

The Senate

Employment, Workplace Relations
and Education Legislation Committee

Budget estimates 2005-06

June 2005

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Members:	Senator Gavin Marshall (Deputy Chair)	(ALP) Vic
	Senator Guy Barnett	(LP) Tas
	Senator David Johnston	(LP) WA
	Senator Natasha Stott Despoja	(AD) SA
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* Senator David Johnston – Chair for 30 May 2005

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Senator Cherry (AD) Qld	for Senator Stott Despoja for employment matters
Senator Allison (AD) Vic	for Senator Stott Despoja for matters relating to schools and training
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Employment, Workplace Relations and Education Legislation Committee

Report to the Senate

1.1 The Employment, Workplace Relations and Education Legislation Committee presents its report to the Senate.

Introduction

1.2 On 10 May 2005 the Senate referred the following documents to the committee for examination and report in relation to the Employment and Workplace Relations and the Education, Science and Training portfolios:

- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2006;
- Particulars of proposed expenditure in respect of the year ending on 30 June 2006;
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2006;
- Particulars of certain proposed supplementary expenditure in respect of the year ending on 30 June 2005; and
- Particulars of proposed supplementary expenditure in respect of the year ending on 30 June 2005.¹

1.3 The committee heard evidence from Senator the Hon. Eric Abetz, representing the Minister for Employment and Workplace Relations, the department, and related agencies on the proposed estimates for the Employment and Workplace Relations portfolio. The following agencies appeared before the committee: the Office of the Employment Advocate; Equal Opportunity for Women in the Workplace Agency; Australian Industrial Relations Commission; Australian Industrial Registry; and Indigenous Business Australia.

1.4 The committee also heard evidence from Senator the Hon. Amanda Vanstone, and Senator the Hon. Richard Colbeck, representing the Minister for Education, Science and Training, and from officers of the department and its agencies on the proposed additional estimates for the Education, Science and Training portfolio. These included, the Australian Research Council, Australian National Training Authority, Australian Nuclear Science and Training Organisation; and Commonwealth Scientific and Industrial Research Organisation.

1.5 The committee took into account the Portfolio Budget Estimates Statements 2005-2006 provided by the departments and also their annual reports for 2003-2004.

1 *Journals of the Senate No 23, Tuesday, 10 May 2005, p. 594*

Review of the proposed budget estimates expenditure for these portfolios was carried out over five days, 30, 31 May, 1, 2 and 3 June 2005.

1.6 Senators present at the hearing held on Monday, 30 May 2005 were Senator Johnston (Acting Chair), and Senators Barnett, Buckland, Eggleston, Evans, Fierravanti-Wells, Fifield, Marshall, McLucas, Webber and Wong.

1.7 Senators present at the hearing held on Tuesday, 31 May 2005 were Senator Troeth (Chair), and Senators Allison, Barnett, G. Campbell, Carr, Crossin, Johnston, Marshall, Webber and Wong.

1.8 Senators present at the hearing held on Wednesday, 1 June 2005 were Senator Troeth (Chair), and Senators Barnett, Carr, Crossin, Mason, Johnston and Stott Despoja.

1.9 Senators present at the hearing held on Thursday, 2 June 2005 were Senator Troeth (Chair) and Senators Barnett, Carr, Crossin, Johnston and Wong.

1.10 Senators present at the hearing held on Friday, 3 June 2005 were Senator Troeth (Chair) and Senators Barnett, G. Campbell, Kirk and Marshall.

1.11 Written questions on notice were received from Senators Allison, Carr, Crossin, Harradine, Ludwig, Marshall, Mason, Nettle, Stott Despoja and Wong.

1.12 The committee tables with this report copies of transcripts of evidence of committee proceedings of Monday, 30 May 2005, Tuesday, 31 May 2005, Wednesday, 1 June 2005, Thursday, 2 June 2005 and Friday, 3 June 2005. An appendix to the report lists the contents of the Hansard transcripts and the transcripts are available on the internet at: <http://www.aph.gov.au/hansard/senate/commtee/s-ewre.htm>.

Questions on notice and additional information

1.13 Standing Order 26 requires the committee to fix a date for the submission of any written answers or additional information. The committee has agreed that written answers and additional information should be submitted by Friday, 22 July 2005.

1.14 The answers to questions taken on notice at the committee's hearings and tabled documents taken at the hearings of the Budget Estimates 2005-06 will be tabled in the Senate under separate cover in numbered volumes entitled Additional Information. Lengthy documents provided as part of answers and not included in the additional information volumes, will be tabled separately and available on request from the secretariat.

Matters raised at hearings

The following is an indicative, but not exhaustive, review of issues that received consideration during the estimates hearings.

Employment and Workplace Relations portfolio

1.15 The committee heard evidence from the Employment and Workplace Relations portfolio on Monday, 30 May, Tuesday, 31 May and Friday, 3 June 2005. This section of the report follows the order of proceedings recorded in the Budget Estimates transcripts.

Department of Employment and Workplace Relations

Outcome 1 - An effectively functioning labour market

Output 1.1: Labour market policy and analysis

Output 1.2: Labour market program management and delivery

Outcome 3 - Increased workforce participation

Output 3.1: Working age policy

Output 3.2: Labour market strategies

1.16 At the beginning of questioning of DEWR the committee found itself involved in a procedural issue arising out of an initial refusal by the Secretary of DEWR to provide figures used in calculating budget estimates. The issue was whether refusal to answer such questions was contrary to a Senate order that there is no area in connection with expenditure where a person has a discretion to withhold details or explanation from the Parliament. The Secretary of DEWR agreed to take on notice the question of whether they could be provided.

1.17 These questions arose from Senator Wong's questions to the department in regard to the Welfare to Work policy. In addition to questions about the basis of calculating the budget estimates, the department was questioned on and its involvement in the Welfare to Work task force headed by the Department of Prime Minister and Cabinet. The questions related to clarification of the role the department in the direction of the task force and whether the minister had taken recommendations from the task force to cabinet.²

1.18 Opposition senators had been following this line of questioning with other portfolios during the previous week's budget hearings. Officials from other departments, notably Prime Minister and Cabinet, had suggested that DEWR would be able answer these questions. The Secretary of the department explained that the role of the department was to provide advice on developing the policies and costings of the Welfare to Work package. In regard to supplying the committee with details on

which the Government had based its estimates of the program, The Secretary took this question on notice as to whether the department should provide an answer.³

1.19 The department was then questioned as to the discrepancies between the Budget Papers and its Portfolio Budget Statements (PBS). These discrepancies were explained as being adjustments in regard of depreciation for items, including IT measures, IT equipment, additional desks and various overheads, which had been a capital expense during the setting up period. Other discrepancies involved capital measures, which would be funded either by appropriated funds or through accumulated reserves. Senator Wong questioned officers about a discrepancy in the Increasing Participation of Parents program of approximately \$3m between the two documents. DEWR replied that the discrepancy was due to depreciation over the period of 2005 to 2009, calculated on the basis of additional staff and overheads required, an expected decrease in payments of parenting allowance as those people moved from benefits to paid work, and a service agreement with Centrelink.⁴

1.20 Senator Wong asked for the department to provide figures on forward estimates in regard to the Disability Support Pension and also on the net savings of \$144 million on Increasing Participation with Parents program. The Secretary responded that the department contributes information on the costings to assist the Government prepare for the budget papers, but forward estimates figures for programs are now not released publicly by the Government. The Department of Finance guidelines on preparing the portfolio budget statements require that departments not to publish these figures. The Secretary responded that he would follow up to see what information the Government is prepared to release.⁵

1.21 Further questioning related to how many additional people had been costed to go into the Job Network under the Welfare to Work package. DEWR responded that approximate figures are: 21,200 for of disability open employment services; 42,000 for vocational rehabilitation; 25,000 for the personal support program; 55,000 for Work for the Dole, 6,000 for the CDEP program; 1,000 for the New Enterprise Incentive Scheme; and 217 for the job placement, employment and training program.

1.22 Following discussions regarding the figures underlying the \$8.5 billion disability support pension estimates for 2005-06, the department will look at supplying the committee with the maximum rate and the average rate.⁶

1.23 A discussion followed about the welfare reform package including from which that figure is derived, the department's organisation of the pre-budget consultations and post-budget briefings. These were held around Australia, and the Department was questioned on who were invited to attend or was it advertised. The pre-budget sessions were by invitation only. DEWR consulted peak-body disability organisation to help compile the list of invitees. Senator Wong raised concerns about

3 *ibid.*

4 *ibid.*, pp. 6-10

5 *ibid.*, pp. 11-12

6 *ibid.*, pp. 14-15

what the department had advised the states in choosing venues and whether the venues were accessible for people in wheelchairs and close to public transport.⁷

1.24 Further topics on which questions were asked included:

- the evaluation proposed under the Australians Working Together (AWT) legislation and the consultants engaged to cover areas such as:
 - community attitudes;
 - the impact of personal advisers;
 - the personal support program and the types of participation;
 - the impacts of AWT on different groups of customers; and
 - two indigenous consultancies to look at remote area services.⁸
- the right to return to the Disability Support Pension (DSP) and the conditions in the Welfare to Work reform package which allow a person to return to the pension after gaining employment. These provisions will commence on 1 July 2006;⁹ and
- the impact of the changes on people currently in receipt of the Disability Support Pension, the introduction of a new comprehensive work capacity assessment, and access to Job Network places. Other aspects discussed included additional funding for workplace modifications and disability wage subsidy scheme, the mobility allowance, assistance for employers, and the employer demand measure.¹⁰

1.25 Senator Evans questioned the department on what key performance measures were being used to assess its performance in implementing the changes in the Welfare to Work package. DEWR answered that the assessment will be measured against four key indicators outlined in the PBS, and the results published in the annual report. The Secretary informed the committee that the department was happy to discuss this at the next Budget hearings in 2006, having had time to reassess these indicators.¹¹

1.26 DEWR was asked about entitlements which will apply to the enhanced Newstart program. The officers explained that there would be changes to the income tests and taper rate for people to earn extra income, and sole parents will have access to the pensioner concession card, and to the employment entry payment eligibility. Senator Evans requested the department provide a chart to the committee setting out the key conditions in regard to the changes to help avoid confusion.¹²

7 *ibid.*, pp. 19-24, 68-70

8 *ibid.*, pp. 25-27 and 64

9 *ibid.*, pp. 27-33

10 *ibid.*, pp. 33-38

11 *ibid.*, pp. 45-48

12 *ibid.*, pp. 49-54

1.27 Other matters discussed included:

- obligations for people who apply for the Disability Support Pension;¹³
- people with a disability being required to participate in Work for the Dole as a mutual obligation requirement, and the cost involved with the extra demand that is expected;¹⁴
- discussion on compliance measures, which included who would be required to work under the Work for the Dole program, those who access Job Search, what is involved in performing voluntary services, work avoidance measures, and what is required of people over the age of 50.¹⁵
- Job Search requirements on mature aged and disability support pensioners, and the obligations of Job Network members in dealing with job seekers, and recent delegation to the Job Network the ability to draft and approve Job Search plans, rather than Centrelink;¹⁶ and
- Prime Minister's community and business partnerships' age employment policy and the pending report; and the mature age help line in New South Wales, an initiative of the Employment Innovation Fund.¹⁷

1.28 Further to a discussion held in the morning regarding the discrepancies in the Budget Paper no. 2 and the Portfolio Budget Statement of the Welfare to Work program, the department informed the committee that there had been omission in the Budget Paper no. 2. This had only become apparent when DEWR was preparing a response to a question Senator Wong asked earlier. This omission was a departmental component of the measure relating to employment preparation of \$2.2 million. DEWR officers explained that they had supplied all details to Treasury and it was Treasury's responsibility to prepare the papers.¹⁸

1.29 Senator Wong asked questions regarding the involvement DEWR had in the Public Service Commissioner's policy regarding Commonwealth employment of people with a disability. DEWR answered that Minister Andrews had established an employer roundtable, with members including the Australian Public Service Commissioner and a representative from DEWR, to advise on an action plan to improve this area of employment.¹⁹

1.30 Senator Evans followed with questions on Government departments guidelines on 'government as a model employer', setting out directions as to the

13 *ibid.*, pp. 55-56

14 *ibid.*, pp. 56-58

15 *ibid.*, pp. 58-60, 106-108

16 *ibid.*, pp. 60-63, 103-106

17 *ibid.*, pp. 63, 69

18 *ibid.*, pp. 65-67

19 *ibid.*, pp. 72-74

employment of people with disabilities and indigenous Australians. The Secretary informed the committee that with the devolution of the responsibilities of financial management and employment to agency heads that a central guideline policy was no longer relevant. The Public Service Commissioner still issued suggestions or directives, and that many agencies have their own policies on these matters.²⁰

1.31 The committee and the department discussed issues including:

- disability open employment services;
- the department's new plan for indigenous employment;
- the funding of costs associated with the roundtable members which was transferred from the Department of Family and Community Services
- transferred projects from FaCS relating to the Mental Health Council, National Retails Association, Subway project for placement of people with disabilities and the Gippsland Area Consultative Committee which is focused on mature aged people with disabilities, relating to the Employment Innovation Fund and its guidelines;
- the Better Connections workshops for Job Network providers and service providers;
- additional number of open employment places;
- departmental fact sheets regarding information for the public on the welfare reform package;
- a new employment computer system for disability open employment service provides;
- benchmarking employment service areas in relation to demand for assistance with supply of the number of people with a disability as measured by DSP recipients;
- possible improvement of scripts dealing the increasing referrals to Job Network, disability and open employment service;
- the advice given to employees made redundant from Taskmasters and their access to Job Network in conjunction with Centrelink; and
- follow-up questioning on the DSP pilot, and its evaluation, which has not completed.²¹

1.32 Senator Wong asked a series of questions about the early intervention and engagement pilot. This pilot looked into the consolidation of medical assessment and work capacity assessment for job seekers, who are either claiming an incapacity exemption form Newstart allowance or claiming disability support pension. Centrelink, along with Advanced Personnel Management Healthier Services Australia and CRS Australia are the three assessment organisations in the pilot. The department informed the committee of the comprehensive work capacity assessments and what

20 *ibid.*, pp. 74-75

21 *ibid.*, pp. 76-95

this is trying to achieve by earlier intervention and a quick referral of people to the correct service.²²

1.33 Senator Evans was informed by DEWR on the breakdown of appropriations and administrative expenses. The departmental explained about the Welfare to Work package, extra compliance measures with relation to Centrelink, compliance breaching, suspension of payments, emergency payments and case management, the breaching review task force's recommendation, and how the department is dealing with people who have serious disabilities, people with drug or alcohol addictions or people with serious personal problems, especially those who have not been involved with the Newstart system.²³

1.34 Senator Wong finished the first day by asking a series of questions in regard to the breakdown of the \$70.5 million savings for the mature age unemployed; the proposed spending on the \$29 million on the communications strategy; the \$47.7 million to be spent over three years on employment preparation for parents and mature aged people; the very long term unemployed and Wage Assist; the Work of the Dole program; and the personal support program and the personal support payment.²⁴

Job Network

1.35 The committee questioned DEWR extensively on the Job Network. Senator Wong asked a series of questions on the Job Network agency premises and if they complied with the disability policy, and about any investigations of agencies breaching contracts. Other matters raised were:

- complaints by visually impaired job seekers who find using the job kiosks. The officers explained that each Job Network premises have screen-reading software on personal computer that these people can assess;
- Job Network fee structure under the new arrangements and the different triggers for payment;
- Job Network code of practice which requires providers to ensure that they have premises and facilities appropriate to deliver services with privacy and dignity and is monitored by DEWR contract managers; and
- the proposed change to the Job Seeker Classification Instrument (JSCI).²⁵

1.36 Questions were directed at the Government's Welfare to Work strategy and about the processes leading up the fourth Job Network tender. Opposition senators were interested in whether the outcome payments would be changed in this contract.

22 *ibid.*, 95-99

23 *ibid.*, 111-125

24 *ibid.*, 1125-138 and EWRE *Hansard*, Tuesday, 31 May 2005, p. 3

25 EWRE *Hansard*, Tuesday, 31 May 2005, pp. 3-12, 30-32

The Secretary responded that consultation was still in the process and the new contract will base the taper rate on the Welfare to Work package.²⁶

1.37 Senator Wong expressed concern regarding anecdotal reports of providers and employers in competition on the level of wage subsidies. The Secretary informed the committee that if such a report is received, the contract managers would investigate the provider and the management of the contract. There is a continuing monitoring of providers by contract managers in the states. This is followed up with a risk assessment which also monitors job agencies.²⁷

1.38 Other matters discussed included:

- Job seeker customer service line;
- the *Workplace diversity strategy 2003-2005*, which focuses on indigenous recruitment strategies and assisting people to achieve; and
- the department's policy in recruiting people with disabilities, indigenous Australians and mature age people.²⁸

Outcomes 1 and 3 - Indigenous programs

Output 1.2: Labour market program management and delivery

Output 3.2: Labour market strategies

1.39 Senator Crossin asked a series of questions on the Community Development Employment Project (CDEP) and the feedback session held on 4 May, and whether the department had identified the different circumstances and needs of urban and remote CDEPs. The department referred the committee to the *Future Directions* discussion paper, stating that each CDEP is a unique organisation, providing a range of services around employment, community activities and business development. There is variability between urban, regional and remote areas, depending on each CDEP's circumstances and what they do. There was also a discussion regarding the *Future Directions* paper which involves aspects of CDEP's employment, community activities, including cultural activities, and business development.²⁹

1.40 Senator Carr inquired into the return to order concerning CDEP submissions, in particular what advice the department had received from other agencies and had provided to the Government in relation to tabling these and why they had not been tabled at the time specified in the Senate order. DEWR officers informed the committee that 40 of the submissions had been tabled, with the other 30 to be tabled on 31 May. Before the Government agreed to table these submissions they had to asked permission of the authors to make their submissions public.³⁰

26 *ibid.*, pp. 12-16, 32

27 *ibid.*, pp. 16-30

28 *ibid.*, pp. 34-36

29 *ibid.*, 38-43

30 *ibid.*, 44-46

1.41 Other matters discussed included: the expansion of the Aboriginal Employment Strategy, the Seawind Group Pty Ltd, a seafood processing company at Tweed Heads, who received a grant of \$273,000 for the fisheries department, spending of \$17,000 under the DEWR's STEP project; and the drop in CDEP organisation over the past five years.³¹

Cross-portfolio

1.42 The department was questioned in regard to its involvement the Council of Australian Governments (COAG) trials for Cape York and Shepparton, the cost of the trials, and what consultants had been engaged to assist in the pilot scheme. A discussion followed in which the Secretary informed the committee the COAG pilot schemes foreshadowed the Office of Indigenous Policy Coordination (OIPC) taking over to implement the new arrangements and the establishment of the Indigenous coordination centres.³²

1.43 Senator Marshall questioned the department on a series of matters including:

- the reduction of \$8 million in its sale of goods and services. This reduction was explained as the transfer of the National Occupational Health and Safety Commission to DEWR at the beginning of the year, and the previous years' budget had been inflated by the transferred of revenue from National Health and Safety Commissions (OHSC);
- the department's efficiency dividend and how it will met this target each year;
- DEWR's retention rate and voluntary separation rates of 13.5%; and
- departmental staff surveys.³³

1.44 Senator Campbell questioned the department on its policy of ensuring that all new employees take on AWAs. The department explained that many employees retain certified agreements, and the committee was assured that they suffered no discrimination in promotion, and that the PSC had confirmed that AWAs were in no way incompatible with merit protection rules. The department had employed an additional 400 people to deal with a heavy industrial policy workload, and it was likely that within 10 year or less all employees will be on AWAs. The Secretary of DEWR unable to confirm that there was any connection between AWAs and higher productivity in the department.³⁴

Office of the Employment Advocate (OEA)

1.45 Questioning of the Office of the Employment Advocate focussed on procedures rather than policy matters, concentrating on the application of the no-

31 *ibid.*, 46-50

32 *ibid.*, 51-54

33 *ibid.*, pp. 54-59

34 *ibid.*, pp. 59-66

disadvantage test, and research conducted by the OEA indicating the relative advantage which AWA holders have in the workforce. Opposition senators asked questions that addressed the differences between multiple AWAs and normal pattern bargaining agreements.³⁵

Outcome 2 - Higher productivity, higher pay workplaces

Output 2.1: Workplace relations policy and analysis

Output 2.2: Workplace relations implementation

1.46 The Government's agenda for the Commonwealth's takeover of state powers in industrial relations was the subject of many questions. DEWR advised that it is the Government's view that flexible workplace relations system provides the best opportunity for employees and employers to develop family-friendly working arrangements. Senator Marshall questioned how this reform would assist in addressing the skill shortage. DEWR answered that the labour market needs to be more flexible to assist in economic growth and employment opportunities. Part of the reform package will remove industrial barriers allowing school based apprentices and part-time apprentices to work.³⁶

1.47 Other issues discussed included:

- the funding of the New South Wales Working Women's centre and the reason behind its annual funding.³⁷
- COAG meeting to discuss the new reform packages;
- a error of \$80 million to \$90 million in the Budget Papers, which are prepared by Treasury;
- research, surveys or studies conducted by the department in regard to the operation of the federal and state IR systems;
- the Australian Fair Pay Commission, the new Government body to be established to set minimum wage rates; and
- the basis for measurement to determine the average real wage and wage growth.³⁸

1.48 The committee discussed the claimed creation of 77,000 new jobs once small businesses will be exemption from unfair dismissal laws. The department explained that this was the figure given by Don Harding in 2002, and another survey by Sensis suggested that 150,000 new jobs could be created.³⁹

35 *ibid.*, pp. 66-91

36 *ibid.*, pp. 93-95

37 *ibid.*, pp. 91-92

38 *ibid.*, pp. 95-103

39 *ibid.*, pp. 103-104

1.49 Extra funding of \$8 million has been provided for workplace relations policy advice within DEWR. The department advised the committee that this was linked to the asbestos measure of the management of non-Defence asbestos related personal injury claims undertaken by Comcare and a review of the Department of Defence asbestos related injury claims.⁴⁰

1.50 Final questioning of this outcome related to issues including:

- the creation of a task force of lawyers seconded from other departments and outside of the APS to cope with the heavy legislative and regulatory workload;
- a package of reform for the auto industry; and
- the department's involvement in the formulation of the higher education workplace relations regulations.⁴¹

Equal Opportunity for Women in the Workplace Agency (EOWWA)

1.51 Senator Allison asked general questions of the director on issues relating to the role the EOWWA plays. These focused on the business arena and whether any work had been done on the relationship between Australia's relatively high minimum wage, and the relationship barrier pay gap between men and women compared to many other OECD countries. No work had been done in this regard, but EOWWA was looking at the reduce wages gap between men and women in Australia.⁴²

1.52 Senator George Campbell asked a series of questions about whether AWAs provide the same benefits and flexibility as compared to those on certified agreements, what maternity leave benefits EOWWA has in place, and those staff members currently on AWAs.⁴³

Outcome 2 - General Employment Entitlements and Redundancy Scheme (GEERS)

1.53 Senator Allison asked questions regarding GEERS in regard to an update of the asset sales and if and when the next report of the Air Passenger Ticket Levy Collection Act will be published. The officers informed the committee that the fifth report to creditors is available on the Ansett administrator's web site and this has details of the current situation with the administration.⁴⁴

Indigenous Business Australia (IBA)

1.54 Senator Johnston questioned Aboriginal Business Australia about its assets and liabilities which had been transferred from ATSIC, and asked for information about possible irregularities in business operations run by former ATSIC operatives.⁴⁵

40 *ibid.*, p. 107

41 *ibid.*, pp. 107-117

42 *ibid.*, pp. 117-118

43 *ibid.*, pp. 119-120

44 *ibid.*, pp. 121-122

45 *ibid.*, pp. 122-124

Australian Industrial Registry (AIR)

1.55 The officers of the commission were questioned in regard to an article published in the *Australian Financial Review* on 6 May. The article reported that the minister [Mr Kevin Andrews] had written to the President of the AIRC in relation to the role commission members played in advising on whether enterprise agreements comply with the building code. The Industrial Registrar was not able to advise the committee about this matter, which was outside the responsibilities of the Registrar's office.

1.56 Other issues were raised including:

- the reduction of the Sydney premises;
- pilot mediation program for small businesses to access at low costs;
- how the panel of commissioners who determine the safety net adjustment is chosen; and
- how the commission was to use the additional appropriation of \$2.75 million. The officers replied that this amount could relate to the additional work involved in the new bills on IR reform and an eventual increase in the number of unfair terminations.⁴⁶

Outcome 2 - Building Industry Taskforce (Friday, 3 June 2005)

1.57 Questioning of the department about the operations of the Building Industry Taskforce included its investigative role and methods, and its use of covert methods to collect evidence.

1.58 The Opposition senators raised concerns about privacy and asked questions as to whether the taskforce maintained files on individuals.

1.59 Committee members attempted to ask questions about the current investigations, but desisted on advice that this might prejudice any pending cases.⁴⁷

46 *ibid.*, pp. 124-126

47 EWRE *Hansard*, Friday, 3 June 2005, *passim*

Education, Science and Training portfolio

1.60 The committee heard evidence from the Education, Science and Training portfolio on Wednesday, 1 June and Thursday, 2 June 2005. This section of the report follows the order of proceedings recorded in the Budget Estimates transcripts.

Department of Education, Science and Training

Cross Portfolio

Including: Income Support for Students Branch – Output 2.5

1.61 The department was questioned on the changes to its senior management. The Secretary of the department, Ms Lisa Paul advised the committee that these changes were due to the department increased focus on the Government's election commitments, especially in the vocational education and training, and schools areas.⁴⁸

1.62 Further questioning continued on unanswered questions on notice. The Secretary explained that the department took 398 questions on notice, 86 from the hearing and 312 in writing. There were 950 parts to answer across the portfolio. Of this number there was one unanswered question for that hearing. Senator Carr proceeded to ask for further details on a number of answers received, including E718_04. This answer had only just been received before the start of the budget hearings. The question had been taken on notice by the minister at the hearing in February 2004, and Senator Carr queried the lack of detail in the answer. The Secretary agreed to have another look at the question.⁴⁹

1.63 Further questioning of portfolio issues included the impact of the increase in the efficiency dividend of 1^{1/4} per cent, and how the department would manage to achieve this. Officers advised that this represented \$3.5 million and one area that would be investigated was IT services. There would be no staff losses as the department was actually recruiting staff due to additional responsibilities of the department. Senator Carr also questioned the department on current WCI indexation rates.⁵⁰

1.64 Senator Mason asked questions in relation to sick and personal leave, with reference to the Auditor General's report *Absence management in the Australian Public Service* dated June 2003.⁵¹

1.65 Following a line of questioning which Senator Carr had been asking of other portfolios, the department was asked about the COAG trials and the success of the Murdi Paaki trial. The Secretary agreed that the department was proud of the work in

48 EWRE Hansard, Wednesday, 1 June 2005, p.4

49 *ibid.*, pp. 6-9

50 *ibid.*, pp. 9-11

51 *ibid.*, pp. 12-13

this trial and agreed to table the Shared Responsibility Agreements of trails managed by DEST. Further questioning would follow in the Indigenous and Transition Group.⁵²

1.66 Senator Carr spent some time questioning the department on contracts let and its tender process. Those identified for questioning included: Innovations Research Systems Group, Dupont and Associates; Eureka Strategy Research Pty Ltd; Excelerated Consulting; Erebus International; Morris Walker, a report prepared by Dr Spring; Mr Victor Price, an ex-departmental employee; Melbourne University Private; survey of the New Apprenticeships scheme, conducted by the Social Research Centre and the additional contract let to DSI to evaluate this data; Hiser contract for the DEST web site; and Worthington Di Marzio involvement in the higher education campaign.⁵³

1.67 Senator Crossin questioned the department on the review of the Abstudy changes in 2000, and followed up on questions asked at previous hearings on the distribution of the discussion paper for the review and the submissions received by the department. Senator Crossin also requested an update to answer E001_04 regarding the number of secondary school aged students across the Northern Territory, Western Australia and Queensland, identified in the ABS census as persons aged 13 to 17 years.⁵⁴

1.68 Further questioning related to the Student Financial Supplement Scheme, its budget and how many indigenous persons would have applied for the scheme. Questions were taken on notice to supply the actual expenditure for Abstudy for 2003-04 and 2004-05, the disaggregated figure for 2005-06 and the number of secondary and tertiary students used as a base for those figures.⁵⁵

Australian Research Council (ARC)

1.69 Questions started with Senator Carr inquiring into the Commonwealth's investment in research and development as a percentage of GDP. The committee was advised that the total investment would be approximately \$480 million, equal to 0.8 of GDP for this year. The ARC is expecting an increase to \$560 million for next year.⁵⁶

1.70 Questions followed regarding an increase in staff numbers to administer the grant programs, the Linkage program to form partnerships between publicly funded researchers and private business, and ARC views on research only universities.⁵⁷

52 *ibid.*, pp. 14-17

53 *ibid.*, pp. 17-34

54 *ibid.*, pp. 34-37

55 *ibid.*, pp. 37-39

56 *ibid.*, pp. 39-40

57 *ibid.*, pp. 41-42

Australian Nuclear Science and Technology Organisation (ANSTO)

1.71 Following on from the last hearing, questioning returned to the construction of the new reactor and its completion date. ANSTO informed the committee that they had received a new schedule from the contractor. The schedule indicated a new completion date would be December 2005, slippage of three months, due to construction difficulties with the reflector tank and regulatory activities of ARPANSA.⁵⁸

1.72 The committee asked questions regarding the sites under consideration for the waste repository, but were told that this was part of the department's science group responsibilities.⁵⁹

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

1.73 Questioning commenced with a discussion regarding the funding for 2005-06 and an explanation from CSIRO officers on the makeup of the figures. This included revenues for joint ventures, such as Food Science Australia and with New Zealand Forest Research Institute Ltd and Ensis. CSIRO also advised that the National Measurement Laboratory had been moved to DITR, along with the associated funds.⁶⁰

1.74 CSIRO was asked about its plans for the division of Sustainable Ecosystems. The committee was told that CSIRO was moving away from the traditional work on wildlife research and feral pest management. The reason for this was that this research was now being conducted by other organisations, such as the Australian Invasive Animals CRC, universities and state government departments. Future research would be conducted in the areas of sustainability issues facing urban Australia.⁶¹

1.75 Additional topics of discussion included:

- the CSIRO's commitment to public-good research in the health and food area;
- public policy on public comment documents, attachment to question E840_05 and the release of such documents to the Parliamentary Library;
- the wellbeing diet; and the placing of advertorials in newspapers;
- CSIRO Publishing organisation; and
- rules laid down by CSIRO for scientists to give interviews and the taping of the conversation.⁶²

58 *ibid.*, pp. 42-44

59 *ibid.*, p. 45

60 *ibid.*, pp. 46-48

61 *ibid.*, pp. 49-52

62 *ibid.*, pp. 53-60

1.76 Senator Carr followed up questioning from the last hearing on the status of CSIRO's new web site and its cost. The committee was advised that the internal web site had been launch today [Wednesday, 1 June], with no fixed date for the external launch.⁶³

1.77 At its February hearings, the committee was told about a dispute which had erupted between CSIRO management and a science journalist, Dr Peter Pockley. The CSIRO reported that it had decided not to have any further dealings with Dr Pockley, and in providing an explanation to the committee, included comments which Dr Pockley took exception to. The committee agreed, at a private hearing, to table correspondence from Dr Pockley under the Senate's rules regarding adverse comment. These are tabled with other documents related to these estimates.

1.78 The CSIRO was further questioned at these hearings on its media communications and whether staff were refused permission to speak to or provide information to publications. An example cited was Dr Jeff Short and whether he was refused permission to talk to the *Canberra Times*. Following up on questioning regarding Dr Peter Pockley, CSIRO officers informed the committee that discussions had been held with Dr Pockley to re-establish a working relationship with him.⁶⁴

1.79 Other issues discussed were:

- the Geoscience Australia cruise on the *Southern Surveyor* and problems with sewerage and noxious odour problems on the vessel;
- court action on intellectual property regarding the wireless LAN hip set; Mr Baghai's departure;
- the establishment of the carbon management group; and
- the creativity project conducted by Mr Peter O'Keefe.⁶⁵

1.80 General questioning continued regarding staffing issues and how the EBA negotiations were progressing.⁶⁶

1.81 CSIRO explained the nature of Flagship programs, and why the change to new research into minerals exploration and exploitation of partly mined deposits was given to the states.⁶⁷

Issues relevant to Science Group

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.

63 *ibid.*, pp. 61-63

64 *ibid.*, pp. 63-65

65 *ibid.*, pp. 65-69

66 *ibid.*, pp. 69-72

67 *ibid.*, pp. 72-77

Output 3.2: Assistance for science collaboration and innovation

1.82 The main topic of questioning involved the national radioactive waste management program, additional funding allocation, and the decision of the Government to where the waste repository will be located.⁶⁸

1.83 Other issues explored included, a decrease in funding for Cooperative Research Centres due to the biannual nature of the CRC rounds and the winding-up of Australian Photonics CRC.⁶⁹

Issues relating to the Schools Group

Outcome 1 - Individuals achieve high quality foundation skills and learning outcomes from schools and other providers

Output 1.1: Funding for schools

Output 1.2: Assistance for individuals, including those with special needs

Output 1.3: Assistance for quality teaching and learning

1.84 Officers of the Schools Group were questioned at length in relation to the Australian Technical Colleges and how many proposal had been received, and in which areas, and the process to establish these colleges. DEST responded that 70 proposals had been received across the 24 regions nominated. The officers reiterated that it was the Government's decision to seek proposal in these areas, as certain skills shortages and youth unemployed had been identified.⁷⁰

1.85 A discussion followed regarding the *National Report on Schooling in Australia* and the delay in producing the next volume. The department explained the volume for 2001 was nearing completion and the states were held responsible for delays in the submission of information.⁷¹

1.86 Other issues discussed were:

- the institution of plain-English school reports;
- Commonwealth-state agreements over a range of funding programs, and the reasons for the delays, mostly related to reporting and compliance provisions; and
- capital works funding and its allocation to schools, including public schools.⁷²

1.87 Questioning on DEST funding for school flagpoles followed. Flying the flag is a prerequisite for receipt of Commonwealth funding, and agreements to this effect have been entered into the states and systems. Under questioning from Senator

68 *ibid.*, pp. 80-84

69 *ibid.*, pp. 85-88

70 *ibid.*, pp. 88-106

71 *ibid.*, pp. 107-108

72 *ibid.*, pp. 108-127

Crossin it became evident that DEST had vastly under-estimated the cost of erecting flagpoles in schools in remote locations. The transport of flagpoles from Brisbane to the Northern Territory, and the cost of cyclone-proof installation often exceeded \$6,000, far more than budgeted for. The department agreed to take up the matter urgently, lest schools be in breach of their funding agreements.⁷³

1.88 The department was questioned on recent Government initiatives in the Australian Certificate of Education and the national curriculum, including research into the level of mobility of students in the Australian education system.⁷⁴

1.89 Further questioned followed on the \$700 tutorial voucher scheme proposal and the open tender process in selecting brokers to implement the scheme. The department informed the committee on the running of the pilot programs.⁷⁵

Australian National Training Authority (ANTA)

Issues relevant to Vocational Education and Training (VET) Group

Outcome 2 – Individuals achieve relevant skills and learning outcomes from post school education and training for work and life

Output 2.1: Funding for vocational education systems and training

Output 2.2: New Apprenticeships

Output 2.3: Assistance for skills and career development

1.90 Questions were focused on the abolition of the Australian National Training Authority (ANTA) with its functions being absorbed into the VET Group. The committee heard, among other things, that job offers to all ANTA staff were made, conditional on their move to Canberra. Fewer than 10 per cent agreed to move. There were also questions about the post-ANTA administration and how it would work, how the states would be involved, and whether the industry was affected by the changes.⁷⁶

1.91 Senator Carr questioned the department about the analysis of the effectiveness of the incentives system and the New Apprenticeships Incentives Program. DEST explained to the committee that monitoring of the apprenticeships scheme would be enhanced by the installation of the Training and Youth Internet Management System. This system will log the movements of individual apprentices and their movements between employers. Senator Crossin questioned the department on Tools for your Trade scheme and the tender process, and administration of the funds to employers.⁷⁷

1.92 Senator Wong questioned DEST about the department's involvement in DEWR's Welfare to Work package task force and its responsibilities in delivering the training packages. Further questions involved the administration of the enhanced

73 *ibid.*, pp. 127-129

74 EWRE Hansard, Thursday, 2 June 2005, pp. 5-6

75 *ibid.*, pp. 6-13

76 *ibid.*, pp. 15-26

77 *ibid.*, pp. 26-29, 38-44

Newstart allowance; the career planning program, the Recognising and Improving the Capacity of People with the Disability package, and the increasing participation of the mature aged.⁷⁸

Issues relevant to Indigenous and Transitions Group

Outcome 1

Output 1.2: Assistance for individuals, including those with special needs

Output 1.4: Assistance for transition through and from school

1.93 The department was asked about budget elements which were continuing. These included: the Indigenous Youth Mobility Program, which had been incorporated into the Indigenous Targeted Assistance Act; the Indigenous Youth Leadership program; Abstudy; Indigenous Education Strategic Initiatives Programme, (IESIP); Indigenous Education Direct Assistance (IEDA) program; the Indigenous Support program; the VET Infrastructure for Indigenous People Program; the Indigenous Staff Scholarships; and the Indigenous Higher Education Advisory Council.⁷⁹

1.94 Issues were raised in relation to the tutorial support for remote indigenous students and how this was to be funded. This was now to be included in the IDEA program.⁸⁰

1.95 Final questioning dealt with the committee's current inquiry into indigenous education funding arrangements and focused on the Parent School Partnership Initiatives (PSPI). The department informed the committee that changes had been made to the administrative process as a result of views made known to the committee.⁸¹

Issues relevant to Higher Education

Outcome 2

Output 2.4: Funding for Higher Education

Output 2.5: Assistance for post school students including those with special needs

1.96 Senator Carr inquired as to the publication of the next triennium report. DEST informed the committee that this publication had been superseded by an annual report for a financial year. This decision was made in line with the changes to higher education. The department aims to publish the first report in July with more speedy publication coming with improvements to DEST's computer system.⁸²

78 *ibid.*, pp. 30-37

79 *ibid.*, pp. 46-47

80 *ibid.*, pp. 47-48

81 *ibid.*, pp. 49-58

82 *ibid.*, pp.58-60

1.97 Questions were asked about the revenue generated from international students or export earnings and the department's role in monitoring the trend of universities growth rate involving overseas earnings.⁸³

1.98 Senator Carr questioned the group at length about the financial condition of particular universities, especially those in deficit.⁸⁴

1.99 Further questioning followed on:

- the FEE-HELP 2005-06 debt;
- the industrial relations changes proposed for universities and the effect of AWAs in improving workplace relations and education outcomes for students;
- the former organisation known as the Oceania University of Medicine, nka, Medical Education Services Australia, and the review conducted by Commonwealth and the Victorian state authority responsible for accreditation and approval processes;
- the discussion paper *Building University Diversity*;
- additional appropriations to cover the additional cost to universities as a result of any VSU legislation;
- compliance costs for the new financial reporting standards;
- the Indigenous Higher Education Advisory Council;
- the possible merger of CSIRO division into the ANU; and
- the review to be undertaken under the Higher Education Support Act.⁸⁵

Issues relevant to International Education Group (IEG)

Outcome 2

Output 2.4: Funding for Higher Education

Outcome 3

Output 3.3: Support for the Australian education and training export industry and international relationships

1.100 The department informed Senator Carr that the review of the ESOS Act had been completed and provided a photocopied version of the report for the committee. The report made 41 recommendations and DEST officers explained that there would be further consultations with stakeholders on these recommendation.⁸⁶

1.101 Senator Carr questioned DEST on the minister's discussion paper titled *A national quality strategy for Australian transnational education and training*. DEST

83 *ibid.*, pp. 61-63

84 *ibid.*, pp. 64-72

85 *ibid.*, pp. 72-87

86 *ibid.*, pp. 88-89

explained the necessity for a discussion paper as there is a poor understanding abroad of quality assurances for off-shore companies of this in other countries.⁸⁷

1.102 Senator Carr was provided with routine updates on prosecutions against breaches of the ESOS Act and the Migration Act. Questions were also asked about compliance audits on the Melbourne Institute of Technology, as a result of complaints made about the institution.⁸⁸

1.103 The committee was happy for a deputy secretary of DEST to read into the record a statement of departmental concern about misrepresentation in press reports on laxity in academic quality of universities. Senator Carr urged them to continue their good work, for which the committee can claim some credit through its years of scrutiny.⁸⁹

Acknowledgments

1.104 The committee is grateful for the assistance given to it by Senator the Hon. Amanda Vanstone, Senator the Hon. Eric Abetz, Senator the Hon. Richard Colbeck and officers of the departments and agencies concerned.

Senator Judith Troeth
Chair
June 2005

87 *ibid.*, pp. 91-93

88 *ibid.*, pp. 98-99

89 *ibid.*, pp. 94-95

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