through on a contestable basis, so there is no allocation of that funding at this stage to particular clusters in particular universities. The closing date for that is 30 June.

**Senator CARR**—When will you make decisions about that if the applications close on 30 June?

**Dr Sandland**—We will make it as soon as possible thereafter. I have not got the exact date on which those decisions will be made.

**Senator CARR**—It will be a board decision, surely?

**Dr Sandland**—It will not be a board decision. The decision will be made by a group which will be convened by our Director of Science Planning, Dr Michael Barber. He will have a number of external members on that group, and they will make the decision on the criteria that we have published externally and we have promulgated to universities in other ways, including at five public meetings at this stage—one being held in Townsville today.

**Senator CARR**—Is the \$97 million new appropriation moneys?

**Dr Garrett**—That is correct.

**Senator CARR**—What are the conditions for the allocations of the money? Are you able to point me to any guidelines?

**Dr Garrett**—As Dr Sandland has indicated, we have circulated this documentation, and we will be happy to provide you with a copy.

**Senator CARR**—Thank you. Is there a proposal to establish a new flagship?

**Dr Sandland**—Through our science investment process that we conducted in the early part of this year, there were number of new initiatives signed onto. One of those proposals was for a flagship-like initiative called 'minerals down under'. That proposal certainly was seen by

the executive team as having all of the characteristics of a flagship: a strong long-term goal, excellent supporting science and a visionary program. That was signed onto more or less as a proto-flagship. It has to come back and prove that it has the appropriate credentials to become a flagship. But it is certainly well and truly under consideration.

**Dr Garrett**—It is important to note that as part of our strategy, as you are aware, of encouraging major cross-cutting programs across the organisation we have nurtured and invested in a number of initiatives—climate, sustainable agriculture, coastal science—and each of those areas are drawing up proposals for how they can increase the extent of cross-organisational and external collaboration. By no means do we anticipate that each of those will turn into flagships. Flagships is a very focused initiative, there are major challenges and therefore there is a long decision-making process in place as to whether or not any of these major cross-cutting programs would benefit from having flagship status.

**Senator CARR**—Are you spending \$1.8 million preparing this new flagship?

**Mr Whelan**—No.

**Senator CARR**—How much are you spending?

**Mr Whelan**—To the best of my knowledge, the proposal was developed within the Sustainable Minerals and Energy Group. There may have been some assistance provided by an external party to prepare the proposal. I think the \$1.8 million that you are referring to is the budget allocation, nominally for 2005-06, to actually conduct the research.

**Senator CARR**—So it is the entire research budget for the—

**Mr Whelan**—It is the separate enterprise allocation for that project. There would be significant co-investment by relevant divisions and potentially by external parties, but that is an initial or core allocation to that piece of work.

**Dr Garrett**—In the same way as I indicated, we have a number of major cross-cutting programs that already receive significant investment. By cross-cutting I mean across the organisation, involving many divisions.

**Senator CARR**—What is the expected expenditure on preparation for this flagship arrangement?

**Mr Whelan**—It has been prepared and funded, and they are off doing it.

**Dr Sandland**—However, there will almost certainly be a case for additional funding in this next round of investments to achieve full flagship status, but that will obviously be carried out in the sense of the research that is being done.

**Senator CARR**—Are internal or external resources being applied by way of consultants?

**Mr Whelan**—There may have been. I would need to double-check, but I think on the final page of the attachment to the answer to question on notice E580\_05 there is reference to a consultant being engaged to develop a plan within the Sustainable Minerals and Energy Group for presentation in November 2005. While ‘minerals down-under’ is not mentioned, it looks very similar in description to that piece of work.

**Senator CARR**—What is the cost of that consultancy?

**Mr Whelan**—It is \$131,000.

**Senator CARR**—Are there any other expenses associated with—

**Mr Whelan**—I am sure that there would have been internal effort associated with the preparation of the proposal, such as the time of the group executive and relevant chief scientist, but there would have been no incremental cost.

**Senator CARR**—This is not exactly a new area of research for the CSIRO, is it?

**Dr Sandland**—The research that is proposed to be carried out is addressing two things in a significantly new way. One is the ability and technologies required to find new major ore bodies in this country, and the other is to ensure that techniques are developed to enable us to utilise ore bodies that are otherwise considered no longer mineable, or at least economically mineable. It is going to a very significant area of the economy, and there is a great deal of potentially exciting science to be carried out in that domain, both in terms of the discovery of new ore bodies and in mining currently non-economic deposits.

**Senator CARR**—Is there any attempt to refocus the research effort of the division to make room for this new research?

**Dr Sandland**—All divisions that are involved with flagships are in the process, to a greater or lesser extent, of realigning their research to ensure that they can maximally align with these new directions. Many divisions have gone through such a process. For example, Food Science Australia has gone through a major exercise to realign its research programs to suit its work with the flagships.

**Dr Garrett**—It is also fair to say that, as I indicated, many of our major cross-cutting programs also require divisions to refocus their activity to harness the benefit of this cross-divisional collaboration.

**Senator CARR**—Are there any other proposals for new flagships?

**Dr Garrett**—As I indicated, we have supported the planning and increased investment in areas such as coastal science and sustainable agriculture. Climate science is a major activity across probably a dozen divisions. They may or may not seek to explore flagships as a possible entity in which to work.

**Dr Sandland**—Or indeed they may become part of existing flagships, as is the case with some of those initiatives.

**Senator CARR**—What I am having trouble following is why, where you have a long-standing research program in mining, it is necessary to have a flagship.

**Dr Garrett**—That is what we are evaluating at the moment. We do believe, as Dr Sandland indicated, that there is a refocusing requirement around the dimensions that he articulated. That is the detailed planning that we are putting in place. Out of that process will come an evaluation as to whether it makes sense to have a flagship. We are a long way from that decision.

**Dr Sandland**—I might add to that. Flagships do not come out of nothing; they are based on existing capability. But all flagships must address a problem of major national importance,

and the scale of the potential economic advantage that would come out of effectively being able to find major new ore deposits and to mine currently uneconomic deposits is massive.

**Senator CARR**—I am having trouble following this. I suppose you would expect that—I just sit here and occasionally have a look at what is going on. But I understand that staff are having a lot of trouble following the program for the flagships. Clearly, that is the view coming through in your staff surveys, isn't it?

**Dr Garrett**—It is certainly true with reference to staff that are not currently engaged in flagships, recognising that at this point flagships make up some 20 per cent or so of our overall investments. There are many activities that are not engaged with flagships. Many staff that are not engaged with flagships are still uncertain of the benefits of the flagship programs. We are obviously continuing to work with staff across the organisation about that. We have received substantial support. There is a major initiative strategically going forward and we continually need to engage with staff on what we are achieving in this domain and why they are important.

**Dr Sandland**—The very significant difference in enthusiasm for flagships between those staff members who are involved in flagships and those who are not, which is one of the biggest differences we saw in the whole poll, is evidence that once people are engaged with them they find them a significantly positive initiative.

**Senator CARR**—I have here a review of CSIRO Entomology chaired by Professor Alison Robertson and involving, among others, Professor Donald Strong, Dr Scott Miller and Dr Michael Barber, who I understand has some association with you, Dr Garrett. Is that right?

**Dr Garrett**—Yes, Dr Barber is our Executive Director for Science Planning. He has responsibility for coordinating our divisional reviews, which are a routine part of our normal operating functions.

**Senator CARR**—I am seeking your advice on comments in the report. Firstly, the review committee says that the strategic intent of the division in its engagement with flagships, in particular engagement with the Water For A Healthy Country, appeared to be based more on financial grounds than on the value and relevance of the division's existing capabilities to the directions of the flagship. Is that a reasonable comment to make?

**Dr Garrett**—That was the review recommendation. We have recently been considering the management of Entomology's response to that. I think, in that particular domain, there was a significant difference of opinion between the review team and what the management felt. I concur with the management views in that one. We believe the interrelationships between Entomology and Water For a Healthy Country to be positive, and increasingly so.

**Senator CARR**—Short-term financial considerations seem to be a theme that people are concerned about. Staff surveys are reflecting that. That is equally true, is it not?

**Dr Garrett**—There has been concern expressed around perceptions of short-term decision making in this domain, which is totally inaccurate. I think Mr Whelan and Dr Sandland can report around interventions they have made to try to correct these perceptions.

**Dr Sandland**—If you look at the flagship initiative as a whole, it is basically very much a long-term initiative. The funding for the flagships has been seen by some as being short term.

Mr Whelan and I wrote to the flagship directors to re-emphasise the fact that this is a long-term initiative. The recent flagship oversight committee indicated that the flagship directors fully understood the long-term nature of our commitment to the initiatives and to their flagships, subject of course as always to appropriate performance.

**Senator CARR**—The executive director of science planning is a person you would obviously think would be in a very strong position on these matters. They are recommending to you that there be a review, that an ‘explicit reassessment of engagement with the flagship program’ needs to be made to ensure that they fit the refined strategy direction and focus of science in the division. These are pretty strongly worded recommendations.

**Dr Sandland**—As Dr Garrett has said, that was a review recommendation. I can assure you that Dr Barber is one of the strongest supporters of the flagships objectives, and he is doing an incredible job in reviewing the science of the flagships for us.

**Senator CARR**—What I am interested in equally, though, is your response to that. I note the comments of the division management—that the review panel, including the Executive Director of Science Planning, did not understand the nature of the engagements with flagships. I am wondering how that conclusion could have been reached. It is the preliminary response of the division to the review findings.

**Dr Garrett**—As we indicated, that was a recommendation. The team were involved in a very intense process. Potentially there was not enough time at that stage to discuss these issues, and the management team will be taking these recommendations on board in consultation with the responsible group executive.

**Senator CARR**—But do you think the Executive Director of Science Planning has a misunderstanding of the workings of the flagship program?

**Dr Garrett**—No, I do not. But in that particular process I think he would have been at pains to ensure that the perceptions or view of the committee at that time were appropriately expressed.

**Dr Sandland**—The chair of these review committees is always external to CSIRO. So Dr Barber is not the chair of that committee. He would have taken on board the views of the committee as a whole. He would have contributed to that process but, in his style, he would not try to lead them in any way.

**Senator CARR**—Frankly, I am surprised that management would respond in those terms to a review panel of this seniority. Basically, it is saying that they do not know what they are talking about.

**Dr Garrett**—That is not the case. I think the management response to the portfolio of recommendations has been exceedingly positive and has endorsed the vast majority. In that particular case, we believe there was a misunderstanding around these issues and we will be seeking the opportunity to dialogue further with members of those committees, either together or individually, to talk through that.

**Senator CARR**—I put it to you that there is no misunderstanding at all. The review panel is incredibly clear. These are very senior people saying to you that there is a serious problem.

There can be no misunderstanding about their intent. Frankly, I am surprised that you think that it is just a question of misunderstanding.

**Dr Garrett**—As we have indicated, we take on board the views of the review committees and treat them very seriously. The perspective that they have gained around the financial interactions with the divisions we believe requires further dialogue. That is all I am indicating. There are issues that we need to pursue, and we are doing that.

**Senator CARR**—I sort of recall a launch of the flagships in Melbourne where the point was being made that these were going to be good income earners for CSIRO. Do you still hold that view?

**Dr Garrett**—We believe that since the flagships are aimed at long-term major goals the only way we can achieve those objectives is through multiparty partnerships with research providers and industrial players who we would encourage to participate actively, including through financial contributions. In the event, we do generate significant revenue from our flagship programs. We are not making that a requirement. As I have indicated, in the longer term we anticipate that will grow.

**Senator CARR**—Can you tell me how much external revenue the flagships are generating at the moment?

**Mr Whelan**—They are budgeted to generate \$27.1 million this year.

**Senator CARR**—What was it last year?

**Mr Whelan**—Last year, it was \$12.8 million.

**Senator CARR**—They achieved that?

**Mr Whelan**—That is the actual number for last year.

**Senator CARR**—So you think you can more than double that in a year?

**Mr Whelan**—That was the budget for this year. I do not have the up-to-date variance to that. But that was the budget for this and I think the budget for next year is about \$37 million.

**Senator Carr**—\$37 million. Can you give me a disaggregation of where you think that is going to come from?

**Mr Whelan**—Do you mean by flagship?

**Senator CARR**—Yes, please.

**Mr Whelan**—I think I have the current data in front of me.

**Senator CARR**—Do you have it in a chart you could hand up?

**Mr Whelan**—No, I do not. In fact, I do not have the external revenue breakdown by flagship; I only have it in aggregate.

**Senator CARR**—Dr Sandland, did you want to say something?

**Dr Sandland**—I have the figures for this year.

**Senator CARR**—Can we have a look at that? Do you have that in a chart form I could have a look at?

**Dr Sandland**—Probably in terms of ensuring we have the correct figures it would be better if we took that question on notice.

**Senator CARR**—If you could, give me a breakdown of what happened with the \$12 million. Can you give me a breakdown on where you see the revenue growth to produce the \$37 million in the third year? I take it that is what you mean here: \$12.8 million actual last year; \$27 million next year—

**Mr Whelan**—The \$27.1 million is the budget for 2004-05 and the budget for 2005-06 is \$37.3 million.

**Senator CARR**—Do you have the third year of the forward estimates?

**Mr Whelan**—No, I do not.

**Senator CARR**—Could you take that on notice, please?

**Mr Whelan**—We will not have the data for it.

**Senator CARR**—You won't? That is all right.

**Dr Sandland**—It is possibly worth pointing out, as Dr Garrett has mentioned, that the objectives of flagships are far from being short-term external revenue-generating exercises. As we have gone through and developed our understanding of flagships and how they work, we recognise the longer-term nature of those revenues.

**CHAIR**—We will now have a short adjournment.

#### **Proceedings suspended from 5.19 pm to 5.28 pm**

**Senator CARR**—It has been drawn to my attention that the financial target statement on page 101 of the strategic plan explicitly states that the capital use charge runs through 2003-04. Are we agreed on that?

**Mr Whelan**—Yes.

**Senator CARR**—I am interested to know how you came up with a \$30 million difference. The way I read the strategic plan is that the difference between it and the PBS for 2004-05 is \$36 million—that is, \$947 million versus \$909 million.

**Mr Whelan**—This correct.

**Senator CARR**—In 2005-06, the strategic plan states it is \$1,006 million and the PBS says that it is \$962 million; in 2006-07, it is \$1,076 million compared with \$1,024 million.

**Mr Whelan**—That is correct.

**Senator CARR**—There is a net difference of \$132 million.

**Mr Whelan**—Are you aggregating across the years? I am sorry; I was always looking at year on year. The differences were of the order of \$30 to \$40 million. I was never adding them across the period of the forward estimates.

**Senator CARR**—We have clarified that. What I would like to draw to your attention then is that there appears to be a downward movement in all your estimates across the forward estimates. Of that, \$30 million can be accounted for by the joint ventures. That still leaves you \$100 million short.

**Dr Garrett**—No, \$30 million a year, with two joint ventures and the National Measurement Institute. That is what Mr Whelan has indicated.

**Senator CARR**—All right. That will become clear in your analysis?

**Mr Whelan**—Yes.

**Senator CARR**—That still leaves us \$42 million.

**Mr Whelan**—That may be the sum of small differences over that period. I said I would provide you with—

**Senator CARR**—I must say to you, even for CSIRO, \$42 million is not a small difference.

**Mr Whelan**—Senator, \$42 million over \$4 billion is a relatively small percentage but I agree that in absolute number terms it is a large number and I will provide you with a reconciliation on that.

**Senator CARR**—Thank you. Now we have got that cleared up, I will turn now to the other figure that appears on the financial target on page 101, where it has \$29 million for IP. Do you think you will reach that target?

**Mr Whelan**—At the end of March, the organisation's IP revenue was \$11.7 million. That was \$6.2 million ahead of plan and \$3.2 million up on last year. We achieved \$22 million last year. In pro rata terms we are on track to achieve the \$29 million. As I said to you earlier, that will be dependent on activity in the last two months of the year. But based on the data at the end of March, we are certainly in the ballpark.

**Dr Garrett**—As Mr Whelan indicated, last year we budgeted \$22 million and we made \$22 million—a 60 per cent increase on the previous year.

**Senator CARR**—Of the \$29 million, how much is cash?

**Mr Whelan**—I do not know. All the financial data that we provide is fully accrued so it is not—

**Senator CARR**—I am not arguing whether it is fully approved or otherwise. I am looking at how much cash.

**Mr Whelan**—I do not know. I could certainly find out what the cash flows are for IP revenue.

**Senator CARR**—Is anyone here able to help me?

**Mr Whelan**—Last year, of the \$22 million we recorded as IP revenue, approximately \$21 million of that was cash. The forecast for this year is approximately \$19 million of cash.

**Senator CARR**—What is the remainder of \$10 million? It is noncash?

**Mr Whelan**—Valuation of equity. That is monetised at the point at which the equity is sold at a future date. But we book the revenue at the time of the—

**Senator CARR**—They are book values for those equities.

**Mr Whelan**—That would be the book value of those equity transactions, yes.

**Senator CARR**—But how much is actual income?

**Mr Whelan**—Actual income is \$29 million.

**Senator CARR**—Could you give me a breakdown then of the \$29 million, of which you say only \$19 million is cash?

**Mr Whelan**—That is the current forecast. The \$29 million is the 30 June budget figure so we do not have that detailed breakdown yet. But we are forecasting approximately \$19 million of that to be in cash.

**Senator CARR**—Chair, what is the date for return of answers?

**CHAIR**—Friday, 22 July 2005.

**Senator CARR**—I see. So we could get an actual end of financial year figure at 30 June.

**Mr Whelan**—You will not have them audited by then.

**Senator CARR**—I appreciate that it may not be audited, but you will be able to give me an actual from your point of view.

**Mr Whelan**—We would be pretty close to having numbers.

**Senator CARR**—By the return of estimates date?

**Mr Whelan**—We will be pretty close to that.

**Senator CARR**—Thank you. How do you calculate the book value of the equity?

**Mr Whelan**—I guess the best example I can give you is that if other parties are investing in the vehicle that is being created then one looks at the value that they have paid for their share and ascribes that value in a pro rata sense to CSIRO's share.

**Senator CARR**—Are you able to give me a year to date answer? Do you have any figures here with you?

**Mr Whelan**—I gave you the year to date figures earlier.

**Senator CARR**—Sure, but \$19 million was the projected figure, wasn't it?

**Mr Whelan**—No, earlier I gave you the figure that at the end of March the organisation had booked revenue of \$11.7 million against a budget of \$5.5 million.

**Senator CARR**—What does it cost to maintain the IP portfolio?

**Mr Whelan**—The organisation has a patent portfolio of about 3,000 patents. I think we spend approximately \$6 million a year in the management of that portfolio.

**Senator CARR**—I take it this figures you have given me are net of the \$6 million?

**Mr Whelan**—They do not include the \$6 million; that is an expense and we have been talking about revenue.

**Senator CARR**—So you will have to take \$6 million off the return?

**Mr Whelan**—Yes, if you were looking at that as the sole investment.

**Senator CARR**—Does the \$6 million include salaries for the business development and commercialisation unit?

**Mr Whelan**—Where appropriate. But certainly most of the patent fees are paid to external parties.

**Senator CARR**—Are you able to give me the full cost, then, of running the IP portfolio?

**Mr Whelan**—Not off the top of my head.

**Senator CARR**—Would you take that on notice please? The projections in the targeted financial scenarios say that the IP revenue will increase to \$46 million in 2005-06 and to \$73 million in 2006-07. What is your view? Will you be able to do that?

**Mr Whelan**—The current forward estimates are broadly consistent with that.

**Senator CARR**—Can you advise me of whether the divisions have now been given their budgets for the forthcoming year?

**Mr Whelan**—The divisions have received their appropriation allocations, and they are finalising the detailed spends by project at the moment. We will be pulling that together in the next week and we will take that to the board for approval in June.

**Senator CARR**—Are there a number of clawbacks from a number of divisions being proposed?

**Mr Whelan**—I am not sure what you mean by clawbacks.

**Senator CARR**—Are there a number of measures being taken to meet increased central costs?

**Mr Whelan**—No. There are no measures being taken to meet any increased central costs. There are a range of savings measures implemented in the budget that apply to divisions and central groups, but they apply across the board.

**Senator CARR**—What is the nature of the savings measures?

**Mr Whelan**—A move towards a greater enterprise approach to procurement, some efficiencies we hope to make with respect to teleconferencing and the implications for travel, and review of how our research support services are structured.

**Senator CARR**—Is there an efficiency dividend that you have to meet?

**Mr Whelan**—CSIRO has an efficiency dividend applied to it, but not on our whole appropriation. Because we had a triennium funding agreement in place we were exempt from the increase to the efficiency dividend.

**Senator CARR**—That is fortunate.

**Mr Whelan**—At least for the period of the TFA, but it applies in the out years.

**Senator CARR**—So there has been no net increase in the amount required as a consequence?

**Mr Whelan**—No, it is as per the existing estimates.

**Senator CARR**—That is very fortunate. I believe I can put the rest of my questions on notice. Thank you very much for coming.

**CHAIR**—Thank you, gentlemen.

[5.40 pm]

**Department of Education, Science and Training**

**CHAIR**—We will now be starting on outcome 3, Australia has a strong science, research and innovation capacity and is engaged internationally on science, education and training to advance our social development and economic growth.

**Senator CARR**—I thank the officers for coming. Can you assist me with the allocation of \$546,218,000? It was in the 2004 DEST budget financial statements. I understand that the figure is now \$522,370,000 from this year's financial statement, so the 2004 budget statements to this year's budget statements suggest a departure of \$23,848,000. Can anyone tell me about why there is that discrepancy between this year's and last year's PBS statements?

**Mr Walters**—Could you help us by saying what appropriation this is for?

**Senator CARR**—This is the administrative detail, outcome 3, DEST PBS 2004-05, page 134.

**Ms Paul**—We all have the 2005-06 PBS with us.

**Senator CARR**—It is 2004-05, page 134. I am just saying that there appears to be a change in the appropriation line from what last year it was said would be the budget estimates. In the budget estimates for 2004-05 it is listed on the first line under output 3.1. In this year's budget it seems to have declined down to \$522 million.

**Ms Paul**—Do you have the page reference for this year's PBS?

**Senator CARR**—Page 129.

**Ms Paul**—You are looking at the total of output 3.2?

**Senator CARR**—Does that explain it? I am looking at the same line, the same place—Higher Education Funding Act 1998 and Higher Education Support Act 2003. I am looking at the first line under output 3.1. It is \$522 million. In the previous year the estimate was \$546 million.

**Ms Paul**—We might have to ask about that under higher education, if that is okay, rather than science—unless Mr Storen or someone has a quick answer.

**Senator CARR**—That is okay if it is not in the science group. Output 3.1 is the science group, isn't it?

**Ms Paul**—Output 3.1 is higher education, although there is the telescope board and so on.

**Senator CARR**—And learned academies, CRC programs.

**Ms Paul**—It looks as though it is a mix.

**Senator CARR**—You can understand why there might be that confusion.

**Ms Paul**—Absolutely.

**Mr Storen**—The programs there relate to the Innovation and Research Systems Group. As you would be aware, the Higher Education Funding Act and Higher Education Support Act run across both outcome 3 and outcome 2. There are some attributions about which programs

fit within output group 3.1 versus the higher education output, which is 2.4. I am just having a look to see if it is an attribution issue between outcome 2 and outcome 3.

**Senator CARR**—Do you want me to come back to that?

**Mr Storen**—If you come back to that when we go to higher education, we will be able to address the particular variation.

**Senator CARR**—I am interested to know whether there has been an underspend. Have there been any underspends?

**Mr Storen**—The information I have in front of me suggests that it is actually a reconciliation of the calendar year 2005 affecting both the 2004-05 financial and the 2005-06 financial. What I have in front of me says that there has been slippage from the front half of the 2005 calendar, which is 2004-05 financial, to the second half of the 2005 calendar, which is the 2005-06 financial year. I will quickly check the numbers. If you look at the same comparison, you will probably see an increase in the 2005-06 numbers of about the same order of magnitude—around the \$20 million mark. If you look at the 2005-06—

**Senator CARR**—The estimated actual 2003-04 was \$522 million. It has gone down to \$514 million. That is estimated actual against actual. No, it is not. I do not have that. And it is up the following year. I can see your line of argument, but they do not quite fit. There might be some other explanation.

**Mr Storen**—There is probably some other small variance.

**Senator CARR**—I will let you come back to that.

**Mr Storen**—It is very close. If I line the numbers up the 3.1 2004-05 budget estimate is \$551 million and that drops down to \$527 million, which is a variation of \$24 million. If you look at the 2005-06 estimate from 2004-05, it is \$572 million. If you look at the 2005-06 it goes to \$599 million, an increase of around \$27 million.

**Senator CARR**—Are there any underspends or overspends in the science division that I should be aware of across any of these budget lines?

**Mr Storen**—Not that I am aware of

**Senator CARR**—You are the man with the money.

**Mr Storen**—As you would know, at this stage of the year we would be cranking down pretty much in terms of making payments and all the rest of it, so the intention is to—

**Senator CARR**—So I will not be able to get an answer to that—can you take that on notice?

**Mr Storen**—Certainly. We will take it on notice. If you like, we will provide the answers to the question that Ms Paul talked about this morning in relation to numbers by program across the department and to your other questions about updated actuals by program once we get the 2004-05 actuals done.

**Senator CARR**—I am happy with that—that is great.

**CHAIR**—We will move to

**Senator CARR**—I will turn now to the national radioactive waste management program—output 3.2. Looking at the PBS from the previous year for the same program, there appears to be an increase over the previous estimated actuals. Is that the case?

**Mr Walters**—The 2005-06 budget provided an additional \$13 million over three years for the Commonwealth radio active waste management facility. That funding is in pursuit of the Prime Minister's announcement last year that there will be an establishment for both medium-level and low-level waste. Funding has been provided in order to pursue that work, and I can explain what that funding is for if that would help you.

**Senator CARR**—Yes, please.

**Mr Walters**—The funding is provided for the following items: a technical assessment of potentially suitable locations for the facility; the preparation of material for environmental assessment of the preferred location under the Environment Protection and Biodiversity Conservation Act; preparation and submission of an application to ARPANSA for a licence to site the facility at the preferred location; project management services to coordinate these processes; support of an expert technical committee to provide technical advice on the project to the Australian government; and departmental staff travel and legal expenses. Those are the broad headings which the funding is for.

**Senator CARR**—Do you have a breakdown of those? Have you got a table for me or are you going to read them out?

**Mr Walters**—I can supply a table for you.

**Senator CARR**—That is the \$13 million? Is that the total cost of the project?

**Mr Walters**—No, because there is some existing funding that has been added to that which consists of \$251,000 in 2005-06, \$257,000 in 2006-07 and \$262,000 in 2007-08. That comes from the previous forward estimates.

**Senator CARR**—So are you able to give me a figure on the aggregate costs?

**Mr Walters**—That is \$13 million plus those three figures, so a bit shy of \$14 million. I hasten to add that this is all very much estimated at this stage. It is to enable the work to proceed and it represents our best estimates at the present state of knowledge. That is bound to be revised as time goes on.

**Senator CARR**—The previous estimates of the cost of this project, if my recollection serves me correctly, were a couple of million.

**Mr Walters**—The project has changed significantly from the previous estimates in the light of the Prime Minister's announcement last year that there will be examination of possible sites now for a combined facility for medium-level and low-level waste. If you would recall, the previous program was based around the low-level waste facility that was to be located in South Australia, and that project was abandoned last year in favour of the new plan for a combined facility for Commonwealth waste. In other words, it is a substantially different project.

**Senator CARR**—Because it is a joint project; I would have thought you would argue there was a saving, not an additional cost.

**Mr Walters**—Not really, because, if you would recall, the previous project was the result of many years of progress, so we had already been through environmental processes and so on and a great deal of work had been carried out on that, whereas effectively this puts us at the start of a new project and we have to start all of those processes again for a different kind of project.

**Senator CARR**—What did it cost for the South Australian work for the 40-hectare site?

**Mr Walters**—We would have to take that on notice.

**Mr Irwin**—We do not have the detailed figures available.

**Senator CARR**—Are you sure you do not have any estimate there?

**Mr Irwin**—I would not like to hazard a guess.

**Senator CARR**—You got the wrong site, that is true, and you had to pay double—remember, you put one on the rocket range.

**Mr Walters**—We would have to assess that, because it was expenditure over a 10- to 12-year period, perhaps longer.

**Senator CARR**—And that is all down the tube. All that money is down the tube now.

**Mr Walters**—It is a result of a change of policy. I guess you would say that there has been some learning out of all of that. It depends on your perspective.

**Senator CARR**—But you would have to write that off, wouldn't you?

**Mr Walters**—We do not have to write it off; it is money that was appropriated and spent appropriately in terms of the policies at the time.

**Ms Paul**—No doubt, that expenditure informed the final decision in a variety of ways.

**Senator CARR**—I am sure that is right. I am sure that is what it did: it informed the final decision. I am sure there was an enormous amount of consideration given to the fact that you had spent millions on developing a site which was abandoned overnight.

**Ms Paul**—The components would have been considered—for example, the environment impact statement, and so on. Obviously, there was a lot of consideration over a long period of time.

**Senator CARR**—My recollection, and I had some close association with this, is that it was changed very dramatically within the government. I remember Minister McGauran saying that there was no other site being considered, and went to cabinet and we discovered that the whole project was scrapped. That happened very quickly. So I am sure there was ample consideration of the money spent in that process. Has South Australia been scrubbed as a possible site?

**Mr Walters**—South Australia was ruled out as the possible site for intermediate level waste at the time.

**Senator CARR**—So you could conclude from that that the joint facility cannot be placed in South Australia?

**Mr Walters**—The siting of the joint facility is a matter which has been subject to work since the announcement was made last year. We anticipate that an announcement will be made about how that is going to be progressed in terms of more specific sites. I would not want to speculate now on what that announcement might contain.

**Senator CARR**—What progress has been made since the change in policy announcement was made?

**Mr Walters**—There has been good progress, and a good deal of policy advice has been provided to the government.

**Senator CARR**—So you are able to tell me that you have identified potential sites?

**Mr Walters**—Just that a good deal of policy advice has been provided to the government.

**Senator CARR**—Are you able to tell me how many of the sites that were considered by the previous committee are still on the list?

**Mr Walters**—I am afraid I cannot go into the details of the policy advice that has been provided to the government.

**Senator CARR**—Are you going to have the committee look at the identification of sites? How are you going to determine site location?

**Mr Walters**—We anticipate that the announcement which we are expecting quite shortly will contain details of how the process will be taken forward.

**Senator CARR**—I am sorry, you have baffled even me on this. Can you go through that once more? How do you intend to select the site?

**Mr Walters**—The Prime Minister made an announcement last year that there will be a co-located facility, and since then work has been carried on in providing the government with policy advice on how that announcement should be progressed and the next steps. We anticipate that there will be a further announcement about it in due course.

**Senator CARR**—I see. So the method of selection will be the subject of a further announcement?

**Mr Walters**—We anticipate that there will be a further announcement covering full details of how the project will be taken forward in due course.

**Senator CARR**—Are you able to indicate to me what ‘due course’ means in this context?

**Mr Walters**—I cannot really but it will be as soon as ministers are ready to make an announcement.

**Senator CARR**—Can you tell me on what date this matter went to cabinet?

**Mr Walters**—No. I am afraid that is in the nature of government consideration.

**Senator CARR**—No, it is not. It is not in the nature of advice. It went to the date on which this matter went to cabinet.

**Ms Paul**—I do not think we can go there. At any rate, I do not think we would know. I do not think we can answer that.

**Senator CARR**—I think you will find you can. It has been answered many times before here.

**Ms Paul**—I do not think I know, at any rate.

**Senator CARR**—That is another issue but that is a reasonable explanation. To say that you cannot answer is another matter.

**Ms Paul**—It is certainly still under consideration. The decisions which we are flagging here have not yet been completed, so there will be further consideration.

**Senator CARR**—Given that a number of states have now passed legislation prohibiting the transportation of waste materials through their jurisdictions, what is the constitutional power you are relying upon to establish—

**Mr Walters**—I think that is all in the nature of the policy advice which is being given to the government.

**Senator CARR**—No, that is not a question of advice; it is a question of what constitutional power departmental officials are relying upon to site a joint facility.

**Mr Walters**—That is all contained in the policy advice which we are giving to the minister.

**Senator CARR**—That might well be contained in the policy advice but it does not preclude you from advising the committee on the constitutional power the Commonwealth is relying on to site this facility.

**Senator Vanstone**—It may.

**Senator CARR**—Why?

**Senator Vanstone**—I have not seen this particular piece of advice that you are referring to but I can think of circumstances where the Commonwealth might have legal advice that there would be a range of powers that could be relied on. I can certainly think of circumstances where a government might choose to look at that advice and, rather than say, 'When the time comes we will rely on whatever we can,' might say, 'We believe that this is the appropriate power.' I do not think the officer would be in a position to answer that. Let me rephrase that: the officer may not be. It may be a decision for the executive to make as to what powers they are relying on. They may have legal advice on what an officer thinks they could rely on but that is another matter. I do not know about this specific matter but I think it is fair enough for the officer to answer in the way in which he has.

**Senator CARR**—I would like you to get some advice, Mr Walters, as to on what basis you are saying you cannot answer that question.

**Mr Walters**—I do not think we can say any more tonight, but we will take it on notice.

**Senator CARR**—That is fair enough. On 25 January the minister said that there were only some minor technical matters delaying an announcement on this matter. What are those minor technical matters that are delaying the announcement? Are you able to advise us?

**Mr Walters**—They form part of the policy advice which is being given to the government at the moment.

**Senator CARR**—I have advice from the Clerk on this matter, which I may wish to table because, frankly, it is not satisfactory, Mr Walters, for you to rely on that as a reason for not answering questions. It may well be that we cannot go any further until there has been some consideration of this advice, Madam Chair. I take it that these are the grounds for refusal to answer questions. I seek to have this document tabled and I seek the department's view, given the statements contained in it. Can I do that, Madam Chair?

**CHAIR**—Yes, you can do that.

**Senator CARR**—I will have that tabled. I suggest that we need to have an adjournment to consider that matter and to give the officers a chance to look at it. Can I move for an adjournment for five or 10 minutes to get a response to it?

**CHAIR**—We can get a response to it. I would have thought that the fact that the matter is contained in advice that is being sent to cabinet would place it in a slightly different category to the normal one that you are claiming it is in.

**Senator CARR**—I am not asking the officer to reveal the advice he has given to cabinet; I am asking a series of questions that go to the technical advice that the minister said was holding up an announcement. I am going to the constitutional powers that the Commonwealth is relying upon. These are not matters that go to the advice that the officer has given to the minister in cabinet.

**Ms Paul**—I am happy to take on notice what we can offer you, within the rules obviously, that is not of the nature of policy advice in the normal sense. I am happy to do so on both the legal question and the technical question.

**Senator CARR**—Have a look at the advice from the Clerk, if you would.

**Ms Paul**—Of course.

**Senator CARR**—I am sure that you will take particular notice of that. If that is the case then I will place a series of questions on notice and allow you that opportunity. But, clearly, we may have to recall the officers, Madam Chair—

**CHAIR**—Yes, I understand that.

**Ms Paul**—Certainly.

**Senator CARR**—when they have had a chance to look at this, because I do think we are entitled to some pretty straightforward answers.

**Ms Paul**—I would like to take it on notice because we need to unpack what is not policy advice and so on. But we will be as quick as we can.

**Senator CARR**—The mere fact that something is policy advice, which is the nub of the question, does not preclude it from consideration by the Senate estimates.

**Ms Paul**—Certainly.

**Senator CARR**—That in itself is not grounds for objection to answering questions.

**Ms Paul**—No. I am happy to work it through.

**Senator CARR**—Can I ask you about the CRC budget while we are waiting for that other document. There appears to be a drop in funding for the CRCs. Is that right?

**Mr Walters**—In the forward estimates the funding line for the CRCs, as you will see, goes up and down. The reason for that is that it is funded biannually, if you recall. We have a round for CRCs every two years. That affects the pipeline as it goes forward into the future. However, you will see that there is a reduction if you go as far ahead as 2008-09. It does come down.

**Senator CARR**—What is the explanation for the decline?

**Mr Walters**—These figures were set out, if you recall, in the second Backing Australia's Ability package. That is what accounts for the forward estimates for this and the other Backing Australia's Ability programs.

**Senator CARR**—It is a policy decision?

**Mr Walters**—Yes.

**Senator CARR**—Given that the next round of funding agreements is coming upon us, are you able to anticipate how many CRCs will not be funded?

**Mr Walters**—No, we cannot do that because it depends on the size of the bids we get. It depends on the committee's recommendation as to the amount of money that each CRC gets. It also depends on what view is taken of the money that should be left over to allocate in the following round. So there are a number of different variables there which would determine the number of CRCs that would be funded.

**Mr Cook**—I would add that the decision on the next funding round, of course, will not be taken until the end of the next calendar year in the normal course. We are just concluding funding contracts now for the people who were successful in the last round. We would then start another selection process towards the end of this year and the decisions would be made roughly 12 months after that.

**Senator CARR**—Are there any proposals to change the guidelines following the changes that occurred last year with regard to funding and CRCs?

**Mr Walters**—That is a matter which is being looked at by the Cooperative Research Centres Committee. Their proposals will be published later on and then considered by the minister.

**Senator CARR**—That is a standard procedural arrangement. That is research priorities, essentially.

**Mr Cook**—You will notice that, after every funding round, the CRC Committee reviews the way in which the round that has just completed has gone. It looks at both the policy parameters of that and the practical implementation of it and provides advice on whether or not it thinks any amendments are warranted. The committee will meet in the not too distant future, if my memory is correct, to consider those issues.

**Senator CARR**—Will there be any change to the commercialisation requirements for CRCs to be part of that ongoing discussion?

**Mr Cook**—I think the basic policy is likely to remain unchanged but, again, the committee has not had that discussion.

**Senator CARR**—There is a current provision that a minister can withdraw funding—presumably on advice from the department—if it is believed that there has been underperformance with regard to commercialisation. Is that correct?

**Ms McKay**—In the current contract that we have developed for the 2004 round, there was a provision to do that, if there was not some performance that was accurate or against the commercialisation and utilisation plan. We are planning to soften that at the moment because there has been some concern from some of the Group of Eight universities and CSIRO that this was an unacceptable risk for them.

**Senator CARR**—In what ways do you expect to be able to soften that?

**Ms McKay**—By making sure that the activities are done in accordance with the commercialisation and utilisation plan and that the commercialisation is done in accordance with maximising national benefits. Previously, in our original draft of the agreement for the CRCs to sign, we were intending to ask the participants to refund some of the funds if that had not been done according to what we expected or what we had anticipated.

**Senator CARR**—Do I presume that those changes will also pick up the prospect that, where a CRC loses serious money, the departments in the universities are going to be required to make up the shortfalls?

**Ms McKay**—The universities will be required as a group, or the participants will be required as a group—they will have joint liability—to repay those funds if there is a shortfall from one of the contributors. But originally we had intended that we would be able to ask any one of those participants to do that. We are not going to do that now.

**Senator CARR**—What was the basis of that change?

**Ms McKay**—It is to make up the shortfall rather than repay, if one of the participants is not able to make its contribution for one reason or another.

**Senator CARR**—Can you give me an update on the Australian Photonics CRC?

**Mr Walters**—This is a different issue, because the guidelines that Ms McKay has just been talking about refer to the new contract for the new CRCs. The Photonics CRC is due to terminate next year. Therefore, the point we are at with the Photonics CRC at the moment is that it is looking to the wind-up plan, which is required under the contract, and looking to finish its business in an orderly fashion.

**Senator CARR**—The CRC is required to provide you with a wind-up plan 12 months prior to winding up. I understand that. In the case of the Photonics CRC, there are serious financial liabilities at the moment. I understand that a number of universities are quite exposed. That is true, isn't it?

**Mr Walters**—That is really a matter for the CRC. The purpose of having the wind-up plan is that all the liabilities and all the assets that it may possess—and my understanding is that it also has assets in terms of intellectual property—will be distributed in an equitable fashion according to the determination of the governing arrangements for the CRC, which will represent all those who have equity in the CRC. The purpose of the wind-up plan is to make sure that that is given due consideration sufficiently in advance of the time that it has to wind up.

**Senator CARR**—Have all inquiries in regard to the Photonics CRC now been concluded?

**Mr Walters**—I am not sure what you have in mind by inquiries. Obviously, we stay in touch with the terminating CRCs. I think that since the program started as many as now exist have terminated. We stay in touch until things are wound up to keep an eye on them and make sure that everything is dealt with according to plan and also to make sure that the final payments that are due are properly made.

**Senator CARR**—When will you receive a reconciliation statement from the Photonics CRC?

**Ms McKay**—We have now accepted their annual report for last year. There was some hold up with that. We have made several payments for this year. There will be a reconciliation statement after the Photonics CRC has wound up. There is one at the end of each financial year. There will be one after the last financial year, which will be three months after June 2006.

**Senator CARR**—I understand that, but they are required to provide you with a wind-up plan. Presumably the reconciliation statement will include it in that.

**Ms McKay**—They are working on that at the moment. We have been in regular contact with them.

**Senator CARR**—The draft agreement, in clause 10.6 says that ‘the company, including by any third party, is not commercialising or utilising intellectual properties contemplated under clause 10.4 in accordance with the activities of the commercialisation utilisation plan’. It goes on to say that the ‘Commonwealth may, by notice of its sole and unfettered discretion, withhold any further payment of Commonwealth funding, reduce the amount of Commonwealth funding, require payments of some of the Commonwealth funding and exercise any other right’—just in case you missed anything in the first little group—and beat them into submission. Is that being proceeded with?

**Mr Walters**—The purpose of the agreement is to ensure that the payment of Commonwealth moneys is related to observance of the conditions on which the CRC was created in the first place—in other words, the bid that was put to us and evaluated by the committee. It is intended to see that people perform. In that sense, it is not really any different to any of the other contracts which we let, in the sense that we monitor them and try to make sure that they observe the conditions of the contracts. If they do not, there are a range of different sanctions. Of course, ultimately if the contract is not being performed, then further payments of Commonwealth moneys are withheld. So that is the purpose.

**Senator CARR**—Mr Walters, you and I have sat across this table for many years and I have heard you run this line as well in the VET division. I know the standard line on this. Tell me, if you say that it is consistent practice across the department, was this the consistent practice followed in previous agreements on CRCs?

**Mr Walters**—It is broadly similar. Obviously we have tried to adjust the agreement gradually over the years as experience has brought new problems to light. To answer the question precisely, I would have to go right back to the beginnings of the program which, as you know, was 15 years ago now.

**Senator CARR**—Yes, indeed. That is what I am saying to you. You may be able to correct me on this, but it has never been drawn to my attention before that such a draconian clause as this was in the contracts.

**Mr Walters**—I would not regard it as particularly draconian. It simply goes back to the principle that we are paying taxpayers' money and we are trying to make sure that we are paying the taxpayers' money only if the conditions of the contract have been met and if people have delivered on the services which they said they were going to provide.

**Senator CARR**—Fair enough, but this is a clause which is based upon quite serious action being taken by the Commonwealth on quite a subjective judgment. It is not commercialising or utilising the intellectual property as contemplated by clause 10.4. That is open to an extraordinary range of interpretation by the Commonwealth—and by the other parties, I would have thought. In my experience, the uses of commercialisation are subject to considerable debate in themselves. This is giving the Commonwealth absolute power to control the moneys where there may be a dispute on whether or not commercialisation is taking place at a rate that the Commonwealth—or you, Mr Walters, as a Commonwealth official—determines.

**Mr Walters**—Ultimately, in order to protect the position of the Commonwealth and the taxpayer, you have to have the ultimate power. We have not ever invoked this one. In practice, what happens when CRCs get into difficulties is that we take the advice of the CRC committee. It is not something where we just sit in the corner and decide to do something nasty to a CRC. It actually tends to go through a fairly lengthy process whereby the committee looks at it. Where CRCs have hit difficult patches, our first recourse is invariably—and has been in the past—to try and see what help and support we can offer. The members of the committee—and in particular the chairman, Dr Vaughan—have been very active in talking to the CRCs and seeing if they can help them. While you present a rather grim scenario, in practice what we have here is a sanction which is available to be used in a position of last resort where we need to protect the Commonwealth expenditure.

**Senator CARR**—As you well know, I would be only too happy to protect the Commonwealth's interests in these matters, but this is a political position. You are saying that if they do not commercialise at your rate, at your discretion and in your judgment, you can withhold money and there is no recourse for them to take on any other option here. That is why the universities are standing you up—aren't they?

**Mr Walters**—The universities' main issue was around what they could be held individually responsible for, bearing in mind that these enterprises normally have a number of different partners. The question was—

**Senator CARR**—Up to 22.

**Mr Walters**—The debate we have had with them is about how far they can be held individually responsible for an enterprise which they have gone into with a number of partners. That concern has been heard, and we have adjusted the contract accordingly. In terms of us taking a view on commercialisation, this judgment will be based upon what has been put in the bid. You will recall that this is a competitive process. People say what they are

going to do, and they will be judged against what they said they were going to do, not what we thought they ought to do, which is rather different thing.

**Senator CARR**—What work have you undertaken to establish what would be an appropriate criterion to measure the claims of progress on commercialisation?

**Mr Walters**—As I say, the basic criterion is what people said they were going to do in the plans they gave to us. There is no standard model. As you know very well, it depends very much on what kind of industry you are dealing with.

**Senator CARR**—So it is entirely subjective?

**Mr Walters**—No, I do not think it is subjective at all. We have the objective criterion of what people said they were going to do.

**Ms McKay**—That was part of—

**Senator CARR**—In a university.

**Ms McKay**—It was also part of what was assessed in the bid, as Mr Walters said. It was assessed by the committee as part of the bid. We have taken out the requirement from that commercialisation clause for participants to repay some or all of the Commonwealth funding where the company is not commercialising.

**Senator CARR**—To cut this short, Mr Walters, you are telling me that universities have not protested or registered any concerns with clause 10.6.

**Mr Walters**—No, not at all; they have. That is the very reason why, as Ms McKay says, we have offered a change. We are still in dialogue with them about that. The matter has not finally been settled.

**Senator CARR**—Are you going to fold on this?

**Mr Walters**—We have put proposals out there; we have listened to what has been said. I would have thought that is a reasonable process to follow.

**Senator CARR**—Have you had a chance to look at that advice, Ms Paul.

**Ms Paul**—Yes, thank you.

**Senator CARR**—What do you say now?

**Ms Paul**—It does not change my views. It is an interesting document, and I would like a closer look. I am happy to take on notice to get to you information on those two areas—the legal status and the technical issues—insofar as they do not touch on cabinet deliberations and so on, as we said. I would be happy to do that.

**Senator CARR**—Cabinet documents come your way in other ways. I am not asking you to reveal cabinet deliberations.

**Ms Paul**—No, of course not; I understand that.

**Senator CARR**—I am saying, though, that a decision was made, I think in the middle of last year, by the Prime Minister to change the policy, and it was announced last year. I would like to know what you have done to implement that change in policy since the middle of last year, and I would like it to be in detail. I would like to know: what progress has been made

towards the establishment of a selection panel; what progress has been made on the identification of criteria for site selection; and whether or not there has been work done on the constitutional powers that the Commonwealth has at its disposal to impose such a policy, given that so many states have now said that they do not wish to have materials moved across their borders. These are all legitimate matters for a Senate estimates committee.

**Ms Paul**—Absolutely. I have agreed to take on notice and come back to you with those elements of our work which are not subject to a cabinet deliberation.

**CHAIR**—Senator Carr, are you finished with the Science Group?

**Senator CARR**—I will put the rest of my questions on notice.

**CHAIR**—I thank the witnesses for appearing today. When we resume from the dinner break, we will go to the Schools Group.

**Proceedings suspended from 6.26 pm to 7.36 pm**

**CHAIR**—I welcome officers from the schools group.

**Senator CARR**—How are the Australian Technical Colleges going—swimmingly?

**Ms Johnston**—The process is going according to plan. We advertised a request for a proposal on 30 March and issued the documentation. That closed on 20 May and we have had around 70 proposals across all the 24 regions.

**Senator CARR**—Are there any regions that did not have more than one application?

**Ms Johnston**—I do not have the details. There are some regions which had one application.

**Senator CARR**—Are you able to tell me which regions?

**Ms Johnston**—I do not think it is appropriate at this point in the assessment process.

**Senator CARR**—What did you say the date for closure was?

**Ms Johnston**—20 May.

**Senator JOHNSTON**—How many?

**Ms Johnston**—There were around 70.

**Senator CARR**—On 20 May we are well past the cut-off point. No late applications are allowed, are they?

**Ms Johnston**—The department has the discretion to admit late applications. We had a few within the next couple of days, due to postal delays or couriers not arriving at the right address, and we have accepted those. There is no indication that there are any further applications.

**Senator CARR**—At 20 May, there were less than 70?

**Ms Johnston**—Yes.

**Senator CARR**—How many late applications?

**Ms Johnston**—Four, I believe.

**Senator CARR**—Why can you not tell us who has applied? It is past the—

**Mr Evans**—Part of the reason for not disclosing that at this stage is that we are in the process of analysing the various proposals. Firstly, to put out the names of each of these consortia, it would indicate to a consortia if they are the only consortia in a particular location. Secondly, until we have had an opportunity to consider the applications, to see which ones meet the criterion that was specified in the RFP, I think it is a bit pre-emptive to be putting out those at this stage.

**Senator CARR**—When will they be made available?

**Ms Johnston**—Government will be announcing the first successful proposals in July.

**Mr Evans**—That is our expectation.

**Senator CARR**—I see. In February you said to us that you were going to provide us with an analysis of how you came to determine the locations for the 24 colleges. Have you done that?

**Mr Evans**—I do not believe we had any outstanding questions on notice from you in this area, Senator.

**Ms Johnston**—As I recall, we advised in February that that was a decision of the government, that it was not a departmental decision on the locations.

**Senator CARR**—So there was no process in the department to establish criteria.

**Mr Evans**—As Ms Johnston said, the government made a decision that it was seeking proposals in those 24 locations. There had not been a process that we were engaged in about providing the criteria to underpin that.

**Ms Paul**—I think we did mention in February, though, that those regions are regions of high youth unemployment, with a strong industrial base. There were a range of factors which were looked at. I think I might have said in February that each of the regions has particular features—areas of certain skills shortages, high youth unemployment et cetera. There were a range of factors. Each of those 24 has a combination of those factors.

**Senator CARR**—Ms Paul, you told us in February:

... we have done a good analysis of the nature of the industries and so on in those areas, which would suggest that they can support such an initiative.

Do you have a copy of that analysis yet?

**Ms Paul**—We can draw it together for you. It has certainly been used to back up the consultations in the 24 regions. There is nothing untoward about it. It is based on ABS statistics and so on.

**Ms Johnston**—It has been further developed to use in the assessment process as well.

**Ms Paul**—We can certainly give you the data; that is no problem at all.

**Senator CARR**—Senator Crossin asked—and it is in *Hansard*, on page 86, so there is no issue about it getting lost in the process anywhere—whether we could get a copy of that analysis. Was that a question we missed somewhere along the line: did that come back to the committee and I have not seen it?

**Ms Paul**—I do not know; we will have to check up on that. Nonetheless, it is easily done if we have not done it.

**Senator CARR**—Thank you. You say you are not part of that process, because that was a political process, but you are able to say that you have done analysis of the industries that support the locations. Can you remind me: why was it necessary to establish these colleges? I am still trying to get my head around that proposition. Mr Evans, can you recall the rationale for the establishment of these colleges?

**Mr Evans**—I think it is around a response to skills needs in particular locations. It is also to provide a top-end level of skills based new apprenticeships. As you would appreciate, Senator, VET in Schools can range from the lower end up to school based new apprenticeships. This was a clear indication from the government that they wanted to establish, in these 24 specialist technical colleges that are part of schools and that provide assistance to students in years 11 and 12, the opportunity for these students to undertake school based new apprenticeships and to be two years towards their trade training by the time they were in year 12.

**Senator CARR**—I presume that, when you have done this analysis, you will be able to assure the committee that none of these colleges will, once established, end up as white elephants because they will not be used.

**Ms Paul**—That is the purpose of us going through the request for proposals and so on. It is very important that that be the case. You will remember that in February, too, we talked about the notion being a locally based joining between industry and schools to meet local skills shortages. That is basically what we are looking for in assessing the requests for proposals—a local initiative between schools and industries to meet local skills shortages.

**Ms Johnston**—They will need the strong support of local business to get up.

**Senator CARR**—Absolutely—unlike, of course, the existing TAFE institutions, are you saying?

**Ms Paul**—This is the first time we have gone out and sought these consortia. They may well involve the TAFE, of course—that is perfectly likely.

**Senator CARR**—In New South Wales that will clearly be the case.

**Ms Paul**—I do not know what the proposals have there, but there is nothing to preclude it. It is a formal joining up of schools and industry on a local level to meet local skills shortages. It is quite a targeted sort of thing.

**Senator CARR**—Yes, it is very targeted.

**Mr Evans**—It is an investment of some \$350 million of new money from the Australian government into trade and skills training.

**Senator CARR**—I should do cartwheels at this point, should I? It is equally a question of whether or not it is effectively spent. \$350 million is a lot of money at a time of acute skills shortages. You are able to tell me, presumably, that the selection criteria for the sites will be able to establish that the skills shortages in the region will be met as a result of the new initiative. Is that the proposition you are putting to me?

**Mr Evans**—The issue would be that over the next few years we will be seeing some 3,600 students coming out of year 12 annually, we expect, who are two years towards having their new apprenticeship.

**Senator CARR**—You cannot tell me which regions have only got one applicant for these proposed new centres?

**Mr Evans**—As I indicated to you, because we are in the process of considering the various proposals at the moment, those regions would then know that they are in a box position, and I would prefer that we present some advice to government on whether or not those particular consortia in those regions actually meet the criteria.

**Senator CARR**—So you might reject some of these applications?

**Mr Evans**—It is not so much about rejecting them: it is about whether they actually achieve it.

**Senator CARR**—So it is possible you might have to reopen the expressions of interest?

**Mr Evans**—It is too early to say. I am not going to speculate.

**Senator CARR**—Have there been any difficulties with any of the states in terms of establishing registration processes?

**Mr Evans**—Not that I am aware of. The colleges can be in either a government school or a non-government school. If a state does not want them to operate in a government school—and there are some states that have felt that way—then that is fine, we can look at consortia in a non-government school.

**Senator CARR**—Are you able to tell me what states have had only one applicant for any region?

**Ms Johnston**—As far as I can recall, there was a region in New South Wales, one in Queensland, one in South Australia and one in Western Australia.

**Senator CARR**—So how does it hurt if people know that these regions have only got one application? What damage is done by that information being made available?

**Mr Evans**—It is more that it announces to certain groups that they are the only one.

**Senator CARR**—It is not saying they have got up: you are saying that the government does not have to accept an applicant.

**Ms Johnston**—But it advantages a particular consortia to know that they are the only one at a time when the process is us advising government and a decision by government is being made as to what the consortia should be.

**Senator CARR**—Do I assume from that that there are consortia that have applied for more than one college?

**Ms Paul**—That is correct.

**Senator CARR**—Are these run as not-for-profit organisations?

**Mr Evans**—That is correct. They are schools, so in that sense—

**Senator CARR**—Their technical designation is as a school.

**Ms Paul**—They have to be registered as a school.

**Mr Evans**—They have to be registered as a school, and the college would be attached to that school.

**Senator CARR**—So they will know in a couple of weeks that they are the only pea in the slot?

**Mr Evans**—If they are successful.

**Senator CARR**—And if they are not successful? They will not know, because there will be no announcement, will there?

**Mr Evans**—There will be. The government will have to announce the successful consortia in the 24 locations.

**Senator CARR**—Yes, but there are four cases where there are single nominations. Presumably, if you do not accept all or any of those, there will be a vacancy. You are not intending to move a consortia that has not applied for another region from one region to another, are you?

**Ms Johnston**—No. The request for proposal said the department reserves the right not to recommend proposals for any or every region and, if necessary, negotiate with one or more applicants in any region and/or call for new proposals for any region.

**Senator CARR**—So they will know soon enough if they have not been up to scratch.

**Ms Johnston**—Yes, that is true.

**Mr Evans**—That is right.

**Senator CARR**—So why won't you tell the committee now?

**Mr Evans**—We need to advise government.

**Senator CARR**—What do you need to advise government on?

**Ms Paul**—I think it would be unusual in a tender type of process to reveal some of the tenderers and not others.

**Senator CARR**—The tenders have now closed.

**Ms Paul**—Yes. And now we are in the most sensitive part.

**Senator Vanstone**—It has not been resolved.

**Ms Paul**—We have just started to assess—

**Senator Vanstone**—There is no deal that says you put in your tender and as soon as they close all is revealed.

**Senator CARR**—Let me just be clear about this: are these tenders or requests for proposals?

**Mr Evans**—Requests for proposals.

**Senator CARR**—Right. So the tender rules do not apply?

**Ms Paul**—I said 'tender type of process'. We are trying to adhere to—

**Senator CARR**—So the normal probity arrangements apply?

**Ms Paul**—We have used probity.

**Senator CARR**—That would be right, would it?

**Ms Johnston**—That is correct.

**Senator CARR**—So there have been probity checks undertaken on all of these?

**Mr Evans**—We have engaged a firm to examine the business case of each of these consortia.

**Senator CARR**—And does the business case go to probity?

**Ms Johnston**—I believe we did indicate to the applicants that their proposals would be treated confidentially, but I am looking for the reference to that.

**Senator CARR**—Well, you know the normal provisions on that matter. You have got a standard clause on all of your work, I would have thought.

**Mr Kriz**—Senator, you are quite correct: this is a funding arrangement; this is not a procurement exercise. However, the department has taken the approach that in terms of its recommendations to government it will operate as far as possible in the same sort of a fashion as it would in relation to a tender exercise.

**Senator CARR**—All right.

**Mr Kriz**—Regarding the points that were made before about whether or not we can reveal who has met or not met the criteria, the decision in this process is a decision that will be taken by government. That was made quite clear in the request for proposal. The department will be making recommendations to government, and government will be making the decision. The location of the decision was made quite clear right from the beginning of the process. But there are two sides of it in terms of the confidentiality now. One was the issue that Mr Evans dealt with, which is the fact that the Commonwealth obviously wants to get the best result. That might mean that we need to enter into negotiations, which might mean that those negotiations would be prejudiced from the Commonwealth's perspective if more information was put out than is necessary at an early stage. The second side of this, of course, is that we do not wish to put out into the public arena names of proposals, proponents, people who are involved in various consortia where they might not be successful. Similarly to the way we deal with people who apply for tenders, we do not wish to put out that sort of information and possibly harm their business prospects in other ventures into the future. We wish to treat these proponents in the same way. So we are seeking to protect the Commonwealth's interests and the private interests that are involved in the proponents that have put forward proposals.

**Senator CARR**—What probity arrangements will you undertake? It is not a tender process, despite what Ms Paul said to us last time.

**Ms Paul**—I think I said it was a request for a proposal last time.

**Senator CARR**—On page 99 you said:

We will then go through a very formal and rigorous tender process, which we do in the department with correct legal advice and all the rest of it.

**Mr Kriz**—As I said, we are seeking to run it as closely as possible to a tender process. We have in place the same arrangements which we have in place in relation to number of other full tender processes. In this particular case we are providing advice internally, from my area, to the people who are involved in making the assessments. We make choices about where probity will lie on a case by case basis. In this particular instance we have left it in-house. That has worked quite well in other big exercises. For example, I have acted as a probity adviser in relation to the NACs tenders in the past. The way that it normally works is that I am not in any line of control in relation to the business area and I report directly to the secretary and/or the ministers as required in relation to how the whole process operates.

**Senator CARR**—Will the fit and proper persons arrangements that apply in other areas of Commonwealth jurisdiction apply to this?

**Mr Kriz**—I do not know what you mean.

**Senator CARR**—Will the fit and proper persons test in the ESOS Act not apply? This is a school. Will you be doing a fit and proper persons test?

**Mr Kriz**—As I understand it, what applies is that these potential institutions have to satisfy not only our requirements but the state requirements to be registered as a school. In that sense they will be treated no differently from any other school.

**Senator CARR**—I see. So will you apply a fit and proper persons test?

**Mr Kriz**—The same test will be applied as applies to schools. I do not know what the state systems do in relation to schools.

**Mr Evans**—We do not apply a fit and proper persons test to a government school or a non-government school at the current time. These will be treated in exactly the same way.

**Senator CARR**—But you do under the ESOS Act.

**Mr Kriz**—Not strictly. As we have canvassed on a number of occasions previously, the ESOS Act gives the Commonwealth a reserve power where it considers that the state has not done the right thing or where we have received additional information. The way that the ESOS Act operates is that, where a state approves a provider, that provider gets onto the CRICOS system unless we wish to use the reserve power on the basis of some sort of grounds that we have.

**Senator CARR**—What would be the basis for you saying that an application is unsuitable?

**Ms Johnston**—The decision on the suitability is based on the criteria set out in the request for a proposal. There are a large number of criteria, which are elaborated on in quite some detail in the request for a proposal. Each proposal will be assessed against all of those criteria.

**Ms Paul**—Can I just mention that I said ‘tender like’ last time. I just note that. It is not a big matter. I just thought I should mention it.

**Senator CARR**—I am not trying to be cute here either. I am looking at the quote in the middle of the page. What I quoted to you was dead accurate.

**Ms Paul**—Okay.

**Senator CARR**—You said:

I think it will be very clear. We will then go through a very formal and rigorous tender process, which we do in the department with correct legal advice and all the rest of it. I think it will be well managed.

I could hardly expect you to say that it is going to be appallingly managed. That is what you did say.

**Ms Paul**—We have probably just got a clash of the *Hansards*. I have probably got a different page where I say ‘a formal tender-like approach to the matters’.

**Senator CARR**—Is there any proposal to have a fit and proper persons test put into the schools legislation?

**Mr Evans**—No.

**Senator CARR**—None at all?

**Mr Evans**—We do not see the need for it.

**Senator CARR**—We will have to give you a few more examples then, won’t we? As to the decision on these matters, when will you be able to say to me that these will all be finalised by—was it July?

**Ms Johnston**—It is expected that some decisions will be made by July. There may be some areas where further negotiation takes place after that time.

**Senator CARR**—So there might be some areas that are not finalised by July?

**Ms Johnston**—That is correct.

**Senator CARR**—Will there be an announcement nonetheless for the rest of the set-up?

**Ms Johnston**—The government will decide what it will announce, I am sure.

**Mr Evans**—It was always envisaged that a number of colleges would start in 2006, some in 2007 and some in 2008. Some of the consortia would have to be considered as to whether the school that was being proposed satisfied state registration. So in that sense it might depend on what stage some of the consortia are at as to whether they will be announced in July.

**Senator CARR**—You have produced a list, haven’t you, of where these colleges are going to go?

**Mr Evans**—Correct. The list was in the government’s announcement around election time. It was also in the request for proposals.

**Senator CARR**—Were there any proposals for these colleges in locations other than those listed amongst that 24?

**Ms Johnston**—There have certainly been letters, expressions of interest and submissions relating to other areas outside the 24. There have been no full proposals received, because we were seeking proposals only from the 24 regions.

**Senator CARR**—So you will not accept any applications from regions, for instance. In Victoria, you are telling me, it is Geelong, Warrnambool, Bendigo, Sunshine, Bairnsdale and East Melbourne. It is funny that you have no-one in the north of Melbourne.

**CHAIR**—Bendigo.

**Senator CARR**—Bendigo is north of Melbourne? I suppose it is north of Melbourne. I was thinking about North Melbourne, where workers live. Whereabouts in the north of Melbourne?

**CHAIR**—There is a strong working population in Bendigo.

**Senator CARR**—There is no doubt about that; it is a very strong Labor seat. That is absolutely right. But I was interested in a college in the northern suburbs of Melbourne. Is there a proposal for one there?

**Ms Paul**—As I say, each of these 24 feature areas of skills shortage, youth unemployment and so on.

**Senator CARR**—Are there any other criteria?

**Ms Paul**—Yes, there is a range. We will give you the data.

**Senator CARR**—All of those things fit the northern suburbs of Melbourne. Why isn't there a college there?

**Ms Paul**—It was a government decision on the 24, but the 24 do offer the features that we mentioned before. Many of them are regional centres, as you know.

**Mr Evans**—It would be possible to come up with other regions in Australia that could take a tech college. The decision of the government was to establish 24 at this time.

**Senator CARR**—That is right. It is obvious that there has been an enormous amount of work done on it.

**Mr Evans**—There has been.

**Senator CARR**—Yes—after the event, to try and justify it.

**Mr Evans**—No.

**Ms Paul**—No.

**Senator CARR**—So how many of these applications are for greenfield sites?

**Ms Johnston**—Not very many. I do not have an exact number but I can assure you that there are probably not more than half-a-dozen.

**Senator CARR**—How many did you say?

**Ms Johnston**—Proposals?

**Senator CARR**—Yes, of the 70 applications or proposals how many were for greenfield sites?

**Ms Johnston**—Four or five. I would have to check that, but I am pretty sure there is no more than five.

**Senator CARR**—In what states?

**Ms Johnston**—Two in New South Wales, I think two in Victoria, and one in Queensland.

**Senator CARR**—Is it proposed that the financing of these colleges include capital costs?

**Mr Evans**—Yes, it can include capital costs.

**Senator CARR**—Do you have an indication, in terms of the criteria, of how much those capital costs might be?

**Mr Evans**—It is part of our assessment processes at the moment to assess the proposals that conform with the RFP. Then it is a matter of advising government which are the ones that do conform and for government to make the decision as to whether there are 24 that they wish to proceed with. Then there is a matrix that flows from that as to what elements of capital and recurrent various successful consortia may require. It is too early for me to give you a picture as to what that matrix is going to look like.

**Senator CARR**—I presume, given we have that small number of greenfield sites, the rest are existing buildings?

**Ms Johnston**—Many require some renovation or refurbishment. There may be a mixture of renovation, refurbishment and some capital works as well.

**Senator CARR**—Are there existing schools?

**Ms Johnston**—There are existing schools, yes.

**Senator CARR**—Are they private schools?

**Ms Johnston**—Non-government and government schools.

**Senator CARR**—How many of the proposals that involve schools come from governments?

**Ms Johnston**—I do not have that figure.

**Mr Evans**—We can take that on notice to tell you how many of the near 70 consortia involve government schools and how many involve non-government schools.

**Senator CARR**—Thank you.

**Ms Johnston**—They may be not listed as the applicant; they be part of a consortia. I only have the applicant name here.

**Senator CARR**—What will the role of the minister's office be in the selection of these sites?

**Mr Evans**—That is a matter for government.

**Ms Paul**—Our advice is to the minister.

**Senator CARR**—Surely, you have that as part of the selection criteria; you would know now who is the decision maker.

**Ms Paul**—The government is the decision maker.

**Senator CARR**—The final decision?

**Ms Paul**—Yes.

**Senator CARR**—On recommendation by the department?

**Ms Paul**—Yes, we will certainly be offering advice.

**Senator CARR**—But the minister is not required to accept that advice?

**Ms Paul**—True.

**Senator CARR**—Will the minister's office be involved in working with the department on this?

**Ms Paul**—We have a departmental team currently undertaking the analysis, as well as the consultancy that Mr Evans mentioned.

**Senator CARR**—Just refresh my memory: who are the consultants again?

**Ms Johnston**—The consultants are RSM Bird Cameron.

**Senator CARR**—How much are they being paid?

**Ms Johnston**—I do not have the figure, but it will depend on the number of proposals that they get. We will not be sending every single proposal, necessarily, to those consultants if they do not meet certain criteria.

**Senator CARR**—Will there be a minister's representative on the departmental committee?

**Ms Johnston**—No.

**Senator CARR**—How many of these 70 applications are ready to roll in 2006?

**Ms Paul**—I do not think we know yet to, do we?

**Ms Johnston**—I think about 14 said they wished to start in 2006. Whether that statement that they have made is possible, given some of the factors that will be involved, we do not know yet—for example, the time taken to register.

**Senator CARR**—So 14 of the 24 regions—

**Ms Johnston**—It could be more than one for one region. I have just got a number of 14 that indicated 2006.

**Senator CARR**—I see. So there may be fewer than 14?

**Mr Evans**—It could be up to 14.

**Senator CARR**—Up to 14 will be ready to roll in 2006.

**Mr Evans**—It could be fewer too.

**Senator CARR**—It could be considerably fewer too.

**Ms Johnston**—Yes.

**Senator CARR**—You would be working overtime to get them up would you not, Mr Evans?

**Mr Evans**—A lot of weekend work has been put in, yes.

**Senator CARR**—Is there any proposal to change any of the 24 regions?

**Ms Paul**—We need to correct a number, if we may.

**Senator CARR**—Yes.

**Ms Johnston**—I am sorry, 37 nominated a start date of 2006, but only 14 of those are existing schools. The others would require registration, and in a lot of states it would be difficult to have a start date at the beginning of 2006.

**Senator CARR**—Would it be a reasonable call to say that there would be a maximum of 14 up and rolling?

**Ms Johnston**—Yes.

**Senator CARR**—But it may well be considerably fewer?

**Ms Johnston**—It could be, yes.

**Mr Evans**—Also, one of the questions that I just took on notice I can now answer for you.

**Senator CARR**—What is that?

**Mr Evans**—Twenty-five of the proposals are from existing schools, of which 11 are state government schools.

**Senator CARR**—What states are they in?

**Mr Evans**—New South Wales, Western Australia and Victoria.

**Senator CARR**—Can you take on notice the locations and dates of the community consultations that were held on these matters?

**Mr Evans**—We can probably answer that question for you now.

**Senator CARR**—And how many attendees were Commonwealth employees and how many were state government employees?

**Ms Johnston**—I would not have that. We did not take a roll call at each consultation. Some of them were over 100 people.

**Senator CARR**—As you know I asked last time about the claim that there is very little private sector interest in this from companies.

**Ms Johnston**—That is not borne out from the consortia that have put in submissions. There is a lot of private interest.

**Senator CARR**—But you did not keep a roll, so you will not know how many were at the consultations.

**Ms Johnston**—The consultations had a wide range of people. Some regions had more private sector groups than others.

**Mr Evans**—We are looking for a schedule that we think we have that has the listing of the consultations.

**Ms Johnston**—No, we do not have it. We will take that on notice.

**Senator CARR**—Thank you. I notice from a press release on the arrangements that the minister spoke of each of these colleges as having a different culture to existing TAFE colleges. Did I understand that correctly? Were they the words used?

**Ms Johnston**—I do not recall those words. They are schools, so I suggest that perhaps they would have a different culture to a TAFE college.

**Senator CARR**—College governing bodies and principals need to establish a distinct Australian technical college ‘culture and ethos’. How is that going to be determined?

**Ms Paul**—I will have to look at the media release, but I think the implication there was the notion—and it was not necessarily in relation to TAFE—of bringing together industry and schools. I think that is what it was.

**Senator CARR**—I am interested to see how you are going to measure that against your criteria.

**Ms Paul**—That is through our requirement that the consortia involve those parties.

**Senator CARR**—What research do you have to indicate that the existing culture is not working?

**Ms Paul**—I do not think it was in contrast to existing culture. I think it was saying that this is a new approach to developing a school for years 11 and 12 which brings together industry and a school to meet current local regional need.

**Mr Evans**—And keeping those students who are actually undertaking skills training in the school and connected to the school.

**Senator CARR**—Isn't that the whole point of the VET in Schools project? Wasn't that the point of the New Apprenticeships in Schools? I could point to a whole series of criteria which say that that is exactly what the existing program is supposed to have done.

**Ms Paul**—They do these things well too. But what these do for the first time is establish these consortia formally between industry and schools to meet particular skills shortage needs in particular regions.

**Ms Johnston**—The other difference is that they are very much focused on the trade skills whereas VET in Schools—

**Ms Paul**—Certainly it is complementary and not contradictory to VET in Schools.

**Senator CARR**—I am told there is a proposal to introduce shorter apprenticeships in building and construction. Is that right?

**Ms Johnston**—You would have to ask the VET people that.

**Senator CARR**—No, I am saying that that is part of this proposal.

**Ms Paul**—The shorter duration apprenticeship initiative was one of the initiatives announced last year under the National Skills Shortages Strategy with the HIA. I think that is probably the one you are referring to. We can give more detail on how that is going when we talk to the VET people tomorrow morning.

**Mr Evans**—It may indeed transpire that the shortening of the apprenticeship period would then flow into these colleges as a feature. But it is not a driving force from us at this point.

**Senator CARR**—Surely it would be part of the proposals? Surely one of the consortia would have picked up on this notion, wouldn't they?

**Mr Evans**—I have not read it in any of the applications.

**Senator CARR**—Of course, shortening off the apprenticeships in building and construction would be consistent with the national code of practice for construction, wouldn't it?

**Mr Evans**—I am not familiar with that part of the national code.

**Senator CARR**—It would meet all of the occupational health and safety standards as well?

**Mr Evans**—It would have to, yes.

**Senator CARR**—There was a Queanbeyan proposal, wasn't there?

**Mr Evans**—Correct.

**Ms Johnston**—Queanbeyan is one of the regions.

**Senator CARR**—There are two proposals for the location of that college—is that right?

**Mr Evans**—I cannot say.

**Senator CARR**—I just read the *Canberra Times*.

**Senator Vanstone**—I have almost stopped buying novels—I read the paper instead.

**Senator CARR**—Given what they say about you, I am not surprised!

**Senator Vanstone**—Even some of the things I have read about you, Senator, I do not believe to be true.

**Senator CARR**—But not in the *Canberra Times*!

**Senator Vanstone**—I am tempted to move along, of course, but—

**Senator CARR**—Not in the *Canberra Times* of all things! It is still safe for me to read the *Canberra Times*! I am wondering if it is the case that the report in the *Canberra Times*—

**Mr Evans**—I can neither confirm nor deny.

Go **Senator CARR**—If you look at page 6 of 17 May, it details the proposals. Obviously someone has information that they should not have.

**Ms Paul**—It is great to have local interest. There is no harm in having some local interest and having that local interest reported. I know that a lot of regional media, particularly following consultations including local chambers of commerce or schools or whoever, are saying, 'We may be interested,' and so on. There has been quite a bit around the country.

**Senator CARR**—Is there a proposal by the minister to ask the states to rewrite their IR laws to allow school based apprenticeships? Was there any correspondence to that effect? Are you aware of that?

**Ms Johnston**—We would not have done it. We did not do it as part of the Australian Technical Colleges. The issue of school based apprentices is obviously a broader issue than just within technical colleges.

**Ms Paul**—I would have to check.

**CHAIR**—Senator Carr, are you moving off technical colleges?

**Senator CARR**—No, I have not finished technical colleges. I am just getting warmed up. I want to know whether or not a letter was written by the minister of the department or whether the department assisted the minister in writing a letter to the states requiring them to change

their laws to allow part-time school apprenticeships, which, of course, would be used in the Australian Technical Colleges.

**Ms Paul**—We will have to check.

**Senator CARR**—What is the fees policy? Has a fees policy been determined for these colleges yet?

**Ms Johnston**—I think we have discussed this before. I have not got the exact wording but, no, the college will be able to charge fees greater than they would currently charge for the equivalent year 11 and 12 students if they already charge fees.

**Senator CARR**—So the fees are the same for existing sites as they are for greenfield sites?

**Mr Evans**—It would depend on whether the college was a government or a non-government college. If it was a government college you would expect the fee structure to be that for a government school, which would be pretty nominal in terms of the normal contribution that you might expect of parents at a government school. If it was a non-government school then, as Ms Johnston said, the fee structure would not be any greater than already applying at that non-government school. If people going to government schools wanted to go to it, scholarships might be offered or the consortium might want some money so they can provide the access for what might be government school students.

**Senator CARR**—I had an answer here for E331-05:

... no additional fees over and above existing fees will be able to be charged—  
for non-government schools.

**Mr Evans**—Which is what we just said.

**Senator CARR**—That is what you mean. I interpret that in those terms.

**Mr Evans**—Correct.

**Senator CARR**—Are these not to be wholly owned Commonwealth entities?

**Mr Evans**—No. If it is a government school in a particular state then it is a government school with an Australian Technical College in that particular state. If it is a non-government school that might be part of a system then the college would be part of the school which is part of that system.

**Senator CARR**—‘Existing fee’ is a term you have been using—does that include fee changes for training components?

**Mr Evans**—As we said, there is no additional fee payable by the student for simply attending that technical college.

**Senator CARR**—So if they are an existing RTO—part of this consortia is able to attract one of these centres—are you saying they cannot change their fee arrangements?

**Ms Johnston**—An existing RTO?

**Senator CARR**—Yes. TAFE, for instance, is an RTO and has a fee structure.

**Ms Johnston**—Yes.

**Senator CARR**—How do you determine existing fees in that category? How will the current level of fees be determined?

**Ms Johnston**—The TAFE fees would be relatively nominal fees. Most apprenticeship training is funded under the user choice policies.

**Senator CARR**—There are a number of greenfield sites. How are you going to determine the fees on those?

**Ms Johnston**—If there is a completely new school being set up, it would need to justify the level of fees that it will charge and demonstrate that there will be sufficient demand for places at those fees. In addition, the request for a proposal also asks applicants to outline their strategies to attract and retain students and ensure equitable access. The level of fees would obviously be an issue that they would have to address. That is when they might propose that they use some of the Commonwealth funding for scholarships.

**Senator CARR**—I see. Do you have a cap on fees? Is there any proposed cap?

**Mr Evans**—No.

**Senator CARR**—None whatsoever.

**Mr Evans**—We do not have a cap in the current school system. I am not proposing for there to be a cap on this one.

**Senator CARR**—These are new set-ups. These are greenfield sites. They can charge what they like.

**Mr Evans**—No. Schools start now from a greenfields site and they can start either as a government school or a non-government school. They can start as sandstone and charge significant fees or they can start as a low-fee school in the independent sector, and low-fee schools generally pitch at about that same level. That is what we would expect, so I do not see anything new happening in this area as a consequence of a greenfields site establishing a school and having an ATC attached to it.

**Senator CARR**—It is what the market will bear?

**Mr Evans**—What the market will bear and what are the features of the group behind the particular consortia for the greenfield site.

**Ms Paul**—We have already said that it has to meet those criteria about access and so on.

**Senator CARR**—None of those would preclude high fees.

**Ms Paul**—That is what we have to look at when we assess these proposals.

**Mr Evans**—That is what government would look at, too, in terms of making decisions about these.

**Senator CARR**—But you would agree with me that they could have high fees if they wanted to.

**Ms Paul**—It depends on what is in these proposals that we have before us. We have not been through all that yet.

**Senator CARR**—But there is no cap on it, so there is no way in which you could say that that is an exorbitant fee.

**Mr Evans**—There is no cap, but we are saying that every indication would be that it would be in the normal range that we see for fees charged in government schools. As I said, for government schools, that is not much.

**Senator CARR**—Geelong Grammar—\$20,000 a year.

**Mr Evans**—I think we had this conversation last time we met on this one. I was not expecting that there would be large numbers of technical colleges attached to the sandstones around Australia.

**Senator CARR**—So Geelong Grammar is not an applicant?

**Mr Evans**—I did not say that.

**Senator CARR**—No room for ponies, stables for horses and that sort of thing. Is that part of the consortia?

**Mr Evans**—I do not think I have seen any of those in any of the consortia.

**Senator CARR**—It would be a problem if there was no room for pets at these colleges.

**Mr Evans**—Pets?

**Senator CARR**—That is probably why you have nothing in the northern suburbs in Melbourne—because there is not enough room for horses. Where there are consortia of existing providers, some with existing fees and some not, how will you determine a fee structure?

**Mr Evans**—I imagine that is in the proposals.

**Senator CARR**—The not-for-profit arrangement remains. You have indicated that again tonight.

**Mr Evans**—Have we moved off technical colleges?

**Senator CARR**—No, we have not—not-for-profit technical colleges. That is the whole principle, is it?

**Mr Evans**—That is right. That is the principle for all schools.

**Senator CARR**—That is not going to change. ACPET is saying that there will need to be commercial arrangements so there is a return for the operator. How are you going to meet that requirement if it is a not-for-profit arrangement?

**Mr Evans**—I am not quite sure what you are getting at. I know that as it is at the moment a school can make a return to the school on its activities, and that return is then reapplied to the operation of the school. The same could apply in the case of the colleges.

**Ms Paul**—If ACPET mean that, we can meet their need. If ACPET do not mean that, we probably cannot meet their need.

**Senator CARR**—That is what it says here. It says that ACPET told the *Financial Review* on 6 December that it would need to be a commercial arrangement as with any other training

course where there needs to be the opportunity to cover cost and have a return for the operator.

**Ms Paul**—The operator is the school.

**Senator CARR**—The owner.

**Ms Paul**—It would have to return to the school. It is exactly the same arrangements that apply to all schools now.

**Senator CARR**—Except that schools are not owned by private companies, are they?

**Mr Evans**—I think there are some private companies.

**Senator CARR**—We will probably come to that later on. But as a rule they are not owned by private companies.

**Mr Evans**—It is the exception rather than the rule.

**Senator CARR**—The government has budgeted \$255 million. That is right, isn't it?

**Mr Evans**—I can give an update on that.

**Senator CARR**—What is the figure now?

**Mr Evans**—Over the five years from 2004-05 to 2008-09, the government has budgeted \$350.8 million.

**Senator CARR**—Page 52 of the budget measures references \$63.4 million next year, \$86.3 million, and \$102.505 million. Is that the amount you are talking about?

**Ms Paul**—Yes, that is correct.

**Senator CARR**—What is the fifth year? You did say five years, didn't you?

**Mr Evans**—The fifth year would be 2008-09 and the amount is \$95 million.

**Senator CARR**—I have only got four figures here.

**Mr Evans**—That is because it only goes out to the forward estimates.

**Senator CARR**—Yes, that is right, but do I take it the fifth year is the fifth calendar year—is that what you are saying?

**Mr Evans**—It is the fifth financial year.

**Senator CARR**—So 2005-06 is the first year, 2006-07 is the second, 2007-08 is the third, and 2008-09 is the fourth. What is the fifth year?

**Mr Evans**—2008-09.

**Ms Johnston**—It is \$95 million.

**Senator CARR**—But that is the fourth year. What is the fifth year?

**Mr Evans**—No, we had some expenditure in 2004-05.

**Senator CARR**—I see. What was that?

**Mr Evans**—It was \$1.6 million.

**Senator CARR**—I see. So it has increased to \$100 million?

**Mr Evans**—There are two impacts that are covered in that stream of money. There is the fact that not all the colleges are starting in 2006 and there is also an expectation that there will be a call on capital in the earlier years. That explains why it rises from the \$65 million up to \$102 million and then drops back slightly to \$95 million in the fifth year. As I said earlier, at this stage, until we have done the conformability work on the various proposals and then given advice to government we do not know what the funding matrix will actually be.

**Senator CARR**—Can you tell me what the underpinning financial assumptions are which give you the figure of \$350.8 million? You have 7,200 year 11 and year 12 students.

**Mr Evans**—When it is in operation we are expecting 7,200 students. We had assumed that there would be a number of these in the government sector and a number in the non-government sector. We had made some brave assumptions about what might be the capital call and about greenfields sites versus existing ones. When you put those ingredients of the cocktail together you come up with this \$350.8 million.

**Senator CARR**—‘Brave assumptions’ doesn’t sound like you, Mr Evans! What brave assumptions are we relying upon? How do we get \$350 million out of that? Can’t you give me a breakdown of it? How much is capital and how much is recurrent?

**Ms Johnston**—As I think we mentioned last time, that would give some indication to the proposers of how much was available or how much they should bid for in terms of capital.

**Senator CARR**—Come on: \$350 million is the aggregate figure. No-one in their right mind is going to bid for \$350 million.

**Mr Evans**—The department of finance was satisfied to support our bid to have that money appropriated as fixed amounts in each of the years with it not being broken up between capital and recurrent funding, which provides the government and the department with some flexibility, and in the absence of actually having the RFPs in and knowing what the final will be and with the legislation having to be introduced and passed before money can start being made available to successful consortia.

**Senator CARR**—The applications have closed. Would you agree with that?

**Mr Evans**—Yes, proposals have closed. As we indicated, there could be some further negotiation that goes on with some of the consortia about features of their various proposals.

**Senator CARR**—So how will this committee knowing the breakdown of capital and recurrent funding on \$350 million of expenditure advantage any of the proponents?

**Mr Evans**—In the knowledge that we could be entering into negotiations with them.

**Senator CARR**—Mr Evans, there is \$350 million worth of expenditure.

**Mr Evans**—I offer the suggestion that probably this conversation would be best to have at the next Senate estimates hearing.

**Senator CARR**—Tell you what, I will proffer to you another suggestion: you do not know. That is more likely the answer, isn’t it? You do not know.

**Mr Evans**—No, it is not.

**Senator CARR**—You do know?

**Mr Evans**—Yes.

**Senator CARR**—Is it going to be the standard recurrent funding cost under the SES system for non-government school entities or is there a special category?

**Mr Evans**—This money is for the technical colleges.

**Senator CARR**—You told me it is a school. I would like to know how the funding is being divided up.

**Mr Evans**—Yes. The school gets funded through the states grants legislation for the school aspect of it. So in that sense it gets its general recurrent funding and its SAISO money and some of its capital money through mainstream schools funding. This money is in addition to that. This money provides for the technical college element. All the requirements of educational and financial accountability and all of the requirements for how a non-government school is assessed against SES are covered through the mainstream legislation in exactly the same way as they are now.

**Senator CARR**—The election policy costings that were made available last year said that there would be expenditure across the forward years of \$289 million. Why has there been an increase to \$350 million?

**Mr Evans**—The costing at that time was for four years. As we have indicated to you tonight, there is five years worth of funding in the legislation.

**Senator CARR**—And the difference is \$1.6 million for that year?

**Mr Evans**—No. The \$1.6 million was already in there. The difference comes with the fifth year. There has also been a slight change in the distribution of the money across the years as we settled on the financing that went into the legislation.

**Senator CARR**—As I read the costings in the election commitments, for 2005-06 it was proposed that there be \$33 million spent; it is \$65 million in your statement. For 2006-07, there was \$108 million proposed; it is \$86 million in the budget papers. Then for the next year it was \$147 million in the election commitments and \$102 million in the budget papers.

**Mr Evans**—That is correct. As I indicated to you just then, there has been some re-phasing of some of that money. Additional money in the fifth year takes it from \$289 million to \$350.8 million.

**Senator CARR**—I have finished my comments on this topic.

**Senator BARNETT**—Ms Paul and Mr Evans, in regard to the Australian Technical Colleges, can I ask you whether you can recall, at the time that this proposal was announced by the Australian government, the responses from the state governments? Where they in favour of this particular proposal or against it?

**Ms Paul**—It was announced during the election campaign. I do not know what the responses were at that time.

**Senator BARNETT**—You cannot recall. Have you seen any commentary from any of the state government's around this country since then? Are you aware of any of those responses?

**Ms Paul**—We have certainly had discussions with our state and territory colleagues through the normal MCEETYA related forums.

**Senator BARNETT**—Let me short cut this a bit. They were very critical of the decision by the Howard government to advance the funds for the Australian Technical Colleges to the 24 locations around this country. They were in fact derogatory in their comments at the time. So, in light of that, can you now advise the committee as to whether any state governments have been involved in any of the consortia?

**Ms Paul**—Yes.

**Senator BARNETT**—There was a reference earlier to some of the schools involved. I am talking about state government schools and state government further education facilities. Can you outline and detail some of those figures for us?

**Ms Paul**—Yes.

**Ms Johnston**—Certainly. I can give you almost a state by state breakdown. In fact—

**Senator BARNETT**—That would be helpful.

**Ms Johnston**—In all states, I think, and in the Northern Territory, we have had discussions at MCEETYA, as Ms Paul mentioned, and also a number of individual discussions—for example, the minister met with the honourable Carmel Tebbutt, from New South Wales. They have expressed interest in being involved and making proposals, as Mr Evans has mentioned. Queensland is certainly supportive, although it is not submitting proposals in its own right. Tasmania has now indicated strong support; I believe it was earlier opposed to the technical colleges.

**Senator BARNETT**—I can confirm that as 100 per cent correct. They were opposed—in fact, vehemently opposed—and critical. Are you now confirming that they have expressed strong support?

**Ms Johnston**—That is correct.

**Senator BARNETT**—Thank you.

**Ms Johnston**—Victoria is supportive and is involved in submissions. Western Australia is involved in proposals. South Australia is not directly involved, although we have had some correspondence with them. Their concern is to ensure they operate within the state's guidelines.

**Senator BARNETT**—Are they involved, not involved or sort of hedging their bets?

**Ms Johnston**—Hedging their bets is probably the answer to that. We understand that the Northern Territory, although we have not had any formal correspondence, are supportive.

**Senator BARNETT**—Did you mention the ACT, or are they not—

**Ms Johnston**—There is not one located in the ACT. The Queanbeyan one certainly may well draw students from and use employers in the ACT.

**Senator BARNETT**—I think you said that New South Wales is involved and supportive?

**Ms Johnston**—Yes.

**Senator BARNETT**—And Queensland are involved and supportive?

**Ms Johnston**—Queensland have said that no government school will become a technical college, but they are supporting in other ways.

**Senator BARNETT**—Can you outline or detail to the committee to what extent Tasmania are involved in terms of the schools or further education facilities? In Tasmania, for example, we have a TAFE college. Are you able to do that? If not, that is fine.

**Ms Johnston**—No—I do not have that information directly. It is more in terms that, as far as possible, principals will facilitate, always recognising the state registration and regulatory role in both school education and in training.

**Senator BARNETT**—You said that in Tasmania there was strong support and involvement in the consortia.

**Ms Johnston**—I believe that is so. I recall media coverage suggesting that Ms Reid had been quite supportive publicly of the northern Tasmanian ATC.

**Senator BARNETT**—Yes. I ask questions about that because there is a very significant contrast between the initial response to the proposal and the current position. I think that demonstrates a whole range of things, including hypocrisy. But, apart from that, it demonstrates that they have come on board and see it as having merit. I guess we will understand the extent of that support once the government goes through the process and the decisions are made.

I want to ask about the business response. Are you aware of the business community's response to the government's request for proposals? What sort of response did you get during the consultation process, particularly from the business community, but from other parts of the community as well? Can you outline that for us?

**Ms Paul**—It has been favourable at the national level amongst the national peak organisations. As we discussed before, there has been involvement in the consultations as well. I think most or all of the consortia must have industry involvement. Ms Johnston can provide more detail.

**Ms Johnston**—If the proposals do not have industry involvement they find it very difficult to meet some of the criteria, so there is an expectation that industry will be involved. We mentioned earlier the consultation, and individual employers were represented in that. At others, there was more representation from some of the employer groups. A number of the employer groups—certainly nationally, but also at state and regional levels—have been closely involved with the development of proposals.

**Senator BARNETT**—Were you at any of the consultations?

**Ms Johnston**—I was at the Queanbeyan consultation.

**Senator BARNETT**—Right, but are you aware of who attended the consultations around the country?

**Ms Paul**—We had DEST representation at each of them.

**Senator BARNETT**—Can you describe to the committee what types of groups were involved in the consultation process?

**Ms Johnston**—Naturally there were a number of education and training providers there with a strong interest. There were also small businesses. At Queanbeyan I recall a couple of small business people who spoke. There were also representatives there from the Queanbeyan Business Council, the ACT Chamber of Commerce and Industry, and some of the larger employers. I believe that Country Energy, which is quite a large employer of tradespeople in that regional area, were there.

**Ms Paul**—Of course in the Tasmanian case the university has been interested and been involved as well.

**Senator BARNETT**—What has been the response from those groups? Is it overwhelmingly positive and supportive of the proposal or not so?

**Ms Johnston**—At some of the consultations I would say there was certainly some scepticism from some of the providers about competition and drawing students away from existing TAFE and all the schools. But generally the support from business was very good and very positive. They saw the need to engage students and to have that close involvement with the college through the industry leadership of each college.

**Mr Evans**—There was also strong interest from parents about these colleges and the new offerings they would be able to make.

**Senator BARNETT**—I think you mentioned initially, Mr Evans, that this is largely to address skill shortages around the country. Do you think that is part of the reason why?

**Mr Evans**—They can see the advantages of their son or daughter coming through these colleges and having top-end vocational training. They can see the benefits that that will provide to them in the labour market not too long after they have left those colleges.

**Senator BARNETT**—I think there was discussion earlier tonight with Senator Carr about the four areas where there is only one application. You mentioned that there are approximately 70 responses to the request for proposal.

**Mr Evans**—Correct.

**Senator BARNETT**—I understand you have indicated this, but can you just clarify for the committee whether either one or more of those proposals applied to cover more than one site, several sites?

**Ms Johnston**—We have counted the proposals individually because they have to submit a proposal separately for each region. For example, there are six regions in Victoria. An applicant may have submitted six proposals but it is the same applicant submitting six proposals. That was unusual. There are only as I recall three sets of proposals.

**Senator BARNETT**—Just going back to the schools, I think you mentioned that there were 11 state schools of the 25 schools. Can you clarify that for the committee please?

**Mr Evans**—That is correct.

**Senator BARNETT**—Are the 25 schools state and independent schools?

**Ms Johnston**—Yes.

**Mr Evans**—That is correct.

**Senator BARNETT**—So of those 25 schools you have 11 that are state government owned and operated?

**Mr Evans**—Correct.

**Senator BARNETT**—Is it possible for you to tell us in what states they exist?

**Mr Evans**—For the same reasons I have presented to Senator Carr, I think it is more appropriate that we do the conformability testing at the moment and then advise government.

**Senator BARTLETT**—That is fine; not a problem. So all of the states, apart from South Australia which is hedging its bets as it were, were involved in either the consortia or offering the state schools in terms of being part of the RFP process; is that correct?

**Ms Paul**—Either that or they have said, for example, that they will support the registration of these colleges. So, even if they are not in consortia, because these are schools, by definition they will play quite a central role—in the first instance, through having to register these as schools. We have had nothing but positive indications in those areas, as well as some involvement in consortia.

**Senator BARNETT**—On the issue of the starting date, I think you said that a number of them, up to a maximum of 14, are able to start in 2006, but I think you also said that there were 37 that could start in 2006. I am trying to clarify the difference there.

**Mr Evans**—Thirty-seven said that they would like to start in 2006.

**Ms Johnston**—Only 14 of those are existing schools. As for the remainder, if it is possible in their states to go through the registration process in not much more than six months, it is possible that they could get up in 2006. However, if they are starting from not even being a registered school, there are a whole lot of other issues that they need to face as well.

**Senator BARNETT**—I want to go down that track. I understand that there are hoops that you have to jump through in terms of the registration process. I am not familiar with that. Can you outline the type of processes that have to be fulfilled—and that is a state government responsibility, is it not?

**Mr Evans**—That is correct. There are issues around putting in an application to be registered as a school. There are particular state imposed deadlines as to when an application would have to be in before a school could start next year or even the year after that. There are those sorts of criteria that exist at the state level that, to my mind, make it more difficult for a consortia that does not have an existing school as part of its consortia to meet the criteria and be able to commence in 2006. Our expectation in commencing in 2006 is that there may not be 300 students in that school in 2006. There might be a smaller number who would be going into year 11 at the technical college, and our next intake would occur in 2007, so you would actually be building up.

**Senator BARNETT**—That is not a problem. I am trying to work out whether it is physically possible to start in 2006—or at least at some stage in 2006—if they fulfil the criteria, put in their forms and meet the standard requirements.

**Ms Paul**—It is certainly possible. That is why we have timed it as we have—to allow some to start in 2006.

**Senator BARNETT**—So it is not only possible, you would be hopeful that in fact a good number of those could start, with state government cooperation and support—and I underline cooperation and support. If that cooperation and support is not there, then it is probably fair to say that 2006 is looking a bit too early.

**Mr Evans**—For those particular consortia, that would be correct.

**Ms Johnston**—My advice is that in at least a couple of states that I have identified they should submit an application by the end of July in order to be able to get registered for 2006, which is why we need to make announcements—but that is obviously cutting it fairly fine. If the state were cooperative, I am sure they would accept a slightly later application.

**Senator BARNETT**—Sure. Have you had any indications of support or otherwise from the state governments in terms of registration?

**Ms Paul**—Yes, we have had some.

**Senator BARNETT**—And their willingness to expedite the registration process?

**Ms Johnston**—They have emphasised that the technical colleges will still have to meet the requirements. However, they have indicated that it should not be a problem.

**Senator BARNETT**—That is somewhat encouraging.

**Senator CROSSIN**—Can you take me through what is happening in the Northern Territory with regard to the technical colleges? How many requests or submissions have you had for the tenders up there?

**Ms Johnston**—We said earlier that we were not able to say at this stage as we are in the process now. We have had around 70 proposals across Australia. We have not given a breakdown, by individual region, of how many we have received in each region because that would give an indication, maybe a premature indication, of success for any particular proposal.

**Senator CROSSIN**—So you cannot tell me if there is one or 21 in the Territory that are interested?

**Ms Johnston**—I can assure you that there are not 21. They range from between one and six as the maximum in each region, I believe.

**Senator CROSSIN**—Has the position of the Northern Territory government been made clear to DEST with regards to existing schools?

**Ms Johnston**—The Northern Territory government has not given us any direct contact. But I believe they have been cooperating with the people putting forward proposals.

**Ms Paul**—Certainly, in my informal conversations with the department there, there was a deal of interest and enthusiasm. But that was just informal chats with Mr Plummer and so on. We have had no negative—

**Senator CROSSIN**—He has now retired, of course.

**Ms Paul**—Has he?

**Mr Evans**—Yes. He retired in the last couple of weeks.

**Senator CROSSIN**—Was it New South Wales or Queensland where you were saying that the government had indicated that no existing schools will be used? Are there any other state governments that have made it clear to you that no existing government schools will be used?

**Ms Johnston**—No-one has made it quite so clear as Queensland did. They put in a submission in the earlier expression of interest stage where they quite explicitly said that they would not be putting forward government schools as technical colleges. No other state has been as explicit as that.

**Senator CROSSIN**—Have any other states indicated that that may well be their view?

**Ms Johnston**—There are some where we do not have a proposal directly from a government school or from the state government.

**Senator CROSSIN**—Are you unable to tell us where that is?

**Ms Johnston**—In New South Wales, Western Australia and Victoria, government schools are directly involved in the proposals. In South Australia there are none. I do not know about the Northern Territory.

**Senator BARNETT**—What about Tasmania? I think you said before. Can you check that?

**Ms Johnston**—They may be members; they are not the lead organisation, which is all I have information on.

**Senator BARNETT**—So New South Wales, WA, Victoria and—

**Ms Johnston**—As I have typed it, I mainly have the lead organisations. It is definitely the case in New South Wales, Victoria and Western Australia.

#### **Proceedings suspended from 8.58 pm to 9.13 pm**

**CHAIR**—The committee will resume. I am assuming that we are now looking at output 1.2, Assistance for isolated children.

**Senator CARR**—We have a more free-ranging discussion here. ‘Conversation’ I believe was the term used before.

**CHAIR**—So you do not have a structured discussion, Senator Carr. Perhaps you would like to inform me.

**Senator CROSSIN**—I think that should be ‘I’. Let us correct the *Hansard* record on that.

**Senator CARR**—That is not very nice.

**Senator CROSSIN**—Yes, it is. It is true.

**CHAIR**—Perhaps you would like to tell me, Senator Carr, what you would like to discuss.

**Senator CARR**—We ask questions and they give us answers. Sometimes that happens.

**CHAIR**—Where would you like to start?

**Senator CARR**—We are going to start with a few questions.

**CHAIR**—On?

**Senator CARR**—We just ask questions at large.

**Senator CROSSIN**—We will just do outcome 1.

**Senator CARR**—Mr Evans has got this remarkable repertoire developed where he throws the balls back at me. The committee has its own culture.

**CHAIR**—I appreciate that after some time under the coalition government you are relaxed and comfortable—

**Senator CARR**—We are very relaxed.

**CHAIR**—but I would like you to apply yourself.

**Senator CROSSIN**—You will know what it feels like in 2007.

**Senator CARR**—The first question goes to a pretty simple proposition. I asked for some information about spreadsheets on SES models, which you provided for us. Question on notice E444\_05 was a request that we made for Excel spreadsheets. It says that in the question. My office has now told me that they would actually like it in PDF. Is there any chance that we can get it in a PDF format?

**Ms Paul**—I think we do give it in PDF format.

**Senator CARR**—It says:

An Excel spreadsheet containing the above information ... is attached.

Can we do it in a PDF format?

**Ms Paul**—I presume we can.

**Ms Wall**—I do not see that there would be any difficulty with that.

**Senator CARR**—I am being told that you sent it in PDF but they really want it in Excel. Do you have it in Excel?

**Mr Evans**—I have it in Excel but I do not like to give it in Excel because all the underlying formulae that apply to individual schools would be revealed.

**Senator CARR**—So can we have it in Excel or not?

**Ms Paul**—We will have a look at what we can do. Maybe we can remove some of the confidentiality stuff.

**Mr Evans**—We will have a look and see. We try to oblige you, as you would appreciate.

**Senator CARR**—I know you do. That is why I am not carrying on about this. It is a simple request. We would like it in Excel because it is easier to analyse. The PDF is what you provided, so I am told.

**CHAIR**—I think the secretariat have some information on this.

**Senator CARR**—Can I get it in both formats?

**Senator CROSSIN**—You would have to get a hard copy if you wanted Excel, because the system will not take it in Excel.

**Senator CARR**—The Senate apparently has asked to you provide it in a different format. You are not at fault at all here.

**Ms Paul**—It did not ring a huge bell, I must admit.

**Senator CARR**—So if we can get it in both—

**Mr Evans**—We might have to come back to you on that. I am not trying to be difficult.

**Senator CARR**—I know you are not. I am being told that you apparently did provide it in the format that we asked for and the Senate requested that you provide it in another format. I am not quite certain why it did that.

**Secretary**—It is a requirement of the Senate that we put the answers up on the web in PDF, because other people can read them better.

**Senator CARR**—I would like it in answer to my question, but obviously if it can be provided in both formats that would be helpful to us. Then the Senate can be satisfied for their publication purposes as well. Mr Evans, the other matter is the *National report on schooling in Australia*. We looked at your web site and it said that the 2000 report is now available and the 2001 report is close to completion. That was on 30 May, so I take it there has not been an update on the web site. Can you tell me that?

**Ms Paul**—I think Dr Mercer and Ms Weddell can help with it.

**Senator CARR**—Are you able to tell me why the 2001 report is not available?

**Ms Weddell**—The dates that you have outlined are correct. The timeliness of the report is a concern to the Australian government. We have been working through a MCEETYA process with one of the task forces to ensure better timeliness in providing these reports. In addition, we have been working through the task force with our colleagues around the states and territories. It is a condition under the agreements for the States Grants Act that data that is required for the ANR be provided within the year following the program year.

**Ms Paul**—This is what I thought it was. Through the MCEETYA process we rely on the states data. The states data has run slowly, so MCEETYA has agreed to this 12-month requirement.

**Senator CARR**—I have been raising this for as long as I can remember.

**Ms Paul**—We share the same concern.

**Senator CARR**—It is from 2001; it is four years out of date.

**Ms Paul**—Absolutely.

**Senator CARR**—It has been said that a couple of chapters are ready to go on reports 2 and 3.

**Ms Weddell**—Yes.

**Senator CARR**—When will they be completed? Do we have to wait for four years for those as well?

**Ms Weddell**—I hope not. There is a commitment to provide particular chapters on the web when they are ready to go and cleared by each state and territory rather than waiting for the entire report. The MCEETYA secretariat is working through the order of those chapters. I do not have the time line with me tonight but I can certainly make that available to you from the MCEETYA secretariat.

**Senator CARR**—Thank you; it is much appreciated.

**Senator BARNETT**—On that, can you advise which states are dragging the chain?

**Ms Weddell**—It possibly depends on chapters. It is probably difficult to say which particular states might be dragging the chain. One of the areas that takes up a great deal of time is certainly providing data against the national literacy and numeracy benchmarks. You may have had an opportunity to see that just this week some of that data was made available through the chair of MCEETYA. There is a commitment from states and territories to try and get the data agreed and get it right. I think everybody is on notice around the time that these issues are taking to resolve and the MCEETYA secretariat now has a much tighter time line for people to make sure that they provide their data and text against the agreed chapters.

**Senator BARNETT**—Are they all responsible for different paragraphs? Are all the states responsible or just most of them? Using the phrase ‘name them and shame them’ might get them to hurry up and fulfil their responsibilities to the Australian people, particularly to the parents who are interested in the performance of their children and the schools.

**Ms Weddell**—Indeed. I know the phrase and certainly people are getting very close to that phrase. I would have to say, though, that, since the Australian government has made it very clear that as part of agreements to this quadrennium of funding states must provide information in the required time line, there is an agreement that that kind of direction and leadership has been appreciated. From what I have seen of the MCEETYA secretariat, they are pulling together the reports from all states and territories as they need to. As I said, I can certainly provide to the committee the time line for the various chapters from the ANRs.

**Senator BARNETT**—Three or four years is totally unacceptable.

**Ms Weddell**—Absolutely.

**Senator BARNETT**—I hope that is properly noted not only here but by the different state governments around this country.

**Senator CARR**—The new regime for the reporting data on VET in Schools was mentioned at the last MCEETYA meeting. Have you worked through that yet?

**Ms Paul**—That may be a question better taken by transitions tomorrow.

**Senator CARR**—Transitions?

**Ms Paul**—Mr Greer from the Indigenous and Transitions Group. VET in Schools is the responsibility of Mr Greer.

**Senator CARR**—Can you explain to us how you are going to beef up the accountability requirements of the new funding agreements? States of course have welcomed this, have they not? There has been universal applause for the Commonwealth’s measures in that regard—

**Mr Evans**—There should be.

**Senator CARR**—would that be a fair description?

**Mr Evans**—There are several aspects to your question.

**Senator CARR**—I would be interested in the several aspects to the question.

**Mr Evans**—Firstly, all non-government education authorities entered into the agreements between that authority and the Commonwealth, and that was required before they could get any money, so most of that was concluded before the end of December. The actual agreements

between the Australian government and the individual states and territories are still the subject of negotiations in some quarters in terms of both the signing of those agreements and the conditions of funding that would be in regulations that are prepared by the Australian government. Regarding which states have signed, the Northern Territory has signed an agreement with the Australian government.

**Senator CROSSIN**—Two days ago, I think.

**Mr Evans**—The state of Queensland has signed an agreement with the Australian government. I believe several other states might be close to signing, but I am not going to name them here. This issue was discussed at the recent MCEETYA meeting and Minister Nelson indicated that he was hopeful that any of the impediments that states might have seen to signing those agreements might be resolved. We are holding bilateral discussions with DEST and each of the individual state and territory education departments—and also with the Catholic education authorities and independent education authorities—to work through some of the issues regarding the conditions of funding that might form part of the regulations.

Regarding the signing of the agreements, by way of a bit of history, you would recall at the last quadrennium that the act was not passed until 7 December 2000. I think it was one of the last acts to be passed at about that time. Royal assent was on 19 December and agreements were sent out on 22 December. New South Wales did not sign its agreement until 27 June 2001; Victoria, 13 June 2001; Queensland, 24 May 2001; Western Australia, 25 May 2001; South Australia, 31 January 2001—so they must have thought it was a good deal—Tasmania, 11 May 2001; Northern Territory, 25 June 2001; and the ACT, 4 May 2001. So there is a pattern regarding this quadrennium legislation: states do take a bit of time before they sign up to them. We are seeing that pattern being repeated for this quadrennium. Then it drops down to what the conditions of funding are that some of the states have expressed concerns about.

**Senator CARR**—That is right and that is where I want to go. Presumably, the concerns were first raised with you on 27 April. I understand you had a stakeholders meeting, or something like that—whatever you call it these days—on 27 April, with people who have an interest in the regulations for the schools assistance act?

**Mr Evans**—There was an AESOC or a pre-MCEETYA meeting on 27 April so that would have gone through some of the issues to be discussed at MCEETYA.

**Senator CARR**—Were concerns expressed there?

**Mr Evans**—I believe there were some concerns about the conditions of funding that the Australian government was putting in place.

**Senator CARR**—I have been told that schools are saying that it is too expensive, too intrusive and too time consuming. Are those points being made?

**Mr Evans**—A lot of the conditions that are in the regulations are conditions that states have been fulfilling over a number of years.

**Senator CARR**—There is a dispute about that, though, isn't there?

**Mr Evans**—There is a dispute about some of the other bits that might be new for them.

**Senator CARR**—Yes, the new bits. It's not the old bits that they are worried about, it's the new bits.

**Mr Evans**—I am one of what I would regard as old bits but they might be regarded as new bits.

**Senator CROSSIN**—There is some confusion.

**Senator CARR**—I am not talking about the officials!

**Mr Evans**—You will be aware that we have had reporting on literacy and numeracy benchmarks in years 3, 5 and 7.

**Senator CARR**—Yes.

**Mr Evans**—It is proposed to move into year 9. A number of jurisdictions already do year 9, so I do not see that that is totally new. It might be new for some jurisdictions. At least one jurisdiction measures them in year 10, so we will be changing from year 10 to year 9. That is not all of them. We might cross over to Dr Mercer and Ms Weddell to talk about some of the other features.

**Dr Mercer**—I presume that you are referring to the plain English reporting for parents and perhaps school performance information as areas on which education authorities have asked for clarification.

**Senator CARR**—A range of concerns have been put to me. You are telling me about ones that have been put to you.

**Dr Mercer**—Certainly those are new areas and certainly those are areas that education authorities have been asking a number of questions about. As Mr Evans indicated, we are now in a process of speaking bilaterally to each of the states and territories, both government and non-government sectors, to allow them the opportunity to raise any issues around the range of education accountability issues.

**Senator CARR**—Is it the case that there are provisions available for school systems to seek exemptions from any of the clauses in this new agreement?

**Dr Mercer**—There is provision. Ms Weddell will be able to talk about the room for exemptions under the benchmark targets.

**Ms Weddell**—I think you are asking about exemptions under—

**Senator CARR**—Clauses 16, 20, 23(2) and 33 of the proposed agreement. The minister has the broadly based power to deem that certain schools are exempt from the provisions of the agreement. Is that true or not?

**Mr Evans**—I am looking through the draft agreement at the moment.

**Dr Mercer**—While Mr Evans is checking that, we can certainly explain the policy around exemptions for students in regard to the national benchmarks.

**Mr Evans**—Would you mind reading out those clauses again?

**Senator CARR**—They are sections 16, 20, 23(2), 33 of the act, which allow the minister to apply any conditions he deems appropriate to the provision of funding. Conversely under these or any other clauses he is able to exempt schools or school systems. Is that true?

**Mr Evans**—We will look through the document and come back to you in a second.

**Ms Wall**—Are you referring to the act and not the agreement?

**Senator CARR**—The act, which will be reflected in the agreement, will it not? That is what people are worried about, isn't it—the broad-ranging nature of the act?

**Mr Evans**—Looking at section 16, it looks to be fairly unchanged from what was in place in the previous quadrennium. Section 20 looks similar to a clause that was in the previous agreement. The concern of a particular state might be the form of the regulation that is made pursuant to the act and the invoking of section 20.

Section 23(2) again is similar to a section that was in the earlier quadrennial legislation. Again the states, both at this stage and before the previous quadrennium, expressed concerns at the open ended nature of section 23(2), which provides the minister with the ability to include other conditions that the minister thinks appropriate in relation to an organisation. I believe section 33, again, would have been in the previous legislation. My summary, on looking at the clauses that you have referred me to, is that in the larger part they were in the previous legislation. I will check that in the morning. If anything has changed on that, I will come back to you.

**Senator CARR**—Thank you.

**Mr Evans**—I make an observation that the concern here is not so much the actual wording that is there but the way in which a minister might invoke other conditions using the power that the legislation has provided.

**Senator CARR**—That is right. It is a very broad discretion on the implementation, is it not?

**Mr Evans**—It is a broad discretion, and we referred to the fact that some of this has been discussed at MCEETYA. In part, if a state had a particular issue, it would not expect that the Australian government minister would simply unilaterally invoke a particular condition. There are processes of consultation that are gone through, whether directly from minister to minister, at ministerial council meetings or through discussions that we, DEST, hold with individual state departments. We have been in the business of working with these organisations both government and non-government for a number of years now, Senator, as you are fully aware.

**Senator CARR**—I am only too well aware, but I am saying that under these present arrangements, and given the general deterioration of the relationship with the states, why wouldn't a state minister be concerned about the breadth of the discretion on behalf of the minister that can be clearly argued as part of this law?

**Mr Evans**—I am best advised that we have not had any direct matters raised about those particular provisions of the act. The matters raised have been more about particular elements of some of the conditions of funding that would form the basis of regulations made pursuant to the act.

**Senator CARR**—The MCEETYA paper, at item 9.1: 'Enhanced reporting of literacy and numeracy outcomes and testing load', sets out a series of concerns as I read that particular

provision, and actually calls for a report on the trial including a whole range of matters thereto:

- i. The rigour of the proposed national tests;
- ii. The suitability of the Statements of Learning for the development of national tests at Years 3, 5 and 9;
- iii. Whether the proposed national tests provide sufficient diagnostic information ...
- iv. The development of new standards to cover the full range of student achievement ...
- v. A revision of existing benchmark standards ...

They seem to me to suggest that there is considerable reservation.

**Ms Paul**—Can you remind us which state that letter was from?

**Senator CARR**—Sorry? These are the MCEETYA papers.

**Ms Paul**—Okay.

**Ms Weddell**—The issue around enhanced reporting of literacy and numeracy outcomes and testing load are issues that the MCEETYA forums and a particular task force, the PMRT, have been working with for some time. The issues that were considered at the latest MCEETYA forums certainly did note the testing load, an estimated cost around national assessment. That work had been of interest to states and territories over most of last year, when work was being done to move to looking at a common instrument for literacy and numeracy around the country, understanding that assessment against national literacy and numeracy benchmarks is currently carried out by individual and different state and territory tests around the country. For some time there has been some work on enhanced reporting of literacy and numeracy, and moving to a common instrument was one of those enhancements. Part of the enhancements and the work that was being looked at and the work that was being done was to look towards next year, 2006, to start trialling common instruments in literacy and numeracy and comment about making sure that those instruments were comparable to the kind of quality that we see in our state and territory tests on literacy and numeracy that were being developed over last year, hence the paper brought by the PMRT to council for consideration that we see here.

The issue around national assessment has been of great interest to all the parties that we are talking to through our bilateral and multilateral forums with stakeholders. As Mr Evans just said, the new part of national assessment is the gap that has been there for some time in terms of looking at a national assessment over year 9 and full cohort assessment for literacy and numeracy at year 9. The act does provide for national assessment of literacy and numeracy across years 3, 5 and 7, which has been there to date, and additionally year 9. It also recognises the important national work of sample assessments every three years across ICT, science and civics. It also recognises how important it is to benchmark Australian performance with the work that states already participate in terms of PISA and TIMMS. The whole package that is part of what is being considered by states and territories and those signing up to their agreements is a national assessment framework that builds on what has been there for the last four years, adds in year 9 and recognises the current practice in participation in international samples.

**Senator CARR**—I have an article from the *West Australian* dated 14 May where the Western Australian minister for education says she is prepared to put at risk the \$230 million that is being proposed under this agreement because it:

... would impose explicit teaching of Australian values and compulsory physical education in State Schools.

She says she was angry at the fact that it provides opportunity for parents' groups to bypass the state and apply directly to the federal government for capital programs. She said that when she asked the minister for education, Brendan Nelson, at the MCEETYA meeting if the Commonwealth done any studies into how much this plan would actually cost to administer, Dr Nelson said he did not know. The article continued:

She said she would be mad to agree to install an education program without knowing the long-term financial implications.

Mr Evans, can you confirm that there has been no work done on what the cost of compliance is with this agreement?

**Mr Evans**—That is a complex question. The element that I believe you are referring to is the Investing in our Schools program, which is the billion dollars that came out of an election commitment by the government late last year. For the government sector that is essentially some \$700 million over the next four years. What that \$700 million will be spent on is largely dependent on what individual school communities propose it should be spent on. The impact of the cost in future years will depend on the specific items. For instance, if a school community in Queensland wished it to be for airconditioners to cool the classrooms down then, yes, there would be a recurrent cost element to the school when the airconditioners were used. It would be a different cost structure if a school community wanted to buy a bus.

**Senator CARR**—Sure. Mr Evans, all I want to know is: have you done any assessment of the compliance costs for the states?

**Mr Evans**—No, just like I did not do an assessment of the compliance costs for the states under the mainstream capital program, but the states still seem to want to take Commonwealth money.

**Senator CARR**—The education minister in Western Australia also describes this as a 'take it or leave it' deal. That is what it is, isn't it? He is right about that.

**Mr Evans**—She, Senator.

**Senator CARR**—She. My apologies.

**Mr Evans**—I cannot speak on how ministers might want to put a particular spin on a particular statement, so I do not usually get into that area.

**Senator CARR**—So is this agreement up for negotiation or is it a take it or leave it proposition?

**Ms Paul**—We said we have been having bilateral discussions.

**Mr Evans**—You have probably seen the draft MCEETYA resolutions and you have probably got them with you. You will see under item 6(ii) it says:

... the Australian Government will subsequently negotiate bi-laterally with the jurisdictions and sectors by Friday 10 June in an attempt to resolve outstanding issues; and  
the PMRT—

Performance Measurement and Reporting Taskforce—

will convene a multi-lateral meeting of all relevant parties nationally to finalise recommendations to the Australian Government on the Regulations.

**Senator CARR**—Right. What I have got here is your letter, Mr Evans—the letter that outlined the details of the draft regulations. It appears to be undated. The letter outlined that comments should be back to Catherine Wall by 20 May, which of course is the date referred to in the MCEETYA resolution. What comments were back by 20 May?

**Ms Wall**—That date was extended, because a number of stakeholders indicated that they would have difficulty meeting that date. So we agreed to extend it to 3 June. We have been receiving from the non-government sector numbers of responses, and I expect that we will receive quite a few over the next few days. The bilaterals with the state governments had been held simultaneously.

**Senator CARR**—Will these agreements differ from state to state?

**Ms Wall**—Essentially, no.

**Senator CARR**—So how can they be negotiations if they are the same agreement for every state?

**Ms Wall**—The focus of the current bilaterals is generally around the draft form of regulations, which are separate to the agreements.

**Senator CARR**—Mr Evans, while your letter does not have a date, it does have the month of April. It says:

However, parents will be entitled to withdraw their child from any reporting or assessment conditions that they feel are inappropriate for their child.

What does that mean?

**Mr Evans**—I will cross to Ms Weddell on this one.

**Ms Weddell**—That goes to the heart of the reporting that is provided for within the act and in the regulations. In terms of the kinds of reports that parents may receive from schools, if there are parts of those reports they do not particularly want to receive they can indicate that to the school. The reference to that was placed in the letter because of concerns that we already knew of in April around some of the reporting requirements in terms of comparative reporting. Some parents had made representations to say that that might not be consistent with the philosophies of their schools.

**Senator CARR**—I understand that. But it is not just reporting. It says 'or assessment conditions'. It is not just reporting, is it?

**Ms Weddell**—In terms of assessment, the reference there is to the current arrangement that has been there in the last four years because of the fact that some parents feel a particular way about their child participating in standardised—

**Senator CARR**—In benchmark tests.

**Ms Weddell**—assessment.

**Mr Evans**—For instance, you find a parent of a student with a disability might not believe that undertaking a particular literacy test is appropriate for their child.

**Senator CARR**—Yes. There are lots of things.

**Mr Evans**—So they can quite easily seek not to participate.

**Senator CARR**—Alternatively, given the conditions for Indigenous education now, it is actually incumbent upon people sitting these tests to establish criteria for financial assistance, is it not?

**Mr Evans**—You might need to ask that question of Mr Greer tomorrow morning.

**Senator CARR**—That is right, though, isn't it? Indigenous students have to fail benchmark tests to get money.

**Ms Weddell**—Would you be asking, Senator Carr, if that was a condition under a shared responsibility agreement negotiated with the community?

**Senator CARR**—No. I am saying it is a condition under the department of education's funding arrangements for Indigenous education programs.

**Ms Weddell**—That one in reference to Indigenous education might need to be directed to Mr Greer.

**Senator CROSSIN**—I have a couple of questions there. In-school tuition funding is calculated on the number of students who sit and fail the year 3, 5 and 7 testing. If there is a child who does not turn up to school on that day, they are not counted in the figures. It is an extremely skewed method. Are you saying that parents can actually put in a request to exempt students from sitting particular tests and being assessed in that particular way?

**Ms Weddell**—Parents have always been able to withdraw students from sitting state assessments if they so wish. In terms of how this aspect of testing has fared over the last few years, there have been improvements in test administration and in the understanding of what the tests are about in terms of teaching and learning. We have found that there is an increasing number of parents who are more willing to have their children participate in testing.

**Senator CROSSIN**—So you are unable to tell us what the impact would be on the ITAS funding if parents chose to not have their children not sit that test. Is that right? Are you telling us to ask that of the Indigenous area?

**Ms Weddell**—That might be a question that you might like to direct to Mr Greer. I also want to go back to the word 'exemption', which was mentioned a moment ago. If a student is exempted for whatever reason—and there are a number of reasons why a student may be exempted, and it may well be the principal or the parent for whatever reason saying that it is not appropriate for that child to sit the test—then that child is known to be exempted. Exempted students are actually part of the benchmark calculation and regarded as being below benchmark.

So really, the only ones that might be missed would be those that might be withdrawn by their parents. Certainly, as far as I know, fewer and fewer parents are doing that each year. When benchmark testing or state based standardised testing was introduced some years ago, in some parts of some schools—some of the Steiner schools, for example—there were certainly parents who were philosophically opposed to the testing. But the work that has been done by states and territories and ourselves in terms of the benefits around assessment has meant that those rates have gone right down.

**Senator CROSSIN**—Can I ask you about the plain English report card? Do school councils have an opportunity to not adopt that report card? Must schools adopt that format in reporting to parents or is it optional?

**Ms Weddell**—There are features of the plain English report card—

**Senator CROSSIN**—Yes, I have seen one. That is why I asked.

**Ms Weddell**—that are required.

**Senator CROSSIN**—The reason I ask is that where states or territories have devolution of schools and embraced that in a big way some years ago, school councils make an enormous effort to actually produce their own reporting system. They go through months of consultation with parents. I do not know if you are aware of this, but in the Northern Territory—not that I agree with this at all—we actually get a bar graph of where the national benchmark is and then where our child is in relation to that. If a school decides that that is what they want to keep, must they adopt the plain English report card?

**Ms Paul**—It is probably worth mentioning that the regulations set out a set of principles with an example—

**Senator CROSSIN**—Yes, I have seen them.

**Ms Paul**—But they do not require you to follow that form. It is just an example. So as long as the plain English report card meets the principles of plain English, it does not have to look like the one that you see.

**Senator CROSSIN**—So schools do not have to report a child's performance on an A to E basis? All schools do not have to allocate an A to E grade for students in subjects?

**Ms Weddell**—At this stage that is certainly part of the regulations. That form is attached to the act. In terms of the principles of using plain language, they are in the act and they also include the timeliness of reports—twice a year—and the kinds of things like that that most schools do.

**Senator CROSSIN**—So in other words schools must adopt this? That is what you are telling me—there is no option here.

**Ms Paul**—In terms of the A, B, C, D, E grade, it is not written like that. It is written in terms of comparison with peer group and so on—Dr Mercer will know. But yes, it is a requirement.

**Senator CROSSIN**—So a school could not have 'performing very well', 'performing at level', or 'underperforming'.

**Dr Mercer**—We should point out that what will be required is reporting against levels. So it could be A to E or equivalent—that is how it is set out in the draft regulations. It is indeed this sort of feedback at the moment that we are getting from education authorities.

**Ms Weddell**—The kind of feedback that you just gave there essentially refers to a three-point scale, whereas A to E or its equivalent is a five-point scale. Some of the kinds of conversations we are having with states and territories and others through our bilaterals are in terms of us understanding more clearly where states and territories and education authorities are with their systems and with their curriculum standards and reporting against those standards and reporting to parents in a very clear and plain way. We do recognise the work that schools do with their individual communities around the reports. It does take time and they are honed, if you like, to the individual needs of various school communities. We are not in any way suggesting that that should not happen, but what is being suggested through these regulations—or, firstly, the principles in the act and then these regulations—is that schools not only set out what it is in terms of the curriculum standard that is being aimed for but how well that is going in terms of what in this case is referred to as A to E.

**Senator CROSSIN**—If state or territory education systems are satisfied that schools are doing that adequately now, can you explain to me why the Commonwealth wants to get involved in the administration and reporting of students at this level?

**Ms Paul**—It really came from the view of the government that parents wanted to know where their child was in relation to peers. That is the principle that is in the regulations that this comes from. The principle is about some way of knowing where your child sits relative to his or her peers.

**Senator CROSSIN**—However educationally sound or unsound that may be. But what I am suggesting is, if educational authorities tell you they have a comprehensive testing regime and they are satisfied in the way in which their schools report—and I guarantee you every school would report differently—is that not okay by the Commonwealth?

**Ms Paul**—It may well be.

**Senator CROSSIN**—Why do you need to seek to get involved at this level?

**Ms Paul**—Because the notion is that the Commonwealth is requiring the capacity to report how a child is going against their peer group. Certainly some of the states say: ‘We do it this way. We don’t call it A, B, C or D. We call it another four things.’ We say, ‘Yes, that is equivalent.’ But the principle is to have some way of rating a student against their peers.

**Ms Weddell**—In the bilaterals with states and territories there certainly is a movement towards trying to provide parents with much clearer information in terms of standards, not just in terms of the curriculum standards—you would probably be familiar with curriculum framework standards—but in terms of against those standards, from A meaning ‘excellent’ to E meaning ‘not so well’.

**Senator CROSSIN**—It is pretty dangerous though, isn’t it? your child may well be in the top 10 percentile of their class one year. They move to another class the following year to be challenged and find they are in the bottom 10 percentile that year. It is a fairly dangerous educational rationale.

**Ms Paul**—We would encourage schools to offer more information than this, obviously, about where the class sits or where the school sits. Of course many schools do that already.

**CHAIR**—I think Senator Barnett has some questions.

**Senator BARNETT**—Ms Paul, isn't it a fact that we want better reporting for parents and that that is part of the reason why the government brought in this policy? You want plain English reporting for parents so that they understand where their kids are at with respect to national standards relative to the child's peers. That is the policy. That is why it was embraced.

**Senator CARR**—But the reports are still incomprehensible. Let us get down to facts.

**Senator BARNETT**—That is why it has been embraced at the most recent federal election.

**Senator CARR**—They are incomprehensible.

**Ms Paul**—Hopefully, they will be more comprehensible after this.

**Senator BARTLETT**—Ms Paul, I seek your views in respect of the states and their response. Our funding under this last budget was at record levels for schools across the country—\$8.5 billion. In terms of state schools, there was \$3 billion, an increase of \$222 million, or eight per cent over the last year. Since 1996, that was an increase of 93 per cent, or thereabouts.

**Senator CROSSIN**—You should just table the email, Senator.

**Senator BARNETT**—Let me ask the question, Senator Crossin, and Senator Carr.

**Senator CROSSIN**—Just table the email that you are reading.

**Senator BARNETT**—You have had all night. It is now 10 o'clock at night. Give us a go. In terms of the funding increases from the states, can you outline to this committee what level of funding support and increase for state schools is coming from the state governments? Can you assist the committee?

**Ms Paul**—It varies, of course, state by state.

**Senator BARNETT**—That is why I would like a state by state breakdown, then I would like to have a look at Tasmania.

**Senator CARR**—We will come back in the morning.

**Senator BARNETT**—Just because you don't like the question, Senator Carr.

**Senator CARR**—I don't like the question? If you actually knew anything about it, you would know how silly this proposition is.

**Ms Paul**—In terms of state government funding to state schools announced in the most recent budgets, Queensland's has not yet been announced but there is 4.3 per cent for New South Wales, 4.3 per cent for Victoria, minus 0.4 per cent for South Australia, 2.5 per cent for WA, 7.1 per cent for Tasmania, 2.9 per cent for the Northern Territory and 2.6 per cent for the ACT.

**Senator BARNETT**—What was the ACT?

**Ms Paul**—It is 2.6 per cent.

**Senator BARNETT**—With respect to numeracy and literacy—if we can move on to benchmarking—I understand that the results for year 7 that were released just a few days ago by the minister show that one in six actually failed the national benchmark, which is a little disturbing of course. Can you give us a state-by-state breakdown in terms of the numeracy and literacy results, or can you take that on notice and let us know?

**Ms Paul**—I think we can get that.

**Senator CROSSIN**—Didn't the minister issue a press release about that a day or so ago?

**Ms Paul**—He did indeed.

**Senator CROSSIN**—Perhaps you could table that.

**Senator BARNETT**—Was there a state-by-state breakdown?

**Senator CROSSIN**—Yes.

**Ms Paul**—No, I don't believe so.

**Senator BARNETT**—I didn't see it, Senator Crossin; do you have it with you?

**Senator CROSSIN**—I don't have it with me, but it is on the DEST web site.

**CHAIR**—In that case, Senator Barnett, it can be provided. Right—next question, please.

**Senator BARNETT**—When you say 'provided', do you mean by the department?

**Dr Mercer**—Yes, we will provide that.

**Senator BARNETT**—Thank you, that is excellent. My fourth question relates to the physical activity of at least two hours per week in primary, junior and secondary schools. How is that to be assessed?

**Dr Mercer**—The physical activity, in terms of the two hours, was calculated based on World Health Organisation guidelines. We intend to ask in the general certification each year that education authorities advise us that they are abiding by that and that there are at least two hours of physical activity each week, allowing for some commonsense exemptions—for example, for students with disabilities.

**Senator BARNETT**—Sure.

**Dr Mercer**—And we have said that we should reinforce that as a minimum.

**Senator BARNETT**—And every state has now acceded or consented to that—is that correct?

**Dr Mercer**—Not all states have signed the funding agreements yet.

**Ms Paul**—They will when they have signed the agreements.

**Senator BARNETT**—That is part of it?

**Ms Paul**—Yes, it is. It is a requirement.

**Senator BARNETT**—Does physical activity include being in a PE class, standing there and taking instructions? Is that the definition of physical activity?

**Dr Mercer**—Yes. There is a definition here. Again, we have gone to the experts around for an all-encompassing definition of what can be covered under physical activity, including PE classes, sports—

**Senator BARNETT**—Could you table that for us, please.

**Dr Mercer**—That definition? Yes.

**Senator CARR**—Could I have some advice as to how the additional funding for non-government schools under the Investing in Our Schools program will be allocated?

**Mr Evans**—The allocation will be through the block grant authorities that operate in each state. For 2005 the allocation would be in line with how the block grant authority allocates funds at present. So you would expect that, whereas before they have had to draw a line when the available funding had been allocated, they can draw the line further down a list of acceptable projects with this additional money that will be made available in 2005. For 2006, 2007 and 2008 the minister recently made a decision that there will also be small grants that can be administered by block grant authorities, so smaller proposals that non-government school communities might wish to have funded could be funded through funding recommended by block grant authorities.

**Senator CARR**—But it will be recommended by the block grant authority?

**Mr Evans**—They are the words that I have heard the minister say.

**Senator CARR**—What is the aggregate appropriation for these smaller grants?

**Ms Dacey**—We have not worked through the final detail, but we are looking towards a cap of approximately \$50,000.

**Senator CARR**—That is the grant.

**Ms Dacey**—That is \$100 million out of the \$300 million over the life of the program.

**Senator CARR**—So it is a third for small grants.

**Ms Dacey**—That is correct.

**Senator CARR**—Will parents of children in non-government schools be able to make applications for moneys, similar to the way in which parents in government schools will be able to make applications?

**Ms Dacey**—No, it will not be a submission based process with an application form in the way that the government system has been set up. We are examining how much capacity parents currently have to put forward projects through to block grants for consideration and recommendation to the minister, and we will go through that process in the next couple of months to see if we need to look at ways of changing that.

**Senator CARR**—Why is there a difference between the non-government and government school parents in this matter?

**Mr Evans**—I think it gets to the heart of the difference between the programs in the government sector and the non-government sector. What we have found in the course of the work that we have put in on this one is that, in particular in the government sector, we have hit a strong area where the moneys that were provided were determined by state education

authorities or facilities areas, not necessarily with high levels of consultation with school communities. There was a concern from school communities that there were these areas of unmet need that were not being responded to, and that the opportunity that the Commonwealth government provided, in terms of allowing for school communities to apply directly for funds and for those school communities' needs to be met directly, was an area that has met with resounding support from school communities.

**Senator CARR**—Why hasn't the same resounding support been received from non-government school parents, if that offer was to be made to them?

**Mr Evans**—It is the nature of the non-government sector. A lot of the parent and school communities already participated in the development of proposals in non-government schools. They are part of the school community and they can already apply to the block grant authorities and have proposals approved.

**Senator CARR**—That is an extraordinary claim. Are you saying that government schools do not involve parents?

**Mr Evans**—No, I am saying that, in a lot of the capital works areas, the decisions that are taken are taken against specific criteria about what can be funded, when it will be funded and the availability of money. There is less—

**Senator CARR**—Don't school councils and parent committees make those sorts of considerations?

**Mr Evans**—We have been told that a number of school councils and school communities have been crying out for 10 to 15 years for projects to be undertaken and that those cries have been falling on deaf ears. This way, some of those school communities can make applications directly to the Australian government and those initiatives will get funded. Things like broken windows, worn-out carpet and the airconditioner that has not worked for three years can get fixed if that is what the school community wants. We are expecting that they will be the issues that will win the funds.

**Senator CARR**—In the Catholic education system, parents will not be able to make that direct application.

**Mr Evans**—Parents can do that through the proposals that come from individual schools.

**Senator CARR**—But through the school.

**Mr Evans**—That is what we are requiring here in a way too. Even in the government sector, we are requiring that, if a school community wants it, it still needs the sign-off from the principal of the school to show that it is supported in that way.

**Senator CARR**—Will any of this \$100 million be quarantined to go to the most needy non-government schools?

**Mr Evans**—Ms Dacey just mentioned that it is a fairly recent decision on quarantining this \$100 million. This will be operating in 2006, so we are still working through the detail as to how that would operate. Our efforts at the moment are dedicated to how the program will operate in 2005.

**Senator CARR**—So there is a fair bit of work to be done here?

**Mr Evans**—There is, but there is in every new program.

**Senator CARR**—When was the decision made by the minister to make these changes on the allocative mechanism?

**Mr Evans**—Do you mean the quarantining of the \$100 million?

**Senator CARR**—The \$100 million—that is an allocative mechanism, isn't it? You are saying that the \$100 million would go through small grants. When was the decision made on that?

**Mr Evans**—Do not hold me to it, but I believe it was within the last week.

**Senator CARR**—So it is very recent?

**Mr Evans**—Correct.

**Senator CARR**—Was it a decision that the minister himself made, or was it a cabinet decision?

**Mr Evans**—The minister made it.

**Senator CARR**—On advice from the department?

**Mr Evans**—The department provided advice, and the minister made a decision.

**Senator CARR**—This was initiated by the minister, rather than the department, though?

**Mr Evans**—I am not going to go into that.

**Ms Paul**—There is being quite a bit of feedback, not surprisingly, given where we are in the process, and some of it has gone to the need for smaller projects.

**Senator CARR**—I understand that applications for funding for projects up to \$50,000 closed on 31 May under the Investing in Our Schools program. That is right, isn't it?

**Mr Evans**—Correct.

**Senator CARR**—How many were received?

**Ms Dacey**—I can give you a number, but I think it is fair to say we are still opening a lot of envelopes that are coming through the mail—literally hundreds. The number I can give you, with a couple of caveats, is 2,824. We are still accepting mail that has been date stamped before the 31st. We are also going through that number to make sure that there is no duplication, because some people have decided to post as well as fax, as well as apply online, to make sure that their application got to us. So there might be some double counting, and we are just going through that.

**Senator CARR**—That is fair enough. I can appreciate that with the number of applications. Applications for larger projects, up to \$150,000, close on 2 August. That is right, isn't it?

**Ms Dacey**—Correct.

**Senator CARR**—So you have no indication at this stage of the level of interest in those?

**Ms Dacey**—I can only presume that it will be similar to, if not higher than, the first round.

**Mr Evans**—Our experience in this area is that you get very few applications that come in early, and you get almost the last—

**Senator CARR**—That is the way schools work; that is right.

**Mr Evans**—95 per cent come in on the last two days, and the following few days.

**Senator CARR**—That is fair enough. Can you give me a breakdown of where the 2,824 come from?

**Ms Dacey**—By state?

**Senator CARR**—Do you have it by state?

**Ms Dacey**—Yes.

**Senator CARR**—And the sector of schooling?

**Ms Dacey**—No, I cannot give you that.

**Senator CARR**—Can you give it to me by state?

**Mr Evans**—You say ‘sector’; these are all from the government sector.

**Ms Dacey**—They are all government schools.

**Senator CARR**—All government sector?

**Ms Dacey**—Yes.

**Senator CARR**—Are they primary or secondary?

**Ms Dacey**—That is what I thought you meant, and I cannot give you that breakdown.

**Senator CARR**—But you will by the return of answers?

**Ms Paul**—Yes.

**Senator CARR**—That is not for six weeks.

**Ms Paul**—Easily.

**Senator CROSSIN**—But you can tell us now the state and territory breakdown?

**Ms Dacey**—Yes. I have them split into online and paper, so I need to do some quick adding up.

**Senator CARR**—Sure. It is a bit hard. You can take it on notice, given the hour.

**Ms Paul**—It is pretty impressive, given that it closed yesterday. I am quite surprised.

**Senator CARR**—I am extremely impressed. But I cannot hold the officer to an answer, given that she is trying to work it—

**Ms Dacey**—I will do them now and I will read them out to you in a couple of minutes.

**Senator CARR**—That is very nice of you. That is great. If you are going to hand up a table, that is fantastic, extraordinary.

**Ms Dacey**—My people have already done it for me.

**Senator CARR**—Very nice.

**Ms Dacey**—The ACT—

**Senator CARR**—Are you going to hand up a table?

**Ms Paul**—No, she is going to read it out.

**Ms Dacey**—The ACT is 37, New South Wales is 794, the Northern Territory is 41, Queensland is 458, South Australia is 210, Tasmania is 173, Victoria is 809 and Western Australia is 302. To the best of our knowledge, that does not include some 800 faxes either.

**Senator CARR**—These are all minor works projects, aren't they?

**Ms Paul**—We should note that there may be duplicates.

**Senator CARR**—I am not holding the officers to an answer of that type, given what you have explained.

**Ms Dacey**—The nature of the projects, up to \$50,000, could be minor works or it could be simple procurements.

**Senator CARR**—But you do not get much for \$50,000 in terms of capital in schools, do you?

**Ms Dacey**—We are seeing a trend towards covered shade structures and that sort of thing—really simple things.

**Senator CROSSIN**—Do not forget that it takes a week to 10 days to get mail from the Territory.

**Ms Dacey**—We have been reminded of that.

**Senator CROSSIN**—Make sure that the voice of the bush is always there before your eyes! In some places, the mail plane only goes in every Thursday or Friday, so you might not get them till next month.

**Mr Evans**—The other thing is that this is not a drop-dead date. This program is around for four years, so in that sense, we will be seeing—

**Senator CROSSIN**—Just bear that in mind.

**Senator CARR**—In terms of the panel that makes selections of these projects, there are representative state school parents bodies, state school primary principals, professional associations, secondary school principals and an adviser from the state authority. Who is the adviser? What is meant by the term adviser?

**Ms Dacey**—We have gone out to the states and asked them to give us the name of someone who can provide the panel with technical advice about things like whether the projects put forward are on state-funding priority lists for the next 12 months, whether the projects that are put forward require matching state government funding or a co-contribution that is not evident so that it makes them unviable.

**Ms Paul**—It was something the states very much wanted us to do, not surprisingly, so that they could have their input in terms of how these projects align with their own priorities and so on. So we are happy to have that involvement.

**Senator CROSSIN**—I am assuming that things like an application for a shade cloth structure in the Territory would need to comply with cyclone standards—that sort of thing.

**Ms Dacey**—That is a good example.

**Mr Evans**—At the end of the day, the product is going to be an item in a government school, so it has to be accepted that it is satisfactory.

**Senator CARR**—Are unincorporated bodies eligible to receive funding under this program?

**Ms Dacey**—They are. School communities have been given the option to apply as either a government school community organisation or what we term a ‘school parent body’. A school parent body might be parents and friends or parents and citizens. Those can be unincorporated. It could be a collection of people who have an interest in the school. We are not seeking to proscribe.

**Senator CARR**—But, in regard to, say, New South Wales, isn’t it a fact that there are prohibitions on unincorporated bodies operating in schools receiving this money?

**Ms Dacey**—With those school parent bodies that are unincorporated, the money goes to the New South Wales department of education for them to project manage and to deliver the project on their behalf. So they would not actually be receiving the funds, but they would, through their application, be effectively directing where the funding would go to and what for.

**Senator CARR**—Given that statement, I wonder how the minister can be beside himself with outrage that the New South Wales government has sought to ‘shamelessly appropriate parents’ money to prop up their own miserable capital works and maintenance budget,’ if that is all they are doing.

**Mr Evans**—I think the issue there was that, as I indicated to you earlier, we have not yet got a signed agreement with the state of New South Wales and yet the expenditure of some of this money is already showing up in state budget papers. The New South Wales budget that came down recently credits some of the infrastructure expenditure that New South Wales has talked about. That infrastructure expenditure is in fact Commonwealth money that is provided through this Investing in our Schools program for which New South Wales is yet to enter into a contract with us.

**Senator CARR**—In regard to capital funding, is it the case that the minister indicated that there would be some priority to less well-off schools in receiving grants under these guidelines?

**Ms Dacey**—Is that government schools or non-government schools?

**Senator CARR**—This is for government schools.

**Ms Dacey**—For Investing in Our Schools?

**Senator CARR**—Yes. Is there any guideline provision for that?

**Ms Dacey**—No.

**Senator CARR**—E449\_05 was the question that I asked.

**Ms Paul**—These guidelines go to need, but the need in this regard is about the physical need. It may be a very run-down facility that has a dire need or a longstanding need, not a

need in terms of socioeconomics—although they may of course join up. But the need in our guidelines is about physical need.

**Senator CARR**—Given that this new program provides this level of funding—\$50,000—who will make decisions about where the money goes?

**Mr Evans**—It will be recommendations that have been made by the assessment panels based on the applications that we will be going through.

**Senator CARR**—Is there any discretion in where money should go?

**Mr Evans**—When you say ‘discretion’, I am not sure what you mean.

**Senator CARR**—Ministerial discretion.

**Mr Evans**—At the end of the day, the minister is the final decision maker.

**Ms Paul**—It is a ministerial decision.

**Senator CARR**—So there is discretion.

**Ms Paul**—It is his decision.

**Senator CARR**—So the minister’s office will have to sign off on individual grants.

**Ms Paul**—The advice goes to the minister.

**Senator CARR**—The minister will have to sign off on individual grants.

**Mr Evans**—Or the minister might sign off on a schedule of the grants.

**Ms Paul**—From the assessing body.

**Senator CARR**—But the ultimate decision about who gets the money will be the minister’s?

**Ms Paul**—Yes.

**Senator CARR**—I understand that all members of parliament will be notified of successful applicants in their electorates. When will they be notified?

**Mr Evans**—There are some steps there; I just have to roll through them in my mind. The minister would make a decision. The department would then know that these particular schools have been successful. I expect that individual members would possibly be given an opportunity to pass on the good news to the school shortly before they got a letter from either the department or the minister that they were successful. That is how I would see it operating.

**Senator CARR**—When will senators be told?

**Mr Evans**—I think the commitment had been for members.

**Senator CROSSIN**—All members, irrespective of which party or which seat?

**Mr Evans**—In the discussions I have had with the minister, that was the basis.

**Senator CARR**—So senators will not be told—is that a fair implication from your answer?

**Senator CROSSIN**—We will be totally irrelevant after 1 July, won’t we?

**Senator CARR**—I would not worry too much about that!

**Mr Evans**—It may be that there would be opportunities for members to pass on to senators in their state the opportunity to participate in any openings or announcements at a local school.

**Senator CARR**—But the department will not be providing senators with that advice?

**Ms Paul**—We have not built it into our process so far.

**Senator CARR**—When it comes to the openings in the applicants, who will be notified?

**Ms Paul**—That is set out in the guidelines in terms of recognition. You might have seen that on the web.

**Senator Vanstone**—What is this in relation to?

**Ms Paul**—This is the \$1 billion Investing in Our Schools. The recognition requirements basically are as follows.

**Ms Dacey**—They are: acknowledging Australian government assistance in any publicity issued around it; conducting an official opening unless an exemption is granted—for example, if it is small or something; inviting the Australian government minister to the ceremony at a convenient date, although his or her representative may attend; and, if it is a large enough structure, affixing a plaque with suitable wording to it.

**Ms Paul**—It lines up pretty well with the other normal capital recognition requirements.

**Senator CARR**—So only government members can do the openings—is that right?

**Ms Paul**—No, but the guidelines require the invitation.

**Senator VANSTONE**—Perhaps the officers can help us with where the money comes from. It is out of a different bucket, I know—it goes to the states, I think. Even though the Commonwealth has made a significant contribution they apparently cannot go along to some school things unless the state minister or whatever agrees.

**CHAIR**—I speak from personal experience and I stand to be corrected. If the state amount is bigger then normally the federal person is invited—

**Senator CARR**—Yes, that is right—it is 51 per cent.

**CHAIR**—but the state person actually does the opening.

**Ms Paul**—In the capital guidelines it is 50 per cent.

**Senator CARR**—Standard procedure is that it is whoever puts in the biggest pile of dollars?

**Ms Paul**—Yes.

**Senator CARR**—There has been a long-standing argument about how you get to the 51 per cent and all sorts of games are played.

**Ms Paul**—In this case, the dollars are solely Australian government dollars.

**Senator CARR**—This is exactly my point. This is an unusual set of circumstances where only government members are advised of openings. Is that right?

**Ms Paul**—No, we just said that members are advised. This is about ceremonies and so on?

**Senator CARR**—Yes.

**Ms Paul**—There are two things here—one is announcement and information, and the commitment is to all members, and then there are any ceremonies that might occur. Of course, they will not occur in all circumstances but if they do then, in a similar way to the capital guidelines, the guidelines require an Australian government representative to be invited. They may say no or they may not be able to make it et cetera. There may be other people involved in the ceremony including other members and so on.

**Senator CARR**—The recent example of the member for New England, which was raised publicly, was about projects and a view being taken that he was not able to attend an opening.

**Senator Vanstone**—Did that relate to schools?

**Senator CARR**—Yes, schools specifically. How did that happen?

**Ms Dacey**—Without being privy to absolutely everything that happened, I actually think it was just an honest mistake on the part of the school.

**Senator CARR**—It was a bit more than that. The school was not the problem. It was advised by the department. Is that right?

**Ms Paul**—In terms of what?

**Senator CARR**—Not being able to attend. It had to be opened by an official—

**Ms Paul**—We do not organise the school openings.

**Senator CARR**—So the local member will be invited to openings. Is that the arrangement?

**Ms Paul**—Ms Dacey read it. I think it said the minister or his representative.

**Senator CARR**—Yes, the minister would be invited—that is fair enough. Some ministers turn up to the opening of an envelope and others do not. Are you saying that local members will always be invited to openings?

**Ms Dacey**—I think our position would be that it is a matter for the school if they want to invite someone and that has meaning. There is nothing in these guidelines that prohibits it.

**CHAIR**—It is normal in my experience. I am speaking as a professional school opener. That is normal in my experience.

**Senator Vanstone**—I do not think I have ever been to an opening in a school where the local member has not been there.

**CHAIR**—I quite agree.

**Ms Paul**—What happens normally with the capital programs is that there is contact—in this case, I guess, from the school, although I am not sure how it goes—to, I imagine, the parliamentary secretary's office or the minister's office. The school's liaison officer works out whether there is an availability of an Australian government member or duty senator or the minister or the minister's representative or whatever. Sometimes there is and sometimes there is not. But that is worked out between the school and the minister's officers or the parliamentary secretary's office.

**Senator CARR**—So, in the case of New England, the advice that came from the Parliamentary Secretary to the Minister for Education, Pat Farmer, to the member for New England was that he was not welcome at the opening and there had to be other arrangements, despite the fact that the school actually offered the opening arrangements to a government member. The government member accepted and then pulled out. Are you saying that that was just a mistake?

**Ms Dacey**—I do not have the details.

**Mr Evans**—The principle is that a local member should be able to attend, even if they are not officiating at a particular opening. The fact that we will be writing to all members to advise them of successful projects in their electorates provides and connects them with the knowledge that a particular project has been announced, and they can make contact with the school and say, ‘I’d like to be invited to the opening.’

**Senator CARR**—Is there a provision in these arrangements for duty senators?

**Ms Paul**—Possibly. As happens now under the capital program, a school would contact the minister’s or the parliamentary secretary’s office and, as I said before, there would be liaison as to who might be, or might not be, available—be it the minister, the minister’s representative, a duty senator, a local member and so on. The guidelines say ‘the minister or his representatives’.

**Senator CARR**—Yes, that part is not unusual.

**Ms Paul**—No, not at all.

**Senator CARR**—That has been a standard provision. Where this has become more controversial is where the local member has been excluded.

**Mr Evans**—We are saying to you that we do not think that is the case here.

**Ms Paul**—That is right. There is nothing in the guidelines which would exclude them and, indeed, of course, they will know as well. They would have been advised.

**Senator CROSSIN**—I am assuming that, if a school has applied for \$10,000 to carpet the library or to put in six airconditioners, you would not have all that ceremony and stuff.

**Ms Paul**—That is right. And the guidelines allow for that. Some of these would be very small, and it would not necessarily be appropriate to have a ceremony.

**Mr Evans**—But, in relation to their frustrations about school communities, it might be a small school that cannot raise the money through fetes, and this provides an ideal opportunity to get those minor works into a school.

**Senator CARR**—Yes. And they would be allocated on the basis of need—

**Mr Evans**—Correct.

**Senator CARR**—and not by the degree of margin of the seat?

**Ms Paul**—The criteria are clear in the guidelines and the application form.

**Senator CARR**—I have some questions on another issue—not-for-profit schools. The Queensland minister Anna Bligh has reportedly wished to move legislation to prevent not-for-

profit schools getting access to government subsidies. What is the response of the Australian government to that proposal?

**Mr Evans**—Again, this was an item that was on the agenda at MCEETYA. A paper was put forward by Queensland, and the council noted that the proposed amendments to Queensland legislation assist in preventing access to public funding for non-government schools in situations where operators might be using or intending to establish mechanisms to inappropriately channel revenue from non-government school operations to other parties.

**Senator CARR**—That is MCEETYA's position. I am interested to know what the Commonwealth's position is.

**Ms Paul**—That includes the Australian government's position because it was agreed to by everybody.

**Senator CARR**—Yes, you know they are going to do it. But surely you would tell me that it is not possible for not-for-profit schools to receive Commonwealth funding.

**Mr Evans**—That is a feature of the Commonwealth legislation.

**Senator CARR**—Are ABC Learning Centres Ltd receiving any funding at the moment?

**Mr Evans**—I do not believe they are receiving any funding from the Australian government.

**Senator CROSSIN**—For schools?

**Mr Evans**—For schools. They might be getting some for child care.

**Ms Paul**—We do not say anything about child care.

**Senator CARR**—That is right. Your response is within this department and programs under the schools funding. My question relates to that. What about Independent Colleges Australia?

**Mr Evans**—Are you talking about a particular company?

**Senator CARR**—I understand that there is an overlap between the two organisations. Is that true?

**Mr Evans**—Yes, there is an overlap.

**Senator CARR**—In fact, that was a point that the Queensland government was making—that ABC Learning Centres Ltd is using the non-profit incarnation of Independent Colleges Australia, and it is one and the same entity. Is that right?

**Mr Evans**—They are not quite the same entity; there are degrees of separation from them but there are some connections there.

**Senator CARR**—How does that meet the Commonwealth criteria?

**Ms Wall**—They have not applied to us for funding. My understanding is that they have not yet obtained registration, so we have not seen any detail from them against our criteria for funding.

**Senator CROSSIN**—And if they have applied to you for funding for their colleges, we should ask that question of the VET sector?

**Ms Paul**—They would have had to have received registration from a state first, and that is the first barrier that they are not able to get over at the moment.

**Senator CROSSIN**—They might be a training provider.

**Mr Evans**—There is a bit of confusion. This other body, Independent Colleges Australia, proposes to commence schools, so it is not a college per se.

**Senator CROSSIN**—But it is an arm of ABC.

**Mr Evans**—I am not sure that I would call it an arm but there is a connection—there is a relationship there.

**Senator CROSSIN**—That is right.

**Senator CARR**—I have a series of questions. I have raised this topic with you before: Taylors, Reddam House and so on. Those types of colleges seem to identify themselves as for profit. They are various private entities such as Study Group Ltd. There is a whole range of networks operating here. Are you able to tell me that there is no threat to the Commonwealth conditions here as a result of the growth of these private companies?

**Mr Evans**—That is a very big ask on me in that some of these are emerging companies.

**Senator CARR**—That is my point. Given that Queensland felt the need to take this action and MCEETYA has obviously noted the action, is the Commonwealth considering similar arrangements?

**Mr Evans**—Similar action to what the Queensland government did?

**Senator CARR**—Yes.

**Mr Evans**—Not at this stage.

**Senator CARR**—What happens in a situation where the Queensland government registers ABC but does not give it funding?

**Mr Evans**—I think it would be slightly different. I see the issue hinging more on whether the Queensland government would register Independent Colleges Australia, who in turn would have an arrangement with ABC. The independent college would be the school.

**Senator CARR**—It might well be but the prospect is here—a situation where registration is granted but not funding.

**Mr Evans**—The legislation in Queensland means that independent colleges might not receive any funding from the state of Queensland.

**Senator CARR**—Yes, but where does that leave the Commonwealth legislation? They have state registration, which is the key that unlocks all the doors for the Commonwealth, isn't it?

**Mr Evans**—We would have to examine the company structure to see whether it met our conditions of not for profit or whether there was sufficient separation that independent colleges could be seen to be separate from ABC. We are hypothesising here.

**Senator CARR**—It strikes me that this is an ostrich-like approach to this problem.

**Mr Evans**—Until a proposal is made by an institution that wants to receive Australian government funding I have nothing to examine.

**Senator CARR**—Has there been a change in the application forms for flagpole funding? For instance, the original application form said that there was an agreement to invite a federal parliamentarian to attend a flag raising ceremony but now the arrangements refer to an Australian government representative. Is that right? Has there been a change in the conditions?

**Ms Dacey**—That is correct.

**Senator CARR**—Where did that change in policy come from?

**Ms Dacey**—It was done earlier this year to align with the fact that the source of funding changed. We sourced the money internally from a couple of different pots, and on 1 January it flipped over to our mainstream capital grant funding source. The changes were made to give greater consistency to the recognition requirements in that capital grants program.

**Senator CARR**—Who initiated the policy change?

**Ms Paul**—It is not a policy change; it is a funding source change. The department changed the guideline.

**Senator CARR**—What date was the change from ‘federal parliamentarian’ to ‘Australian government representative’ made on?

**Ms Paul**—It was when the program joined the capital program, which is on a calendar year basis, so the change would have been made early this calendar year.

**Senator CARR**—Can you give me details of advice or directions that have been given to the schools liaison officer in the office of the parliamentary secretary for education regarding their dealings with schools when seeking to organise a flagpole opening ceremony?

**Ms Dacey**—It is worth clarifying here that the schools liaison officer has a slightly different role in terms of the flagpoles recognition, whereas with the mainstream capital grants they undertake a lot of the organisational and administrative work associated with openings and securing representation, attendance et cetera. For flagpoles, they are literally a point of contact for school principals to ring up and receive advice on who local members are. They do not actually do the follow-up work. Principals are given the names and told—

**Senator CARR**—What are the directions in terms of who gets invited to these functions?

**Ms Dacey**—Basically, they organise a date to have an opening and offer an invitation to an Australian government representative, and there is no prohibition on anyone else who would like to attend.

**Senator CARR**—But given that the flagpole funding was always Commonwealth source funding, why did you feel it necessary to change the form at the beginning of this year? The question of the funding source cannot possibly be an adequate explanation.

**Ms Paul**—That is absolutely right. It was just a clarification, and from our point of view not much changed, because that is the way we run the capital side of things. Because the flagpoles initiative is a much smaller one, it has been more streamlined in terms of schools

doing their own inviting—and, as we have said, the guidelines do not preclude inviting anyone.

**Senator CARR**—So you took the departmental position on your own initiative?

**Ms Dacey**—That is correct.

**Senator CARR**—Have you provided any written advice to the parliamentary secretary's office in terms of who should be invited?

**Ms Dacey**—In terms of written protocols for the schools liaison officer?

**Senator CARR**—Yes.

**Ms Dacey**—For flagpoles, no.

**Senator CARR**—So there is no written advice.

**Ms Dacey**—No.

**Senator Vanstone**—That was the answer that you were just given.

**Senator CARR**—I just want to be clear that there was no written advice.

**Ms Dacey**—There are document on the web site which set out the recognition requirements.

**Ms Paul**—They have been well known for a long time, and the practice really has not changed.

**Senator CARR**—It has been put to me that the liaison office has been telling schools not to invite Labor MPs.

**Ms Paul**—We have had no evidence of that.

**Mr Evans**—We have had no evidence of that. In fact, we have found a number of instances where Labor MPs have actually attended.

**Senator CARR**—They have attended. They have turned up. A lot of these blokes are as bold as brass. You are telling me that you have no evidence that there has been any instruction not to invite Labor MPs.

**Ms Paul**—That is correct.

**Senator CARR**—How much do the plaques that say the flagpole is a gift from the Australian government cost?

**Ms Dacey**—I do not know. I suppose it depends on how big they are.

**Senator CARR**—There is no regulation on the size?

**Ms Dacey**—No; it has to be affixed to the flagpole.

**Mr Evans**—I have three examples before me where I am advised that Labor MPs officiated at flag-raising ceremonies.

**Senator CARR**—How big are these plaques?

**Ms Dacey**—Something that you can affix to the flagpole and put a sentence on.

**Senator CARR**—You have to affix it to the flagpole?

**Ms Dacey**—Yes.

**Senator CARR**—What about the billboards—do you affix them to the flagpoles as well?

**Ms Paul**—No.

**Senator CROSSIN**—Is it not the case that when the minister first announced this by press release last year the requirement was always that an Australian government representative had to be at the ceremony? And, is it not the case that the early version of the application form did not reflect the minister's original intent?

**Ms Paul**—I think the practice has always been pretty standard as per the capital program, but I would have to go back to that press release, which I do not have in my mind, and have a look at it. I am not sure that we could answer it now.

**Senator CROSSIN**—Can you take it on notice?

**Ms Paul**—Certainly.

**Senator CROSSIN**—My records certainly show that the original announcement specifies that the flag-raising ceremony had to be done by a representative of the Australian government. We were quite surprised when your guidelines were different and had been changed. I am wondering if someone pointed out to you that perhaps your first set of guidelines did not reflect the minister's original intent.

**Ms Paul**—I do not know. Certainly I know that we rolled it in to the capital program, so we tried to align the requirements.

**Senator CROSSIN**—In the answer provided to question E311\_05 there are quite a lot of questions that are not actually answered. For example, I wanted to know how many schools have flagpoles.

**Mr Evans**—We do not know that.

**Senator CROSSIN**—How can you budget?

**Ms Paul**—We know how many applied to us but, of course, we do not know how many have them already, if you see what I mean.

**Mr Evans**—Under the agreements with education authorities and with the states, there is a requirement that there be a functioning flagpole.

**Senator CROSSIN**—Yes.

**Mr Evans**—If a school writes to us saying that they do not have a functioning flagpole then we will pay for one. We do not know how many schools—and we are not going to spend serious money to go around 10,000 schools to find out—have not got one. We take it on the basis that the offer is there for schools to have their flagpole fully paid for by the Australian government. But I cannot tell you whether or not there are some schools out there that still do not have a flagpole.

**Senator CROSSIN**—Let me give you an example, because this is quite a hot topic of interest in the Territory. I think I raised this in February. Some schools are quite angry about this in the Territory, particularly in remote communities. It costs \$1,500 to get a flagpole made in Brisbane to Darwin—we do not make them in Darwin so they have to come from Brisbane.

Most schools have been quoted \$1,500 just to get one to Darwin. To get a flagpole to a place, say, in the Western Desert or to Amanbidji or Ngukurr, it has to be trucked in. Someone then has to fly in and concrete it into the ground and then arrange for a plaque, which will probably come from Darwin or Alice Springs. So \$1,500 will get your flagpole to Darwin, and some schools have been quoted upwards of \$5,000 and \$6,000 to get the flagpole erected. Consequently, they are saying to me: ‘We’d rather spend the money on \$6,000 worth of reading books or school resources.’ Will those schools, via the Northern Territory government, now be in breach of the agreement they have just signed with you two days ago?

**Mr Evans**—Technically, they would be.

**Senator CROSSIN**—Where are they going to find that \$5,000 or \$6,000 to get your flagpole erected? Because (a) they cannot fundraise that sort of money in an Indigenous community and (b) they would much rather spend the money on educational resources. Are there any exemptions?

**Ms Paul**—No. The point of the initiative was to recognise that every Australian school should be able to fly the Australian flag. Of course, it should not be seen as the only possible funding source. There would be several other potential funding sources—

**Senator CROSSIN**—If you give me a list I will send it to those schools and they can apply.

**Ms Paul**—including state government funding sources and so on. It may be the case that some of those schools need to put together funding from a variety of sources. But I am interested in your perspective that the costs are coming in so high, and we can have a think about that.

**Senator CROSSIN**—The question has been put to me: why is there not an additional bucket of money offered by the Commonwealth acknowledging that to get a flagpole to a place like Ngukurr or Numbulwar is extremely expensive?

**Mr Evans**—This is the first time this has been raised with us.

**Senator CROSSIN**—Didn’t I raise this example with you back in February?

**Mr Evans**—No.

**Ms Paul**—No, not the cost issue. Actually, I think we are quite pleased to hear of it. We will take it on board.

**Senator CROSSIN**—Do not get me wrong; a lot of these schools have flags hanging off the fence, up a tree or even just pinned on a classroom wall. They are not going to spend all that money to get a flagpole.

**Senator Vanstone**—It has been acknowledged that you have raised a good point, and they are going to have a look at it.

**Senator CARR**—How many flagpoles have been installed under the program?

**Ms Dacey**—We have had 1,728 applications, of which 1,649 have been approved.

**Senator CARR**—Can you give me a list of where these 1,649 are and which electorates they are in?

**Mr Evans**—We will take that on notice.

**Senator CARR**—Can you tell me who officiated at the openings of these flagpoles?

**Ms Paul**—We could not tell you that, because it is not the way it works.

**Senator JOHNSTON**—I have done three.

**CHAIR**—I have done about—

**Senator CARR**—You will have no trouble at all. It looks like we have them here down at the end of the table.

**Senator CROSSIN**—Just email all the government members and you will get an answer. Not only will you be a professional school opener; you will be a professional flag raiser as well.

**Senator CARR**—You did not tell me whether or not the flagpole had to be used. They get the money; are they actually required to put a flag up at any time?

**Ms Paul**—The requirement is a functioning flagpole.

**Senator CARR**—There is no requirement to put a flag up.

**Senator Vanstone**—That is the key to the word ‘functioning’.

**Senator CARR**—Is that the case?

**Mr Evans**—They get a flag as well.

**Senator CARR**—They get a flag as well and, whether or not they put it up—

**Mr Evans**—If it functions, you would presume that a flag is going up.

**Senator CARR**—Who takes it down? Is there a requirement to take it down?

**Mr Evans**—Probably the person that put it up.

**Ms Mercer**—For authorities to sign an agreement there is a requirement that the flagpole is functioning, which is defined as the flagpole being used and a flag being flown. As Mr Evans said, the flag is available from any federal parliamentarian.

**Senator CARR**—I notice there is a whole series of protocols on the use of the flag and how many flags you are allowed to get at any one time, and we have all sorts of changes coming through on that.

**Senator Vanstone**—I do not know if this is written in, but, if it is not, I suggest that the flag should to be taken down at sunset unless a light is left on it at night, because the light should never go out on an Australian flag.

**Ms Mercer**—There are protocols.

**Senator CARR**—Is that any flag under the Flags Act?

**Ms Mercer**—It is the Australian flag.

**Ms Dacey**—The protocol specifies that.

**Senator CROSSIN**—I have had some Aboriginal communities asked me if they can have two flagpoles because they would like to fly both flags.

**Senator CARR**—And two plaques?

**CHAIR**—Have we reached the end of our questions?

**Senator CARR**—No, we have not. That is the problem.

**CHAIR**—We have two minutes to go.

**Senator CARR**—That is the point. We have not concluded tonight, and that is unfortunate.

**CHAIR**—Do you wish the schools section to return in the morning?

**Senator CARR**—I am afraid I do.

**CHAIR**—In that case, in one minute's time we will adjourn and continue with schools in the morning.

**Senator CARR**—I want to come back to the question of the cost of the plaques. Have any invoices been received detailing the cost of the plaques?

**Ms Dacey**—We just specify the language that has to go on the plaques and—

**Senator CARR**—You actually have a regulation on the language?

**Ms Dacey**—It is in the guidelines.

**Ms Paul**—It is not a regulation; it is in the guidelines. It is up to the schools to organise the plaque—

**Senator CROSSIN**—Someone is making a hell of a lot of money out of these new flagpoles.

**Ms Dacey**—and they can roll that into the cost.

**Senator CARR**—Are these Australian made flagpoles or are they imported?

**Senator CROSSIN**—Are they made in Brisbane—there is a company there.

**Senator CARR**—Are there any guidelines on where they are made?

**Ms Dacey**—No.

**Senator CARR**—Are there any guidelines on where the plaques are made?

**Ms Paul**—No. I imagine most of them would be sourced in Australia.

**Senator CARR**—This is a very serious matter. You are taking it very lightly.

**CHAIR**—Thank you. We will continue tomorrow morning with the schools program.

**Committee adjourned at 10.59 pm**