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Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES
COMMITTEE

Reference: Regional Partnerships Program

TUESDAY, 28 JUNE 2005

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SENATE
FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

Tuesday, 28 June 2005

Members: Senator Forshaw (*Chair*), Senator Watson (*Deputy Chair*), Senators George Campbell, Heffernan, Moore and Ridgeway

Substitute members:

Senators Barnett and Johnston to replace Senators Watson and Heffernan for the committee's inquiry into the Regional Partnerships program

Senator Murray to replace Senator Ridgeway for the committee's inquiry into the Regional Partnerships program

Senator Carr to replace Senator George Campbell for the committee's inquiry into the Regional Partnerships program except on 23 June, 30 June, 14 July, 15 July, 18 July and 19 July when Senator Stephens replaces Senator George Campbell

Senator O'Brien to replace Senator Moore for the committee's inquiry into the Regional Partnerships program

Participating members: Senators Abetz, Bishop, Brandis, Boswell, Brown, Carr, Chapman, Colbeck, Conroy, Coonan, Crossin, Eggleston, Evans, Faulkner, Ferguson, Ferris, Fifield, Harradine, Knowles, Ludwig, Lundy, Sandy Macdonald, Mackay, Mason, McGauran, McLucas, Murray, O'Brien, Payne, Ray, Sherry, Stephens, Tchen and Webber

Senators in attendance: Senators Barnett, Forshaw, Murray and O'Brien

Terms of reference for the inquiry:

To inquire into and report on:

- (1) The administration of the Regional Partnerships program and the Sustainable Regions program, with particular reference to the process by which projects are proposed, considered and approved for funding, including:
 - (a) decisions to fund or not to fund particular projects;
 - (b) the recommendations of area consultative committees;
 - (c) the recommendations of departmental officers and recommendations from any other sources including from other agencies or other levels of government;
 - (d) the nature and extent of the respective roles of the administering department, minister and parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisers and staff in the process of selection of successful applications;
 - (e) the criteria used to take the decision to fund projects;
 - (f) the transparency and accountability of the process and outcomes;
 - (g) the mechanism for authorising the funding of projects;
 - (h) the constitutionality, legality and propriety of any practices whereby any members of either House of Parliament are excluded from committees, boards or other bodies involved in the consideration of proposed projects, or coerced or threatened in an effort to prevent them from freely communicating with their constituents; and
 - (i) whether the operation of the program is consistent with the Auditor-General's 'Better Practice Guide for the Administration of Grants', and is subject to sufficient independent audit.
- (2) With respect to the future administration of similar programs, any safeguards or guidelines which might be put in place to ensure proper accountability for the expenditure of public money, particularly the appropriate arrangements for independent audit of the funding of projects.
- (3) Any related matters.

WITNESSES

MINICHELLO, Professor Victor, Executive Dean, Faculty of Education, Health and Professional Studies, University of New England.....	1
PEGG, Professor John Edward, Director, SiMERR National Centre, University of New England	1

Committee met at 3.12 pm

MINICHELLO, Professor Victor, Executive Dean, Faculty of Education, Health and Professional Studies, University of New England

PEGG, Professor John Edward, Director, SiMERR National Centre, University of New England

CHAIR (Senator Forshaw)—I declare open this public hearing of the Senate Finance and Public Administration References Committee. We are here today to hear evidence from Professor Victor Minichiello and Professor John Pegg of the University of New England. I welcome you to the hearing today. I might just say for the purposes of the *Hansard* record that we have just undertaken a short tour of the National Centre of Science, Information and Communication Technology, and Mathematics Education for Rural and Regional Australia here on the campus. We have previously held nine public hearings for this inquiry. A large number of submissions have been made public and are available on the committee's web site.

Evidence given to the committee is protected by parliamentary privilege. That broadly means that witnesses are given protection from any action taken against them arising from what they say in evidence to the committee. The Senate has the power to protect witnesses if any action is taken against them which disadvantages them. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We prefer to conduct our hearings in public. However, if there are any matters which a witness wishes to discuss with the committee in private, please make that request at the time and we will consider it at that point. The committee decided at an earlier hearing that all witnesses giving evidence to the inquiry should do so by way of oath or affirmation.

For the benefit of the media, as this is a public hearing we do not have any objection to film or sound being recorded, but I ask people to bear in mind that such filming should not inconvenience our witnesses. Gentlemen, we thank you for the welcome to the university. You have provided the committee with a submission, which has been made public. Earlier today you also provided us with a background paper on the National Centre of Science, Information and Communication Technology, and Mathematics Education for Rural and Regional Australia. Would you like to formally table that as part of your submission to the inquiry?

Prof. Minichiello—Yes.

CHAIR—It is so ordered. I now invite you to make an opening statement to the committee and we will then proceed to questions.

Prof. Pegg—Thank you for the opportunity to talk to you concerning the establishment of the SiMERR national centre. The Regional Partnerships grant, responsible for SiMERR's establishment, is a critical investment in nation building at a most fundamental level. I believe that with time and federal funding this initiative will be a catalyst for improving learning outcomes for all Australian rural and regional students in these three vital areas of education.

In addition, I appreciate the opportunity to correct inaccuracies that have been propagated about SiMERR and its personnel. In my address, I provide the Senate committee with

background information on the formation of the SiMERR national centre. While many people played important roles in the establishment of SiMERR, I was the person who drove the process. The idea began to evolve in 1996 when the faculty—under a new dean, Professor Rod Gerber—decided to establish research centres based on established research expertise at the UNE. One centre established was the Centre for Cognition Research in Learning and Teaching, referred to as CRiLT. I was appointed director of that centre. Over a couple of years, CRiLT built up an impressive portfolio of successful research projects with Australian state and federal governments, as well as numerous overseas grants, including the review of the examination system in Hong Kong and many UNICEF and World Bank projects.

By 1999, when the New South Wales government set up a review of teacher education under the leadership of Dr Gregor Ramsey, CRiLT was seen as an important education research group in Australia and to be punching well above its weight. I submitted a report to the review about the need, importance and structure of a national centre at UNE. In the final report of Ramsey, three important mentions were made concerning the ideas about the formation of a national centre and I will just allude to a couple of those. The report said:

A number of university submissions raised the desirability of increased specialisation in teacher education. The most advanced of those was that proposed in a detailed submission from the University of New England's School of Curriculum Studies. The University proposes to establish a national centre of excellence in the teaching areas of mathematics, science and information technology. The proposal seeks to increase provision for teachers of these subjects, especially for those who teach in rural, outer metropolitan and isolated areas.

The model seeks to build on the University's national and international research reputation in this area.

Later on in the report, it said:

A model such as that proposed in the University of New England's submission is strongly endorsed; it offers an innovative approach to the critical need to address issues related to the shortage of teachers in these subjects in rural and regional communities. Good science, mathematics and technological backgrounds in young people are critical to improving opportunities for them in rural and regional Australia.'

Finally, towards the end of the report, they said:

... the supply of mathematics teachers overall is falling rapidly. In particular, there is an approaching crisis in supply to inland and isolated schools. ...

The situation makes serious consideration of the proposal from the University of New England to better support the teaching of mathematics, science and technology in rural areas all the more pressing.

The validation of these ideas concerning a new centre by an independent review of education acted as a catalyst for the dean and me to embark on meetings with politicians and to send the proposal to various state and federal groups during 2001 and 2002. I had meetings with Tony Windsor, the federal member for New England, on two occasions and Richard Torbay on one occasion and the VC forwarded many proposals to other parliamentarians. Nothing came of these initiatives despite positive receptions to the ideas.

In late 2002 a new dean, Professor Victor Minichiello, was appointed. By this time CRiLT had over 20 staff involved in research projects. CRiLT was facing the dilemma of whether to direct its research efforts into assisting overseas countries or tackling the difficult issues facing rural and regional Australia. We decided to start again and embark on a new round of meetings. This time we approached Senator Sandy Macdonald with our proposal and had two meetings with him. These occurred late in 2002 and then in 2003. He was excited by the potential benefits of the initiative for rural and regional Australia. He pursued the idea with his colleagues and with Brendan Nelson. At the same time he advised that if the idea was truly Australia wide it should be able to get through the rigours of the biennial Nationals conference to be held late in 2003. This was pursued and in October 2003 the delegates at the federal conference voted unanimously for the creation of a national centre in maths, science and ICT at UNE.

An important outcome of the meeting with Senator Sandy Macdonald was an invitation by Brendan Nelson to meet with Dr Thomas Barlow, a senior adviser to Dr Nelson. The two-hour meeting in Sydney with Dr Barlow soon took place in mid-2003. He confirmed the significance of the idea, its importance for rural and regional Australia and that we should pursue the initiative at the highest levels of government with as much vigour as possible. He believed the idea was critical to rural and regional areas but he warned that there were no programs currently within DEST that could fund the initiative even though the thrust was consistent with government policy to improve educational visions for all Australians. Senator Macdonald reacted by organising separate meetings with John Anderson, the Deputy Prime Minister, and Peter McGauran, the then Minister for Science and Technology, at UNE. Both men were taken by the ideas. John Anderson was particularly receptive as he was receiving a growing list of concerns from people throughout rural Australia and was experiencing situations at first hand through his own children. At the meeting I indicated that the centre could begin operation on 1 January 2004.

In October 2003, John Anderson announced that he wished to establish a national centre at UNE and placed it on the government's agenda. There was considerable media excitement about the announcement including numerous radio interviews and press reports. Following this were a series of meetings explaining the national centre. People spoken to included Trevor Khan, Senator Boswell, officers of DEST and DOTARS, and numerous community groups. In May 2004 a meeting was held in Canberra with John Anderson, senior members of DOTARS and DEST, the VC at UNE, Professor Ingrid Moses, Professor Victor Minichiello, Dr Deborah Panizzon, who was to become the deputy director of SiMERR and had also been present at most of the meetings mentioned previously, and me. After this meeting the proposal that had been the basis of the talks for the past few years was reconfigured to meet with the DOTARS application process. This work took over a month to complete and went through numerous modifications.

On Saturday, 26 June John Anderson announced the establishment of the national centre at UNE and the associated budget. This required a reworking of the budget graph that was much less than requested. The centre contract was signed by Professor Moses on 28 June to commence on 1 July and this was accompanied by a simple ceremony at UNE. On 1 July the SiMERR National Centre commenced operation with all projects totalling in excess of \$2 million currently under the CRiLT name being transferred to SiMERR. The official opening of the centre occurred on 22 July at a morning tea held at UNE. Politicians in attendance were John Anderson and Sandy MacDonald. Contrary to accounts in the press by Tony Windsor, he was invited twice, once as a local member and once as a member of council, and an apology was received and

noted. The SiMERR National Centre has met the milestones set so far. This has been an extensive plan establishing hubs in each state and territory and commencing a focused research program. SiMERR is currently overseeing 15 state, territory and national research projects. It is meeting its mission by identifying and addressing issues concerning rural and regional education in Australia.

CHAIR—Professor Minichiello, did you wish to add some comments?

Prof. Minichiello—My colleague is an enthusiast. I promise I will be within the five minutes, or shorter. As my colleague explained, the University of New England is attempting, through the work of the Commonwealth funded national centre, to understand an issue that is dear to the hearts of many parents and teachers who work in rural schools and to provide a solution to improving the learning experience of students undertaking maths, science and ICT education in rural schools across the nation. As you heard, prior to this formal occasion some significant achievements have already been made, notwithstanding clearly articulating the problem and placing it in the public domain. The Commonwealth government should be congratulated in having a regional partnership program that empowers rural communities to develop solutions to highly complex issues and further develop the capacity of the nation outside of the cities.

The context of my involvement in the project arose with me taking up my deanship in 2002. As part of my strategy in positioning the Faculty of Education, Health and Professional Studies in a stronger teaching and research position and better linking it with rural issues, I gathered intelligence about some of the key issues that rural Australia faces. We identified three important issues to the community in a rural university, and one of them was the national centre. For all of these projects, proposals were either available or developed in terms of identifying the problem and providing a solution. I might add that these issues represent the considerable social justice issue in terms of an imbalance of infrastructure development and investment favouring Australian citizens who live in the cities.

Professor John Pegg had developed a comprehensive concept with regard to the poor outcomes of rural primary and high school students studying mathematics, science and ICT. He supported a proposal to address these issues and change the adverse trends for young people, their parents, rural schools and the viability of rural communities. Over a period of more than 12 months I championed this proposal, like I am doing with the rural medical school, at various community forums, with various political contacts across all the political colours that you can locate—including Tony Windsor and Richard Torbay—the media and within the university and academic communities. Eventually we found a funding source that was appropriate for this specific rural partnership project within the Department of Transport and Regional Services. We worked with the relevant minister as well as holding discussions with the relevant officers from the Commonwealth Department of Education, Science and Training.

When the application was successful, we acknowledged the contributions we received. We acknowledged the Minister for Transport and Regional Services, who also happened to be the Deputy Prime Minister; Senator Sandy Macdonald, who assisted with the project as the local senator; and The Nationals, who have a policy commitment to addressing such important issues for rural Australians. I participated in making public statements about such acknowledgements at the launch of the project and other public forums, as did the director of the national centre. At no stage was there any discussion that funding was dependent on endorsing a political candidate or

that the project would be funded on any criteria other than its significance, aims, innovation, and merit. As academics, we are used to making acknowledgments, and this is what occurred. The statements reflected, then and now, an honest and genuine appreciation that acknowledged the people who greatly assisted us with this highly innovative project for rural Australia.

Senator O'BRIEN—Thank you for your opening statements. Are you both appearing on behalf of the university today?

Prof. Minichiello—Yes.

Senator O'BRIEN—Who is responsible for developing the project proposal that was funded under the Regional Partnerships proposal?

Prof. Pegg—I was.

Senator O'BRIEN—Who made the decision about where the funding for the proposal should be sought?

Prof. Pegg—I do not know the answer to that question. All I know is that we went to DEST and, as I said in my statement, we went to John Anderson, to Peter McGauran, to Sandy McDonald—to anyone who would listen to us—with what the proposal was. We sent copies of the proposal to those people. I had gone through the same process in 2001-02 and received a letter from David Kemp saying it was a wonderful idea but there was no funding for it. There was an issue in that DEST believed they could only fund initiatives based on their programs—you probably understand this more than I do. The key issue then was that, once there was so much community and political support for it, that defined the project for them.

Senator O'BRIEN—Are you saying you sought this funding from DEST and were told that they were unable to provide it?

Prof. Pegg—No. I am saying a couple of things. In 2001, when David Kemp was the minister, I put in the original proposal and I have a letter from him saying how great it was but there was not a program available to fund something of that scale and magnitude.

Senator O'BRIEN—Did you meet with DEST about this project subsequent to that?

Prof. Pegg—After that, I talked to Thomas Barlow, an adviser to Brendan Nelson, and he did not know of—but was willing to work with the minister to see whether there were—programs that would have the amount of dollars that were needed to actually run a successful project.

Senator O'BRIEN—Did Thomas Barlow come back to tell you whether such a program existed or whether there was a possibility of funding from DEST?

Prof. Pegg—No.

Senator O'BRIEN—You never heard from him?

Prof. Pegg—We did meet with him subsequently when he attended that meeting in Canberra as one of the DEST officers meeting with DOTARS officers and—this is only hearsay—there was ongoing talk between ministers and government.

Prof. Minichiello—You asked the question: how did we become aware of the Regional Partnerships funding?

Senator O'BRIEN—No, I do not think I asked precisely that question. I asked, 'Where was the decision taken to seek the funding?'

Prof. Minichiello—Okay. We had mapped out various funding sources initially, as Professor Pegg explained in the earlier part, at the state level and eventually at the federal level. In academic circles, you are able to clearly identify that there is the ARC, the key centres of excellence that are Commonwealth funded and, of course, if you happen to live in a rural community, you are aware of the Regional Partnerships program. When we started dialogues with various people in the developmental stage of the concept, the more we spoke to people and the more we got feedback from a wide range of players. It increasingly became obvious to us that regional partnership was what this project was about. This project is about a rural university, identifying a rural issue and trying to develop partnerships—all the hubs are rural partnerships—with rural schools, rural parents and therefore it seemed appropriate. That is when we started talking to Senator Macdonald, who is the local Nationals senator, about the Rural Partnerships program.

Senator O'BRIEN—It seems like an education program to me.

Prof. Minichiello—The national centre does both education and research.

Senator O'BRIEN—It is about education in science, information technology and maths, isn't it?

Prof. Pegg—It is about improving the outcomes of students who live in those areas and supporting professionally isolated teachers. But there is no mechanism within the department of education that can conceptualise that. The problems are so great in rural and regional Australia that anything that is currently on the table was not appropriate to deal with the complexity of the issue.

Senator O'BRIEN—So Mr Barlow, and Dr Kemp before him, was telling you that, despite the problems you were seeing, there was nothing in the Commonwealth department of education—I will call it that for the sake of not reciting its title every time—that dealt with the issue of regional educational disadvantage.

Prof. Pegg—They have it under isolated programs. So we could apply for grants, which we do, under isolated programs, but they are tied to particular outcomes. For example, we have been successful in winning a DEST grant for the national survey. But they did not have anything of the nature to fund a national centre which would then link with states and territories which have this network right across Australia of committed academics working to those aims for the benefits of rural and regional Australia. There was nothing conceptualised; they had no mechanisms to go forward with that.

Senator O'BRIEN—So when was an application for this project first lodged for funding under the Regional Partnerships program?

Prof. Pegg—I am not quite sure what you mean—the formal application?

Senator O'BRIEN—Yes.

Prof. Pegg—I have to say that the draft application has been around since 2002. That has gone to the Labor Party, to the Liberal Party, to The Nationals.

Senator O'BRIEN—You mean a proposal—

Prof. Pegg—A proposal.

Senator O'BRIEN—but not an application?

Prof. Pegg—But not the application. The formal application was commenced in May 2004.

Senator O'BRIEN—What does 'was commenced' mean?

Prof. Pegg—It took what was in the draft application and moved it across to fit into the different categories. But there had been extensive consultation about the draft proposal, because it was the idea: what would be achieved and how it would be structured.

Senator O'BRIEN—So when did a formal application first make its way to the Department of Transport and Regional Services?

Prof. Pegg—Sometime in May 2004.

Senator O'BRIEN—Are you certain about that?

Prof. Pegg—No.

Senator O'BRIEN—Could you find out?

Prof. Pegg—I could find out.

Senator O'BRIEN—Do you have a copy of the original application?

Prof. Pegg—It might be in my office. I really do not know. The thing is that the draft application, which was a 25-page document, had in it all the budget details, the objectives, the outcomes and so on, so that was the working document that people commented on. It was the one that said, 'This is the idea.'

Senator O'BRIEN—When did the working document go to the area consultative committee?

Prof. Pegg—It did not go to the area consultative committee. Because this was a national project which would involve states and territories my belief is that it was not relevant for the local regional group to see the document, because the ramifications were for all of Australia.

Senator O'BRIEN—Were you told that or was that your assumption?

Prof. Pegg—That was my assumption.

Senator O'BRIEN—Did you become aware of the Regional Partnerships program as a potential vehicle for your proposal through consultation with members of parliament?

Prof. Pegg—Yes.

Senator O'BRIEN—When the application was submitted, did it confirm project partners? Was there just UNE or did you have some of the hubs involved?

Prof. Pegg—No. It was just the University of New England, but it was foreshadowed that there would be seven other partners—all the states and territories—but we needed to go through a formalised process, which we did, of putting out tenders so that every university had the option to apply to become a partner.

Senator O'BRIEN—At that stage they had not committed?

Prof. Pegg—No. It was quite an expensive operation to go through and we did not have the funds to undertake that. So the commitment was there, and it was written into our milestones that we had to achieve, that there would be hubs established in each state and territory.

Senator O'BRIEN—The Department of Transport and Regional Services has provided evidence to this committee that the National Centre of Science, Information and Communication Technology, and Mathematics Education for Rural and Regional Australia was not eligible for funding under the published Regional Partnerships guidelines but was approved under the Strategic Opportunities Notional Allocation guidelines. Did anyone from the department or a member of parliament tell you that the project was not eligible under the published guidelines?

Prof. Pegg—No.

Senator O'BRIEN—Did anyone from the department or a member of parliament tell you that there were some special guidelines that would be applied to the project?

Prof. Pegg—No, not to my recollection.

Senator O'BRIEN—Did anyone from the department tell you that the project was eligible under the published guidelines?

Prof. Pegg—No.

Senator O'BRIEN—Why did you make the application if you were not assured in your consultations that it fitted the guidelines?

Prof. Pegg—The difference is we are talking about different time frames. Once there was an application form there, I knew that there was funding. It was a government initiative. Sorry; you will have to restate your question.

Senator O'BRIEN—I wanted to know whether you were made aware that the application did not fit the published guidelines of the Regional Partnerships program.

Prof. Pegg—No.

Senator O'BRIEN—Were you told that it fitted any other guidelines that had not been published?

Prof. Pegg—No.

Senator O'BRIEN—Were you encouraged to make the application under the Regional Partnerships program by someone from the department or a member of parliament?

Prof. Pegg—Yes.

Senator O'BRIEN—Who?

Prof. Pegg—I think it came up at the meeting. I cannot remember who. Maybe it was the Deputy Prime Minister. I do not know.

Prof. Minichiello—There was a meeting called when we had our draft.

Senator O'BRIEN—This was in May 2004?

Prof. Minichiello—Yes. Part of the guidelines of the Regional Partnerships program is that you work very closely with your committee members and that the project evolves through a series of discussions. The Minister for Transport and Regional Services called a meeting in Canberra where Professor Pegg and I, Dr Debra Panizzon, the vice-chancellor, the minister, members of his ministry and representatives from the Department of Education, Science and Training started discussing the project and also had consultation meetings with DEST about some of the achievements that would be achieved by this. That assisted us in terms of further developing the proposal. At no stage did we think that this was not a good funding source. We went to that meeting thinking that this was not only a good funding source; it was an appropriate funding source. And those discussions, both with the Department of Education, Science and Training and with the Department of Transport and Regional Services, confirmed that this was a project worth pursuing and that we had to fit into the agenda of DEST because ultimately the national centre will deliver outcomes that will influence education policies.

Senator O'BRIEN—But DEST could not fund it?

Prof. Minichiello—At that time DEST was not funding national centres of this nature. Regional Partnerships programs have a funding opportunity, and we took advantage of that. We presented an innovative concept and we took full advantage of that opportunity that presented

itself through Regional Partnerships. From an academic perspective, I am not concerned if it comes from DEST, the Department of Health and Ageing or some other department.

Senator O'BRIEN—I can understand that.

Prof. Minichiello—But I want to make that clear. I am trying to give you an insight into what was going on in our minds. From an academic perspective—and I think this is what the Minister for Education, Science and Training wants—we are chasing dollars in legitimate forms that appear. If these funds were available from the United States, we would have asked the US. Unfortunately the United States is not as generous in terms of funding projects in Australia, I hate to say. But this is how we did it. I want you to get an understanding of how we were looking at this. We are highly passionate about this issue. We feel for rural Australia. We feel that rural communities are not viable unless we address this problem. Over two or three years we were tackling state and federal levels and trying to find funding sources. This was an opportunity where we had a solution and we wanted to sell it. The Regional Partnerships program was an appropriate funding body, and it really did match. The more we got to know about the Regional Partnerships program, the more it matched the need for rural communities to develop programs and projects. The briefing of that is that it has to have relevance for regional or rural Australia, and we felt it was a really good match. Having said that, the centre has continued to work with the Department of Education, Science and Training and, in fact, we have subsequently been awarded not only this national survey but a whole range of other projects. So we are working with government agencies across the spectrum and are seizing opportunities where they are available.

Senator O'BRIEN—This inquiry is about the Regional Partnerships application. I can understand someone coming to you and saying, 'There's a pot of money we can grant you access to.' What I do not understand is how you would say that the Regional Partnerships scheme was specifically relevant to your inquiry when the evidence we have is that you actually did not know whether or not it fit the published guidelines. Who told you it was relevant to the purposes? Or is it just relevant because you got the money from them?

Prof. Minichiello—I am working on another Regional Partnerships program, a funding application that I put in for the establishment of a feasibility and consultation study for rural medical schools. I have no doubt in my mind that it fits that particular program.

Senator O'BRIEN—But the department says it does not. It did not fit the published guidelines—that is what I am saying. The evidence from the department is that it did not fit the published guidelines. The evidence from the department is that it was approved under the strategic opportunities notional allocation guidelines, which were unpublished.

Prof. Minichiello—I cannot answer that question. I assume that the minister has discretion, with any funding programs, to approve projects. We put in an application. We believed it was an appropriate application. We believed Regional Partnerships was an appropriate avenue. In the same way, I have done that with the rural medical school. I have had discussions with the federal health minister.

Senator O'BRIEN—I understand you are saying you made some assumptions. I wanted to know what you had done in terms of looking at the actual guidelines to see if they fitted, because

they are published on the web site. They have been the subject of our consideration. You were talking to the Deputy Prime Minister about the program, and your evidence was just then that you were sure that it fitted the program.

Prof. Minichiello—In my mind I was sure.

Senator O'BRIEN—But you had never looked at the guidelines.

Prof. Minichiello—I had looked at the guidelines. You cannot help but look at the guidelines, because they are part of the application.

Senator O'BRIEN—Did you ever ask department officers whether it fitted the guidelines?

Prof. Minichiello—I suppose I am a very arrogant person. When I put in an application, I read the guidelines. I am very confident that it meets the guidelines, so I put it in. Unless I am told by someone that it does not meet them, I assume it does.

CHAIR—The question was: were you told by the department whether or not it met the guidelines?

Prof. Minichiello—No, I was not. No-one conveyed that information to me.

Senator O'BRIEN—No question was asked of the department as to whether this program fitted the guidelines?

Prof. Minichiello—The assumption was that I read the document, as I have read it for the other application I submitted, and I believe it does. Unless I am told by the funding body that it does not, I work on that assumption.

Senator O'BRIEN—You gave some evidence about Mr Windsor earlier today. I understand that the day after Mr Anderson announced the funding for the project the member for New England, Mr Windsor, released a media statement welcoming the announcement and congratulating the university on the funding outcome. He said in that that the Vision New England Summit he convened in 2003 facilitated strong community support for the project. Do you agree with that?

Prof. Minichiello—You are referring to the media statement that was released on 27 June?

Senator O'BRIEN—Yes.

Prof. Minichiello—And this is the New England summit that you are referring to?

Senator O'BRIEN—I am referring to the press release which talks about that, yes.

Prof. Minichiello—And your question was?

Senator O'BRIEN—Do you agree with what he said in the press release—that the Vision New England Summit he convened in 2003 facilitated strong community support for the project?

Prof. Minichiello—I do not know how to measure that. How would I measure that?

Senator O'BRIEN—You live in the community. Is there community support for the project?

Prof. Minichiello—I have not done an impact. There was a lot of activity promoting the national centre. Professor Pegg and I did a lot of media presentations. The media is here. The media would have interviewed us many times. Professor John Pegg and I also wrote a lot of letters to the editor. We spoke to high school groups, students and parents. If you are asking me, in the overall scheme of things, what impact this particular summit had in terms of promoting the project, as a scientific exercise, I cannot answer that. As a gut feeling, I think it was a positive contribution. It obviously furthered the campaign and further promoted the concept.

All that I can say is that it was a positive contribution that helped the campaign along because there were a series of public events that were occurring, and every one of them had a sequential, cumulative effect. I assume that that was positive. Whether or not I would agree that it was significant, as Mr Windsor was implying, I do not know—I would have to look at his data.

Senator O'BRIEN—Going back to that release, the release says:

It was unanimously supported by the 67 community groups represented at the Summit, Which has further enhanced the understanding of the need for the Centre and I'm sure has gone a long way to reinforcing the University of New England's case it was able to put to the Government.

Do you disagree with any of that passage?

Prof. Minichiello—It was unanimously endorsed. In fact, most of the motions that were put at that summit—I think I put two other motions—were also unanimously endorsed, so Tony Windsor's summit was a positive event.

Senator O'BRIEN—Thank you for that.

Prof. Pegg—You have to see that from 2001, every time we mention the national centre or the plight of students in rural and regional Australia, everybody has been positive about it. What has been the bugbear is that it has been passive and no-one has actually said we are going to get in there and help those people, and the situation has been getting worse and worse. So clearly there was a positive reaction to that, but there have been positive reactions for year after year after year and nowhere has there been funding and nowhere have there been people willing to say, 'Let's get in, try and find out what the issues are and deal with those issues.' So it has been very frustrating, as I said in my opening remarks, in that the decision was about whether we just say it is too tough—everybody wants it to happen but nobody will go the extra yard—or whether we move our research expertise overseas and support countries over there that are really begging us to do work there.

Senator O'BRIEN—I want to quote from some extracts from a document dated 19 July 2004, which was less than six weeks before the federal election was called. The document reads:

Over the past year, staff at the UNE have been working closely with The Nationals in refining a proposal for the centre and securing the appropriate funding.

... ..

The Nationals have supported this proposal from its conception, with Senator Sandy Macdonald and Nationals New England Candidate Trevor Khan setting up meetings between Deputy Prime Minister John Anderson and UNE staff.

Can you tell me who wrote the document I have just quoted and who authorised its publication on the university web site?

Prof. Pegg—It was probably me. I would have written it.

Senator O'BRIEN—Did you authorise its publication as well?

Prof. Pegg—Yes. I am not quite sure of the source of that—perhaps *Smith's*. I have written so many articles about the national centre. It sounds like my writing.

Senator O'BRIEN—Was the text discussed with any National Party officials, candidates or elected members before publication?

Prof. Pegg—No, and I stand by those comments now. We found people who were willing to go the extra step in supporting us to facilitate meetings with the Deputy Prime Minister. Maybe there are ways about that, but up until Sandy Macdonald was able to intervene we had no access to politicians even though, as I said, I had written to David Kemp and to all these people that we were willing to fly to Canberra. We would have met with anyone anywhere to talk about this issue.

CHAIR—Professor Pegg or Professor Minichiello, did you or anyone from the university actually go to Canberra and seek meetings with the ministers?

Prof. Minichiello—We went to Canberra.

CHAIR—Specifically to lobby or push your agenda?

Prof. Pegg—The vice-chancellor did.

CHAIR—Who did she meet with?

Prof. Pegg—She met with Brendan Nelson and with—

CHAIR—Is this in the same time period or is this with regard to the earlier—

Prof. Pegg—This has been going on for some time. She would have met with David Kemp.

CHAIR—After David Kemp advised you that it was a great idea but knocked it back.

Prof. Pegg—I know she met several times with Brendan Nelson. I am aware that she met with other senators.

CHAIR—In Canberra?

Prof. Pegg—In Canberra.

CHAIR—Do you know what time period that was?

Prof. Pegg—It was countless times.

CHAIR—This was prior to your discussions with Senator Macdonald.

Prof. Pegg—She was meeting with Brendan Nelson in 2003.

Prof. Minichiello—And in 2004.

CHAIR—And they did not prove successful?

Prof. Pegg—No. I cannot get across to you how frustrating this has been.

CHAIR—Do not worry; we fully understand what you are saying.

Prof. Pegg—I understand that you must get lots of people coming to you with lots of ideas.

CHAIR—Let me put this to you: senior academics and particularly vice-chancellors at universities would come to Canberra from time to time. I know relevant people in universities in the area where I live, and it is not unusual for them to be down there from time to time, either as a group or as individuals pursuing whatever issues they want to pursue. I wanted to know if that sort of activity had taken place to promote this and to seek funding. It appears that it did in at least some respects.

Prof. Minichiello—That activity occurred and, when we focused on the Regional Partnerships application, that is what we focused on.

CHAIR—That is what we are here inquiring into, but it seems interesting to me that all of that activity proves unsuccessful and then a backbench senator—no disrespect to Senator Macdonald—is somehow able to make the breakthrough, when you have had vice-chancellors making requests, submissions and representations made to ministers. I just find that unusual.

Prof. Minichiello—I do not accept that.

CHAIR—I am not suggesting anything about it; I am just saying that I find it unusual.

Prof. Minichiello—In response to that, I have been lobbying the federal government for over 12 months, in terms of the establishment of a rural medical school. It is common knowledge in parliament that sometimes you need to hit an accord with someone. I was on an international

panel at Monash University reviewing the men's reproductive health project that the previous federal health minister funded. Monash went to the federal minister with a proposal, it hit an accord with the minister and the minister funded that project. This is not an uncommon occurrence. Lots of projects are funded by hitting the right minister with the right issue. Monash were telling me that they want a longitudinal study, and they are trying to find out which of you guys have prostate cancer so they could go through you guys to promote that project. That is how it happens—and if you give me that information, I can pass it on to my colleagues! In this project, the Minister for Transport and Regional Services has three children and it hit an accord. He obviously was highly committed to this issue. That is how it occurred.

Prof. Pegg—He made a public announcement in October 2003 that this centre should be established.

Prof. Minichiello—Is that unusual? I do not know.

CHAIR—I think we will proceed with questions.

Senator O'BRIEN—When you say that you made a public announcement in 2003 that this project should go ahead, that was—

Prof. Pegg—It was in October or so.

Senator O'BRIEN—It was to do with the national conference, wasn't it?

Prof. Pegg—Yes. It was in his keynote address to the national conference.

Senator O'BRIEN—At that stage, had either of you gentlemen met with Mr Anderson about the proposal?

Prof. Pegg—Yes.

Senator O'BRIEN—So you put the proposal to him. At that stage, you were not aware as to how he would propose to fund it.

Prof. Pegg—No.

Senator O'BRIEN—Correct me if I am wrong, but it was about May 2004 when the Regional Partnerships program was drawn to your attention by Mr Anderson.

Prof. Pegg—In May 2004 we were told where the application form was and to transfer the proposal we had, which was written in academic-speak, into a form.

Senator O'BRIEN—Was that before or after the budget? I might be testing your memory.

Prof. Pegg—I do not know.

Senator O'BRIEN—It is interesting in the context of—

CHAIR—Was that when the minister visited the campus here?

Prof. Pegg—No, that was after he opened the—

CHAIR—He opened the facility here sometime in early May, I understand.

Prof. Pegg—No.

CHAIR—So it was not at that time; it was subsequent, was it?

Prof. Minichiello—I do not have my calendar, so I would hate to provide a response. But I could check that out if you wanted me to.

CHAIR—If you would not mind. Just the date.

Senator BARNETT—It is on the plaque.

Prof. Pegg—I know the date for our meeting.

Prof. Minichiello—It is on the plaque, I know.

Senator BARNETT—We passed the plaque.

CHAIR—My understanding is that the opening was on 4 May. I cannot recall the date of the budget, but it would probably have been in the first eight or 10 days.

Senator BARNETT—It was after that.

CHAIR—Yes, it would have been after that. But if the budget was after that date, the question then is: when was the meeting with Mr Anderson, if it was not on the occasion when he was here; it was subsequent to that? So you will let us know, Professor Minichiello.

Senator O'BRIEN—Did the department play any role in the development or handling of your application prior to its approval, to your knowledge? Did you deal with the department at all about your application?

Prof. Pegg—Yes.

Senator O'BRIEN—Whom did you deal with?

Prof. Pegg—A Des Harris. Do you know him?

Senator O'BRIEN—There are many people in that department.

Prof. Pegg—Yes.

Senator O'BRIEN—So the application was lodged in May or June.

Prof. Pegg—Yes. There were a couple of redrafts for working out the budget and putting it within their guidelines. They have got a specific form. It had to be so many words and written in such a way, and so on. So that took time. I put drafts to him.

Senator O'BRIEN—So there were a number of iterations.

Prof. Pegg—Yes, particularly trying to get the budget. The way you usually do budgets for university grants is different to the way that the Department of Transport and Regional Services do their budgeting. So I had to learn how to rewrite what was requested.

Senator O'BRIEN—I want to be clear when you lodged it. It sounds like there were a number of drafts passing to and fro. Was there a final application lodged with the signature on it that you got the nod and the wink from Mr Harris about—that that should do?

Prof. Pegg—Yes, there would have been, but then there was a meeting. Even though I am very happy with what we received, the actual money that we received was far less than what we originally requested. So there were a number of changes made there, so that, after the announcement was made and I found out how much money and the time frame, there had to be redrafting then. The other issue was that I was very keen for the thing to start as soon as possible. As I said before, I wanted to start on 1 January 2004.

Senator O'BRIEN—Obviously that was not going to happen if you were applying in May or June 2004.

Prof. Pegg—It was advice from people about what application forms we had to do.

Senator O'BRIEN—How long did the process from application to approval take? How long did it take from when you first lodged an application with the department with a signature on it saying, 'This is our application'?

Prof. Pegg—I would say maybe a month.

Senator O'BRIEN—And you think the application was lodged sometime in May and was approved sometime in June?

Prof. Pegg—I just have to qualify that by saying that we had been working on the proposal for at least a year.

Senator O'BRIEN—I understand what you have said. I am talking about the Regional Partnership application, the document, after you had been told you had to put it into whatever form the bureaucracy wanted—probably something off the web site.

Prof. Pegg—Yes.

Senator O'BRIEN—So you have taken that, added your input and your budget to it, signed it and put it in some time in May?

Prof. Pegg—I do not know what the normal applications do, but it was not going in cold. There were a lot of people around the world who knew what was going on.

Senator O'BRIEN—Did you ever meet with Mrs Kelly to talk about it?

Prof. Pegg—No.

Senator O'BRIEN—There was an advertisement on 24 July in the *Northern Daily Leader*, a so-called advertorial, written by the National Party to promote its candidate for the seat of New England. A claim was made that the university paid for half of a double-page advertisement in that paper on that date with the advertorial on behalf of the National Party. Is that true?

Prof. Minichiello—There was a two-page newspaper article on the national centre. That is the one that we are referring to—is that correct?

Senator O'BRIEN—Yes, on 24 July. That was a Saturday.

Prof. Minichiello—We were aware that a two-page feature spread on the launch of the national centre was occurring. The UNE agreed to a UNE education-only ad, which is what appears there at the bottom. This was to be a half-page advertisement concerning courses and units of study; no political comment appeared in this advertisement. It was developed in conjunction with the UNE advertising coordinator.

Senator O'BRIEN—So the UNE only paid for that half-page?

Prof. Minichiello—Yes, if you could just bear with me I will be able to explain that. Other promotional material produced by UNE included a poster on the national centre itself, which does not appear there. So UNE funded a half-a-page UNE education-only advertisement; no other advertising was funded by UNE. Payment for the half-a-page UNE education-only advertisement was approved by me, as the executive dean, in correspondence with the UNE advertising coordinator. The content of the top part—what do you call it?

Senator O'BRIEN—Advertorial.

Prof. Minichiello—The advertorial was drawn from material from *Smith's*, which is the university newsletter, an article that appeared in the *Sydney Morning Herald* and other radio and television interviews. The source material was provided by the UNE national centre's John Pegg to Senator Macdonald's office as part of the UNE's briefing materials for the launch of the centre, because we were working with Senator Macdonald to prepare for the launch, which was going to involve the Deputy Prime Minister.

The article's content was initially sighted by the PR manager of Marketing and Public Affairs at the university, MAPA, and submitted to my office as a press release for approval, which I gave. I was checking that the content was correct and accurate as it was previously published. MAPA called Rural Press, which is the publishing source, to seek clarification directly from them to confirm that the Rural Press understood it to be an advertorial, which is a term used by the Rural Press. I was not very familiar with that term but I know a lot about it now. This was organised directly through Senator Macdonald's office. It appeared under an advertisement

banner, as the article went to print without being subedited. The Rural Press also confirmed that UNE booked and paid for the UNE education-only half page advertisement alone, and that UNE was not involved in any negotiations about article content with Rural Press. That was confirmed with the Rural Press through the marketing office.

Senator O'BRIEN—Are you saying that it was a coincidence that your half page appeared with the other material, or was that prearranged?

Prof. Minichiello—We were aware, as I stated, that we were going to have a two-page feature spread on the launch of the national centre. We were aware that it was occurring, yes.

Senator O'BRIEN—Did you know that it would include a political advertisement for The Nationals?

Prof. Minichiello—We were aware that the UNE was putting in its advertisement and that The Nationals were putting in their advertisements. Our advertisement constituted the course advertisement. We became aware the day before that went to press that there would be the campaign advertisement. I saw it the day before.

CHAIR—You saw this ad?

Prof. Minichiello—Yes, I did.

CHAIR—From The Nationals?

Prof. Minichiello—Yes, I did.

CHAIR—Did you raise any issues with regard to a political campaign ad in support of a candidate being included in this section along with the paid ad by the university? Did you see that that could possibly be an issue?

Prof. Minichiello—To be honest—

CHAIR—That is what you are supposed to be here, and I am sure you are.

Prof. Minichiello—To be particularly honest, at the time the focus of our attention was the launching of the national centre, with the Deputy Prime Minister coming. I just want you to get into my mind in terms of how I saw this. We had worked very hard over—

CHAIR—I understand all that, Professor Minichiello. I know what you are trying to say. But there was no election campaign on at this stage—this is July 2004—and yet you see an ad by a political party promoting a candidate for a seat and quoting both you and Professor Pegg. I am pointing to the fact that it did not occur in a campaign because it is not usual for candidates to be advertising that far in advance in half-page ads in newspapers. Maybe I am wrong in that respect, but I would put, firstly, that it is not normal. Secondly, when you were made aware that there was a political ad going in that was being associated with an ad from the university and the article about this centre, I would have thought that an alarm bell might ring or that it would

occur to any person employed at the university that the university could be compromised in some way.

Prof. Minichiello—I think you are making an assumption. It did not—

CHAIR—I am asking you if it did occur to you or not.

Prof. Minichiello—No. I looked at the quotation. My quotations were not endorsing the candidate—

CHAIR—Let us cut to the chase. In all my years in politics—30-something years, 11 of them as a member of parliament—I have never seen an ad by a political party for a candidate which goes to the extent of quoting university professors, or universities even, in such a blatant way.

Senator Barnett interjecting—

CHAIR—You produce some, Senator Barnett. They may elaborate on their achievements in getting a particular centre being built at a particular university or a particular school or whatever. Occasionally they may have a photo, particularly in a campaign, of the facility that was built. But it is always clearly understood that the school or the university or the facility is not being used to endorse that candidate. Your position is that that is not what you were doing.

Prof. Minichiello—No.

CHAIR—But the tenor of this ad suggests that the candidate is trying to suggest that he has done that.

Prof. Minichiello—I could see how a politician would reach that interpretation.

CHAIR—I can tell you that that would be the view of many academics that I know and people involved in universities who would go to great lengths to avoid even that perception being created.

Prof. Minichiello—You have asked me a question and I am trying to answer it honestly in terms of what went through my mind at the time I looked at that. I did not see any political ramifications at that point in time. Looking back, I think it created so much grief that maybe I should have paid more attention to it. However, academics get quoted all the time. I just did a search of the web. There are things that I have said that have been put into a whole range of advertisements, posters and book covers. My articles are reproduced in books, and sometimes I do not know when it happens in other countries. To be perfectly honest, maybe I was lazy—if I could use that word—but I did not see its political significance. My focus here was on the major public event that we were having, and I did not pay particular attention to that. That may have been remiss on my part but I am trying to explain it from my perspective.

CHAIR—I understand that that is your explanation.

Senator O'BRIEN—As to the statements by you, Professor Pegg and Professor Minichiello, were they taken from other statements or were they specifically made for the advertisement?

Prof. Pegg—No, they were taken from other statements we made. When I looked at them it was clear that they were things I had said. Being an academic, once you say something, you are quoted quite often. It was true—the comments I put there were true and are true today.

Senator O'BRIEN—Perhaps you could tell us, on notice, where we could find these original statements. Which document would we find these statements in?

Prof. Minichiello—If you are asking me to identify the sources, I would have difficulty because we did a lot of interviews.

Senator O'BRIEN—So you are surmising that that is where they came from?

Prof. Minichiello—No. Jim Booth asked for comments that we were making about the national centre.

Senator O'BRIEN—Who is Jim Booth?

Prof. Minichiello—Jim Booth was working with our PR person in putting together the two-page editorials.

Senator O'BRIEN—Was he from the newspaper or Senator Macdonald's office?

Prof. Minichiello—He was from Senator Macdonald's office. In fact you could ask the question: how was the top article written? That was written because we were providing a whole range of information in not only compiling this particular advertisement but also preparing for the launch of the national centre.

Senator O'BRIEN—Did Jim Booth ask you for these quotes?

Prof. Minichiello—He asked for quotes of us talking about the national centre.

Senator O'BRIEN—In the context of the article?

Prof. Minichiello—In the context of the article—

Senator O'BRIEN—And then he used it for the ad?

Prof. Minichiello—and in the context of what we were going to say at the opening when the Deputy Prime Minister was going to be present. Those acknowledgments were also made verbally as part of our speeches on that day.

Senator O'BRIEN—Did you both approve your statements being used in a party political advertisement? You must have because you saw it beforehand.

Prof. Minichiello—If your question is 'were they provided with our knowledge that they were going to be used in the advertisement' the answer is no. They were provided as part of a request in setting up—

Senator O'BRIEN—When you saw the ad on the day before did you approve of the ad going ahead with those comments in it?

Prof. Minichiello—I was not asked—in the same way that we did not ask Senator Macdonald to approve our ad. As a courtesy we provided them with a copy of our ad.

Senator O'BRIEN—Yes, but they were using your quotes. So you were not asked; they were just used, whether you approved or not?

Prof. Minichiello—As a courtesy we were given a copy. I looked at the accuracy of the statements. I felt that it was not my obligation to approve or not to approve.

Senator O'BRIEN—You had no objection?

Prof. Minichiello—No.

Senator BARNETT—Thank you for the tour of your centre earlier, which I found very informative, and congratulations on your success and the perseverance that you have demonstrated over many years. There are a number of criteria that apply to the Regional Partnerships program, but do you think the taxpayers have received value for money? Could you outline the partnerships that you have and that you are developing—because Regional Partnerships is part of the strategy there—and the benefits flowing through to rural and regional Australia?

Prof. Pegg—Coming back to Regional Partnerships: the problems are so serious in rural and regional Australia that the only way we are going to be able to address them is through rural and regional partnerships. That means, in this competitive age, partnerships between universities working on a common goal, which is what we have established with the hubs; partnerships with schools and the departments of education; partnerships with researchers and teachers; partnerships with communities and students and teachers. So the whole notion of partnerships is really quite central to the way that the centre is proceeding.

Senator BARNETT—Do you have partners that are also investing, and can you outline the level of that investment?

Prof. Pegg—First of all, UNE has invested considerable sums of money.

Senator BARNETT—Can you tell us broadly how much, or is that confidential?

Prof. Pegg—I do not suppose it is confidential. There are the facilities that you saw. It was an open area, and so all those rooms and the structure and so on have been paid for by the university. Much of the equipment—the desks, the chairs, the computers—has been supplied.

Senator BARNETT—Can you give us estimates? I know it might be hard, but have you got any figures that you can share with us?

Prof. Minichiello—Over the period of time of the project?

CHAIR—It is Senator Barnett's question, but let us say since the grant was provided. I think that is what you were driving at, Senator Barnett.

Senator BARNETT—Yes. It is relevant to the grant. What sort of in-kind support have you given and what are the partners that you have involved with the project?

Prof. Pegg—Cash and in-kind support from UNE alone is of the order of \$1 million. From the other hubs, over the three years of the program, it will be \$1 million coming in.

CHAIR—That is in total?

Prof. Pegg—That is in total from the other hubs. That is cash and in-kind. We are also in the process of working with the Department of Education, Science and Training in getting grants. It has not yet been announced, but there is a \$400,000 ICT grant to do pilot projects using ICT in every state and territory. We have just been successful in that and that will be announced in the next few weeks. There is a quarter of a million dollars from DEST in terms of the national survey.

Senator BARNETT—So, without the national centre, those grants that you were just referring to would not have happened?

Prof. Pegg—No. I do not believe they would have. What we are offering to government is committed researchers in every state and territory, with a single focus. The efforts that we have had to go through—the legal efforts of setting up contracts with other universities and groups—have been really quite horrendous in terms of intellectual property, how they are working and how they are structuring—

Senator BARNETT—I am trying to get a grip on the benefit to the taxpayer, the benefit to Australia, as a result of the investment by the taxpayer in your national centre. Could you respond on that and tell me any jobs that might flow from the investment as well.

Prof. Pegg—There is some monetary and in-kind. There are new projects going on, but the real result of the investment is going to be as people start seeing their children in rural and regional areas starting to perform, when teachers who are in rural and regional areas start feeling they are not as professionally isolated as they were. That is the benefit.

Prof. Minichiello—If I could just clarify that: the benefit for the taxpayer is that we now have a national focus that has put this issue squarely on the map. It has also galvanised critical masses right across the nation through these hubs where there are at least, as a minimum, four staff who are now focusing on these issues in every state in this country in addition to the national centre. It has galvanised the support of school principals and teachers, as you heard prior to this, and it is creating policy advice that will hopefully inform both sides of the political fora at state and federal level. So significant was this project that the Premier of New South Wales, Bob Carr, specifically asked for John Pegg and Deb Panizzon to come to a meeting to give him advice because it is such an important issue that the New South Wales Labor government is confronting in terms of its concern—

Senator BARNETT—When was that?

Prof. Minichiello—A couple of months ago. It is quite significant. We are also getting mayors across the region coming and contacting the centre as a clearing house for support advice. So in answer to your question, has this been a good investment, I think it has been an excellent investment. It has promoted the Commonwealth government as having not only a concern for cities and communities within cities but also a concern for rural Australia. That is why I started off by congratulating the Commonwealth government on this initiative.

Senator BARNETT—It is helpful to clarify that. How many people do you have employed here in the centre?

Prof. Pegg—There are 13 people, some of them half-time, seconded from the school. Some of them are funded by projects. There is an inner core of 13 but there is also an outer core within UNE of another 10 or 15 staff members who are involved in actual projects. The other thing that I did not mention before which follows on from what Victor is saying is that there are a lot of good things going on trying to support rural and regional areas in other universities around Australia. What there is not is anybody trying to integrate that together into a global database, if you like, which is able to synthesise these things to allow people to move forward. One of the important milestones of the centre over three years is to bring together that information with the betterment. If we are not careful, we are going to be a nation of capital cities and the rest. I read two weeks ago that in Spain the rural areas are under pressure and they are now back to having populations similar to 1901, that people are leaving the rural centres and moving.

Senator BARNETT—From all the evidence you have presented today, you have said that you started as far back as 1996, which is eight years ago, so you have been working on it and it is clearly innovative and creative and you have found the opportunity now and you are filling that gap and that is delivering value for money and benefit for the taxpayer and indeed for Australia.

Prof. Pegg—Yes.

CHAIR—This is a university and we are not supposed to tell people what to say.

Prof. Minichiello—It is an excellent question and the answer is absolutely, without any doubt.

Senator BARNETT—Thank you, Professor. In terms of the support you have received along the way, you said that the draft proposal for funding was given to different political parties and you raised it with different people in the federal, state and local arenas, I assume. Did that include any Labor members?

Prof. Pegg—Yes. We sent the whole proposal to the Labor Party in 2002 and did not get a reply. I sent it to two or three members of the Labor Party: the shadow minister for education and Barry Jones as president of the ALP and so on. We really tried. Again in terms of flying to Canberra and so on it is not an easy mechanism for academics to go down that path and we were really seeking advice on what to do. In that case it was to try and get the word out and hope that people, from reading the information and being able to get back, would follow up on that.

Senator BARNETT—But were they generally supportive?

Prof. Pegg—Everybody who has received the proposal who has got back to us has been extremely supportive. But the worst thing that can happen to you is getting passive acceptance, because there is nowhere to go. If you were to stand there and say to me, ‘I think that’s a load of rubbish and it’s the worst thing I’ve heard,’ and give me reasons, at least I would have somewhere to go. If you get someone who says, ‘This is a great idea,’ and then does nothing or nothing comes from it, that is the worst position you can be in.

Prof. Minichiello—To add to that, at the last federal election we also wrote to—

Prof. Pegg—The shadow minister for rural and regional affairs.

Prof. Minichiello—Yes, and provided—

Prof. Pegg—And asked him to come and visit.

Prof. Minichiello—We wrote to the shadow person who had that portfolio, because we thought this was such an important project. Should the Labor government have won the election, we wanted to ensure that they were aware that they had a viable policy program that they could tap.

Senator BARNETT—And Labor supported the principle or the thrust of the project?

Prof. Minichiello—I do not know if they supported it, but they received the document.

Senator BARNETT—What about the Labor candidate?

Prof. Minichiello—The federal Labor candidate in New England?

Senator BARNETT—Yes.

Prof. Pegg—I am not sure.

Prof. Minichiello—That was Scott MacDonald.

Prof. Pegg—No, he was the Liberal.

Prof. Minichiello—The Labor member, no. Sorry, to my knowledge, I do not think there was—

Senator BARNETT—That is fine. You have presented a submission dated 28 March, and it essentially says that the reason we are sitting here today is that you are very upset with the imputation that there has been political interference in the process. You say that you are responding in particular to Tony Windsor MP where he made a ‘cash for comment’ allegation and that there have been ‘political preconditions placed on some of the University of New England staff relating to the Maths and Science Centre’. You quoted him in your letter. Can you please expand on your views and clarify for the record whether this is exactly the reason that you wish to put your views to our committee?

Prof. Minichiello—I would like to speak to the chairperson—

CHAIR—You are speaking to the whole committee.

Prof. Minichiello—about an in camera response to that question.

CHAIR—Can we put it on hold in case there are other questions from other senators that we can deal with and then come back to that at the end?

Prof. Minichiello—Sure. That is fine.

CHAIR—That just means we do not have to clear the room, change the tape and so on. Is there anything else, Guy, you wanted to ask before that?

Senator BARNETT—There probably is, but I will come back to it. There are quite a few questions I have on that particular issue which we can deal with later.

CHAIR—We will have to deal with that in due course.

Senator MURRAY—Professor Minichiello, I heard you in your earlier evidence say—I am paraphrasing—that you really did not care where the money came from and did not even care if it came from the United States as long as you got the money for your program. Is that a reasonable summation of your views?

Prof. Minichiello—I know the twist you are going to put to that.

CHAIR—Do not be too sure of that, with respect to Senator Murray.

Prof. Minichiello—Would I accept dirty money? Would I accept compromising money? Is that it?

Senator MURRAY—No, you made it clear that you were looking for any part of any government.

Prof. Minichiello—What I meant by that statement is that, as an academic—

Senator MURRAY—I did not assume from your name that you were a mafia person!

Prof. Minichiello—I did not think so. What I meant by that comment was that academics have various funding sources that they go to. We map them out, we know what they are and we target them. Sometimes we will submit applications across sources when they fail. I should not really speak about ‘we’. Basically it is a funding game. It is referred to in academia as ‘chasing the funding dollars’, therefore that is what we do. So that is what I meant by that comment.

Senator MURRAY—Do you realise you gave the impression that, providing it was legal, you would do whatever it takes to get the money for something you passionately believed in?

Prof. Minichiello—I do not think I said that.

Senator MURRAY—I said that was the impression you gave.

Prof. Minichiello—Well, I hope I have clarified that impression.

Senator MURRAY—When you made the application for the grant, you knew you would get the grant, didn't you?

Prof. Minichiello—No. In fact, it was a roller-coaster ride in the same way that my current Regional Partnerships application is a roller-coaster ride: it was submitted in January and I do not know if I have the grant. John and I were hoping that we would get the grant, but, if you are asking whether we knew we would get the grant, the answer is no. Were we positive about it? We are positive people, so the answer is yes, we were positive. Did we think we deserved the grant? Definitely.

Senator MURRAY—You used a word that struck me as very odd in this context: you described yourself as 'arrogant' in your pursuit of the grant. The project clearly did not comply with the published guidelines, yet you persisted with it. What I know of academics is that they are careful, particularly in writing, and pay a great deal of attention to the way in which questions are asked and the framework into which they must put their material. So it strikes me as unusual, not arrogant, to have put in this application. It was the only application made; you did not make final applications to any other agency or government department, yet it did not comply with the guidelines. How do you explain that if you had not already been given, as the chair put it, a nod and a wink that you would get the money?

Prof. Minichiello—When we submit manuscripts to publications, they are often not accepted. We persist until they are accepted. So persistence is not an uncommon value in academia. That is the case not only for manuscripts submitted for publication but also for grants submitted to the ARC. You just continue to submit. As I said, no-one told me that that application did not meet the guidelines.

Senator MURRAY—But you read the guidelines? You told us you read the guidelines.

Prof. Minichiello—When I submit an application, I assume that I have written the application in such a way that I think I have met the guidelines. It is up to the funding body to tell me whether or not those guidelines have been met. That is what the evaluation process is about, I assume.

Senator MURRAY—But you had been told to make an application under the Regional Partnerships program at that meeting.

Prof. Pegg—Yes.

Prof. Minichiello—Yes.

Senator MURRAY—In other words, you knew that the money was possibly there.

Prof. Pegg—But the application still had to go through. It was not until the announcement on 26 June that we knew we had the funding. If it had not been successful—and we were bracing ourselves for that—then we would have had to think of other avenues. We would have gone to see other people, pushed it further. I did not know until that Saturday morning what the time frame was. Initially we had asked for an establishment period of five years, not three years, and for different sums of money. When I filled out the application on the web, I was able to put the information into their different categories and write it in a convincing way, I believe, which addressed the questions they asked in those categories. As Victor has alluded to, as part of the academic game you are doing that all the time. People bring to that their own baggage, rules, regulations or whatever to assess that. If the department had come back to us and said, ‘This is not acceptable,’ we would have had to decide how to regroup and go forward in a different way.

Senator MURRAY—Professor Minichiello, you have said to us several times in evidence that you would like us to understand your mind, or get into your mind. I want to try and get into your ethics. Do you think it is proper for a minister to have discretion to determine, without regard to guidelines or the specifics of a program, where money should go, even if the end is as admirable as your end obviously was? It sounds like a wonderful program. But do you think it is right for ministerial discretion to be exercised in that way?

Prof. Minichiello—I know that ministerial discretion is exercised in that way on a number of programs that fund academia. For example, the ARC’s proposals go up to the minister and the minister then has discretion on whether or not he or she makes the decision of agreeing with the process that had gone before it. I have never actually thought about whether or not that is an appropriate power for ministers to have.

Senator MURRAY—As a hypothetical example, if a minister for roads, for instance, were able to exercise discretion and have the road run past their liquor store or hotel and it went on to other destinations, would you think that is appropriate, even though the road is probably useful for many things?

Prof. Minichiello—Are you asking me for my views?

Senator MURRAY—Yes, I am.

Prof. Minichiello—I do not see the relevance of that, because my views are not relevant here. If the government decides to behave in that manner—for example, funding three city based medical schools in Sydney, obviously at the discretion of the government, when quite clearly there is a shortage of practitioners in rural areas—do I have a view about that? Yes, I do have a view about those issues.

Senator MURRAY—I asked you the question specifically, because you said something in evidence several times. You thought it was important that the minister had three children and that therefore he was sympathetic or inclined towards this project. If a minister’s sister is dying of cancer, does it mean the minister for health must put all the funds into cancer?

Prof. Minichiello—I was trying to explain the fact that there was an accord. You have ideas and sometimes you meet people and they better understand those ideas because of their wide range of experiences, professional and personal. All I was saying was that, when we described

the project to that particular person, there was a connection with the idea. That is all I was referring to.

Senator MURRAY—I will refer to the end because the end is a genuinely excellent one for Australia, as far as I can ascertain from what I have heard, but I felt there has been an implication—maybe it was just my impression—that the end justifies the means. The means might have been a bit of a quid pro quo on the political side: ‘That is how things work. We’ve got something which is great for Australia. Fine, we’ll do a favour here or there.’

Prof. Minichiello—No; if the question you asked was: was there ever a deal made, where someone approached me—I cannot speak for John—whether it was the Deputy Prime Minister or Senator Sandy Macdonald, or for that matter Trevor Khan, and explicitly said, ‘If you do this, you’ll get that’, no, there was not such a deal.

Senator MURRAY—Was there any implication?

Prof. Minichiello—No.

Senator MURRAY—Any hint?

Prof. Minichiello—No. There was a tremendous amount of common mind of people who had a vision, an idea that excited us not only intellectually but also morally in terms of making a significant contribution. There was a common ground there—and from my perspective I felt a genuine interest on the part of the colleagues that we were working with—but was there ever a deal made: ‘You do this and you’ll get that’? No.

Senator MURRAY—Tell me about the university’s ethical stance. Does the university have a code of conduct or a code of ethics dealing with conflicts of interest, and a register of gifts? Does it have the sorts of corporate governance mechanisms that you use in very large organisations like this to ensure probity in dealings on commercial and political matters?

Prof. Minichiello—There is a code or practice, yes.

Senator MURRAY—Would it specifically state that university personnel and the university should avoid even inadvertently—which is I think your inference, from your replies—getting into a situation where your reputation might be compromised or seen to be compromised?

Prof. Minichiello—This issue was discussed at council. The university has not approached me to say that I violated any code of ethics.

Senator MURRAY—My question is a different one: do you think that the code needs to be reinforced, perhaps, to avoid this sort of controversy in future?

Prof. Minichiello—The university currently has guidelines. Under the current guidelines there is a media policy which deals with a third party. Currently it goes through the PR unit, MAPA, so it would have been avoided at that time.

CHAIR—Would you provide us, via the committee, with a copy of those guidelines and protocols?

Prof. Pegg—Yes. Those ones for the media were only approved on 30 March this year.

CHAIR—So there were not any before that?

Prof. Pegg—No.

Senator MURRAY—That was my next question. Do the advertising guidelines specifically prohibit, now at least, the sort of circumstance where you may end up with a double-page spread where effectively you have been paralleled, if you like, with a political candidate's advertisement?

Prof. Pegg—The university has developed policies, as I said, approved on 30 March this year, which mean that work goes through this marketing and public affairs unit at the university.

CHAIR—Senator Murray, I indicate that Professor Minichiello has just provided the committee with a document headed 'UNE advertising policy'. That will be tabled as part of your submission. It says on the bottom, 'Approved vice-chancellor 30 March 2005'.

Prof. Minichiello—They became formal policies of this university on that day.

Senator MURRAY—Thank you, Mr Chair. The circumstance relating to the *Northern Daily Leader's* Saturday, 24 July 2004 double-page spread, which had you paralleled with a political advertisement, could not arise again under your new guidelines?

Prof. Minichiello—It is very difficult to say. I could not. I do not know.

Senator MURRAY—It is unlikely to.

Prof. Minichiello—It is unlikely to arise for two reasons. One, I have become much more aware of the political sensitivity of that exercise, so I would obviously re-examine that issue from that perspective. Two, the new guidelines were designed specifically to ensure that, when you have the university cooperating with an external organisation in terms of joint submission of media material, there would be better coordination and authority over that process. So I assume that mechanism would mean that the university exercises greater power or authority over what is published.

Senator MURRAY—The two of you, I suspect—but you can tell me in your answer—are quite well integrated within the local community. Do you both occasionally attend formal meetings, say, of the local chamber of commerce, the city council, the Farmers Federation—those sorts of civil society meetings where there are formal events under way?

Prof. Pegg—In general, for me, no.

Senator MURRAY—And for you, Professor Minichiello?

Prof. Minichiello—I have been invited to be a speaker at various forums. I am not a member of those organisations, but I have been invited to be a speaker at those forums.

Senator MURRAY—When you have been at such forums, have you found it common, if there is a politician present, for governments or for politicians to be thanked or promoted for particular programs and policies they carry out?

Prof. Minichiello—I see that in everyday life.

Senator MURRAY—Did you see, before this controversy developed, that your interrelationship with this Regional Partnerships scheme and your praising of the government or any minister or politician fell into a normal category of gratitude for receiving funding for your project about which you both feel very strongly?

Prof. Minichiello—As I said in my opening speech, it is a common practice in academia to acknowledge people who assist and facilitate projects.

Senator MURRAY—And you saw it solely in that frame?

Prof. Minichiello—I saw it solely from that perspective.

Senator MURRAY—And you too, Professor Pegg?

Prof. Pegg—Yes.

CHAIR—I want to raise one issue. You have shown us around the centre and you have also given evidence before the committee on the objectives of the project, what its structure is and so on. What I want to know is: what connections does the project have, if any, to the corporate sector? Is there any opportunity for the corporate sector to be involved? Are there benefits you think will ultimately flow through to them? At least one of the facets of Regional Partnerships programs, as compared to programs or initiatives funded by the department of health or the department of education, is that they will drive economic activity. Very often they have a direct relationship and an involvement with the corporate sector. From what you have described here, you have very worthwhile objectives in raising the standards in maths and science education et cetera within the rural and regional community. Ultimately, you can say that is going to lead to benefits down the track, but I am thinking about more direct relationships.

Prof. Minichiello—There are. We have not described them, but I will let John describe them.

Prof. Pegg—One of our milestones is to link with industry. Again, within the three years, we hope to do that. We have had informal talks with mining industries. Is that what you are talking about—working with mining industries et cetera and that they might be able to—

CHAIR—I wanted to know what they were, because—and this is not a criticism—the project is clearly, from what you have described to us, directed at an educational outcome. Other projects that have been brought to our attention may have a more direct economic or business or employment outcome within a region. We have visited other parts of the country, including North Queensland, where there has been massive economic downturn because of the closure of

the tobacco and the dairy industry. Projects that were put up there—and I am not judging whether they were successful or not—were seen to be trying to restore economic activity in the area. The project you have been talking about all along is one that I can clearly see is driven by an educational imperative which, ultimately, will have a benefit, one would hope, for the community and the country at large. But where is that direct connection?

Prof. Minichiello—There are labour force implications here, through its support for the retention of teachers in rural and regional communities. That is extremely important, because the retention of teachers in rural and regional areas is a major problem. So that is one component. The other component, which John could say more about, is one that we have been talking about to industries—Texas Instruments and a whole range of companies—because part of this centres on ICT. There are tremendous business opportunities and value in terms of partnerships there. It may not have come across during our discussion but they are very much at the heart of this program.

Prof. Pegg—Although we are working with industry in this area in getting them to put money into educational research initiatives and so on, there is something like an 18- to 24-month time lag with their budgets, so there is a difficulty there for us. But one of our milestones is to involve industry in running research projects and supporting rural and regional communities.

Senator O'BRIEN—A number of my questions have been answered, and I am aware of the time. Senator Barnett has asked other witnesses if they have any political connections in the context of the advertisement that you have signed off. Have either of you gentlemen any connection with the National Party?

Prof. Minichiello—No, I am not a member of the National Party.

Prof. Pegg—No.

Senator BARNETT—In light of the questions this afternoon, for clarification and for the record, can you both answer this question: in all of the processes that have been described this afternoon have you both acted honestly and ethically in every way?

Prof. Minichiello—Yes.

Prof. Pegg—I believe so.

Senator BARNETT—Have you intended to deliver a political benefit to anyone or any party?

Prof. Minichiello—My intention was to deliver a benefit to the Commonwealth government by informing their policies so that they would address what I see as a very significant issue confronting a large percentage of this nation. We are already beginning to see that benefit because the work is commencing. And the fact that the Premier of New South Wales would seek us to provide him with personal advice is the only benefit.

Senator BARNETT—Okay. Professor Pegg, have you intended to deliver a political benefit to anyone or any party?

Prof. Pegg—No, definitely not.

Senator BARNETT—Does the national centre have broad community support?

Prof. Pegg—I think it has extraordinary broad community support.

CHAIR—Just a further question about the ad that was in the two-page spread in the *Northern Daily Leader*. You were shown the ad from The Nationals the day before it went to print. Did you ask why there was no reference to Senator Sandy Macdonald in that ad but, rather, that it was an ad for Mr Khan?

Prof. Pegg—To be honest, when that ad was emailed through, I just checked that what was written under my name was something that I had said. I did not really take on board the whole ad itself. What was said under my name was true and correct. It did not register until I saw it a couple of days later when it was actually published—the full spread. The focus for us has always been that what was reported in the press was what we had actually said.

CHAIR—I got the impression from your evidence that you were saying that it was Senator Sandy Macdonald, who is a National Party senator, who gave you a lot of support to get this project funded. So it did not surprise you that Mr Trevor Khan was taking the credit and not Senator Sandy Macdonald?

Prof. Pegg—Trevor Khan came on the scene and was also very supportive.

CHAIR—But Senator Macdonald is not there, is he? The point is that Senator Macdonald was not a candidate at the last federal election—he was not up for re-election.

Senator BARNETT—Did Mr Khan assist you in getting that meeting with Mr Anderson? In what other ways did he assist you?

Prof. Minichiello—He assisted us in being highly supportive in terms of setting up meetings. We had discussions about the concept. He is a graduate of this university, and he was very helpful in further refining the concept with us in an intellectual sense.

CHAIR—Thank you. That completes the hearing of the evidence in public. We now have to have an in camera hearing to do with the issue that was raised.

Senator BARNETT—I would prefer this to be in public, but this is a matter for the witness and the committee.

CHAIR—The witness has asked that it be dealt with in camera, so we will adjourn into an in camera hearing and the witness will be asked to advise the committee of why he wants to answer that question in camera, and then the committee will decide which way we will proceed. They are the rules that we go by. In case we do not resume in public, I would like to thank everybody for their attendance here today. I now adjourn these proceedings into an in camera hearing. I ask everybody in the room with the exception of Professor Pegg and Professor Minichiello, members of the committee and the secretariat and Hansard staff to leave.

Evidence was then taken in camera—

Committee adjourned at 5.35 pm