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SENATE

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

Friday, 5 April 2019

JOBS AND SMALL BUSINESS PORTFOLIO

In Attendance

Senator Cash, Minister for Small and Family Business, Skills and Vocational Education
Senator Payne, Minister for Foreign Affairs

Department of Jobs and Small Business Executive

Ms Kerri Hartland, Secretary, Department of Jobs and Small Business
Dr Jill Charker, Deputy Secretary, Corporate
Mr Martin Hehir, Deputy Secretary, Workplaces and Small Business
Mr Nathan Smyth, Deputy Secretary, Employment

Cross Portfolio

Mr Glen Casson, Group Manager and Chief Financial Officer, Finance, Legal and Governance Group
Mr Luke de Jong, General Counsel, Finance, Legal and Governance Group
Mr Shayne Howard, Branch Manager, Finance, Legal and Governance Group
Ms Moya Drayton, Group Manager, People, Communication and Assurance Group
Ms Meredith Fairweather, Branch Manager, People, Communication and Assurance Group
Ms Heike Phillips, Director, People, Communication and Assurance Group
Mr Kraig Lowes, Branch Manager, People, Communication and Assurance Group
Mr Tim Matthews, Branch Manager, People, Communication and Assurance Group
Mr Scott Wallace, Group Manager and Chief Technology Officer, Technology and Services Group
Mr Danny Jones, Branch Manager, Technology and Services Group

Outcome 1 – Employment

Ms Janine Pitt, Group Manager, Activation and Work for the Dole Group
Ms Stephanie Bennett, Branch Manager, Activation and Work for the Dole Group
Mr Ty Emerson, Branch Manager, Activation and Work for the Dole Group
Mr Stuart Watson, Branch Manager, Activation and Work for the Dole Group
Ms Helen Boyle, Director, Activation and Work for the Dole Group
Mr Daniel Clement, Director, Activation and Work for the Dole Group
Mr Alex Harvey, Director, Activation and Work for the Dole Group
Mr Carl Heinrich, Director, Activation and Work for the Dole Group
Ms Melissa Ryan, Group Manager, Delivery and Engagement Group
Ms Benedikte Jensen, Group Manager, Employment Services 2020
Mr Nicholas Dowie, Branch Manager, Employment Services 2020
Ms Kellie Hipit, Branch Manager, Employment Services 2020
Ms Katrina Chatham, Director, Employment Services 2020
Ms Kerryn Kovacevic, Group Manager, Employment Systems Group
Ms Nicolle Johnston, Acting Branch Manager, Employment Systems Group
Mr Malcolm Greening, Acting Group Manager, Labour Market Strategy Group
Ms Katharine Blackwell, Acting Branch Manager, Labour Market Strategy Group
Mr Ivan Neville, Branch Manager, Labour Market Strategy Group
Ms Carmel O'Regan, Acting Branch Manager, Labour Market Strategy Group
Ms Marsha Milliken, Group Manager, Quality, Integrity and Evidence Group
Ms Jodie Chamberlain, Branch Manager, Quality, Integrity & Evidence Group
Mr Malcolm Cook, Acting Branch Manager, Quality, Integrity & Evidence Group
Ms Fiona MacDonald, Branch Manager, Quality, Integrity and Evidence Group
Ms Robyn Shannon, Branch Manager, Quality, Integrity and Evidence Group
Mr Sean Mullins, Director, Quality, Integrity and Evidence Group
Mr Greg Manning, Group Manager, Youth and Programs Group
Ms Angela Hope, Branch Manager, Youth and Programs Group
Mr Ali Jalayer, Branch Manager, Youth and Programs Group
Mr Derek Stiller, Branch Manager, Youth and Programs Group
Ms Jodie Wearne, Branch Manager, Youth and Programs Group

Outcome 2 – Workplaces and Small Business
Mr Peter Cully, Group Manager, Small Business and Economic Strategy Group
Mr Alistair Beasley, Branch Manager, Small Business and Economic Strategy Group
Mr Bruce Cunningham, Branch Manager, Small Business and Economic Strategy Group
Ms Rose Verspaandonk, Branch Manager, Small Business and Economic Strategy Group
Ms Jody Anderson, Group Manager, Work Health and Safety Policy Group
Mr Adrian Breen, Branch Manager, Work Health and Safety Policy Group
Mr David Cains, Branch Manager, Work Health and Safety Policy Group
Mr Grant Lovelock, Branch Manager and Federal Safety Commissioner, Work Health and Safety Policy Group
Ms Janey Kuzma, Group Manager and Chief Counsel, Workplace Relations Legal Group
Mr Matthew Graham, Acting Senior Executive Lawyer, Workplace Relations Legal Group
Mr Ben Mason, Acting Senior Executive Lawyer, Workplace Relations Legal Group
Mr David Rushton, Acting Senior Executive Lawyer, Workplace Relations Legal Group
Ms Rachel Volzke, Senior Executive Lawyer, Workplace Relations Legal Group
Ms Alison Durbin, Group Manager, Workplace Relations Policy Group
Mr David Denney, Branch Manager, Workplace Relations Policy Group
Ms Sharon Huender, Branch Manager, Workplace Relations Policy Group
Ms Lace Wang, Branch Manager, Workplace Relations Policy Group
Ms Sue Saunders, Acting Group Manager, Workplace Relations Programs Group
Mr Henry Carr, Branch Manager, Workplace Relations Programs Group
Mr Peter Krizmanits, Acting Branch Manager, Workplace Relations Programs Group
Ms Helen McCormack, Branch Manager, Workplace Relations Programs Group

**Asbestos Safety and Eradication Agency**
Ms Justine Ross, Chief Executive Officer
Mr Nick Miller, Director

**Australian Building and Construction Commission**
Mr Stephen McBurney, Commissioner
Mr Cliff Pettit, Deputy Commissioner, Operations
Ms Janine Drennan, National Manager, Building Code
Ms Jill Jepson, Deputy Commissioner, Corporate and Code
Mr Matt Kelleher, Deputy Commissioner, Legal

**Australian Small Business and Family Enterprise Ombudsman**
Ms Kate Carnell, Ombudsman
Dr Craig Latham, Deputy Ombudsman
Ms Anne Scott, Principal Adviser

**Comcare**
Ms Lynette MacLean, Acting Chief Executive Officer
Mr Aaron Hughes, General Manager, Scheme Management
Mr Justin Napier, General Manager, Regulatory Operations

**Fair Work Commission**
Ms Bernadette O'Neill, General Manager
Mrs Jennifer Anderson, Acting Executive Director, Client Services
Ms Ailsa Carruthers, Executive Director, Corporate Services
Mr Murray Furlong, Executive Director, Tribunal Services

**Fair Work Ombudsman**
Ms Sandra Parker, Fair Work Ombudsman
Mr Michael Campbell, Deputy Fair Work Ombudsman, Operations
Mr Mark Scully, Deputy Fair Work Ombudsman, Corporate
Ms Michelle Carey, Executive Director, Finance, Assurance and Business
Ms Kristen Hannah, Deputy Fair Work Ombudsman, Strategic Engagement and Communications
Mr Anthony Fogarty, Executive Director, Policy, Analysis and Reporting
Ms Lynda McAlary-Smith, Executive Director, Compliance and Enforcement
Mr Tom O'Shea, Executive Director, Strategic Engagement and Stakeholder Relations
Mr Jeremy O'Sullivan, Chief Counsel
Mr Steven Ronson, Executive Director, Proactive Compliance
Mr Russell Thackeray, Chief Financial Officer
Registered Organisations Commission
   Mr Mark Bielecki, Commissioner
   Mr Chris Enright, Executive Director

Safe Work Australia
   Ms Michelle Baxter, Chief Executive Officer
   Mr Kris Arnold, Chief Financial Officer
   Ms Meredith Bryant, Acting Branch Manager, Hazards
   Ms Sarah Costelloe, Branch Manager, Enabling Services
   Mr Kris Arnold, Branch Manager, Legal and WHS Strategy
   Ms Anthea Raven, Acting Branch Manager, Evidence and Compensation

Committee met at 09:01
   CHAIR (Senator Brockman): I declare open this meeting of the Education and Employment Legislation Committee on Friday 5 April 2019. The Senate has referred to the committee the particulars of proposed expenditure for 2019-20 and certain other documents for the Jobs and Small Business portfolio and the Education and Training portfolio. The committee may also examine the annual reports of departments and agencies appearing before it. The committee has decided that answers to questions taken on notice will be required to be returned by close of business on Thursday 23 May. The committee has resolved that written questions on notice should be received from senators by close of business on Thursday 18 April. Officers should be aware that these dates have effect notwithstanding the prorogation of parliament.

   Under standing order 26 the committee must take all evidence in public session. This includes answers to questions taken on notice. I remind all witnesses that in giving evidence to the committee they are protected parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate by resolution in 1999 endorsed the following test of relevance for questions at estimates hearings:

   Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

   I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in Hansard.

   The extract read as follows—

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE
Public interest immunity claims

That the Senate—

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

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

   (1) If:

      (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

      (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

   (2) If, after receiving the officer’s statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

   (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

   (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

   (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

   (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

   (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

   (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.
(13 May 2009 J.1941)
(Extract, Senate Standing Orders)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order; witnesses are instead required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. Witnesses are asked to keep opening statements brief and to incorporate longer statements into the Hansard.

Department of Jobs and Small Business

[09:04]

CHAIR: I welcome the Minister representing the Minister for Jobs and Industrial Relations, the Hon Marise Payne, and officers of the Department of Jobs and Small Business. Before I ask if you have an opening statement, I will deal with a few nuts-and-bolts issues. We are going to release four of the agencies at this point, as discussed overnight. We can formally release ASBFEO, the Fair Work Commission, the ABCC and the ROC. They've all been made aware, but we can now formalise that. We may be releasing one other agency a little later on.

Senator Payne: Is it a secret agency or one you wish to share with the department?

CHAIR: It has been shared with the agency. It is in the education portfolio. Which one was it?

Secretary: ASQA.

CHAIR: We are waiting on confirmation that no senators have questions for ASQA. Minister Payne, did you wish to make an opening statement?

Senator Payne: No, thank you very much, Chair. It's always a pleasure to be here.

CHAIR: Welcome, Ms Hartland. Did you wish to make an opening statement?

Ms Hartland: No.

Senator MARSHALL: Good morning, Minister. Ms Hartland, I wrote to you on 3 April, which isn't very long ago, outlining some of the areas I want to cover, in order to make sure you come prepared. Do you think we are going to fulfil those requirements?

Ms Hartland: Yes, we did receive your letter and we will answer to the best of our ability. We probably don't have every detail, given the short time frame, but we will certainly be happy to go through those questions.

Senator MARSHALL: We might be able to move through very quickly then. Why don't I start with the new employment services model. I understand that there will be some extra funding available to enhance support for jobseekers. What is the additional funding?

CHAIR: We will probably move into outcome 1.

[09:07]

Ms Hartland: We are moving to outcome 1. Does that mean there is no cross-portfolio?

CHAIR: Could you hold them for a while in case any other senators have a desire for cross-portfolio, but we will release them as soon as possible.
Ms Jensen: It was stated in the budget that additional funding will be added to the Employment Fund in 2020-21 to enhance support for jobseekers. I understand that your opening question was: what is the additional funding?

Senator MARSHALL: Yes.

Ms Jensen: The additional funding was a one-off injection of $35.3 million, which is being added to the Employment Fund in 2020-21.

Senator MARSHALL: How was that amount determined?

Ms Jensen: Employment Fund credits for new jobseekers from 1 July 2020 to 30 June 2021 will increase from $300 to $375 for stream A, $850 to $1,100 for stream B and $1,200 to $1,600 for stream C.

Senator MARSHALL: So you add all those up, multiplied by the number of jobseekers, to get to your total.

Ms Jensen: That is correct.

Senator MARSHALL: What are the projections for each of those streams?

Ms Jensen: We don't have that here at present. We could take that on notice.

Senator MARSHALL: Do that. Will the fund remain a flexible pool or will the added funds be available only to those participating in the digital service?

Ms Jensen: Under jobactive there'll be no changes to the eligibility and rules for use of the employment fund.

Senator MARSHALL: Will it coincide with the national rollout of the digital service?

Ms Jensen: No. The one-off Employment Fund injection will be added in 2020-21 only.

The new—

Senator MARSHALL: So participants in the pilot won't be able to access it?

Ms Jensen: Participants in the pilot that commences in July of this year, where they are eligible for the fund, will be able to access it through their providers. For those participating in Digital Plus, the fund will be accessed through a new contact centre. For those participating in Enhanced Services, the fund will be accessed through the Enhanced Services providers.

Senator MARSHALL: Is that the digital platform?

Ms Jensen: The digital platform consists of Digital First jobseekers, who are job-ready jobseekers who will commence and be serviced through the digital platform, and Digital Plus jobseekers will be largely serviced digitally but will get additional assistance through a contact centre.

Senator MARSHALL: So there is going to be one cohort that can only access it through the digital platform. Is that right?

Ms Jensen: Yes. Those participating in Digital First will not be able to access the Employment Fund, because they are job ready and will be able to self-service in digital. Digital Plus jobseekers will be able to access the Employment Fund through the contact centre.

Senator MARSHALL: Is the digital platform currently available?
Mr Smyth: We are currently running a digital trial. That platform will effectively form the basis of our new digital platform for the pilots as well. We currently have a number of participants in that digital online servicing trial, and that will become the basis for the new digital trial that we're going to roll out as part of the pilot. So that platform already exists and it will be enhanced continually. When we get into the actual pilot phase, there will be a process where we'll go through consultation with providers, and with participants as well, to help better inform us about how the design of that new digital platform will evolve over the three years of the trial.

Senator MARSHALL: Have any of the participants in the digital trial moved away from provider case loads?

Mr Smyth: Yes, they have.

Senator MARSHALL: How many?

Mr Smyth: Bear with me for a moment.

Ms Jensen: As at 28 February 2019, there have been 9,517 referrals to the trial. So that's the number to date that have moved away from traditional provider case loads and into the digital trial.

Senator MARSHALL: Did you tell me already how many people are in the trial?

Mr Smyth: We've had 9,517 referrals into the trial, and the number of exits from the trial so far has been around 4,800. Some of those are people that have opted out. Others are people that have found employment and moved off income support payments.

Senator MARSHALL: I'm a little bit confused about the figure Ms Jensen gave me.

Ms Jensen: That figure, 9,517, is the number of people who have been referred into the trial so far, as at February 2019. It's the same figure that Mr Smyth gave.

Senator MARSHALL: I thought I'd asked how many people have moved away from provider case loads. So that's all of them, is it?

Ms Hartland: No.

Mr Smyth: We've had some people that have moved into the jobactive case load, out of the digital trial, and we've had some people that have moved off income support payments and the like. In a case load like that there are various ways to exit from the digital trial. We also have the ability for people to move back to face-to-face servicing as well, should they find that they're having some difficulties with the digital platform.

Senator MARSHALL: Can you briefly outline to me how you're managing the transitional payments to providers?

Mr Smyth: In terms of the new employment services trial model?

Senator MARSHALL: Yes, and I'm wondering whether you're in a position to table the fee schedule.

Mr Smyth: At the moment, we've commenced engagement and discussions with the eight providers in the two nominated employment trial regions—that's Mid North Coast in New South Wales and South Adelaide in South Australia. I think it was on Wednesday of this week that we released an expression of interest to those providers.

Ms Jensen: On 2 April.
Mr Smyth: I've had teams out on the ground having discussions with those providers and talking about potential payment structures that go with the new employment services model. They're still in discussion with us. We're yet to finalise any of our agreements with those providers.

Senator O'NEILL: Can I ask a follow-up question there? What are you negotiating with them? Is it the money you're going to spend?

Mr Smyth: We're in discussions with them about the new payment structure that will go with the trial.

Senator O'NEILL: What are you offering them?

Mr Smyth: As has been released by the government, there are higher up-front payments and there are higher outcome based payments that are potentially relevant to various case loads.

Senator O'NEILL: Okay. This is budget estimates. Can we have some numbers around this?

Mr Smyth: If we can take that on notice, I can get that to you.

Senator O'NEILL: Mr Smyth, if you are already in discussions—as you said, on Wednesday the 3rd—with providers, I'm sure you must have some numbers that you were speaking with them about.

Mr Smyth: There are a lot of different elements to that. I don't have all of those exact numbers on me at the moment. They are commercial negotiations—not negotiations, but discussions with those providers—that we're currently undertaking, and we haven't reached any final point.

Senator O'NEILL: If the numbers are unclear, how are the budget figures being calculated?

Ms Hartland: Maybe I can add to that. There's obviously an agreed bucket of money that's there. Within that bundle of money, it's about what the level of up-front fees and ongoing activity fees are and things like that. Absolutely it's budgeted and there's a budgeted lot of money there; it's just the discussion, as Mr Smyth has said, around how that is divvied up, how that is cut. I'm happy to take on notice fee structures—

Senator O'NEILL: Ms Hartland, the reason that we sent you to letter indicating all the things that we want is that everyone is aware of the timing that is real and pressing before us right now. We asked you to come prepared.

Ms Hartland: Yes.

Senator O'NEILL: This is the period in which, on behalf of the Australian people, we as elected senators, particularly in opposition, are asking questions of some detail. You are able to negotiate, so you do have numbers at hand that you are using in discussions with providers. It's not unreasonable for us to ask for those numbers.

Senator Payne: I think the discussions are ongoing—that's the point the officials have made.

Senator O'NEILL: Well, we're asking for the starting point, Senator Payne. Why do you need the hide this as well? You've hidden so much this week. It's a very simple question.
Senator Payne: I think the officials have answered it.

Senator O'NEILL: No, they haven't, Senator Payne, with respect.

Senator Payne: Well, you and I are going to differ on that.

Senator O'NEILL: It won't be the only thing.

Senator Payne: The officials have taken it on notice.

Senator O'NEILL: Mr Smyth, can I ask again for—

CHAIR: Senator O'Neill, the officials have taken it on notice. Unless you're going to ask a clarifying question, I think we need to move on.

Senator O'NEILL: Well, if this committee is going to obfuscate and hide the facts from us—

CHAIR: Senator O'Neill, we have limited time today.

Senator O'NEILL: then it's almost pointless going through this farce. Mr Smyth and Ms Hartland, I want to be clear: we've come, giving you notice, asking for detailed responses to our question. It cannot continue in this way. I will ask again for the figures that Senator Marshall asked for.

CHAIR: The officials have been answering the questions and the officials have every right to take questions on notice.

Senator O'NEILL: Can we receive that information in the course of the hearing this morning?

Ms Hartland: Maybe also I can just add a little bit more to this that you'll see in the budget papers around the reinvestment money—so in terms of the bundle of money that is going into the future employment services model. I think this goes to one of your questions that was put to us. $249.8 million will be invested in the new employment services arrangements over the five years. That includes spending on the new employment services trial and extending jobactive and the complementary employment arrangements. That is within that bundle of money that we talked about.

Senator MARSHALL: You also talked about a bucket of money?

Ms Hartland: Yes. That was when I was talking about the investment in the budget papers to say that all of the work that's going into the new employment services model is there—of that $249.8 million over the next five years—and that includes the new employment services trial and includes extending jobactive and the complementary programs. To answer Senator O'Neill's question, everything we are doing has to be within that amount of money.

Senator MARSHALL: Is the digital platform actually ready?

Mr Smyth: That is the question I answered earlier. We do have quite a sophisticated digital platform already that we are using for our online trial and that will continue to be enhanced over the period of the trial and in the coming months, as well. We will be engaging in a lot of discussions with providers, with employer groups and with participants around the design of that online platform as we move through the trial phase.

Ms Hartland: We have taken quite a lot of care in terms of doing these early digital trials, to then move to this online digital platform by 1 July.

Senator MARSHALL: That's your target date—1 July?
Ms Hartland: Yes. As Mr Smyth said, though, we have already been trialling the platform. Those were the numbers that the witnesses gave you earlier around the 9,000—

Mr Smyth: Yes, 9,500.

Senator MARSHALL: At this stage do you expect to meet the 1 July date?

Mr Smyth: Yes, we do.

Ms Hartland: Yes.

Senator MARSHALL: Are you able to describe for me the key elements of the new platform that are being trialled? I know that might be too broad a question but—

Ms Jensen: The elements of the New Employment Services platform will be introduced progressively through the life of the trial, with the overarching intention to develop a more personalised and tailored service. As you have heard previously, we have got the existing online trial platform that job seekers will enter from 1 July this year and then additional enhancements will be made over the life of the trial. Key elements of the new employment services platform that will be tested in the trial include: supporting the delivery of a points-based activation system; online learning and training applications; and improved job seeker assessment processes.

Senator O'NEILL: One of the issues that concerns me following the inquiry into jobactive is the determination at the very outset of levels 1, 2 and 3—

Ms Hartland: [Inaudible].

Senator O'NEILL: Yes, in my mind it is 1, 2 and 3—you are calling them A, B and C. From the evidence that we received that seems quite flawed—I'm sure you have read the report. How does that intersect with the determination of who you put on this digital trial? That's my first question. Related to it—but it might be easier to answer it in one lump—is: what protections with this digital platform are there for people who are misplaced into a higher level of ability and actually might have no digital access capacity or skill? There are a lot of people whose identity issues mean that when they arrive they don't tell their reality and they're misallocated, and that would complicate this incredibly in my view. So how are you anticipating that problem, and how have you responded to it in the period of the trial? I'm sure it would have come up.

Mr Smyth: In the current online servicing trial—which allows people to opt out because they are not confident in their ability to digitally self-serve, they prefer a face-to-face servicing arrangement with a provider or they don't have digital access—we allow them to drop back to the provider model that we currently have. At the moment, out of the 9,500-odd people that have been referred into the digital trial, around 7.7 per cent have opted out of the trial—so less than 10 per cent—because they prefer the face-to-face servicing arrangement or they weren't confident in their digital capabilities, and around half of one per cent have opted out because of internet access issues. So that's only around 39 people that have opted out because they don't have access to online communications.

In moving to the new arrangement for the trial in the two regions that we're looking at, it's anticipated that effectively the stream A, in broad, would become those people that are serviced through the online arrangement, because they're the most job ready and capable of self-servicing, and that effectively the stream B and C people would move into our enhanced
services model, which is a more intensive approach to managing an individual's needs through face-to-face provider arrangements, as is currently the case. So what we are looking to do over the course of the trial is to ensure that we have very strong assessment up-front to ensure that we are only streaming those people that are appropriate through the new trial into digital self-serving arrangements. That will expand and improve over time—there's no question about that—as we add additional functionality to that system. But we will have as part of our initial assessments a determination as to whether somebody is capable of digitally self-serving or not and whether they actually have access to digital capability through internet access and the like. Then, once we've streamed people into that arrangement, we're going to have reassessments occur at particular points in time to ensure that we're seeing progress from those participants towards getting an employment outcome. If they're not, we'll make an intervention or a prompt to ensure that we're actually following up with those individuals that are not progressing through the system.

**Senator O'NEILL:** I've got a lot of questions about that. Will the intervention or prompt be, 'I cut your payment, and then you have to come and talk to me before you can get it back'?

**Mr Smyth:** There will still be mutual obligation arrangements that will need to be undertaken by participants.

**Senator O'NEILL:** Let's not call it 'mutual obligation arrangements', because that's got a very broad meaning to lots of people. My question is—

**CHAIR:** Senator O'Neill, don't tell the officials what they can and can't call things. Let's keep going.

**Senator O'NEILL:** I'm asking a specific question, and I would like it if you could answer in terms that I think people can understand and that are less contested. If somebody at a particular point of time, as you indicated, is, based on your assessment, not responding in a way that you want, you described what you called an intervention point. Is that intervention point going to be what we heard a lot of in our evidence—that the payment is cut in order to trigger the person to contact the service and re-engage directly? Is that the mechanism?

**Mr Smyth:** That is not necessarily the mechanism.

**Senator O'NEILL:** It's not necessarily the mechanism?

**Mr Smyth:** Sometimes, if people actually do miss some of their obligations, they can have a payment suspension under the targeted compliance framework, and that then requires a re-engagement on the part of the participant.

But, before a person got to that, we would be looking to actually have the system give us some information that says, 'This person is not progressing through the system', and therefore our contact centre may make contact with that particular person. We may send them an SMS. There are a number of ways that we can contact a person to ensure that they're actually progressing and that they're not in difficulty, so that we can reassess their needs.

**Senator O'NEILL:** Thank you. That's a much clearer answer for me. You're saying that in some circumstances, at a particular point in time, the intervention will be an SMS prompt: ‘Come and see us’? And that's all it will be?
Mr Smyth: It could well be. Or it could be a phone call. Also, at any point in time, people are able to phone the national customer service line or our contact centre to receive assistance as well.

Ms Hartland: If I can just add—

Senator O'NEILL: Can I just ask a bit more before we come to you?

Ms Holgate: Sure. I was just going to say about the contact centre—that we might just talk about that.

Senator O'NEILL: Great. I want to come to that in a second. It could be an SMS contact from the agency to the individual, or a phone call from the agency to the individual. What other options, other than cutting people's benefit, are there? What else do you have in your armoury of ways of interacting?

Mr Smyth: It's not about cutting people's benefits. We are genuinely interested in assisting people to achieve an employment outcome. So, over the course of the trial, we are looking to build a level of sophistication into the system to ensure that we are giving people the prompts and the assistance that's required throughout the course of their period within jobactive to get them to an employment outcome. The targeted compliance framework will still be applicable but it is certainly not front and centre in terms of getting a person into an employment outcome.

Senator O'NEILL: In the trial period, what percentage of people have had an intervention prompt that was a stopping of their payment?

Mr Smyth: In our current online services trial, there are obviously suspensions and there are penalties. In terms of demerit points, which are suspensions, we've had 1,148 participants with a single demerit. We've had 174 participants with two demerits. That is when a payment is suspended and then requires the participant to re-engage.

Senator O'NEILL: That was a sample size of about 8,000—9,500 was it?

Mr Smyth: 9,517 people that have been referred into the trial.

Senator O'NEILL: So that's 10 per cent, roughly. Ten per cent of people have had their payments stopped?

Mr Smyth: They had their payments suspended until a re-engagement occurs, and that usually occurs within 48 hours.

Senator O'NEILL: You're aware of the evidence we received in the committee. You're aware of what was being called a 'suspension' by the department and of the practical outcome of that on people who were finding themselves very destabilised. They were unable to get their payments back and they had insufficient time to make payments for housing et cetera. You're telling me that 10 per cent of people in the trial you're conducting have found themselves in a situation where that reality is happening for them?

Mr Smyth: The targeted compliance framework goes through a series of demerit point suspensions before a participant is then reassessed and it is determined whether or not they're still capable of meeting their mutual obligation arrangements and if they are not and the participant reveals new information to us that we may not have had under the initial assessment, then they go back to zero and we start again. If a person is still capable of
meeting their mutual obligation arrangements, then they still progress through the targeted compliance framework.

CHAIR: Senator O'Neill, I would like to jump back to cross portfolio and deal with that so we can release those officers.

Senator O'NEILL: Sure.


Senator MARSHALL: Thank you. We did ask some questions about advertising. Do you have an itemised list of all advertising and information campaigns run by the department for the current financial year?

Ms Hartland: I'll bring the appropriate people to the table. I think the Department of Finance also answered some of these yesterday, but there were basically two campaigns: a Jobs campaign and a Small-Business campaign.

Senator MARSHALL: Right. How much was attributed to both of those?

Ms Hartland: In the Jobs campaign there was, in 2018-19, $15 million. In the Small-Business campaign there was $7 million.

Senator MARSHALL: What have you planned from here on in?

Ms Drayton: The Jobs campaign ceased on 16 March this year, and there is no further advertising plan for that for the remainder of this year or, indeed, going forward. With the Small-Business campaign, the advertising actually ceases tomorrow.

Senator MARSHALL: And you have no plans for any other campaigns?

Ms Drayton: No.

Senator MARSHALL: Are you able to provide the details of the add buyers and placements?

Ms Drayton: For the campaign?

Senator MARSHALL: Yes, for both of them?

Ms Drayton: Where the advertisements—

Senator MARSHALL: Yes. If you've got a table of all that, that would be good, if you just want to table that?

Ms Drayton: I'll start with the Jobs campaign. I'm hoping this is what you were after.

Senator MARSHALL: So am I.

Ms Drayton: We had two bursts of activity for the Jobs campaign. It ran across television, radio, press, digital, social and CALD specialist and Indigenous publications. Is that the information you're after?

Senator MARSHALL: Sure.

Ms Drayton: Similarly for the Small-Business campaign, we had television, radio, press, digital and specialist CALD and indigenous publications that was used for that.

Senator MARSHALL: Have you got some details about how many ads and how much was spent in each platform?

Ms Drayton: Sure. I'll start again with the Jobs campaign. For the 2018-19 financial year we spent $5.2 million in television, $1.3 million on radio, $1.5 million in the press, $1.7
million on digital, and we had the specialist publications, the CALD and Indigenous, which was $258,000 and $148,000. For the Small-Business campaign for the same current financial year we spent $269,000 on television, $174,000 on radio, $137,000 on press, $9,800 for Indigenous publications and $540 for CALD publications.

Senator MARSHALL: What was the objective of the campaigns?

Ms Drayton: The Jobs campaign was about raising awareness of the employment services that are available to assist both people who are looking for work and employers who are looking to employ people. It's to drive people to the government's employment services. The Small-Business campaign was about letting people know about the range of initiatives that are available to small businesses to assist them.

Senator MARSHALL: Have you measured the success or otherwise of the campaign?

Ms Drayton: From a communication perspective, what we measure is the response to the advertisement. It's tracking information such as how many people were driven to the website and how many people's awareness was raised as a result of the campaign. We do have information on the jobs campaign. We don't have as much information on the small-business campaign, because it has just so recently been out in the public and is finishing tomorrow, but I can give you the tracking information, if that would—

Senator MARSHALL: Yes.

Ms Drayton: What we found, after the result of two phases of the jobs campaign, was that 50 per cent of small to medium employers recognised the campaign. Of those who recognised the campaign, 43 per cent said that they'd learnt something new; 58 per cent recalled that there were financial incentives to help people employ eligible staff; 70 per cent said they were likely to consider using the government services to hire people and 29 per cent said that the advertisements encouraged them to find out more about the financial incentives available. The other thing that we did was track hits to the website, and we'd had over 915,000 page views since we launched the campaign. That's the only information we have on the Small-Business campaign—

Senator MARSHALL: Before you go on, what's your normal rate of page views?

Ms Drayton: I don't know that I can answer that. I'll just check with my colleague.

Ms Fairweather: We won't have that one to hand, but it's something that I could—

Senator MARSHALL: If you're using that as a measure of success, you've got to measure it against something—what if it's less!

Ms Drayton: For the website for the campaign, I don't know that that there would be something to compare it to, because it was a new site, and it was really seeing how many people were driven to the site as a result of the campaign.

Ms Fairweather: It certainly built up over time. So that's the total number of views, but it started out very small and then began to grow, grow, grow.

Senator MARSHALL: All right. Can you give me an itemised list of all the AusTender contract notice numbers for all the advertising information campaign contracts?

Ms Drayton: We can. It might be easier to table that.

Senator MARSHALL: That would be excellent, thank you.
CHAIR: Insofar as they can be released—and I expect most of them probably can’t—cross-portfolio is released. We will therefore move back to outcome 1. Senator O'Neill, you have the call.

Senator O'NEILL: If I could go back to this digital trial of engagement with employment services—to clarify, of the 9,500 in the trial, 1,148 have had a single demerit and, as a consequence of their demerit, they've had a suspension of their payment subject to their re-engaging with the employment agency and going for a face-to-face appointment. Is that correct?

Mr Smyth: I'll get my colleague to talk about how that's actually operating.

Ms Jensen: That's correct. Sixteen per cent of the total commenced jobseekers, or 1,148, had one demerit point due to not completing their job search requirements; and then 2.14 per cent of total commenced jobseekers, or 174 jobseekers, have had two demerit points due to not completing their job search requirements.

Senator O'NEILL: Okay. Do we have any data on the reasons that people got caught up in this process?

Ms Jensen: We do have some early evaluation data. When asked why they didn't report their job search on time—the reason for the demerit was largely that they just didn't get around to reporting their job search on time—many trial participants said they left the reporting to the last minute and missed or forgot the deadline. The other finding is that jobseekers who start in the trial at an earlier stage are more likely to forget to report, and, in the course of the trial, we've been putting in changes in notifications and reminders that appear to have helped jobseekers who start later to remember, so their trend is likely to change. But I note again that this is early evaluation data.

Senator O'NEILL: Ms Jensen, I'm sure you heard the evidence that we heard about how people were finding the compliance regime: 'It's 20 jobs. Do the search. Provide the information.' What you've just described to me, in my way of hearing what you said, is that you've trained people to comply with the system but they're actually actively out looking for jobs—this is what they were certainly telling us—and the system is interfering with them actually doing the searching themselves.

Ms Jensen: No, that's not what I said.

Senator O'NEILL: No, but you're telling me about people getting better trained in meeting your requirements as a system.

Ms Jensen: What I said is that over the course of the trial we've put in more regular notifications to remind them about the importance of reporting their job search. Obviously a key part of activation is that people do need to report that they have complied with their mutual obligations, and that occurs in the digital trial in the same way that it does with face-to-face servicing. Jobseekers with face-to-face servicing need to report to their providers that they've complied with their job search obligations. In the same way, with the trial there is an online way for them to report.

I would also say that there are a whole range of safeguards that we're putting in place, or have put in place, for the trial and that we'll continue to enhance as part of the pilot. That
includes up-front assessment to ensure that people have the access they need and receive training for digital access. It includes reassessments over time and support for jobseekers, if they're having trouble with their requirements, to ring into the contact centre. There's a free helpline there. If they're in Digital Plus, they get additional face-to-face support.

**Senator O'NEILL:** Can I just ask about the reassessments over time. This was one of the issues that were certainly raised as a concern—that people couldn't get reassessed into the right job stream in a timely way.

**Ms Jensen:** Again, as I just said, the pilot will include additional safeguards when the jobseekers are streamed into the service, and then the reassessments will also be triggered by a change in circumstances. Potentially, if they aren't complying with mutual obligation and if they're not making progress towards employment, that will also be a trigger. So the key message is that, if they're having trouble, they will not stay in Digital First. They will receive additional assistance, whether that's going into Digital Plus, where they get additional face to face assistance, or going into enhanced services in the pilot.

**Senator O'NEILL:** If you can table for us any information, that would be really helpful. But can I go back to ask about the 9,500 people who are on the trial. What's the demographic construction of that trial? Who's on it?

**Ms Jensen:** We're just finding that for you.

**Senator O'NEILL:** Is it across every state?

**Ms Hartland:** Yes.

**Senator O'NEILL:** Every age?

**Ms Hartland:** Yes.

**Ms Jensen:** While my colleague finds the particular demographics, the online trial's been carefully designed so that it has a representative group of jobseekers that reflects both regional and metro areas and all the key demographic groups.

**Ms Hartland:** It is designed to be representative of the overall demographic. It's stream A, and you're probably aware of that.

**Ms Jensen:** We've found that information. My colleague Mr Dowie has that.

**Senator O'NEILL:** Are you able to table that?

**Mr Dowie:** Senator, you asked about the demographic breakdown.

**Senator O'NEILL:** Would you be able to table that? Then I might be able to ask better questions.

**Mr Dowie:** Yes, we can table that.

**Senator O'NEILL:** Thank you. That would be helpful. I'll come back to that.

**Mr Dowie:** I'll just get the appropriate information from the officials.

**Senator O'NEILL:** Thank you. Ms Hartland or Mr Smyth, how many job-ready or stream A participants are long-term unemployed? The 9,500 are stream A?

**Ms Hartland:** Correct.

**Senator O'NEILL:** How many job-ready or stream A participants are long-term unemployed—because the 9,500 is stream A, right?
Ms Hartland: Correct.

Mr Smyth: Are you referring to all stream A in jobactive or just in the online trial?

Senator O'NEILL: In the online trial.

Ms Hartland: I don't think we've got that breakdown.

Mr Smyth: I'd have to check. I'll have the staff check whether we've got the actual breakdown of that. I do have those numbers for the jobactive case load.

Senator O'NEILL: Can we start with those?

Mr Smyth: Sure. Under the current jobactive case load, which is a total of 643,606 as at 31 January of this year, stream A participants out of that are 254,985—

Senator O'NEILL: Sorry, could you say that again?

Mr Smyth: As of 31 January, the total case load is 643,606. Stream A is 254,985; that's 39.6 per cent. Out of that case load, long-term unemployed, which is 12 months plus, is 93,703; very long term unemployed, which is 24 months plus, is 44,585, or 17.5 per cent; and extremely long term unemployed, which is five years plus, is 6,124, or 2.4 per cent.

Senator O'NEILL: And they're people in stream A?

Mr Smyth: They're in stream A; that's right.

Senator O'NEILL: To the layperson, when they hear 'stream A', the term 'job ready' is attached to that. If, of 254,000 people, 93,000 have been unemployed for more than 12 months; 44,000, more than 24 months; and 6,000, more than five years, you'd have to really question whether the term 'job ready' attached to these people has any sense or meaning.

Ms Jensen: An important clarification here is that these figures, which are 'long term' on the jobactive case load, include many people who are working part-time. For example—

Senator O'NEILL: The underemployed?

Ms Jensen: single parents who have part-time requirements to reflect the importance of balancing their care responsibilities with work are included in 'long term', and they often find the flexibility of being able to do their requirements online actually assists with that balancing of care and work. So it's not a straightforward situation; there are a number of people who are actually working part-time in the case load.

Senator O'NEILL: Yes, and we did get evidence from them, in the course of the hearing, about trying to balance going to their part-time job—or, often, jobs, because they're underemployed and seeking employment in multiple places in very insecure employment—against what I would characterise as overly officious interventions from some people within the jobactive network demanding that they attend, at short notice, meetings when they should be at work or when they should be attending English language classes. That's one of the problems that these people that you're talking about are caught up in and who are, in some cases, in a system for five years where they're reporting and not getting a decent job.

Ms Jensen: The new reforms are reflecting the government's intention to provide more flexible approaches to activation, so they are actually directly responding to stakeholder concerns about the need for more flexibility around how that activation and activities occur. That is exactly the sort of flexibility that we'll be testing in the employment services reform pilot.
Mr Dowie: I think it's worthwhile adding to Ms Jensen's answer, because you did mention the case of jobseekers who mentioned they found the current experiences quite inconvenient, having to balance their work requirements with their reporting obligations. Under the new arrangements, those jobseekers—particularly those who will be able to be serviced digitally—will no longer have to attend face-to-face interviews with their jobactive providers. They will have that greater degree of flexibility to be able to enter into their reporting in an online environment at a time that suits them.

Senator O'NEILL: Mr Dowie, have you spoken to people who've been reporting into this system for years, haven't been offered a job and are just exhausted and have had their whole identity damaged by the process that you're overseeing—I'm sure in good faith?

Mr Dowie: The answer to that question is: yes, we have spoken to those jobseekers. As part of the process that the government undertook to develop a new employment services system, and as part of the Employment Services Expert Advisory Panel, over 1,400 stakeholders were consulted on their experiences with the system, including jobseekers, and the department has a regular dialogue with the Australian Unemployed Workers Union, who do represent users of the system, to find out more about their experiences and to have a dialogue about where aspects of the system can be improved and how information can be exchanged. As part of those consultation processes that I mentioned, many people told us that they wanted a system that gave them support, that helped them in their particular circumstances. So, for some of those jobseekers—

Senator O'NEILL: How many told you, 'We want a job'?

Mr Dowie: Many jobseekers have told us that they would like a job. In terms of the system that we're moving towards, it's about putting in place a system that gives individuals the support they need when they need it, which means providing more disadvantaged jobseekers with more support and allowing those jobseekers who don't need that level of support—

Senator O'NEILL: You can see why I'm going to be struggling here. Offering more support; going to digital—there's an appearance here that digital is going to be better. And, for a few people, it may be the case. But we're talking about people here—in substantial numbers: 160,000 in stream A—who are long-term unemployed of various kinds.

Mr Dowie: Part of the reforms here are about ensuring that disadvantaged jobseekers get more tailored support through the enhanced servicing stream. That's a significant part of what the reforms are trying to achieve.

In terms of the digital servicing element, part of that will be about not only offering people a more flexible way of reporting their obligations and completing their job search, but also offering more tailored and more personalised support that digital technology can offer about identifying the sorts of jobs that might be most appropriate for those jobseekers and identifying the sorts of training and other activities that jobseekers can do that can enhance their chances of finding work.

CHAIR: Senator O'Neil, unless you're very close to finishing this line of questioning, I'm going to offer the call to Senator Paterson.

Senator PATERSON: I also have some questions about the new employment services model. Mr Dowie, you look like you're about to add something to a previous answer?
Mr Dowie: No.

Senator PATERSON: You were just leaning expectantly towards the microphone. I didn't want to cut you off. One thing which might be helpful for the committee for you to cover is the consultation process that led to the development of the new model.

Mr Dowie: Certainly. The consultation process that led to the new model commenced in January 2018 with the establishment of the Employment Services Expert Advisory Panel. That particular panel and its working groups met 28 times from its formation in January 2018 to when it concluded in October 2018. As part of that process, a discussion paper was established and made publicly available. A series of national consultation sessions were held throughout the middle of 2018; 23 of those sessions were held right around the country, in every state and territory, in metropolitan and regional locations. We received over 400 written submissions to the public discussion paper, plus we had over 500 people attend those consultation sessions. In addition to that, what the department did in supporting the activities of the Employment Services Expert Advisory Panel was to undertake some new design research, which meant having some very detailed, qualitative interviews with users of the system, which included jobseekers, employers and even some participants in the system as well. So, all up, taking into account the number of people who participated in the process, there were over 1,400 views that were fed into the Employment Services Expert Advisory Panel. That panel considered those views, which informed their report I want to work, which was publicly released on 14 December 2018.

Following the release of that report, further consultations were undertaken with stakeholders throughout December 2018 and January 2019 to gauge their views on what that report said. In terms of the specifics of that, I have some information here which may benefit you in terms of the consultation process that we did undertake in December and January. We had a further seven consultation sessions, and they included consultations with a further 18 peak bodies, 11 providers and 23 jobseekers. Those sessions were held on 19 December 2018, 11 January 2019, two sessions on 17 January 2019, a further session on 18 January 2019 and a final one on 8 February 2019. And I should note that those consultation sessions were undertaken in both metropolitan and regional areas.

Senator PATERSON: Okay. What are the plans for ongoing consultation during the pilot?

Mr Dowie: It's intended that there will be a reference group that would operate at a national level to provide the department with advice around how implementation is going, in addition to two pilot working groups which will be focused in the two pilot locations—one in the mid North Coast of New South Wales, and one in Adelaide south, South Australia.

Senator PATERSON: What kinds of safeguards are in place to ensure that people are getting the right level of service?

Ms Jensen: As I said earlier in response to Senator O'Neill's questions, there are a range of safeguards, starting with the way that people will be assessed for their digital readiness and access before being streamed into Digital First or Digital Plus; the fact that jobseekers can opt out if they're not comfortable with the digital servicing; and the fact that there will be triggers for reassessment to make sure that, as their circumstances change, the level of servicing remains appropriate to their needs. Also, the providers in Enhanced Services will be doing
additional assessments to ensure that those who are streamed into the tier requiring really
intensive support are streamed appropriately.

Senator PATERSON: Will there be any reduction in red tape for participants in any
model?

Ms Jensen: Certainly, one of the objectives of the new model is to reduce red tape both
for employers and for Job Services providers. That will be an element of the pilot that we will
collaborate with providers and continue to get feedback from them and ideas on how to reduce
red tape. Similarly, one of the roles of the working group in the regions will be also to engage
with employers and get their feedback on how the red-tape reduction is happening for them.

Mr Smyth: Also, we will be utilising participants in the trial to give us feedback as to how
it is working for them in terms of their reporting requirements and their ability to actually
collaborate with employers into employment; that is our main focus. So, stripping out some of those elements that can be
better done digitally and be more streamlined, the way that the system is ultimately designed
to improve outcomes for participants, for employers and the like is central to what we are
trying to do here.

Ms Hartland: Can I add that we are looking at how our footprint on the ground, how
people on the ground, are working, and working with the contact centre people to be able to
get that continuous feedback loop as well. As Mr Smyth said, it's a trial, a pilot, designed to
actually provide that ongoing information so that we can tweak it as we go along and so that,
when the full rollout happens, we've got a timely way of feeding that back into the system, as
well as formal evaluation. I don't want to use too much jargon but it's very much a citizen
centred and agile approach that we're adopting.

Senator PATERSON: I think there's great merit in the trial methodology because we
shouldn't be rolling out programs on a big level until we know they're going to be effective.
Even with the best of intentions, sometimes programs don't work out as intended. Testing it
on a small scale, as you are here, and evaluating it on an ongoing basis and making changes as
you go along is exactly what we should be doing more often in government. So I'm very
pleased to see that. What have we learned so far from the online employment services trial?

Ms Jensen: Senator, just bear with me while I get to that part of my folder.

Ms Hartland: Maybe I can just start by outlining a little bit about it while Ms Jensen is
finding her place.

Senator PATERSON: Please.

Ms Hartland: The trials commenced on 1 July 2018. The purpose was to test a self-
service employment services model for job-ready jobseekers. That was then extended by a
further two years from June 2020 to June 2022, alongside the extension of jobactive, and
that's in addition to the expansion of the trial that was announced at MYEFO in 2018-19. Ms
Jensen?

Ms Jensen: I should stress that these are early evaluation results, but the feedback from
focus groups and interviews indicates that jobseekers who participated in the trial had
generally positive views and experiences. Most trial jobseekers who participated in the
discussions were satisfied with the information provided to them about online employment

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servicing, reporting that it was clear, self-explanatory and sufficient to understand what was required of them. Many jobseekers who provided feedback also indicated that online servicing was more convenient than face-to-face servicing, resulted in a greater sense of empowerment, and reduced the burden and costs associated with travelling to a provider's site.

Senator PATERSON: It's good to hear it was well received. Was there any feedback about changes that could or should be made?

Ms Jensen: It doesn't look like there have been major changes coming—

Mr Smyth: There is no question that there are always going to be issues with programs like this. Some people with low levels of English proficiency and ability to access the service online indicated that they had some difficulties there. Those people can opt out. It is a voluntary trial, so they can opt out and go straight back into our normal servicing arrangements through jobactive. We are constantly monitoring that, and that gives us great feedback to ensure that we are constantly enhancing the program as we go.

Senator PATERSON: Yes. And giving options to people with different needs is really important too.

Mr Smyth: That's correct.

CHAIR: We have a document that has been presented for tabling, 'Current caseload statistics as of 28 February'. If everyone is happy with that being tabled, it is so ordered. Thank you very much.

Mr Dowie, you mentioned, in passing, that part of your consultation had been with the Unemployed Workers' Union. What is the status of that organisation? We have had them before this committee a few times. Has there been any due diligence done as to the number of members, who they represent and their financial backing?

Mr Dowie: Obviously the AUWU are best placed to answer those detailed questions. Having said that, I'm not aware of their financial backing. I understand that—

CHAIR: But you are consulting with them and therefore treating them as a representative body effectively. The department didn't have a look into who they represent?

Mr Dowie: In terms of who they represent—

CHAIR: Not who they claim to represent but who they actually represent—their membership, their financial backing.

Mr Dowie: If you are asking me whether I have looked at who the members are and where they get their financial support from, the answer is no, I don't have that information.

Senator O'NEILL: Can we go to the broader figures that we were discussing before to bring it back to where we were. Stream A is designated in the general community as job ready, and we've discerned that 93,000 long-term unemployed, 44,000 very long-term unemployed for 24 months or more, and 6,000 unemployed for five years or more are in the stream A job ready line. That's lot of people. Can we go to stream B?

Mr Smyth: Certainly.

Senator O'NEILL: What would you have to be doing to get yourself into stream B?
Mr Smyth: This is where people would have vocational barriers to employment, so it may be—

Senator O'NEILL: Like they can't afford TAFE or something?

Mr Smyth: Exactly; and the level of training and skills that they actually have as well. In stream B, the current case load—this is as of 31 January—is 270,032 or representing 42 per cent of the entire jobactive case load.

Senator O'NEILL: Is there any differentiation within stream B, or is that—

Mr Smyth: Yes, there is—in terms of the demographics of stream B?

Senator O'NEILL: Yes.

Mr Smyth: Were you after the long-term and very long-term unemployed figures again?

Senator O'NEILL: Yes.

Mr Smyth: In terms of long-term unemployed—this is 12 months-plus—it is 217,524 or 80.6 per cent; very long-term unemployed—and these are subsets of that, obviously—for 24 months-plus is 164,916 or 61.1 per cent; and extremely long-term unemployed—that's 60-plus months—is 73,361 or 27.2 per cent.

Senator O'NEILL: Could I go to stream C now—could you give a general overarching descriptor of people who would find themselves allocated to stream C?

Mr Smyth: To get into stream C you need to have an ESAt, which is a more thorough assessment of a person's abilities and barriers. In stream C people have vocational and non-vocational barriers to employment; so that may be that they have underlying mental illnesses, drug and alcohol-related issues, and the like. In stream C we have a cohort case load of 103,390—that's 16.1 per cent of the entire jobactive case load. In terms of the long-term unemployed—12 months plus—it's 89,517 or 86.6 per cent; very long-term unemployed—24 months-plus—is 75,954, which is 73.5 per cent; and extremely long-term unemployed—60 months-plus—is 45,886 or 44.4 per cent.

Ms Hartland: Senator, would you like someone to come to the table to actually give more of an idea of the sorts of issues that people in those streams have? I know we've given you a broad overview; do you want to get into the detail of the sorts of people—

Senator O'NEILL: Thank you for the offer, but can I ask if you could provide that on notice at this point in time. That would be helpful. That seems to be one of the very significant problems: people getting misallocated and not getting the support they need. That's certainly evidence we've received.

Ms Hartland: You're absolutely right, and I think the idea of the new employment services model is to direct more case-managed support to people that are clearly stuck in those streams and are very long-term unemployed. Certainly, the idea is to be able to channel resources into that.

Senator O'NEILL: It seems like an extraordinarily large number. The long-term unemployed, very long-term unemployed and extremely long-term unemployed seem to be big chunks of every stream. I think that's really important for people in the general public to understand—that you can be in job stream A and considered job ready and be in that job ready stream for five years.
Can I take you to your response to just one paragraph in the report that I think is the intersection of what we've been talking about. We've been saying numbers here and percentages, and it's easy to gloss over.

Mr Smyth: No, it's people.

Senator O'NEILL: Each one of these is a person—

Mr Smyth: That's right.

Senator O'NEILL: a person with family, with aspirations and with hopes; people who were born with a great sense of what they're going to be able to do in this country. They're being directed into a system and the whole of the country thinks that they're going in there to get a job, but the figures you've just indicated are that a lot of people are going to go in there and they stay in there. They're not getting a job.

Senator SIEWERT: It's not transition.

Senator O'NEILL: If we come to this paragraph, I just want to get a response from you about the intersection of these realities, what we've described for those hundreds of thousands of people—643,000 people—who are in this system that you're churning through. Jobactive services is that system. It says: 'Jobactive services are offered to employers free of charge with financial incentives available. However, over time there has been a reduction in the number of employees using public employment services. Only four per cent of employers used the jobactive system in 2018.' That is cited in the Department of Jobs and Small Business I want to work: employment services 2020 report, which was published in December last year. So it's a pretty fresh figure. This is my problem. As I'm talking to people, I hear: 'My son's unemployed. I can see they're becoming depressed. Their anxiety is rising. They're very, very concerned.' We've just had Senator McCarthy in here wanting to ask about Indigenous young people. The intersection with people's mental health and wellbeing is tied up in their sense of a future. We're sending 643,000 people into this system of A, B and C: 'You've got to do this. You've got to do that. We're going to do it digitally. We're going to do it face to face or you'll get a reassessment. We're going to cut your payment.' They're getting this system, and only four per cent of the employers think this service is good enough for them to engage with to get people who are unemployed into the workforce. Isn't that a massive problem? It looks like one to me.

Ms Hartland: Mr Smyth might want to say a little bit more about the figures, but obviously this has come out in the report and that's why we're looking at changes to the employment services model. Obviously it is an issue and we see it as an issue and we're trying to look at how we make improvements on that. You're correct.

Senator O'NEILL: What's the targeted compliance that you set for yourself in terms of getting 50 per cent of the employers to use the service? You've got 100 per cent of the unemployed people forced into it and you've got four per cent of the employers engaged. That seems just plain ridiculous to me.
Ms Hartland: Certainly we're working with employer groups and things to do that. Chair, I know the senator asked about us knowing that we were dealing with people, but can I just say that there is not an individual in the department that doesn't realise that we're dealing with people on the ground and they're people that want the dignity of having a job. I just don't want you to think that people in this department aren't there for the right reasons.

Senator O'NEILL: I don't doubt your care, but I do doubt the system, a system that forces 100 per cent of people into it, when we have documented evidence across every state in this country, in regional contexts, in city context, of people saying, 'You are burning me with the system,' and the righteousness of the way in which people are being contained—

CHAIR: Senator O'Neill, can we get to a question please? This is not a forum for statements.

Ms Hartland: That's why we are looking to the changes in the system.

Senator O'NEILL: Yet there is only four per cent of employers putting jobs into the system—for 100 per cent of the unemployed.

CHAIR: Senator O'Neill, we need to get back to questions. This is not a forum for senatorial statements.

Senator O'NEILL: We need to get back to putting people at the centre of a jobs narrative—

Senator PATERSON: I have a question, Chair, if it helps.

CHAIR: No; I've indicated that Senator Siewert has the call next.

Senator O'NEILL: rather than churning them through a system of compliance, a system so bad that employers don't want to engage with it.

CHAIR: Senator O'Neill, move back to questions or I'm going to give the call to Senator Siewert.

Senator O'NEILL: Can I go to the detail of what you've given me here, thank you very much, Mr Dowie. This is the sample that we have got in the digital trial. Is that correct?

Mr Dowie: In the online services trial, yes.

Senator O'NEILL: I was asking about the demographics.

Mr Dowie: Yes.

Senator O'NEILL: So you've got a gender split here—

Mr Dowie: That's right.

Senator O'NEILL: of 41 per cent female and 59 per cent male?

Ms Jensen: I believe, for the trial, the proportions are 42 per cent female and 58 per cent male. That compares to the proportion in the regular jobactive case load, which is 41 per cent female and 59 per cent male. So it's very comparable, in other words.

Ms Hartland: So that last column is saying that, overall, the case load is at 41 per cent female and 59 per cent male. Our pilots have got 42 per cent female and 58 per cent male—so it's a little bit higher in terms of female but basically mimicking the case load that we've got.

Senator O'NEILL: For the age split, I see here it's predominantly under-25-year-olds—55 per cent?
Mr Dowie: Yes, and that's broadly comparable with the 47 per cent of the comparative group.

Ms Hartland: It's a little bit higher in terms of the under-22s but pretty comparable in terms of 22 to 24-year-olds and 25 to 29-year-olds. So it's not a perfect match, but it's pretty close.

Senator O'NEILL: And the state-territory split—I'm a senator for New South Wales, and we are the most populous state. I see we're here at 23 per cent?

Ms Jensen: That's 23 per cent of the regular case load.

Ms Hartland: Yes, 24 per cent in terms of the trial. I think they're pretty similar—26 to 27, 25, 24, 23, 15, 14, 6, 7, 1, 1, 1.

Senator O'NEILL: Let's be clear: we're talking about stream A participants only?

Mr Dowie: Yes. These figures refer to those participants on the Online Employment Services Trial. They are stream A, but they're not the full set of stream A; they are the more job-ready set of stream A, which we've determined through a JSCI assessment process—JSCI being the Job Seeker Classification Instrument.

Ms Hartland: So it's a subset of a subset, if you like, to actually get those—taking your point before—that are more likely to be job ready.

Senator O'NEILL: Let's talk about how many of them are former prisoners and offenders.

Mr Dowie: The total number of ex-offenders who have participated in the Online Employment Services Trial is, as of 28 February 2019, 86.

CHAIR: Is that self-identified or is that based on records you're getting from state government? How is that tracked?

Ms Jensen: It's generally self-identified through the questionnaire used for the JSCI, so it does rely on self-identification.

Senator O'NEILL: Can I ask if you check, in that instrument that you're describing, if people have secure housing?

Ms Pitt: There are 18 factors that we look at in the JSCI, and I can go through those. They are age and gender; recency of work; jobseeker history; education; vocational experience; English proficiency; country of birth; Indigenous status; Indigenous location; geographic location; proximity to a labour market; access to transport; phone contactability; disability or medical conditions; stability of residence; living circumstances; criminal convictions; and other personal factors. Those are the characteristics that go into the Job Seeker Classification Instrument.

Senator O'NEILL: And it's all by self-disclosure, isn't it?

Ms Pitt: Yes.

Senator O'NEILL: So you are aware of how desperate people might be to look like they're a good person to employ and how corrupted self-reported data might be in a situation where you're struggling to get some dollars to get food in your stomach or that of your children? What I'm saying to you is that it's a failing instrument.

Ms Pitt: Well, it's a longstanding instrument, and it's really—
Senator O'NEILL: Just because we've been doing it for a long time doesn't mean we've been doing it right.

Ms Pitt: That's correct. But we do undertake regular trailing independently, with academics and also within the department, to look at how the JCI is delivered—whether it is over the phone or through the trial. Now we are looking at people conducting the JCI online themselves, and then looking at the comparability between people giving—

Senator O'NEILL: More truthful answers.

Ms Pitt: Answering the questions on the phone and answering the questions themselves. And there is strong comparability between those data.

Senator O'NEILL: So people are telling the truth in the same context.

Senator SIEWERT: I don't know if the issue of the protection of people's privacy has been addressed—and I realise that what is available through the media is not the full story. The budget papers talk about employers being able to look online to find potential employees. How is that going to work? And how is somebody's privacy going to be protected through that process?

Ms Jensen: It might be useful to get Ms Kovacevic, who runs our employment services system, up to the table to assist with that.

Senator SIEWERT: It partly goes to the issue you have just been talking about in terms of the limited engagement of employers in the current system. I realise that it is an attempt to increase that engagement, but if someone is looking online and being able to contact potential employees, how is that going to work?

Ms Kovacevic: All our jobseekers come through our online platform via the MyGov portal. Obviously that is a whole-of-government portal and there are safe and secure privacy principles around that. Employers also have to register to use our online system. There are a number of verification processes that the department undertakes to ensure that employers are who they say they are. Jobseekers do have a choice as to whether they share some of their information with employers when they are applying for jobs.

Senator SIEWERT: So employers who want to contact people online will not be able to look through a list of people and say they want to try Mr Smith, Mr Bloggs or whomever, a person would have to see what jobs are on offer online and then apply?

Ms Kovacevic: Correct. Jobseekers need to apply for those vacancies.

Senator SIEWERT: And what mechanism are you then going to use to encourage employers to go online to this process?

Ms Kovacevic: The department's website is a no-cost service to employers; they can advertise their vacancies at no cost. With other online job boards, like SEEK, they need to pay a fee.

Proceedings suspended from 10:29 to 10:47

CHAIR: I resume this hearing. For the Education session later today: we are formally releasing ASQA, the Australian Skills Quality Authority, by agreement, and we will resume the Jobs and Small Business portfolio in outcome 1. Senator Siewert has the call.
Senator SIEWERT: I want to go back to the new employment services model and then I've got a couple of questions about ParentsNext. So I properly understand, I will go to the current jobactive program, which is now being rolled out to 2022, and the new process will just apply to the trial sites. That's correct, isn't it?

Ms Jensen: Yes, that's correct. From July this year, the employment services trial will apply in South Adelaide and mid-north coast New South Wales. In the meantime, the contracts are being extended, yes.

Senator SIEWERT: Okay. I want to be really clear about what changes there are for the people that are still on the normal jobactive—what I'll term 'normal' rather than the trials. Are there any changes there? Will the new job capacity assessment, of which I understand there's reform to the process in the trial areas, also apply to the rest of jobactive?

Ms Jensen: It won't apply in the rest of jobactive. The purpose of the trial is obviously to work carefully with all stakeholders and trial those new features, including changes to more flexible assessment, activation and enhancements to assessment. However, I wouldn't rule out if, during the course of the trial, the new approaches could be at a later stage rolled out.

Mr Smyth: As we improve the online servicing system and model and the platform that we utilise, the government can make a decision to—and we're constantly improving the system anyway. That can flow out to, obviously, the broader jobactive.

Senator SIEWERT: I'm concerned that all the issues that we raised in the jobactive report like assessment—I won't go through the list, because Senator O'Neill has been touching on some of those—are still going to apply for the next two years. It's the same old, same old. Bear in mind what you've just said about the online system. The long-term unemployed people that are in stream A that really should be getting additional help, the young people that should be in more intensive systems—all that sort of thing—and the poor job capacity assessment process that's being undertaken at the moment are all going to remain the same?

Ms Hartland: It's clearly a balance here about getting the system right and getting the improvements in the system right rather than rolling everything. The government has chosen to do it in this way in a staged approach, and, as Mr Smyth has said, we can't possibly pre-empt that there might be things that are adopted early through these trials, but I guess it's that judgement call about whether you roll out everything all at once and the systems issues that that brings with it or whether we trial and gradually make changes. The government's opted for the latter, but I can't pre-empt whether there would be other trials, other pilots or other things that might happen throughout this.

Senator SIEWERT: Thank you. If you've told Senator O'Neill this, I will look on the Hansard. How much money is there for the enhanced services stream or the new employment stream? For the new services, how much is being allocated to the provision of the new supports and services process?

Ms Hartland: In the pilots?

Senator SIEWERT: In the pilot sites.

Ms Jensen: In terms of the pilot of the new employment services model, $176.8 million has been allocated overall.

Senator SIEWERT: How does that break down?
Ms Jensen: I do have a breakdown here. That breaks down into $31.5 million for ICT costs, $102 million for new employment services payments, $11.6 million for contact centre support, $4.3 million for the impact on the Department of Human Services—

Senator SIEWERT: Is that all the ICT stuff?

Ms Jensen: Yes, meaning ICT—some communications.

Senator SIEWERT: There is $27.4 million for related costs to establish and administer the new arrangements such as, for example, evaluation and communication costs and so forth.

Senator SIEWERT: Thank you. Is the evaluation process going to be ongoing through the process?

Ms Jensen: Just bear with me. I've got some information on the evaluation. I'm just getting to that.

Ms Hartland: Partly the answer is that there are formal evaluations that will happen, but what you might have missed earlier is that there'll be ongoing learnings that are coming from it on the ground and through the contact centre and things that we will feed back in. What I'm looking for is a continuous feedback loop—

Senator SIEWERT: Into the trial itself?

Ms Hartland: Yes, and Mr Smyth has just reminded me that there's a formalised reference group as well.

Senator SIEWERT: Okay. Don't bother repeating anything you've already said. I will go and check that. I don't want to waste people's time. I will go check the Hansard if you've already articulated that.

Ms Hartland: There is some more we can add.

Ms Jensen: It's that kind of real-time action research, quantitative and qualitative, throughout the life of the pilot. We can keep feeding findings through and enhancing and modifying over the life of the trial.

Senator SIEWERT: Who's undertaken the evaluation? Is it going to be in house or are you going to tender it out—or have you tendered it out?

Ms Jensen: In the normal way, the department would manage the evaluation, but we may contract out elements of it.

Ms Hartland: We've got an evaluation unit that is in the organisation, but, as Ms Jensen has said, there might be a combination. It's yet to be decided, really. There could be a combination of some of that being contracted out to independents, to academic organisations and the like, but we're happy to keep you posted on how we'll manage that.

Senator SIEWERT: Thank you. I'm conscious I'm going to get pipped in a second. Can I go to ParentsNext? I have two specific issues I want to follow up. Have you seen the letter that the community affairs committee received from the library association around providers using library services for meetings to see participants?

Ms Hartland: I haven't, but I'll just check whether Mr Manning has.

Mr Manning: The library association wrote to the department last year. We saw that one. We haven't seen a letter since then.
Senator SIEWERT: Okay. I thought you might have. I'll probably have to ask a few questions on notice. So they wrote to you previously, because this is a subsequent letter basically saying: 'We've written to you before. The situation is ongoing'. They list a number of issues, but in particular providers are continuing to use libraries in a fairly public way to see participants. There's the whole issue of referring participants for activities in libraries, but this is actually to use their facilities to meet participants in a fairly public space.

Ms Hartland: I'm not aware of that or the follow-up. If you pass that letter on, we can have a look.

Senator SIEWERT: I will pass that letter on. It is on the Community Affairs website. It came subsequent to us tabling the report, and we have now put it up online.

Ms Hartland: We'll have a look at it.

Mr Manning: Certainly, in relation to these issues as they arise, we very much like to receive particulars, because that way, rather than going out generally, we can target and work out whether or not there is a problem and, if so, what the provider should do. We'd be interested in getting that and we'd be happy to meet with the library association to have those discussions if it would help resolve those issues. If we know who is doing it, we're then able to take much more direct contract management action in relation to it.

Ms Hartland: Obviously, if it's a systemic problem, as Mr Manning's saying, there's a bigger issue we need to deal with, but a first step would be that, if we can get the letter, we can then approach the association and work out what's happening.

Senator SIEWERT: I'll make sure I get you a copy today.

I'm sure you saw the article about providers avoiding granting medical exemptions. Have you seen the article on that from The Guardian?

Mr Manning: I've seen the media article, yes.

Senator SIEWERT: Has anybody raised this issue with you?

Mr Manning: By coincidence, at the time the article came through, Mr Jalayer and I were meeting with PeoplePlus to discuss other issues. They raised it with us, so in that sense, yes, that issue had been raised with us. We weren't aware of the detail, and of course we'll subsequently follow that up separately. I'm not aware of particulars of any other complaints being made of the same nature.

Senator SIEWERT: To be clear: you then raised this with them?

Mr Manning: They actually raised it with us. I understood they had comments sought in relation to the article. We discussed it very briefly. What I was saying is that we will, having seen the article, follow that up as we always do when those types of issues are raised.

Senator SIEWERT: Do you know or do I have to ask DHS how many people have medical exemptions?

Mr Manning: As at 31 January, there'd been 2,055 grants of exemption for temporary medical incapacity. That's 12 per cent of the total exemptions granted as at 31 January.

Senator SIEWERT: That's 10 per cent of the total exemptions?
Mr Manning: No, that was 12 per cent. So that's temporary medical incapacity. There's another category, temporary incapacity illness. An additional 711 of those have been granted, which was four per cent of total exemptions as at that time.

Senator SIEWERT: Do providers have to report to you when there's an exemption granted?

Mr Manning: No, not in every case. The system would be updated, so that information would be in the IT system but they don't have to report that.

Senator SIEWERT: Do they have to, in the system, report when people apply? Do you have oversight of the number of people that apply so that you can check how much this is happening? This is one situation; we don't know how many other providers are doing the same thing.

Mr Manning: There are requirements in relation to when exemptions are denied, which Mr Jalayer can run you through.

Mr Jalayer: When a provider has an exemption requested, it needs to be reported in the system as to whether it's been—

Senator SIEWERT: Okay. Have you got the numbers that have been applied for?

Mr Manning: We'll have to take that on notice. We don't have that.

Senator SIEWERT: If you could take on notice how many are in the categories we were just talking about—the temporary and the illness and the permanent.

CHAIR: This issue of employers having a lack of awareness about jobactive, is there any reason, when a jobseeker, who is coming through a jobactive provider, comes to an employer that they would know that?

Mr Smyth: It's a good question. This is one of the issues that, when I've been going around the country meeting with a lot of providers and employer groups, they don't sometimes realise that they're dealing with a jobactive provider, that they are dealing with one of the names of our providers and that's where they're getting a number of their employees from, but they may not be actually aware that that is the jobactive system. In some respects, I suppose that four per cent is an underrepresentation of the number of employers out there that are actually engaging with the jobactive system. The short answer is they don't have to say they're from jobactive or anything like that. The key thing for us is we're trying to get people into employment, obviously, and it's not necessarily about the branding being sold to potential employers as being jobactive, as such.

Ms Hartland: I don't want to get into the pedantics of the calculation, because we want that figure to be as high as it possibly can. The four per cent, as I understand it—and our evaluation people can talk more about this—includes all sole traders across the country that are probably never going to actually utilise jobactive because they're not going to hire anyone. Having said that, I think the numbers certainly need to be higher. Mr Smyth is right. I know when I go around the country and if you talk to sometimes some of the very big employers and they don't know where they're actually sourcing their people from. It's not always highlighted by the providers either. They're sourced to go and find people for them. I've got no doubt that the statistics are still low but I think they're probably not exactly as they seem; there's a little bit more richness to that and complexity in it.
Mr Smyth: We have a number of programs to increase the level of employer engagement as well, and I've talked to a lot of our staff in our state and territory offices to ensure that they are actually out on the ground meeting with employers, employer groups and the like to build that number. So there's an active kind of process going on within the portfolio at the moment to ensure that that number continues to improve.

CHAIR: Thank you. Senator Askew do you have any questions?

Senator ASKEW: Not at this stage.

Senator O'NEILL: I will go back to where we were. One hundred per cent of people are forced into the system and four per cent of employers officially engaging with a system that is supposed to get people jobs is a very big concern, in my view. I appreciate what you've just said. But Senator Siewert mentioned Seek. Was it in answer to you that we heard the Seek platform mentioned? People have to pay to put a job up on Seek. They don't have to pay you to put anything on, do they?

Ms Hartland: No.

Senator O'NEILL: It's a free service to businesses but so far away from where they are that they're not even seeking a free service to put their job on there?

Ms Jensen: We might just get Ms Shannon up to the table from the evaluation area, because she's got a clarification of that figure around employers engaging with Jobactive.

Ms Shannon: My branch has had the opportunity to do some research. Basically, with the commencement of Jobactive, we started to systematically collect business ABNs. So when jobseekers are placed with a business—

Senator O'NEILL: Can I remind you, I do have a lot of other questions. I'm really happy to get a detailed on notice so a short statement would be helpful.

Ms Shannon: The short answer is: when we look at businesses that have at least one employee, so hiring businesses, we find 14.6 per cent of those businesses use Jobactive in their first year of operation. The figure, as I think the secretary referred to, of four to five per cent includes sole traders who aren't hiring anybody. When we look at businesses who are hiring somebody, we find it's a figure more like 14 per cent. It's still, as has been reflected in the table, a figure we would like to see grow, but I think that gives a bit more context in terms of employer usage of Jobactive services.

Senator O'NEILL: One of the things that small businesses say to me is they are overwhelmed by people being forced to send 20 applications all the time. We talk about red tape, but this system is using small businesses to clean up the red tape that they are generating and that's a very big problem. The National Employment Services Association is vital in an input into this. What consultations have been undertaken with the peak body for employment service providers?

Mr Dowie: As part of the work of the employment service expert advisory panel, the Australian Chamber of Commerce and Industry was actually a panel member and contributed to the work that the panel undertook. In addition to that, the panel engaged with a number of other employment peak groups including the Business Council of Australia and including a number of chambers of commerce and industry around the country.
Senator O'NEILL: Has that engagement led to a significant increase in the engagement of those services with you?

Ms Jensen: What it led to was it informed the expert panel report, and the government has recently announced reforms that will include addressing the issue of burden on business potentially—I think the average is actually 15 job searches per jobseeker but potentially up to 20—by allowing much more flexible activation. So, again, that is one of the elements that will be tested in the trial so that, rather than having a more belts-and-braces approach to activity, including job searches, activation will be tailored to personal circumstances and the relevant job market.

Senator O'NEILL: Can I ask you to take on notice what specific feedback you have provided. If you can give us some more detail on that and on any of the feedback that has been adopted and the changes you have implemented as a consequence?

Ms Hartland: Is that from NESA?

Senator O'NEILL: Yes. And what stakeholders have had input into the new fee schedule?

Ms Hartland: You want us to take that on notice?

Senator O'NEILL: Yes, unless you can give me a quick answer now.

Ms Hartland: Just to clarify, you are talking about how we have arrived at the fee schedule. Is that what you mean?

Senator O'NEILL: Yes.

Ms Hartland: Not the consultation we are having directly that's happening now.

Senator O'NEILL: That is what we were discussing earlier. I'm still hoping to get those numbers from you but this is the process that preceded that.

Ms Hartland: The process to get to that point.

Senator O'NEILL: Yes: what stakeholders had input into the fee schedule.

Ms Hartland: Sure. I will have to—

Senator O'NEILL: If you can provide that easily today that would be helpful. Do you have any further information for me, Mr Smyth?

Mr Smyth: I think, as Mr Dowie said, it was a very extensive consultation process where a lot of the feedback that was gathered through the independent panel's review of the model and their deliberations helped inform the government's decision to, obviously, significantly increase the level of fees going into the enhanced services model. But we can take it on notice as to who was part of that consultation.

Ms Hartland: Because, for example, Mr Smyth and I took part in a number of consultation sessions with a whole variety of organisations from the Salvation Army and jobseekers to some of these organisations and providers to talk about where you'd go with more up-front fees in the process and those sorts of things. So there's been quite a detailed—

Senator O'NEILL: That comes to my earlier question, which was asking about the detail of what's being offered now, so I'm hoping you might still be able to get to that. Can I just finally ask one question with regard to the area we're discussing. The requirement for face-to-face attendance actually provides—and I'm very mindful, being a senator from a regional part
of the country, that money to put petrol in your car and to get to places is a very, very big impediment for people in the regions in addition to many other things—a very important window of opportunity for women, and it's predominantly women, who are being subject to violence in their home. I'm concerned about a change to the digital platform that one very important opportunity for women fleeing violence will be shut down to them if they no longer have the cover of an excuse to attend. I'm sure that you know that across the country today people will be walking in because it's the only place they're being allowed to go. My question really is: what are you doing to give proper consideration to the good bit of the engagement with your system for people who are fleeing domestic violence; and what's the scale of what is being reported to you about this particular system being used as a tool for women to flee violence in their home?

Mr Smyth: Senator, that's a seriously complex question to answer. There is no single response that I can give you, but we are aware of the issue. We're aware of the issue across a number of our programs, particularly in relation to ParentsNext. In a number of discussions that I've had with ParentsNext providers is that it is a very important vehicle for a lot of those participants to engage with providers who are then able to wrap appropriate services and make the appropriate interventions around those participants. We're conscious that that is also the case, and I know of a number of incidents where jobactive providers have dealt with some very difficult circumstances of their participants and have been able to resolve those, as you say, because there's been face-to-face—there's no question about that. We are conscious of it, and we will look at how appropriate interventions, safeguards and feedback loops are made available in our online system to be able to determine whether people are in a potentially high-risk circumstance. We talk to the Department of Human Services and the Department of Social Services on an ongoing basis about how you can better identify people that might be subject to some of those circumstances and appropriately apply interventions and systems to be able to intervene where necessary. It's something that we are very conscious of and that we will continue to assess and reassess as we go down this path.

Senator O'Neill: I thank you for that answer. As you said, it's much more complex. If you could apply yourself to a more fulsome reveal of what it is that you are doing in this space and the systems that you have operating there as that is a critical element that I think needs to be given careful consideration for any planning going forward. Can you just tell me, with your trial of the 9,500, if that reality factored into your determination of the demographics that you engaged with, or was it just sitting off to the side?

Mr Smyth: Again, it is difficult. The new online trial that we're doing is of people that are coming into our system, so it is not the existing case load. It is new participants that are coming into the system that are selected. I suppose it's us seeing what's happening with those participants, whether they actually are progressing or whether they're not and then making the appropriate intervention if they're not progressing. Also, those trial participants exit that system in six months—and I know that's a long time—if they are not progressing in the system and they haven't received an outcome. But also we look at whether there are circumstances that we can look at from the information that we have through the JSCI and whether there are issues that might arise.

Senator O'Neill: We were having a bit of a discussion about self-reporting—
Mr Smyth: Yes, self-reporting and all that. There is an ability when somebody isn't progressing to relook at that JSCI and for a participant to make contact with our national customer service line to advise us of their circumstances but also for a reassessment to occur.

Senator O'Neill: Amongst the jobseeker characteristics that you identify in the trial of 9,500 people there are categories in addition to age where you talk about equity, culturally and linguistically diverse, ex-offenders, homeless, Indigenous, mental health issues, people with disabilities, refugees and stronger participation incentive. I would love a more fulsome indication of what is going on with those cohorts. If you can provide any further data, qualitative and quantitative, that would be much appreciated.

Mr Dowie: Certainly.

Senator O'Neill: I want to go on to a quick question with regard to savings. How will the efficiencies of $59.4 million over five years that are indicated in the budget be reinvested in the employment services system?

Mr Smyth: That figure is actually a return to budget. So, out of all of the money that was utilised from moving people in the pilots to the digital arrangements and the like, there was a reinvestment made of nearly $250 million and the net figure of the save was $59 million that is returned to the budget.

Senator O'Neill: Can you be clearer for me, then. I have not completely understood that. Give me the background and the context.

Mr Smyth: There are a number of elements that go into making money available for reinvestment into the two pilots.

Senator O'Neill: The one we have been discussing?

Mr Smyth: No. This is the pilots that we are running through the new employment services model on the mid north coast and in south Adelaide starting on 1 July this year.

Senator O'Neill: Yes.

Mr Smyth: Over the forward estimates there is a net figure of $59 million that remains that goes back to the budget.

Senator O'Neill: Is it going back to the budget of employment?

Mr Smyth: It goes back into consolidated revenue.

Senator O'Neill: So it is money that is coming out of employment services for the government to spend in other places?

Mr Smyth: Potentially in other places. That is a decision of government.

Senator O'Neill: So it is a net loss to employment services?

Mr Smyth: It's $59 million that is coming out of the employment services system and back into consolidated revenue.

Senator O'Neill: It is a cut.

Chair: You characterise it the way you want to, Senator O'Neill, but the official has answered the question.

Senator O'Neill: Yes, they have, and it is clearly a cut.
Ms Hartland: Just to make this clear—and I think I said this earlier—overall there is an investment of $249.8 million into the new employment services model. So there are a whole series of ons and offs. I can take you through it in detail.

Senator O'NEILL: Would you like to provide that on notice? If you could step me through it on paper, that would be good.

Ms Hartland: I can—

CHAIR: In the interests of time, how long would it take now?

Ms Hartland: I can probably do it in a couple of minutes.

CHAIR: All right. Step us through it.

Ms Hartland: There are two main components to the new employment services model, as we said. There's the pilot of the new employment services model, which is the $176.8 million. That includes $31.5 million going into ICT costs. There's $102 million for the new employment services payment. There's $11.6 million for the contact centre support. There's $4.3 million that goes to the Department of Human Services. That's largely around IT changes that they need to make, but there's probably also a little bit of communications money involved in that, I believe. There's $27.4 million for related costs about establishing and administering the new arrangements. That's around property and some of the evaluation that we talked about earlier with Senator Siewert. Then there's an extension of the complementary jobactive programs and other initiatives, which have an overall cost of around $73 million. This includes—this isn't definitive; it doesn't go through everything, but it goes through the main sorts of things—$35.3 million, as we talked about earlier, for the Employment Fund injection; $8 million for the extension of the online employment services trial; $6.5 million for Launch into Work; and $15 million for the extension of early access to tailored employment services. I think that largely covers the bulk of the things. There are probably a couple of other things that are there.

Senator O'NEILL: How will outcome payments change under the new system?

Mr Smyth: I think that goes to the earlier discussion.

Ms Hartland: That goes to your earlier question around what we're talking about with providers at the moment in terms of fee schedules. I think in that I've outlined the $102 million for new employment services payments. When I spoke earlier around a package of money that's there, that's what we're talking about with that package.

Senator O'NEILL: So the efficiencies of $59.4 million will not be going into expanding that $250 million? The $250 million is what you've got?

Ms Hartland: The $250 million is the reinvestment. And on top of—

Senator O'NEILL: But it's less $59.4 million?

Ms Hartland: The $59.4 million, as Mr Smyth has said, is around some of efficiencies that have come through the digital trialling that has happened. There are ons and offs here but there is $249.8 million that is actually going in to look at reinvestment into all of these aspects of the new—

Senator O'NEILL: And $59.4 million is the off?

Ms Hartland: Correct.
Senator O'NEILL: Thank you very much.

Senator CICCONE: I want to ask questions on Harvest Labour Services. First, I wanted to clarify: with the Seasonal Work Incentives Trial, is that the same as Harvest Labour Services or is it a slightly different program?

Ms Hartland: There are two different aspects to this. Are you interested in both of them?

Senator CICCONE: I just want to ask if you can clarify that for me first.

Mr Smyth: The Seasonal Work Incentives Trial ceases in the middle of this year. The government has made an announcement about expanding and reforming the Harvest Labour Services program.

Senator CICCONE: That program, the trial was, what, $27 million previously—is that right?

Ms Hartland: While we're looking at this: there are two different aspects of this that are two different aspects—

Senator CICCONE: And that finishes 30 June?

Mr Smyth: The Seasonal Work Incentives Trial finishes 30 June this year and the new Harvest Labour Services arrangements come into effect with $24.1 million over the forward estimates.

Senator CICCONE: Obviously there's a bit of a cut there of $3.4 million in terms of the outcomes?

Ms Hartland: Yes. Although there's also a Seasonal Worker Program pilot to look at regional workforce shortages. That's, I think, $2.9 million over the forward estimates as well. There are a couple of different programs that are actually looking at it from, if you like, either a domestic labour point of view or a seasonal worker and international point of view. There are two different aspects. While we've got the one trial or one pilot that's going off there are two other things that are coming on.

Senator CICCONE: How much of the money that has been allocated is going towards the expansion of these regions? Is it from 11 to 16?

Mr Smyth: Yes, from 11 regions to 16 regions. There are five additional regions that are coming on.

Senator CICCONE: How much of that money has been allocated towards that expansion or increase in the regions?

Ms Hartland: There is $24.1 million over the forward estimates in total. That's about the expansion. We've got some further detail.

Ms O'Regan: I think the question was about the funds allocated to the additional up to five regions. $8.6 million has been allocated for those additional regions.

Senator CICCONE: That was my next question. Can you provide an answer on how much each of those regions are going to get per allocation?

Ms O'Regan: We've assumed an average cost of $1.7 million for each of the new regions, noting that those regions haven't yet been selected.
Senator CICCONE: How much of the money that has been allocated is going towards improving the websites? I also note the accessibility of this website. Can you provide some information on that?

Ms O'Regan: $450,000 in the 2019-20 year has been allocated to improve the Harvest Trail website.

Senator CICCONE: What exactly are we improving?

Ms O'Regan: The usability and intuitive nature of the website to ensure that the audiences of the website can use it more easily. We have employers, we have working holiday-makers and we have jobseekers using that website. If you would like to hop on and have a look you can see that there are some improvements that can be made to make it easier to navigate.

Senator CICCONE: There are also some changes where it's introducing four-, 12- and 26-week outcome payments. How much are the four-, 12- and 26-week payments?

Ms O'Regan: The amounts are: for a four-week outcome, $500; for a 12-week outcome, $1,000; and for a 26-week outcome, $1,250.

Senator CICCONE: What were those figured based on, or how did you come to those figures?

Ms O'Regan: I would have to take on notice the detail, but they're broadly similar to some of the stream A outcome payments that we have for certain categories within the jobactive model. Some are based on stream A, stream B and that kind of thing. I can provide that on notice.

Senator CICCONE: Yes. Were there any other external stakeholders consulted about the reforms?

Ms O'Regan: Yes, there certainly were. We consulted with a wide range of stakeholders towards the end of last year. I have a list here of 20 or so organisations that were consulted.

Senator CICCONE: I'll probably take that on notice.

Ms O'Regan: Yes, we can provide that on notice.

Senator CICCONE: Has the program been reviewed previously or have there been any other reviews as part of this program? Any other feedback from key stakeholders or industry that the department receives regularly?

Ms O'Regan: I can tell you that the program has been filling around 90 per cent of the vacancies that they identify for placement. Some of those vacancies are filled with working holiday-makers. That's the purpose of these reforms, to try to encourage those vacancies to be filled by domestic jobseekers.

Senator CICCONE: But what is the take-up rate? Still quite a low rate compared to the Trail, which was around four or five per cent?

Ms O'Regan: I don't think we have a calculation to hand on—

Senator CICCONE: No assumptions about how many seasonal workers we're expecting to encourage into the program?

Ms O'Regan: We certainly have some estimates of how many outcomes we would expect to pay.
**Mr Smyth:** We're expecting an increase from around 1,200 currently to around 7,200 annually from 2020-21.

**Senator CICCONE:** How do you expect to get to that figure?

**Mr Smyth:** With the new incentive arrangements that are in place as well, the new promotion of the arrangements as well, and through the website and with providers.

**Senator CICCONE:** How much has been spent on the promotions or advertising?

**Mr Smyth:** I think that goes back to the enhancements of the website and the like that have been made.

**Senator CICCONE:** Who's paying for the travel of people who go to remote areas?

**Ms O'Regan:** Sorry; which people are you referring to?

**Senator CICCONE:** People who are part of the Seasonal Workers Program. My understanding is that there are people who end up in remote areas. I'm curious to know the costs involved with travel.

**Ms O'Regan:** I don't think there's any funding specifically allocated. Some of the existing Harvest Labour areas—and there are 11 of those—do cross over into Community Development Program areas, so they are considered to be remote in terms of employment servicing. Are you talking about jobseekers who might relocate for the work?

**Senator CICCONE:** Yes.

**Ms O'Regan:** That's one of the reasons that we wanted to incentivise outcomes, the idea being that HLS providers working collaboratively with CDP providers and jobactive providers, because they're eligible for an outcome, would invest in those jobseekers. That would include, we would expect, assisting with transport and accommodation, which are some of the key barriers for jobseekers to engage in this kind of work.

**Senator CICCONE:** How much would you contribute towards that cost?

**Ms O'Regan:** It's factored into the outcome payments. The idea is that those outcome payments would be reinvested to cover those sorts of costs.

**Senator CICCONE:** And the same with accommodation?

**Ms O'Regan:** Yes.

**Senator CICCONE:** How is the department expecting to go round assessing and matching the right people in the right roles?

**Ms O'Regan:** That's the job of the Harvest Labour Services providers, working with jobactive providers and CDP providers to identify jobseekers who would be suitable for that sort of work. Harvest Labour Services already have a strong employer engagement role. They're specialists in this industry and they have strong links with industry, so they would be identifying the vacancies to be filled, working with the jobactive providers to identify suitable jobseekers and doing the matching.

**Ms Hartland:** It's a contracted arrangement for us, Senator, so it's not our people on the ground that are actually doing that work; it's contracted to these specialist providers. Our role is one of making sure that the program is working, evaluating and compliance et cetera with those organisations.
Senator CICCONE: I'm assuming we get regular feedback from those contractors about how things are travelling along.

Ms Hartland: Yes. We have systems in place where they have to provide us with information on a regular basis so that we can actually see, and then we have people on the ground through our state networks and things.

Senator CICCONE: How regular is that feedback?

Ms O'Regan: I don't know if we have anyone here from the Harvest Labour Services program area, but there are regular reports that come through, particularly from our National Harvest Labour Information Service. They provide regular intelligence reports about the level of demand in the industry.

Ms Hartland: We can take it on notice and get you some further detail if you'd like.

Senator CICCONE: Yes, if you could. Is there a template or a format the department provides for contractors to fill in certain questions or feedback on how the program is going?

Ms O'Regan: I'd have to take on notice exactly how that is done.

Senator CICCONE: All right. I might just leave it there for now, Chair, given the time constraints today.

CHAIR: Thank you. Senator Askew, did you have some questions?

Senator ASKEW: How many jobs were created in the last 12 months?

Mr Neville: In the 12 months to February this year, employment has increased by 284,100.

Senator ASKEW: A pretty good outcome. What percentage of those would have been full time?

Mr Neville: The change in full-time employment over the same period was 210,000, so just under 74 per cent of the increase in employment was accounted for by full-time jobs.

Senator ASKEW: What proportion would have been full time in the increase that's been achieved since 2013?

Mr Neville: I'm not sure I've got that information with me, but since September 2013 employment has increased by 1,288,200. In fact, I do have the number. Full-time employment has increased by 739,200. I can do the maths for you.

Ms Hartland: I've got it as 9.2 per cent.

Mr Neville: But that's the increase, not the share.

Ms Hartland: Yes, the increase. We just have to do a calculation to work out the share.

Senator ASKEW: That's not a problem. Would you have statistics available on the proportion of jobs growth from when we had a Labor government?

Mr Neville: I have information for the 12 months to September 2013. Over that period of time, total employment increased by 84,600, or 0.7 per cent, and full-time employment fell by 20,300, or down by 0.3 per cent.

Senator ASKEW: What was the unemployment rate when Labor left government as well?

Mr Neville: In September 2013, the unemployment rate was 5.7 per cent.
Senator MARSHALL: Can I go back to the Harvest Trail program—or the new program, actually. Can the department provide current figures on how many Australians have been placed into employment through the Harvest Labour Services program? That's what my question says, but probably the question should be: how many people have been placed into employment?

Ms O'Regan: I think Mr Smyth gave that response earlier. There are around 1,200 currently. That is the number of local jobseekers receiving working-age income support being placed by HLS providers.

Senator MARSHALL: Can you provide a breakdown of the regions that successful applicants have been placed in?

Ms O'Regan: I'd have to take that on notice.

Senator MARSHALL: Has the program led to long-term permanent work outcomes?

Ms O'Regan: Let me just have a look to see what I have here.

Ms Hartland: We might have to take that on notice as well. I'm not sure whether we've got that—

Mr Smyth: I'd have to check on that, actually.

Senator MARSHALL: Do you have any information on the retention rates for the placement of employees?

Ms O'Regan: We'd have to take that on notice too. There is evidence that short-term outcomes can be a helpful stepping stone into longer-term sustainable work. I think there's evidence to show that the likelihood of long-term employment increases with every short-term placement up until around four short-term placements. After that, my understanding is that it tends to level off.

CHAIR: I would accept that, but the very nature of this program is it's for harvest—it's temporary, short-term work.

Senator MARSHALL: But the program is supposed to rotate people through different crops and different times. Not everything comes from—

CHAIR: But, by definition, that can't be a full-time job.

Senator MARSHALL: No, that's the point. It's potentially about long-term employment. But, anyway, there are lots of different objectives. Has the department received any feedback from agricultural businesses about the Harvest Labour Services?

Ms O'Regan: I quoted the stats around the placement rates before, which are around the 90 per cent mark. I think there is evidence that that's an indication of success in terms of filling those vacancies. I'd have to take on notice the specifics of feedback, but certainly, as part of the ongoing management of the program, we're continuously working to improve it and, as the secretary mentioned, our contract management process to do that.

Senator MARSHALL: What evidence did you use to base the reforms on?

Ms O'Regan: As I mentioned before, we did quite an extensive consultation process with a large number of industry peaks and representative bodies. I can provide that on notice. I have it here, but I've already undertaken to provide that on notice.

Senator MARSHALL: Who you consulted with?
Ms O'Regan: Yes.

Senator MARSHALL: Is the department aware of the current employment shortfall for farm businesses, particularly in horticulture?

Ms O'Regan: We do have some data from our employer surveys which suggests that a large proportion of vacancies are filled, but that's at the national level and there would undoubtedly be significant variation by region. We have a statistic that around 98 per cent of vacancies were filled, and I think that was for the 2018 year. It might have been the 2017 calendar year.

Senator MARSHALL: The reforms don't commence until 1 July 2020. Is that right?

Ms O'Regan: That's right.

Senator MARSHALL: How are those reforms assisting farmers today?

Ms O'Regan: We have the Harvest Labour Services that exists today. This is building on that program and adding up to five additional regions and incentivising the placement of domestic jobseekers. It's still a successful program and is available in those 11 harvest labour areas right now.

Senator MARSHALL: How much does the service provider get to place a jobseeker?

Ms O'Regan: Currently or under the reforms?

Senator MARSHALL: Both.

Ms O'Regan: I believe there's a placement fee of $45 currently and that will increase to $50 under the reforms, acknowledging that the fee hasn't increased since 2015 when the contracts were signed. Then, under the reforms, obviously there's also the outcome payments that we're proposing to introduce.

Senator MARSHALL: That's regardless of whether it's an Australian or someone on a working holiday?

Ms O'Regan: The placement fee is regardless, but the outcome fee is only for those on a working-age payment.

Senator CICCONE: On that, how do the $50 fit in with the aim of the program to encourage more people to work? How do we get to the $50 rate? Can you explain a bit more?

Ms O'Regan: The rationale for the program is to assist growers to fill vacancies. It wasn't established on the basis of only filling those vacancies through domestic labour. However, these reforms are designed to incentivise—to give Australian jobseekers the first option for those jobs.

Senator MARSHALL: Is there a cap on how many working holiday makers will be placed?

Ms O'Regan: No, there's no cap.

Senator MARSHALL: Can you provide a list of current Harvest Labour Services providers?

Ms O'Regan: I can certainly take that on notice—yes. I don't have it here with me.

Senator MARSHALL: Will the providers be paid regardless of the placement being successful?
Ms O'Regan: They'll only be paid if they achieve the outcome. Are you talking about the outcome fee or the placement fee? The placement fee is paid regardless.

Senator MARSHALL: When does it actually become a placement—when someone takes up formal employment or—

Ms O'Regan: I believe so. I'd have to look at the detail of the guidelines as to what actually triggers that payment, but, yes, when a—

Senator MARSHALL: Could you take that on notice for me and also what's considered and determined to be a successful outcome?

Ms O'Regan: Yes, I can do that.

Ms Hartland: As Ms O'Regan has said, the outcome payments are designed to keep people in the job. There are those four-, 12- and 26-week marks. They're ramped up to provide that incentive. You're right—there's the $50 sign-on, if you like. There's a $50 sign-on and then, like many of our other programs, the four-week, 12-week and 26-week outcome payments.

Senator MARSHALL: Have you designed an evaluation program for this?

Ms O'Regan: Yes, there is money allocated for an evaluation.

Senator MARSHALL: What about ongoing monitoring?

Ms O'Regan: Yes, part of our core business is to monitor how the programs operate, and we have a contract management process for that.

Senator MARSHALL: If you could give me some details on the evaluation program, that would be good.

Ms O'Regan: Okay.

Senator MARSHALL: You can take that on notice if you like.

CHAIR: We're done on outcome 1, colleagues? All right. In that case, insofar as they're not required later on, we can release outcome 1 with our thanks.

[11:45]

CHAIR: We will now move on to outcome 2, workplace support.

Senator MARSHALL: Just while we are changing: the Seasonal Worker program pilot, that's the new scheme we were just talking about—

Ms Hartland: Sorry, Senator, what was that?

Senator MARSHALL: The Seasonal Worker program pilot is the new scheme we were just talking about? No, that's another one—

Ms Hartland: No.

Senator MARSHALL: and that's in outcome 2. Okay. We seem to have a lot of these.

Ms Hartland: It's not designed to confuse you; it's just that one has that—

Senator MARSHALL: It has, regardless!

CHAIR: It may not be designed to confuse us, but it may confuse us.

Senator MARSHALL: If you're happy for us to start, that's where I want to start.

CHAIR: We're in the correct outcome there, yes? We're happy with that?
**Ms Hartland:** Yes, Chair.

**Senator MARSHALL:** This was included in my correspondence to you earlier. Just how will this pilot differ from the existing Seasonal Worker Program?

**Ms Hartland:** I can start while people are coming to the table. There are four key areas of difference between the pilot and the existing arrangements. The first is around the ability to move workers between the pilot and existing arrangements. The second is around a change to the deed of agreement for approved employers that are participating in the pilot, and we can go through in detail what that all means. The third is around some increased compliance presence on the ground, and the fourth is around labour market testing. Do you want us to go through each of those in detail?

**Senator MARSHALL:** Are the guidelines developed? Are you able to table them or just provide them to us?

**Ms McCormack:** The guidelines are currently being developed, and they will be available on the departmental website when they have been developed, but we are still in the process.

**Senator MARSHALL:** Maybe you'd better give me—

**Ms Hartland:** In terms of the ability to move workers between farms without prior approval of the department, approved employers that are participating in the pilot will be able to move seasonal workers between farm placements during their visa period without prior approval from the department. One of the issues was around getting that flexibility to allow farmers—and it goes to your point before—to use seasonal workers for short harvest seasons and unpredictable picking periods. They can then move people around. Under the general Seasonal Worker Program, approved employers are required to obtain departmental approval before transferring seasonal workers to a new placement.

The second area is that a customised deed is going to be used between the approved employer and the department. That will include strengthened obligations—and this is the quid pro quo, if you like, with some of the flexibility—to ensure that wellbeing and welfare requirements for seasonal workers continue to be met where approved employers move workers between farms. Those obligations will maintain compliance in terms of protecting the workers from exploitation while the pilot model of improved flexibility and increased self-management and accountability by approved employers is trialled under the pilot.

There will be new seasonal worker regional coordinators and also additional Fair Work inspectors deployed on the ground to monitor and assure the welfare of workers through regular and also unannounced monitoring visits. The pilot-approved employers will be required to provide regular reports on the worker arrangements and the placements. Currently, we've got contract managers that undertake monitoring visits on a regular basis, but they don't do unannounced visits, so that's the other change.

Finally, the pilot-approved employers won't need to undertake the labour market testing within those pilot regions during the pilot. This is because—and this is an important part of this—the regions will be selected based on known agriculture workforce challenges and industry feedback, in which that labour market testing is required, and it will remain valid for that period, for that six months. It's happening at that high end, so we already know that that labour market testing has been done, and it will be applied without doing a separate test for that. They're the key changes.
Senator MARSHALL: How's the pilot going to be advertised to employers?

Ms McCormack: The department will not call for applications to participate in the pilot. Instead, the department will invite selected labour hire firms and contractors with an established Seasonal Worker Program history of operating in the regions, as well as capacity to operate under the conditions of the pilot.

Senator MARSHALL: Will there be conditions? Will people who have breached employment standards in the past be invited to participate?

Ms McCormack: Approved employers who are currently suspended from the program will not be invited to participate.

Ms Hartland: As I said, there are improved compliance mechanisms and people on the ground and FWO input into this process as well, because we're very aware of some of the compliance issues that have been raised in the past.

Senator MARSHALL: Will they have to demonstrate as part of being approved that they actually know what they're supposed to pay people?

Mr Hehir: That's part of the process that we'll be looking at, and that's why we're going to existing approved employers who have a strong track record. Rather than opening up to new providers who would have to learn the system entirely, we will go to the approved employers in those regions who know what they're doing and who don't have a history of compliance issues.

Senator MARSHALL: When do we think this will be up and running?

Ms Hartland: It's to be implemented from 1 May this year.

Senator MARSHALL: But we haven't finished the guidelines, and they're not up?

Ms McCormack: That's correct. As the secretary said, we'll be introducing it from 1 May, with the aim of certainly getting people on the ground in potentially the peak picking season, which is generally towards the later half of the year.

Senator MARSHALL: How and when will the pilot be reviewed?

Ms Hartland: It will be reviewed after 12 months.

Senator MARSHALL: Will the pilot just continue on, or will it end in 12 months?

Ms McCormack: The department received funding for one year, so it is a terminating pilot—and then depending on the results of the review.

Senator MARSHALL: Are the people involved in that extra, on top of the current program? There are limits to the program, aren't there, or is it an open—

Ms Hartland: We've reallocated some people from within the program to work on the pilot, as a subset, for a period of three months so that it then—is that right? Is that a different—

Mr Hehir: Sorry, Senator, are you talking about the seasonal workers, or are you talking about departmental staff?

Senator MARSHALL: No, seasonal workers.

Ms Hartland: Sorry, Senator.
Ms McCormack: The pilot is expected to run in up to three regions. It will run concurrently with the usual Seasonal Worker Program, and the workers will come from the 10 participating countries, as they currently do under the normal program.

Mr Hehir: That's part of the reason for commencing it early—so we can let the providers go out and see whether they need to select more people. They need time to go to the countries and identify potential participants and then time for them to be brought over. It does have a long lead time between the 1 May commencement and the actual picking season, but that's part of the nature of the program.

Senator MARSHALL: Okay. I probably want to move onto 'Protecting vulnerable workers—National Labour Hire Scheme and other measures'.

Ms Hartland: Senator, I know you have sent through a question on that. That is one for the Fair Work Ombudsman. We can talk about some of it, but it depends on the nature of your question.

Senator MARSHALL: I was wondering how you are going to administer it within the department.

Mr Hehir: The Fair Work Ombudsman will.

Senator MARSHALL: They'll be administering it, will they?

Ms Hartland: Yes—$10.8 million over four years has been provided to the Fair Work Ombudsman for this.

Senator MARSHALL: Given that you have got most of these already, can you answer the ones that are within your area?

Ms Hartland: Sure.

Senator MARSHALL: I was going to ask you how the scheme is going to be administered within the department. If it is not going to be, that is all right. But the budget papers say the cost of administering the scheme will be recovered from the registered labour hire operators through prescribed annual fees and charges. Is the workplace ombudsman going to manage all of that as well?

Mr Cully: Yes, they would manage the process of measuring the fees.

Senator MARSHALL: Will the department have any involvement at all?

Mr Hehir: Our involvement was in the policy work in the development of the scheme. We've handed over to the Fair Work Ombudsman.

Ms Hartland: Chair, can I correct the record. I gave you a figure of $10.8 million. I was actually looking across the wrong line. It is $15 million.

CHAIR: We will now move to outcome 2, 'Small business support'. I welcome the Minister for Small and Family Business, Skills and Vocational Education, Senator the Honourable Michaelia Cash. Minister, do you have an opening statement?

Senator Cash: No, I don't—other than to say I was delighted to see that small and family business were a centrepiece of the budget.

CHAIR: Absolutely, we were all delighted to see that. Senator Watt.
Senator WATT: Good to see you again, Minister Cash. You would be aware that the Senate passed a motion ordering you to attend estimates today to answer questions about the ongoing scandal involving your office and it leaking information.

Senator Cash: I think you are paraphrasing there. But I believe a statement was actually given, in response to that proposed order from you and Senator Cameron, that I was attending estimates. As such, I am here.

CHAIR: The minister was always going to attend estimates and is attending in the slot where she was always going to attend.

Senator Cash: Correct—I am the minister for small and family business.

Senator WATT: I should have said that Senator Cameron sends his apologies that he is unable to be here as well. I'm sure he'll catch up with you another time.

Senator Cash: On the campaign trail.

Senator MARSHALL: Time's actually running out for him—and for all of us!

Senator Cash: In Tasmania. I will see Doug when I am down in Tasmania with you, Senator Askew, because I believe that is where he is heading.

Senator ASKEW: He is in the south.

Senator Cash: Oh, he's in the south and you're in the north.

Senator WATT: If the Aussie's rumours are true, you may be seeing him again in Canberra next week. We will wait and see what happens. We're conscious this could be the last estimates session before the election, and you'd be well aware that on many occasions Labor senators have given you every opportunity to correct statements that you have made to the Senate about the role of your staff in leaking confidential police information regarding a raid and you have consistently declined to take that opportunity to correct your statements. I really wanted to give you one last opportunity before we head into an election to level with the Australian people and correct the record.

CHAIR: Minister Cash, you can answer the question if you wish to.

Senator Cash: Thank you. I believe this question has been asked on—

CHAIR: I think it’s been asked and answered on many occasions.

Senator Cash: numerous occasions since 2007. I was also, obviously, asked in the Federal Court under oath, and I provided a statement in relation to that that I do note was not challenged by the AWU or its lawyers. But I would respond to Senator Watt by saying: the issue is actually—as the Australian people do know, and are still waiting for an answer for—on whether or not, when Mr Shorten, who wants to be the alternative Prime Minister, was in charge of the AWU, did he, as someone said to me, misappropriate AWU members' funds for his own election campaign, to the tune of $25,000? And did he get the appropriate authorisations of AWU members' funds to make a donation of $100,000 to GetUp!?

Chair, as you know, the Federal Police are in possession of documents taken from the headquarters of the AWU that were to be provided to the Registered Organisations Commission to assist them in their investigation of the AWU and whether or not there was a misappropriation when Mr Shorten was the secretary of the AWU. The AWU have now had this court case going for, I think, 16, 17, 18 months on the basis that under no circumstances
do they want those documents to ever see any light, whether it be by the Australian people or, I'm assuming, by the members of the AWU. I personally believe the members of the AWU deserve to know: Did Mr Shorten misappropriate your funds? Did he utilise them for his own purposes when he was the head of the AWU or did he get the appropriate authorisations—$25,000 to his own election campaign and $100,000 to the activist organisation GetUp!?

Senator WATT: I let you go there because doesn't the fact that you consistently make comments like that every time you are asked about this just prove, yet again, that this entire exercise—the referral to ROC, the raid on the AWU offices—has just been a politically motivated exercise to denigrate Mr Shorten, which you only double down on in the way that you just did?

Senator Cash: Absolutely not.

Senator WATT: So the tirade which you just launched again against Mr Shorten, as you have every other time, isn't politically motivated?

Senator Cash: Again, I have consistently stated that there are questions to be answered, and that is actually, Senator Watt, what this case is all about.

Senator WATT: No. What the case is all about is the union challenging the legality of the raid that was conducted when their records were seized. You know that—you're a lawyer.

Senator Cash: The union has had documents taken from it by the Australian Federal Police and they do not want those documents to ever see the light of day.

Senator PATTERSON: I wonder why.

CHAIR: Something to hide, maybe.

Senator WATT: You don't think it's possible that a union, just like any other organisation or member of the public, might just like to see the law upheld and that, if they believe that the police have conducted their activities—

Senator PATTERSON: Not according to Sally McManus.

Senator Cash: That is a very, very good point—break the rules at all costs.

Senator PATTERSON: Upholding the law is not the priority for her.

Senator WATT: Look, I know you're all stressed about unions and the fact that people have woken up that wages are a bit low and you're keeping them down and that unions need a greater role—

CHAIR: Let's get back to questions, Senator Watt.

Senator WATT: but, as I say, every time Senator Cash comes in here and tries to deflect with another attack on unions and another attack on Mr Shorten, all you do is confirm the statements that were made by Mr Davies—

CHAIR: Senator Watt, let's get back to questions, and preferably questions that haven't been asked and answered many, many times.

Senator WATT: Minister Cash, I remember last time we were talking about this in estimates you used the whole, 'I haven't seen a certified transcript of evidence given in court, therefore I can't answer questions' excuse. Have you now seen transcripts of the evidence given in court?
Senator Cash: I have seen some transcripts, but, Chair, I would also be mindful of the fact that this matter is still before the courts.

Senator WATT: Sure, but you would have seen the transcripts and media reports in which I think Mr Davies, your former chief of staff—and, if it wasn't him, it was Mr De Garis, your former media advisor—admitted there was a political dimension to the raid on AWU offices and their leaking of that raid?

Senator Cash: That is their evidence.

Senator WATT: So you are aware of their evidence?

Senator Cash: That is their evidence.

Senator WATT: And doesn't the fact that every time you are asked about this you go after Bill Shorten just confirm to the Australian public that this entire sorry saga has been a political exercise which has blown up in your face and the face of the government?

CHAIR: Senator Watt, you've—

Senator Cash: Absolutely not.

CHAIR: already asked that question. Minister, you can respond if you wish to—

Senator Cash: Absolutely not.

Senator WATT: So you stand by all of the statements that you've given the Senate up until now about this matter?

Senator Cash: Again, I stand by the evidence that I have given, yes.

Senator WATT: So when you said to the Senate that your staff told you that their information about the raid came from a media source, you stand by that?

Senator Cash: That is what I was told and that is the evidence that I gave.

Senator WATT: Even though we now know from the court case that it actually came out of your office?

Senator Cash: Again, the evidence that I gave was to the best of my knowledge at the time. Evidence has now been given in the court case, but, again, Chair, I would be mindful of the fact that the matter is before the courts and, as such, no findings have been made.

CHAIR: Absolutely.

Senator WATT: Have you had an opportunity to review the transcripts of the last estimates sessions of this committee and the committee in which the AFP gave evidence?

Senator Cash: I believe I may have.

Senator WATT: So you'd be well aware by now that the AFP maintained to estimates—and in fact the DPP did as well—that the letter you sent to them did not constitute a witness statement?

Senator Cash: I believe, Senator Watt, that you are totally, completely and utterly paraphrasing the evidence that was given. I don't have the evidence in front of me, but I do believe the evidence given by the AFP was that I did provide them with a statement.

CHAIR: And this issue was very well canvassed at the last estimates.
Senator WATT: It was, but what happened at the last estimates was that Senator Cash used the old, 'I haven't seen the transcripts, so I can't comment on that.' It's sort of like how she says—

CHAIR: No. Actually, that is not correct. I remember that estimates round very well.

Senator WATT: it's happening in court so I can't answer, it's happening in parliament so I can't answer, it's happening here so I can't answer—

CHAIR: Let's get back to questions—preferably new ones, Senator Watt.

Senator WATT: I actually reviewed the evidence of the AFP and the DPP before I came up today, to remind myself of what they said, and they very clearly said that the letter that you sent them did not amount to a witness statement. So you are familiar with that evidence?

Senator Cash: They also said that I provided them with a statement.

Senator WATT: They also said that they would have liked to have had the opportunity to interview you but that did not occur?

Senator Cash: They also sent me a response to my statement thanking me for it and advising me that if they had any further questions they would contact my office. They did not.

Senator WATT: I have seen those letters, because we got them out of some questions on notice from the last estimates, and I notice that they had to put in at least two requests to get anything from you to assist with their investigation.

Senator Cash: They put in an initial request, which would be just that: an initial request for a voluntary statement. There was a follow up with my office—

Senator WATT: A month later.

Senator Cash: and that was it. And, Senator Watt, I would remind you that they did not come to me until five months after the event itself. But, in any event, Chair, I provided a statement and they said, 'Thank you. If we have any further follow up questions we will get back to you,' and they did not. I'm assuming that if they did, they would have.

Senator WATT: But you will recall that at the last estimates the AFP said very clearly that they would have liked the opportunity to interview you and that there were questions that they had that were not addressed by your letter, so I'm wondering whether—as a former lawyer, as a minister, as someone who is supposed to adhere to the ministerial standards—you have reflected on their evidence and taken any steps to speak with the AFP to provide them with information that you haven't provided them up until now?

Senator Cash: Again, I provided a comprehensive recollection of my knowledge to them and, again, Senator Watt, you fail to understand that they thanked me for my statement and said, as you have acknowledged because you read the letter, that they would come back to me if they had any further questions, and they did not. So perhaps your questions are better put to the AFP as to why they did not come back. One can only assume they had no further questions.

Senator WATT: I don't think it's fair to say that your statement was 'completely comprehensive' or however you put it. All you did was send them some transcripts of Hansard.

CHAIR: That's your characterisation, Senator Watt.
Senator Cash: That's your opinion; that is your characterisation.

Senator WATT: Yes, and your characterisation is that it's a comprehensive statement. So, when they clearly wanted to interview you and all you could bother doing was send them transcripts from *Hansard*—which anyone can access online—would you call that comprehensive?

Senator Cash: Yes, I would, and I would also remind you, Senator Watt, that it was in a voluntary capacity and, again, they thanked me for my statement and said that if they had any further follow-up they would refer it to me, and they did not.

Senator WATT: So, you haven't offered to go and speak to the Federal Police since the last estimates?

Senator Cash: I would have thought that if they had any further follow-up, given their response to me—they had at least five or six months, I think it was, before they handed it down; it could have been longer. They could have come back to me; they did not.

Senator WATT: You might remember that at the last estimates I was also asking about the revelations that emerged in the court case that at least one of your former staff members admitted deleting text messages that they'd sent to a staffer in Minister Keenan's office, I think it was, who it seemed was in on this as well—

Senator Cash: Again, you're being incredibly generous—I would actually need to see that evidence.

Senator WATT: Well, you remember, though—you said that you've seen some of the transcripts, and you've certainly seen the media reports in which Mr De Garis admitted deleting text messages between him and Minister Keenan's staffer.

Senator Cash: Well, that is his evidence.

Senator WATT: Yes. So, have you made any inquiries since that evidence was given to assure yourself that no evidence relevant to this police investigation was destroyed?

Senator Cash: That is not for me to do. That is for the AFP to do.

Senator WATT: You don't think you've got some responsibility as a minister to ensure that your own staff don't destroy evidence that might be relevant to a police investigation?

Senator Cash: Mr De Garis has not been my staffer since around 2017, in October.

Senator WATT: Have you said anything to your current staff about the need for them to comply with the law?

Senator Cash: I believe that my current staff understand their obligations.

Senator WATT: Well, you probably thought the same thing about Mr De Garis. Did you?

Senator Cash: All staff should comply with the law, and in Mr De Garis's case he resigned.

Senator WATT: Just remind me: did Mr Davies resign because he was involved in this leak as well?

Senator Cash: Again, this has been canvassed at several estimates. Mr Davies resigned for family reasons.
Senator WATT: So, even though we've got evidence in court from two of your former staff that they conspired with another minister's office to leak confidential police information about a raid and then at least one of them has destroyed evidence relating to that activity, you've never thought it was necessary for you to talk to your staff about the fact that they should just comply with the law?

Senator Cash: Again, I think that is a very generous summation of many months and many days of evidence in the Federal Court. I don't necessarily agree with the summation that you have given. In any event, Mr Davies and Mr De Garis have not been members of my staff for 18 months.

Senator WATT: But how can you be confident that any of your current staff comply with the law, given that you've got a track record of employing people who are willing to break the law for political gain?

Senator Cash: Well, there was no finding in relation to the breaking of the law—

CHAIR: Senator Watt, that is a statement that is completely without justification.

Senator Cash: In fact, there was no finding in relation to this case.

Senator WATT: They've admitted it. Mr De Garis admitted it to you when he resigned. They both admitted it in court.

Senator Cash: Again, your characterisation of what occurred is incredibly generous, because there was no case pursued against anybody.

Senator PATERSON: Perhaps I could make an observation. This is a pattern of behaviour from Labor senators of accusing people, under privilege, of breaking the law.

Senator WATT: But they've admitted it in court.

Senator PATERSON: This is a civil matter between the union and an agency.

Senator Cash: And there were no findings by the AFP.

Senator PATERSON: People have been called as witnesses to assist in that inquiry. No one has been charged. It's outrageous for Labor senators to smear individuals by using the benefit of parliamentary privilege.

Senator WATT: You know why no-one's been charged, though, don't you?

CHAIR: Senator Watt, let's get back to questions.

Senator WATT: You know.

Senator Cash: Is that a question for me?

Senator WATT: Yes. You know why no-one's been charged. You remember what the AFP and the DPP said about this.

Senator Cash: Again, you need to go back to the AFP.

Senator WATT: Well, I don't need to go back to them. The transcript from the last estimates was very clear, from both the AFP and the DPP, that the only reason no-one's been charged, the only reason there hasn't been a finding, as you put it, is that a number of witnesses, including yourself, were not willing to give a witness statement. How can you rely on that as an excuse?
Senator Cash: Again, that is an incredibly generous characterisation. You put that to me last time and again I refer to what I stated last time: you are just wrong. In fact, Senator Watt, I will just remind you that you put to Ms Close:

… it would be reasonable to conclude that the refusal of Minister Keenan, Minister Cash, and some of their former staff to provide witness statements prevented the DPP from prosecuting?

Ms Close stated:
I don't think it was the lack of statements from Minister Cash or Minister Keenan …

That was actually her evidence.

Senator WATT: It is good that you've decided to look at one bit of the transcript. I encourage you to look at the remainder of the transcript, which is pretty clear, including the evidence of the DPP, who said that in their view there was a prima facie case that a crime had been committed, that it was in the public interest to prosecute someone but that they did not think there were reasonable chances of a prosecution because there was insufficient evidence based on people not providing witness statements. So you might want to look at that bit of the transcript as well. Just to complete this, even though you have had two staff members who have admitted in court that they conspired to leak details of a police raid to the media in breach of the law, you haven't ever thought it was necessary for you to have a little fireside chat with your staff to remind them of their obligations to behave lawfully?

Senator Cash: Again, Chair, I think that is a very generous summation—

Senator WATT: Yes or no?

Senator Cash: that Senator Watt has made, and staff are clearly aware of the statement of staff standards.

Senator WATT: Why are your current staff aware of that and your former staff weren't?

Senator Cash: Again, this has been canvassed on so many occasions now.

Senator WATT: But what has changed to satisfy you that your current staff are aware of the statement of ministerial staff standards when your previous staff weren't?

Senator Cash: I have nothing further to add.

Senator WATT: Because you haven't done anything about it?

CHAIR: Senator Watt, you have asked your question and it has been answered.

Senator WATT: Yes. I think it is pretty clear. I'll see you back after the election. We will still be talking about it.

Senator Cash: That's fine because I will still be waiting to see whether or not there was a misappropriation of funds by Mr Shorten.

Senator WATT: See? You are politically motivated the entire time. You just can't stop, can you?

Senator PATERSON: You are definitely not politically motivated, Senator Watt—I know that!

CHAIR: As we do not have any further questions on outcome 2, we will suspend a few minutes early for lunch.

Proceedings suspended from 12:22 to 13:29
Comcare

CHAIR: We will resume this hearing. Welcome back, Minister Cash.

Senator Cash: Thank you very much, Chair.

CHAIR: We are now with Comcare. Welcome. Did you wish to make any opening remarks?

Ms MacLean: No, thank you.


Senator MARSHALL: Does the agency have a policy on donations or gifts?

Ms MacLean: I'm just thinking. I don't think we do, but I'd like to go and check that, if I could.

Senator MARSHALL: Right. Even if you don't have one, would you have a register of donations or gifts?

Ms MacLean: We would have a register of gifts, which makes me think we probably have a policy on receiving of gifts, but I don't believe donations are included in that. But, again, I'd like to check that.

Senator MARSHALL: If you take that on notice, I'd appreciate, if you do have a policy, you providing it to the committee.

Ms MacLean: Yes.

Senator MARSHALL: And if you do have a register, would you provide that register or a copy of the register to the committee?

Ms MacLean: Certainly.

Senator MARSHALL: If you do make it public at all, just let me know.

Senator CICCONE: I want to ask a couple of questions, if that's all right, Chair. Could Comcare just take us through what the current satisfaction rates are for employers and injured workers?

Ms MacLean: Employer surveys that we conduct—let me just have a look and see if I've got something here.

Senator CICCONE: I think previously in annual reports these figures have been—

Ms MacLean: Yes. We do survey our employers through the National Return to Work Survey and we do have measures in our annual report that we report against. That's a biennial survey—every two years—and at the moment that's being administered by Safe Work Australia.

Senator CICCONE: Do you know what the current figure is?

Ms MacLean: I don't. I'd have to take that on notice.

Senator CICCONE: Also for injured workers?

Ms MacLean: I'll ask Mr Hughes to answer.

Mr Hughes: The National Return to Work Survey has a number of metrics in it. We'd be able to provide you what we get through that process, certainly, about what employees are saying and what employers are telling us.
Senator CICCONE: That'd be good.

Senator MARSHALL: It's pretty low satisfaction, I would say, isn't it? Or are you satisfied with the rates? You are?

Mr Hughes: I think the nuances in the questions that are asked, I don't believe that—

Senator MARSHALL: It's the questions' fault!

Mr Hughes: No, the Return to Work Survey is focused on getting jurisdictions a better understanding of what some of the barriers are to returning to work and what some of the experiences are that injured workers have through the process, and jurisdictions use that for a raft of reasons. So I think, if we can take it on notice, we can provide you with the fulsome information in that space.

Senator CICCONE: Are there any particular policies to try to get better satisfaction or to get those levels to a more acceptable rate? In the last annual report, I think the satisfaction rate amongst injured workers was around the low 70s. Are there any policies that Comcare's looking at to try to increase that?

Ms MacLean: In a general sense, we're always looking at how we can improve the services that we provide to the people that we provide services to either through the claims space or the regulatory space, so we are on a continuous improvement journey, if you like. We constantly review those KPIs and those stats and we have a look at what we can do to improve in that regard.

Senator MARSHALL: What do you do?

Ms MacLean: We work with agencies.

Senator MARSHALL: Because the satisfaction rate is not improving, is it?

Ms MacLean: We work with agencies. There are a number of factors, though, that actually influence the satisfaction rate, as Mr Hughes was alluding to. It's not something that you just can take exactly on face value without understanding what we're actually asking and what we're actually measuring that make up that component of that satisfaction rate.

Senator MARSHALL: Your timeliness of claims management is going backwards. Why?

Ms MacLean: Some of our return-to-work statistics aren't improving as much as other areas, but we continue to work with agencies to get people back to work. Our aim is to get people to recover and return to work as soon as they possibly can. Comcare works with agencies. We are a claims manager and the insurer, but agencies are the rehabilitation authorities and have an obligation to get their employees back to work as much as Comcare does.

Senator MARSHALL: What do you do about that? The target for those who return to work after 13 weeks is 73 per cent. The actual is 66 per cent and that's not improving.

Ms MacLean: We are looking at things like new programs in early intervention. We are working in the strategic space with agencies to pilot concepts to get people to come back to work earlier. We work in partnership with the agencies to ensure we can improve in that area. It's not a piece of work that Comcare does on its own; it's part of a process in which other players or people have to work together to support employees.
Senator MARSHALL: Are there any areas where you're meeting your targets?

Ms MacLean: I believe there are. We are doing quite well in some of the return-to-work rates.

Senator MARSHALL: Which ones?

Ms MacLean: If you bear with me, I'll have a little look at some of the statistics that I have in front of me.

Senator MARSHALL: You don't meet them for 13 weeks, 26 weeks or 78 weeks.

Mr Hughes: You're focusing on the incapacity duration rates, and that is a focus for Comcare. Of the targets we published in our corporate plan and reported against in our annual report, there are areas such as the funding ratio, claims determination time frames et cetera where Comcare is meeting its KPIs. You're right to pick up on the incapacity durations; it's an area of focus for our organisation. Ms MacLean has pointed out a number of programs that are commencing in that space, some in pilot form and others focused more on what we can do in this construct of employer and claims manager to improve the way we return people to work in a timely manner.

Senator MARSHALL: You've come to that on a number of occasions but haven't told me anything you do.

Mr Hughes: You've asked us a series of questions—

Senator MARSHALL: You tell us you're constantly looking at improvement but you haven't told me anything you're actually doing. I'd like to know something you're doing to address some of these rates, particularly of satisfaction for employers and injured workers. Those are all going backwards: four out of the five criteria went backwards and the fifth criterion stayed the same.

Ms MacLean: That measure, though, is not measured solely on the experience of the person dealing with Comcare. As I said, that will be their whole experience in relation to their claim and their return to work. It encompasses all of Comcare, the employer and any provider that might be involved in that rehabilitation.

Senator MARSHALL: You're saying these things are meaningless—that we can't look at them and deduce anything from them. What is the point of having them?

Ms MacLean: I'm not saying that they're meaningless. I didn't say that at all.

Senator MARSHALL: I thought you were trying to tell me we can't look at that and draw any conclusions.

Ms MacLean: No, you're putting words into my mouth. I didn't say it was meaningless. If you go back and check the transcript, you would find that I didn't use the word 'meaningless'. Please don't put words in my mouth.

Senator MARSHALL: Fair enough, that was my word. What use are these figures?

Ms MacLean: They help us monitor how we are performing and how we can work better with agencies to get employees back to work.

Senator MARSHALL: What have you actually done?

Ms MacLean: We regularly meet with employers and discuss their performance at the agency level. We talk to employers one on one about cases and how they can work to get
people back. Sometimes a different provider is needed but, again, the decision doesn't rest solely with Comcare; it is a partnership with the employer where we, the employee and their rehab authority work together to get people back to work.

Mr Hughes: From a scheme and subordinate legislation point of view of rehab and return to work, Comcare has been engaged with our stakeholders for some time on a review of the section 41 guidelines for rehabilitation authorities. There is also work happening through the Heads of Workers' Compensation Authorities in relation to the framework for approval of workplace rehab providers. As Ms MacLean just mentioned, we sometimes hear from rehab authorities that providers are part of the issue as well. A raft of work is happening in the subordinate legislative space. There are also pieces like further e-modules or e-products which we're making available to the jurisdiction to help rehab case managers work through the processes and understand what's better practice in these spaces. There is a long list of things we're doing in that space.

Senator CICCONE: Are there any feedback avenues you discuss with industry, unions or any other bodies external to Comcare about their experience with injured workers or employers? I would have thought talking to these key stakeholders would be a valuable tool in trying to make one's experience the best it could be.

Ms MacLean: I think that lends itself to our research and innovation agenda, where we're asking what we can do to get ahead of the game with some of the challenging things for us and employers, like psychological injury. We are a member of the mentally healthy workplace alliance. We have discussions there about what we as a group of agencies or organisations can do. It's not just Commonwealth agencies; Safe Work Australia is a member, as is the National Mental Health Commission and other bodies like Beyond Blue. We meet to talk about what we can do to support employers and employees in getting back to work if they're psychologically—

Senator CICCONE: Do you have any internal bodies that constantly review these figures and try to look at how we can improve, like Senator Marshall—

Ms MacLean: Internal bodies of Comcare?

Senator CICCONE: Comcare, within government and with other agencies about how we can improve these figures? They've constantly been going back for many years now.

Ms MacLean: I wouldn't necessarily say that that's exactly right. I don't think the performance has been constantly backsliding for years. It has probably been a little less stable than we would have liked and perhaps not always heading in the right direction, but we are working on it. We're very aware of it. We review it and say, 'What else do we as an organisation need to do?' That also involves piloting with agencies things like new access for people that are suffering from mental health disorders so that we can intervene early before it becomes a psychological injury or a claim. We work with agencies like Beyond Blue. We're also looking at how we can bring in an early intervention strategy with agencies that don't have those in place. Agencies don't have those across the board, because agencies manage their own work force. We can't impose early intervention strategies on them but we're trying to show leadership by saying, 'If you don't have one, here's a pilot you might like to sign up to, and we can see how it works, in which the person then can be triaged as to whether they need to speak to a healthcare professional, go to their doctor or whatever.' We're constantly
saying, 'Yes, this isn't good enough and we would like to do more and do better.' It's not something we work on in isolation on our own; we have to work with other agencies in relation to that.

**Senator CICCONE:** Let's go to the Peta Martin case. In 2012 her original application was rejected by Comcare. Ms Martin lodged an appeal with the AAT, which ruled in her favour. In 2015 you appealed the Federal Court decision and had it overturned. Ms Martin was successful in appealing to the full bench of the Federal Court, which found in her favour. In 2016 Comcare decided to take this matter to the High Court. The High Court sent the decision back to the AAT to reconsider their position, and they found in Ms Martin's favour. Comcare then launched another appeal to the full bench of the Federal Court on a legal technicality. We now learn that, once you got there, you didn't proceed with the case, and you're up for hundreds of thousands of dollars in Ms Martin's legal costs. It has been reported in the paper that you spent nearly half a million dollars prosecuting that. Can you tell me how that sequence of events fits into you being a model litigant?

**Ms MacLean:** Comcare has a responsibility to ensure the Safety, Rehabilitation And Compensation Act is applied consistently, appropriately and in accordance with the law. That has been our consistent approach for any matter that potentially has scheme wide implications. So that's the first thing that we look at.

In relation to the Martin matter, there were elements about that initial claim that we felt were obviously scheme significant. We sought special leave to go to the High Court, which was granted. We successfully argued that; our appeal was successful. The High Court acknowledged that the matter was scheme significant and made a decision in our favour. It was remitted back to the AAT; I absolutely accept that. We then were going to, and did, go to the Federal Court. On reviewing the evidence and the advice—because we always seek external legal advice—we said, 'Actually, no.' Additional information had been provided by Ms Martin at that point, which we did not have and were not aware of when we first started that journey. So, but for the information that we had at the end of the process, we may have made a different decision earlier on. But you don't always have all of that information in front of you at the time that you make a decision. You make the best decision that you can at the time, and at that time we thought it was a scheme-significant issue, on which the High Court ruled in our favour. That's how that unfolded.

**Senator MARSHALL:** Don't you think it's a little bit odd that a scheme that's set up to benefit injured employees is being used against them on technicalities to try to deny payment of compensation to them? What is the purpose of the scheme?

**Ms MacLean:** The purpose of the scheme is to support employees that are injured at work. However, there are a lot of complexities that are associated with that in the way in which an injury or a disease or whatever may occur. When a person is injured at work through an administrative action that a manager may enact through a discussion, which, on the face of it, is just a normal action—like giving feedback in relation to X or Y or advising of an outcome of something or a decision that's made by management—if a claim on the face of it is not strong enough because of that, we will feel we need to test the law in relation to that. That's exactly the reason, with the Martin case, that we went to the High Court. If that had been allowed on its merits at that particular time, in essence it could have meant that every person that was getting feedback in relation to X or Y could lodge a compensation claim...
because they had a perception that they were going to be bullied in relation to it. It's about protecting the integrity of the scheme. And, to add to that, when we did realise, when we went back to the Federal Court and at that point in time looked at that and got that external advice, we said: 'No, that's fine; we've got this extra information now, and so that's it.'

**Senator MARSHALL:** That's it, after six years and hundreds and hundreds of thousands of dollars, even though you're required to deal with claims promptly and not cause unnecessary delay in the handling of claims and litigation.

**Ms MacLean:** Can I also submit that Ms Martin also lodged many appeals in relation to this matter. This was not just Comcare lodging an appeal; Ms Martin lodged counterclaims. And I don't actually, unfortunately, have control of the legal system and how long it takes for matters to be heard in these respective courts.

**Senator MARSHALL:** No. I'm making the point it took you six years to realise that you were wrong and not to proceed.

**Mr Hughes:** No, I think—

**Senator MARSHALL:** Have you learnt anything from this case or would you do the same thing under the same circumstances?

**Ms MacLean:** We do review the matters after each occasion.

**Senator MARSHALL:** What have you learnt from this case?

**Ms MacLean:** I think it would be fair to say you learn every day, don't you. So, yes, we learnt from this case.

**Senator MARSHALL:** How much has this particular case cost Comcare?

**Ms MacLean:** I haven't got the exact figures with me, but I think it's in the vicinity of $425,000.

**Senator MARSHALL:** That will be the total costs?

**Ms MacLean:** I understand so, but I'm happy to go and confirm that.

**Senator MARSHALL:** I thought there were costs on top of that too?

**Ms MacLean:** No, I don't believe so.

**Senator MARSHALL:** Do you believe that this represented value for money?

**Ms MacLean:** Yes, I do, because I think that we have an obligation to protect the integrity of the scheme.

**Senator MARSHALL:** Do you think Ms Martin has been treated fairly during this process?

**Ms MacLean:** I think Ms Martin's been treated appropriately.

**Senator MARSHALL:** That wasn't the question. I said, 'Do you think she's been treated fairly?'

**Ms MacLean:** I think that's an interesting term to use. There are many other players in this besides Comcare. I think she's been treated fairly because we've acted appropriately against the legislation.

**Senator MARSHALL:** Do you think Comcare has behaved as a model litigant?

**Ms MacLean:** Yes, I do.
Senator MARSHALL: Are you out of this? Is there an exit strategy or is it over now?

Ms MacLean: I believe the matter's finished.

Senator MARSHALL: It looks like we're going to be back next week, so we'll probably have some more questions on that.

Senator PATTERSON: Don't be a pessimist!

Senator MARSHALL: It's getting more depressing by the hour, I understand.

CHAIR: No pessimism here!

Senator MARSHALL: I'll ask the minister—you're a cabinet minister, aren't you? Has the Prime Minister confided in you when he's going to get around to calling this damn election?

CHAIR: I don't think that's covered by estimates, Minister, so feel free to ignore that one!

Senator Cash: Thank God!

Senator PATERSON: I just have one quick question. I'm not sure if you'll be able to assist me with this, but I hope that you might. A question on notice returned to another committee caught my eye, and it involves Comcare. The first question, basically, is whether or not you were consulted in the preparation of the answer. It's question reference No. FO39 to the Department of Finance in the Finance and Public Administration Committee in February. It was asked by Senator Marshall and it's in relation to complaints against parliamentarians that have resulted in Comcare claims. Was Comcare consulted in the preparation of this answer?

Ms MacLean: I would have to take that on notice.

Senator PATERSON: You don't know whether, only a month or so ago, Comcare was consulted by the Department of Finance about a complaint against parliamentarians in order to provide an answer?

Ms MacLean: Are you asking me about the QON or are you asking me about the action?

Senator PATERSON: I may well ask you about the action, but first I want to ask about the QON. I just want to establish whether the Department of Finance has consulted you on any of the answers it's provided to the Finance and Public Administration Committee.

Ms MacLean: I'd have to take that on notice. I don't recall so, but I would like to take that on notice.

Senator PATERSON: Are any of the staff here today able to assist you?

Ms MacLean: No.

Senator PATERSON: How common is it for another department to seek Comcare's input in providing an answer?

Ms MacLean: I don't think it's very common at all.

Senator PATERSON: Indeed, so if it had happened recently it would have stood out.

Ms MacLean: It would have stood out; that's why I don't recall it. I actually had responsibility for clearing all the QONs before they went. I just want to cover myself.
Senator PATERSON: I don't want to verbal you, but is this a fair summary: probably they didn't, but you just want to make sure that they didn't, and that's why you're taking it on notice?

Ms MacLean: Yes.

Senator PATERSON: In that case, you probably won't be able to assist me if you weren't consulted in the preparation of the answer. Thank you.

CHAIR: Thank you very much. That's it for Comcare. You are released with our thanks.

Fair Work Ombudsman

[13:53]

CHAIR: We'll now move on to the Office the Fair Work Ombudsman. Minister, I understand you're staying with us for the time being.

Senator Cash: I will stay, yes.

CHAIR: I welcome representatives from the Office of the Fair Work Ombudsman. Did you wish to make an opening statement, Ms Parker?

Ms Parker: No, I don't.

CHAIR: In that case, we'll go straight to questions. Senator Ciccone?

Senator CICCONE: In the budget, one of the measures was the structure of the sham contracting unit; I've just got a few questions there. How will the unit be structured?

Ms Parker: My apologies; can you repeat that, please?

Senator CICCONE: How will the sham contracting unit at the Fair Work Ombudsman be structured?

Mr Campbell: The sham contracting unit would be effectively a compliance team within the operations group. We have a number of compliance teams inside operations which have a specialty area or characteristic which is one of their primary areas of focus in terms of compliance activity. That would be one of them.

Senator CICCONE: So it would be just an expansion of your compliance team?

Mr Campbell: No. It would be a new function inside the compliance enforcement branch.

Senator CICCONE: What other areas does the compliance team look after?

Mr Campbell: It's probably easier if I break it down that way.

Senator CICCONE: That would be great. Thank you.

Mr Campbell: The inspectors in the cross-operations group are broken into compliance teams, as I've indicated. There is one which is focused on campaign activity—audits, that is. Then there is one focused on overseas workers. There is one focused on general protections—that's your traditional freedom-of-association-type activity. There is one that is focused on young workers. There is a regional spread of officers too. They're placed in our regional locations. I think there are 23 round the country. They're generalist inspectors. They work right across the Fair Work Act. They can work across any one of those subfunctions as well. We also have another unit who are a customer engagement team. They're focused on, effectively, recidivist activity. So the sham contracting unit would be another team like that.
Senator CICCONE: Where will the unit be based—in any particular office of the Fair Work Ombudsman?

Mr Campbell: We tend to try and base it where the work is but also where we can get the best candidates for it. So we would look to have a presence certainly in Sydney and Melbourne, where the largest portion of our inspectorate operations are, but we would also look to do some analysis and testing about where else we might want to place some of our inspectors to make sure we get them most involved in this work.

Senator CICCONE: How soon do you think the unit will be up and running?

Mr Campbell: Being thoughtful to the budget process, we would obviously look to start recruitment reasonably quickly. We have recruitment processes underway pretty regularly anyway to refresh changes in the organisation, so it would just be a matter of commencing.

Senator CICCONE: You might be able to take this on notice, but how many staff or full-time equivalents would you have in the units?

Ms Parker: Mr Scully will answer that one.

Mr Scully: As the measure was costed, there are 12 FTEs associated with this initiative.

Senator CICCONE: And SES?

Ms Parker: No SES.

Senator CICCONE: Are there any KPIs that need to be met as part of the unit?

Mr Campbell: We would set KPIs like we do for the other compliance teams, and they'd be based around the priority areas. But it'd be a mix of litigation outcomes, enforceable undertakings and compliance notices, so looking to make sure we're using the full spread of enforcement outcomes that are available to us.

Senator CICCONE: I think earlier Senator Marshall was asking the department about seasonal workers. The Seasonal Worker Program is the area that the ombudsman looks after. How will the ombudsman allocate the funding specifically to respond to the pilot that is underway?

Ms Hannah: We will allocate the funding between two groups, between our operations group and our education function.

Senator CICCONE: Will any of this funding be spent on additional staff or other costs?

Mr Scully: Yes. This is a measure that has a 12-month period for the pilot. The costing for this measure was a small number of additional ASL in 2018-19 and then into 2019-20, and a small amount of additional travel for it. So it's broken up into staffing costs, and there's a small allocation for travel for people to get out to where the Seasonal Worker Program is happening.

Senator CICCONE: When would the ombudsman review the arrangements in place to see how effective the pilot or program is?

Ms Hannah: We review our programs and operations on a very regular basis, and we're able to reallocate resourcing as we see appropriate. But that's an ongoing process.

Senator CICCONE: How often does that happen? Is it every six months, three months or 12 months?
Ms Parker: We have what's called an 'enforcement board', and one of the things we do is an annual work plan for our priorities. We have six priorities—one of them is sham contracting, and another one is vulnerable workers, which obviously is around the Seasonal Worker Program. Migrant workers, in particular, are another focus, and so is horticulture and so on. As part of that forward work plan, we have fortnightly meetings of that board. We set up our KPIs or performance metrics through that, and then there's generally a regular progress report on how the measures that we've received are going as part of that formal evaluation.

For this one, which is the 12-month pilot, I would expect to have a detailed look at how we're going at least twice during that six months—are we performing against what we said we'd perform against; what needs to change; how are we going? But, in addition to that, if there's individual activities under that, which there will be, they'll come up for discussion. So if we decide we're going to do a campaign or an audit, for example, on a particular region, that comes up to that board, which is the deputies and myself, and we look at how that's going to run, how many people are needed, what it's going to cost and what the targets are. We approve that, and then we monitor it and assess it at the end. It's quite a rolling process, as Ms Hannah said, but we're pretty hands on with it in terms of that board.

Senator CICCONE: Does any of that feedback get fed back to the department for any potential review?

Ms Parker: Yes. The department, as you know, runs the Seasonal Worker Program. Our side of that is about employer compliance, and so we will regularly work with them and tell them how their program's going. There's a very good relationship between those two programs.

Senator CICCONE: Good. Going to protecting vulnerable workers, I know the Fair Work Ombudsman has been allocated just under $11 million over the next four years to deal with the issues relating to vulnerable workers. How will the money be used differently to what your office has been doing in the past and also in how it goes about conducting investigations?

Ms Hannah: We would be very grateful to receive this money, and we can certainly do more with more. From an education perspective—and then I'll let Mr Campbell talk about investigations—what we would be looking at doing is spending more money on our activities, so more on social media advertising and more on out-of-home advertising, which would particularly target places like airports and pubs and clubs where backpackers visit. We're also looking at translating our materials into more languages and planning some new tools for the horticulture industry and the fast food, restaurant and cafe industry as well.

Ms Parker: That's our education and knowledge side. We also have a compliance, enforcement and litigation side. Through our board, we'll have an annual program of work. We will allocate that additional funding and will be able to do, we expect, more litigations. We expect to be able to do more compliance and enforcement, so more investigations, inspectors, people on the ground, and getting out to workplaces and working with people. But there's a large program for us too with working with stakeholders. We do work pretty hard on working with the unions, community groups and employers to say, 'This is actually a community problem, not just an enforcement or a compliance problem. We need to change culture.' That's a big part of our work as well.
Senator CICCONE: This may be premature, but are there any particular activities planned for the course of the year? Is there a schedule that you—

Ms Hannah: Yes, absolutely. One that we're working with stakeholders on at the moment involves our horticulture work. What we're planning is a horticulture showcase, which is a new online portal of tools, videos, guides and resources for the horticulture industry and for workers in that industry. Next week, we're going to survey our stakeholders. We work with a stakeholder group and a stakeholder council who inform our strategy and work. We'll be asking them questions about the information they want to see, the information they think is missing, the sorts of problems they're experiencing in the workplace in dealing with their workers and their preferences about how they want to receive that information. We'll take that information on board, we'll design a whole range of new tools and information, and then we'll come back to our stakeholders and test it with them.

Ms Parker: We're also doing more audits. With horticulture, there is what we're calling a revisit campaign. We did significant compliance work over the last few years in the horticulture harvest trail sector and found high levels of non-compliance. Part of what we're doing is working with stakeholders, as Ms Hannah said, but we're also going back to those employers who were non-compliant and going back to test them again. If they are not compliant, then we will look at compliance, leading to litigation.

Senator MARSHALL: You have to have two strikes—

Ms Parker: No. The employer is still there. Just because we even litigate the first time, it doesn't mean they're now perfectly fine. What we're saying to them is: 'We might have issued a compliance notice or we might have issued an infringement notice or we might have ended up with you having a penalty, but we don't necessarily trust you're now fine. We need to come back and see that you are now actually complying.' It is keeping the pressure up. I suppose that's what we'd call it.

Senator MARSHALL: Is your level of prosecutions for breaches going up or going down?

Ms Parker: That's a good question. In terms of us taking things to court?

Senator MARSHALL: Yes.

Mr Campbell: Litigations are one part of our compliance and enforcement suite. Overall, our enforcement outcomes are up year-on-year. Litigation at this point is about steady. I don't have the updated numbers for you right now, but they're tracking to be on or about the same as last year.

Senator MARSHALL: But you're doing more audits, more checks—

Mr Campbell: Yes. Ms Parker flagged that what we try to do when we're revisiting these employers, where we've found unlawful conduct previously, is to take it up notch if that previous compliance outcome hasn't been, I suppose, responded to positively. So, if the employer continues to not pay people correctly or fails to issue pay slips or to continues the conduct, then they're not going to get off in the same way that they did previously. They won't get a letter of caution and they won't get a compliance notice; they'll get an increased enforcement outcome. It might be litigation. We give people a chance, but at the same time we don't blindly trust that they will change their ways.
Ms Parker: Senator, in answer to your previous question, over the last few years we've had about 50 litigations a year, and there are also other cases on foot. They often take a couple of years to get through the courts once they're in. Some of the additional money will be used for more litigation, so we have to increase—

Senator MARSHALL: It might be just my perception, but I seem to recall that, in the past, there were some quite high-profile prosecutions that were then well publicised, which probably does more than all of your other education programs put together.

Ms Parker: Yes, I think that's true.

Senator MARSHALL: Again, it may just be my perception, but I don't recall seeing or reading about any cases such as that for the last few years.

Ms Parker: We do have 50. Not all of them are high profile. We do get media coverage—there is no question. In terms of big-name companies and so on, that's probably what you notice more than others, but we're certainly getting very positive outcomes from courts. So, I don't think it's changed that much. We have priorities and we're reviewing that and we're reviewing pretty carefully what we litigate. I think what you are getting at is right—that we have to litigate where it is going to have a big impact so that people get the message and it sends a message out to the community. So, we do have to be pretty careful. With the budget we have, we can do about 50. Therefore, we need to pick ones that will have an impact.

Senator MARSHALL: How widespread is noncompliance with people's legal obligations—

Ms Parker: That's a very good question.

Senator MARSHALL: Because I've seen over many years that there has been an attitude that there are a few bad employers around but it's not the whole. But as we progressed over the years it seems to have dawned on everybody that it's widespread—systemic. I think your audits show that, don't they?

Ms Parker: Yes—we target particular sectors. Again, with the resources we have, we have to be like other regulators, which is to choose the areas we think are going to be the most noncompliant. In that regard, we are always going to go after those that are more likely to be noncompliant. It is difficult for us to say the extent of noncompliance. It is absolutely true that coverage, community concern and attention to this matter have grown significantly in the last few years. We would have to say that in certain industries, for sure, and in certain sectors there is a real problem with noncompliance. I think that's correct.

Senator MARSHALL: You have one element of your audit in different industries and random inspections. Are you able to respond to every individual's complaint of underpayment and investigate that and resolve it?

Mr Campbell: We certainly do our best to assist every customer who comes to us—resolve their issue. We don't investigate every request for assistance we get. It's not always that a person will want an investigation. They'll actually just want us to put a call in to their employer and—

Senator MARSHALL: Ultimately, they want the matter resolved but that's—

Mr Campbell: That's it. That's the mechanism.
Senator MARSHALL: That's really what I'm asking. And what if the employer says, 'Go to hell'?

Mr Campbell: Well, they're asking for it. What we try to do is to have a look at each matter on its merits. If we can intervene in a way that gets an outcome, we'll do it. If an employer thumbs their nose at us, then that's asking for a little bit more attention than they might otherwise have gotten if they had just dealt with the engagement with us—

Senator MARSHALL: The question I'm asking is that if someone comes to you and they have in fact been underpaid or not received an entitlement they have, they won't be able to walk away from your office without having that matter resolved for them. This is on the presumption that it is accepted that there is a breach.

Mr Campbell: That's right. If there is evidence—

Senator MARSHALL: On that basis, if you determine it's not a breach, that's fine. It has been put to me that people have said, 'We've gone and they've said, "Yes, you've been ripped off, but there's nothing we can do about it."

Mr Campbell: Normally, if we can't resolve it for them there'll be some factors about their complaint—

Senator MARSHALL: But you can resolve an underpayment for them.

Mr Campbell: Yes. I'm not trying to be mischievous here. If there is no evidence, if there is no employment relationship, if there is no contract, if there's a denial that the person ever worked for them—I'm trying to give you examples of the types of issues—

Senator MARSHALL: I know that is common. We've taken plenty of evidence with committee about that.

Senator O'NEILL: And if there is an inadequate paper trial.

Mr Campbell: There might not be employment records, which again is a contravention, which we can deal with through an administrative fine, as you know. But it doesn't change the fact that it doesn't help us then to form a picture of what an individual might have been owed in terms of an underpayment. What I am trying to say is that if we can assist a person or a claimant, we will. If there are issues where we can't overcome it, then we might seek to encourage an employer to resolve it, irrespective of some of those challenges. But, again, it comes down to the attitude of the respondent a little bit too.

Senator MARSHALL: Okay. Well, again, the point I'm really getting at is that people aren't turned away from you and it's not a resourcing issue. Anyone that's got a complaint will have it listened to?

Mr Campbell: Yes.

Senator MARSHALL: It will be determined by you where there's an issue, and it'll be resolved one way or the other?

Mr Campbell: Yes, and if we can't help, we'll explain why.

Senator O'NEILL: Ms Parker, you indicated that there are particular industries and sectors that remain very problematic.

Ms Parker: Yes.

Senator O'NEILL: Can you put on the record what they are.
Ms Parker: We have a set of annual priorities we focus on. Some of those are sectors and some of those are cohorts, if that makes sense. One of the sectors I mentioned was horticulture. We have ongoing concern about the horticultural industry and we're working with the sector pretty closely on all of that. Then we have cohorts such as vulnerable workers. 'Vulnerable workers' is a pretty broad thing, but, in particular, we're interested in migrant workers. Migrant workers have a number of categories. They're often young, they often don't have English as their first language, they don't understand the laws in Australia necessarily and so on. You know all these things, of course. They're a cohort we focus on across all our sectors.

Fast-food restaurants and cafes are another big one for us. They've been getting quite a bit of attention in the media, too, as you probably know. Another one we have in highlights—and these are not the only areas we focus on—is supply chains, particularly new franchisees, new franchisors. Part of our role there is to try to educate people who are thinking of taking up a franchise arrangement and talking about what they are required to do and how they can seek assistance if there are issues happening with the franchisor et cetera. The supply chain is about that—the responsibility, of course, going right to the top. The other one is sham contracting, and, of course, in the budget, we announced some additional funding there. That part of it is about those workers who are purported to be independent contractors when they are in fact employees, and that's a key interest and a focus for us as well.

We also have public interest criteria, if you like. If there are issues that are of significant public interest or concern or if there's a blatant disregard for the law, it doesn't matter if they're in those categories. If there are employers who are blatantly disregarding the law, we will go after them, if you like. If there's a scale or it's impacting a lot of workers in the community, we will make that a focus. And we also take opportunities to test new laws. We have new laws around protecting vulnerable workers—accessorial liability, around that supply chain issue. We will look for matters where we can actually test the law—

Senator O'NEILL: Have you undertaken any action of that kind yet?

Ms Parker: Yes, we have.

Senator O'NEILL: With regard to which supply chain, and is it one case or multiple cases? Just fill out the detail for me.

Mr Campbell: Senator, I don't have a list for you of the matters that we've commenced involving protecting vulnerable worker contraventions, but I can get that for you. From my recollection, there are four matters that were put into court. Two involved Crust pizza outlets. The other one is a plumbing business. I've forgotten what the third one is. We haven't yet commenced proceedings against a franchisor for the particular franchisor obligation. I think it's section—I won't guess. But I can get that for you.

Ms Parker: Would you like us to take you through some of those with our special counsel?

Senator O'NEILL: Yes, I'm particularly interested in this.

Ms Dennis: We have commenced four litigations, which are currently before the court, involving protected worker actions. The first matter is called Desire Food. That matter involves false and misleading contraventions in respect of that matter. The second matter that we've got is Pulis Plumbing, which has an apprentice. Again, that involves false and
misleading information of documents. The fourth one, China Bar, involves the same situation. That really involves circumstances where in an investigation, and in these three particular matters, there are circumstances where people have underpaid, and as part of our investigation we ask for records and are provided with records that are false and misleading to the Fair Work Ombudsman, and we bring proceedings that relate to that. The fourth investigation is called A&K Properties. That's the fourth PVW one. In that one we're actually testing something that's a little bit different, which relates to the reverse onus, which is a situation where someone doesn't have records. We're seeking to rely upon the reverse onus to say that because they don't have records that should work in favour of the Fair Work Ombudsman. All of these matters are currently before the court.

Senator O'NEILL: Nothing has completed yet?

Ms Dennis: No. We were only able to bring proceedings in respect of contraventions that occurred after September 2017. Tracking how long it takes matters to get through the court is the reason why we haven't had any come to completion as yet.

Senator O'NEILL: Ms Parker, and counsel, too, have you had a look at the franchising report that was delivered in the parliament recently?

Ms Parker: Yes, we have.

Senator O'NEILL: Are any of the recommendations from that informing your work? Have you provided any advice to government in response to it?

Ms Parker: We didn't do a submission. It is some time ago that that first started, I believe. We didn't do a submission at the time but, yes, definitely, we are particularly interested in franchising. As I said, it's one of our priorities. Supply chains, as well, fit in that category. So we're certainly interested in looking at how we can change culture in the franchising sector.

Ms Hannah: I can add a little bit more. We are aware of the findings and we're willing to assist in implementing them. We're already talking to the department about ways that we can be involved and what we can do to help the implementation. We are working on that.

Senator O'NEILL: I think we might be back, and I'll have more questions around that if we get back, so I just foreshadow that. How many temporary migrant workers have used the Fair Work Ombudsman and the Department of Home Affairs assurance protocol?

Ms Parker: I'm just trying to find a number—48.

Senator O'NEILL: For context, the assurance protocol is to designed to do what? What's it supposed to be doing?

Ms Hannah: It's designed to give migrant workers confidence and comfort to approach the Fair Work Ombudsman to report an issue and be involved in an investigation with us.

Senator O'NEILL: How many temporary migrant workers do we have in the country?

Ms Hannah: I would have to take that on notice.

Senator O'NEILL: Can you give me a rough number?

Ms Hannah: No, I can't. Sorry, I don't have that figure to mind.

Senator O'NEILL: Ms Parker, can you assist with that?
Ms Parker: Was it how many migrant, temporary—

Senator O'NEILL: Yes.

Ms Parker: How many in total? Yes, we do have that somewhere, I think. Perhaps in a submission? We should know it.

Ms Hannah: I can tell you by visa category. Student visa holders are 486,934, working holiday-makers are 118,524 and skilled visa holders are 83,470.

CHAIR: So that's at a point in time, is it?

Ms Hannah: That's as of June 2018.

Senator O'NEILL: 2018?

Ms Hannah: Yes.

Ms Parker: So 776,479 in total for the 2018 financial year.

Senator O'NEILL: So that's—

Ms Parker: They have work rights. They're the visa holders with work rights.

Senator O'NEILL: So we're talking 750,000-plus people?

Ms Parker: Yes.

CHAIR: Do we know how many of those are actually working?

Ms Parker: That's what we don't know. No, I don't think anyone would know that.

Ms Hannah: For international students, it's about 50 per cent. But for the total cohort, no.

Ms Parker: That's just students, though, so we really don't know.

CHAIR: How do we know with students but not with other cohorts?

Ms Parker: Immigration's data—it's a very good question!

Ms Hannah: A very good question!

Ms Parker: The only data we have is what we get from Immigration—so I don't know. The difficulty for Immigration is that there are always going to be those people who are on working holidays who may or may not work, and they are around the country—they're travelling all the time—so it's really difficult to keep tabs on them. The tax office is able to if they're paying tax, but—

CHAIR: To be clear: we're not talking about a cohort of 700,000-plus people?

Ms Parker: No, it's potential—

CHAIR: We're actually talking about a cohort of people potentially less than 350,000?

Ms Parker: Who have just got the right to work, yes.

Senator O'NEILL: Potentially anything, if the numbers aren't known.

Ms Parker: That's right—not in terms of how many of them are actually working.

Senator O'NEILL: So we don't know who we need to be looking after?

Ms Parker: We do know the sectors that they're most likely to be working in if they're students—

Senator O'NEILL: Like fast food, restaurants—

Ms Parker: Correct.
Senator O'NEILL: and cafes, which are all in one of the industries that you think—
Ms Parker: And horticulture.
Senator O'NEILL: And horticulture. That's predominantly where they're working where they're most at risk, according to your description?
Ms Parker: That's our assessment, yes.
Senator O'NEILL: Okay. So 48 temporary migrant workers have used the Fair Work Ombudsman and the Department of Home Affairs assurance protocol, and that's it?
Ms Parker: Yes. They're only the ones—
Senator O'NEILL: For what period of time?
Ms Hannah: As of 8 January 2019.
Senator O'NEILL: I'm just not quite sure of the time there that we're covering off.
Ms Hannah: Sorry; it's February 2017 to 8 January 2019.
Senator O'NEILL: So 48 people over two years, roughly. Back to you, Ms Parker; you were—
Ms Parker: I was only going to say that they're the ones who, obviously, are concerned that they might have been in breach of their visa, and they're the ones who will then come to us. If they want our help and they're too nervous to come because they've breached their visa, then we can give reassurance there.
Senator O'NEILL: Could I ask about the process. If you're one of these 48 people in the last two years who has contacted the Fair Work Ombudsman for assistance, which for a whole lot of reasons might appear to be quite a brave and, certainly, a minority thing to do—
Ms Parker: I think that's true, yes.
Senator O'NEILL: If they do that, are they asked for the details of their visa or residency status?
Ms Hannah: Yes, we do ask that.
Mr Campbell: If it's relevant.
Senator O'NEILL: So that's a standard question? I just want to clearly understand your process. If you could provide further information on notice, that would be good. Talk me through it, Mr Campbell.
Mr Campbell: We don't need to know their visa type necessarily to determine their underpayment. It's relevant where they have a work right, like a 457 visa or whatever it's called now—I apologise—that has a particular nominated salary attached to it. Alternatively it comes down to the work they're in, the award that covers them and their classification within it—what they've been paid and the difference. The visa type is of concern generally to them and maybe to the Department of Home Affairs, but it's not determinative of our action. Does that make sense? It's not something that drives a certain behaviour on our part. They're just another worker, effectively.
Senator O'NEILL: But it is a question that is asked?
Mr Campbell: Only for the purposes of determining if there's a nominated salary that might be attached to it. If, for example, a student has worked 40 hours a week when they should have only worked 20—

Senator O'NEILL: Which, we saw, was part of the very big problem with the 7-Eleven Group.

Mr Campbell: Yes; we've traversed this ground over a number of years. But the reality is that that's not of concern to us. We will look to enforce the entitlement over that 40 hours. If an individual has concern, Border Force might respond by taking action against them for that breach and then we can give them comfort by using this protocol. We would assist somewhere between 1,500 and 2,000 visa workers each year through our processes.

CHAIR: So your job is to make sure that people get what they're entitled to get, not to consider whether they've done anything else—

Ms Parker: That's right.

Mr Campbell: We're kind of blind to it. It's an input, but it's not one that's necessarily determinative of action on our behalf.

Senator O'NEILL: Is there any requirement for you to share that information with the Department of Home Affairs?

Mr Campbell: No.

Senator O'NEILL: Do you share that information with the Department of Home Affairs?

Mr Campbell: No.

Senator O'NEILL: If you were requested by the Department of Home Affairs to give that information, what would your action be?

Mr Campbell: We have disclosure obligations under the Fair Work Act. If another regulator comes to us for information to assist them or endorse their statute or jurisdiction if they feel there's been a contravention, we'll assist them.

Senator O'NEILL: Have you been requested to give information about these—

Mr Campbell: I honestly can't recall an instance where Border Force has come to us and said, 'Do you have records of this individual working in excess of their hours?'

Senator O'NEILL: Can you check on that and provide an answer on notice?

Ms Parker: We were on the Migrant Workers’ Taskforce together with Immigration and the other relevant departments and them ever wanting that information didn't come up there.

Senator O'NEILL: But you can understand why this would be an issue if you were a migrant worker in the country?

Ms Parker: Of course, yes.

Mr Campbell: The perception is there for them. But, in our experience as a regulator, it's not something that we have seen play out. That concern doesn't play out in the way that it is in the minds of some of the workers that we assist.

Senator O'NEILL: But you have had only 48 come forward?

Ms Parker: On that particular issue, yes. But lots of migrant workers—
Mr Campbell: You might want to ask Border Force, but I don't know that there are large numbers of working students being turfed out of the country for working in excess of 20 hours a week.

Senator O'NEILL: But it's not just students we're talking about in this temporary migrant worker categories where you've said there's 486, 118,000—

Ms Parker: With work rights.

Senator O'NEILL: So there are different cohorts that might be in very different situations.

Mr Campbell: A working holiday visa holder would be, I assumed, removed from the country for staying beyond their visa terms. I'm looking to individuals with work rights that are relevant to us, and so international students' work rights are contained in a way that working holiday visas aren't.

Senator O'NEILL: Can I ask what happens if somebody's visa expires close to the time in which they advise you. This was one of the questions we had in the course of the hearings around 7-Eleven and the other recalcitrants at the time. Do you continue the action if they're not in the country?

Mr Campbell: Where they remain a willing witness, absolutely.

Senator O'NEILL: Are they able to give evidence from another country? Do they have to come back to Australia?

Mr Campbell: If we're required to put a witness in the box as part of our litigation then we'll bring them back. We've done that before. It's not always necessary because we can get up affidavit evidence. That's not always challenged. We have been able to recover moneys for people overseas before. It's not easy, obviously. It's better to have a willing witness in the stand, but it's not impossible.

Senator O'NEILL: How many people have you returned to Australia to give evidence in person?

Mr Campbell: I don't have the numbers, but we haven't had to do it on a huge number of occasions. I can get the number for you.

Senator O'NEILL: Thank you. I might have more questions for you when we see you later in the week.

CHAIR: We will let you go with our thanks.

Proceedings suspended from 14:34 to 14:48
EDUCATION AND TRAINING PORTFOLIO

In Attendance
Senator Birmingham, Minister for Trade, Tourism and Investment
Senator Cash, Minister for Small and Family Business, Skills and Vocational Education

Department of Education and Training
Dr Michele Bruniges AM, Secretary
Mr Marcus Markovic, Deputy Secretary, Corporate Strategy
Ms Jackie Wilson, Deputy Secretary, Early Childhood and Child Care
Ms Alex Gordon, Deputy Secretary, Schools and Youth
Mr David Learmonth, Deputy Secretary, Higher Education, Research and International
Ms Nadine Williams, Deputy Secretary, Skills and Training

Corporate
Mr Craig Boyd, Group Manager, Finance, Technology and Business Services
Mr Mike Ford, Branch Manager, Budget, Planning and Performance
Ms Gaby Medley-Brown, Group Manager, People, Parliamentary and Communication
Ms Susan Charles, Branch Manager, Communication Branch
Ms Belinda Casson, Branch Manager, People Culture and Capability
Ms Jocelyn Ashford, Branch Manager, People, Parliamentary and Communications
Mr Simon Gotzinger, Chief Lawyer and Branch Manager, Tertiary, Skills Litigation and Legislation Legal
Ms Genevieve Davin, Senior Executive Lawyer and Branch Manager, Schools, Child Care and Corporate Legal

Early Childhood and Child Care
Ms Kelly Pearce, Group Manager, Early Learning Policy and Network
Ms Rhyan Bloor, Branch Manager, Early Learning Policy and Network
Mrs Margaret Pearce, Group Manager, Payment Integrity
Ms Julie Birmingham, Branch Manager, Payment Integrity
Ms Laura Angus, Branch Manager, Payment Integrity
Ms Kylie Crane, Group Manager, Payment Policy and Engagement
Ms Belinda Catelli, Branch Manager, Payment Policy and Engagement

Schools and Youth
Mr David Pattie, Group Manager, Improving Student Outcomes
Ms Catherine Orchard, Acting Branch Manager, Curriculum and Student Learning
Ms Lyndal Groom, Branch Manager, Student Participation
Ms Kim Ulrick, Branch Manager, Teaching and School Leadership
Ms Suzi Hewlett, Group Manager, National Policy and Data Reform
Ms Oon Ying Chin, Branch Manager, National Policy and Data Reform
Mr Jeff Willing, Branch Manager, National Policy and Data Reform
Dr Gabrielle Phillips, Branch Manager, National Policy and Data Reform
Ms Quyen Tran, Branch Manager, National Policy and Data Reform
Mr Mark Sawade, Group Manager, Funding and Data Collection
Mr Joey (John) Baker, Branch Manager, Funding and Data Collection
Ms Tanya Blight, Branch Manager, Funding and Data Collection
Ms Genevieve Watson, Branch Manager, Funding and Data Collection

**Higher Education, Research and International**

Mr Dom English, Group Manager, Higher Education
Ms Drew Menzies-McVey, Branch Manager, Funding and Students
Mr Robert Latta, Branch Manager, Governance, Quality and Access
Mr Damian Coburn, Branch Manager, HELP and Provider Integrity
Ms Carolyn Shrives, Branch Manager, Research Policy and Programs
Ms Karen Sandercock, Group Manager, International
Mr Travis Power, Branch Manager, Quality Frameworks
Ms Greta Doherty, Branch Manager, Partnerships
Ms Natalie Horvat, Group Manager, Strategy and Data
Dr Andrew Taylor, Branch Manager, Market Analysis and Data

**Skills and Training**

Mr Bryan Palmer, Group Manager, Skills Market
Mrs Kelly Fisher, Branch Manager, VET Market Information
Mrs Fiona Lynch-Magor, Branch Manager, Workforce and Apprenticeships
Mr Chris Alach, Acting Branch Manager, Skills Outcomes and Financing
Mr George Thiveos, Group Manager, Skills Programs
Dr Richard Chadwick, Branch Manager, Tuition Assurance Taskforce
Ms Jasmin Fielder, Acting Branch Manager, Skills Programs Compliance
Ms Mary McDonald, Group Manager, Industry Skills and Quality
Mr Adam Luckhurst, Branch Manager, Industry Advice
Ms Linda White, Branch Manager, Foundation and Industry Skills
Dr James Hart, Group Manager, VET Reform
Ms Katerina Lawler, Branch Manager, VET Policy

**Australian Curriculum Assessment and Reporting Authority**

Mr David de Carvalho, Chief Executive Officer
CHAIR: We will now resume the hearing with representatives from the Department of Education and Training. Minister Cash remains the minister at the table. I welcome Dr Bruniges. Do you wish to make an opening statement?

Dr Bruniges: While I don't have an opening statement, I'd just like to make a note that on Wednesday I received a letter from Senator Marshall on behalf of a number of committee members asking the department to respond to a series of questions. That letter included 20 questions and a request to table outstanding questions on notice. Some of those questions have been tabled, and I have staff here this evening to answer or provide the information that you have requested.

CHAIR: Thank you, very much. I will also formally release TEQSA with our thanks and apologies. Due to timing, we will not be needing them today. I'll also thank the department for its agreement in a slight reschedule.

CHAIR: We are going to move now to outcome 2, Higher education. Senator Pratt, you have the call if you're ready?

Senator Pratt: I'd like to refer now to the department’s response to SQ19, No. 28. This response outlines the number of additional places to universities over the cap. I want to begin by asking: how much funding has been provided to universities over the cap?

Mr Learmonth: If I've understood your question, I think the answer is none above the cap. Can I have the reference to that QON again?

Senator Pratt: It is No. 28. You advised on 12 November 2018 an additional $92.5 million for Commonwealth supported places at five regional universities over four years; is that right?
Mr Learmonth: Yes, I've got that. There's been nothing since then, sorry. I've got the answer in front of me now. There have been no additions since those that are spelt out in the answer.

Senator PRATT: We had discussion in this place last estimates. In the 2018-19 budget, the government announced funding for additional Commonwealth supported places in Tasmania, USQ and Southern Cross University. I know at that time there were a number of universities with outstanding calls waiting to see if they would be funded over their cap. Am I correct, therefore, in saying that they haven't been granted any extra places?

Mr Learmonth: The only universities that have been granted additional places have been the eight set out in that answer—the three in the budget last year and the five subsequent to that in MYEFO. There have been no others.

Senator PRATT: The five in MYEFO?

Mr Learmonth: The five in MYEFO last year—Fed U, USC, Newcastle, USQ and James Cook and—

Senator PRATT: You're confirming—?

Mr Learmonth: There have been no others.

Senator PRATT: Is there any possibility of funding any further ones between now and 30 June this year?

Mr Learmonth: As with any additional places, it would be a matter for the minister from time to time.

Senator PRATT: In Universities Australia's press release from this budget there is money for a range of universities including James Cook, Tropical Enterprise Centre, the Curtin University Dementia Centre for Excellence. Are these funded from outside education and training?

Mr Learmonth: I missed the two you mentioned. I think I heard 'dementia centre'?

Senator PRATT: Curtin University Dementia Centre and the Tropical Enterprise Centre at JCU, are they in this portfolio?

Mr Learmonth: I don't think they are.

Senator PRATT: Where are they?

Mr Learmonth: Without knowing the detail, they would either be ARC or NHMRC or MRFF or the Department of Industry, Innovation and Science. It could be any of those.

Senator PRATT: What provision does this budget which has just been announced have for future announcements for universities in terms of special projects, infrastructure? Where's the line item for any of that funding?

Mr Learmonth: There is no line item for anything else.

Senator PRATT: Is there some money in there that has not yet been allocated to universities?

Mr Learmonth: No. Any decision to allocate money for universities would be reflected in a change. There has been no such decision.
Senator PRATT: Are you providing any contingency funding for any other universities other than what was done up to MYEFO last year?

Mr Learmonth: No government would generally work on the basis of contingency funding. They will take a decision to do something or not, and the amount will be reflected in the budget accordingly. There would be no further decisions in relation to any universities and no funding provided other than that announced in the budget last year and in MYEFO last year.

Senator PRATT: You reject the word 'contingency' despite the fact that the department, through the government, has made a range of one-off payments?

Mr Learmonth: Contingency is money set aside for something that might happen. It tends not to be the way government works. It will either take a decision to pay money or not. It tends not to put aside money. Contingency is usually associated with things like project risk—we will need to spend more on X than we had planned.

CHAIR: Mr Learmonth, I asked you—I think it was you—a question last estimates about the net operating surplus of the university sector. Could you remind me what that figure was again?

Mr Learmonth: Yes, the net operating surplus for the sector in 2017, which is the latest, altogether was $2 billion, which was a just under 28 per cent increase on the 2016 operating surplus of $1.6 billion.

Senator PRATT: I would like now to ask about the MYEFO cuts to research. These totalled $328 million. How has that $328 million been redirected in the portfolio?

Mr English: I believe I've answered this question at length in at least two previous estimates. We do not have a process of taking these funds and allocating them directly against other spending items. That is a matter for the government through the usual ERC processes to determine how to make the numbers across the budget add up.

Senator PRATT: The question on notice SQ19, No. 32 says '134 of that have been redirected to universities'.

Dr Bruniges: That's the additional 34.1 over four years for rural and regional enterprise—

Mr Learmonth: I think you'll find that the answer simply says that the minister announced an additional $134.8 million. My reading of the answer doesn't suggest it was a redirect or anything; it simply says that money was announced.

CHAIR: It always pays to check.

Senator PRATT: I've got the answer right here in front of me but my question was: are there announcements that have already been made out of that $328 million or is that new?

Mr Learmonth: As Mr English explained, there's no—

Senator PRATT: You said you'd take that on notice and then you said 'We announced $134.8 million,' and I took that to mean that is a redirection of that 328?

Mr Learmonth: I think the answer is in response to the question which is set out there in the question on notice, which was funding for the announcement in relation to the additional places.

Senator PRATT: So you just take that that was a straight out cut then to research?
CHAIR: Senator Pratt, that's well characterised. The officials have clearly answered.

Senator PRATT: So you are essentially saying that that $328 million has just come from the bottom line of the research and universities sector and hasn't been redirected anywhere?

Mr Learmonth: I think the difficulty is this notion of redirection. As Mr English explained, governments tend not to label blue dollars and red dollars and try and match them up in different ways. It's all fungible. They will take some decisions to spend and decisions to save and they'll determine what the net bottom line needs to be across the board. In that case, they have made some saves, in a similar time frame they've made some announcements. The question was about those announcements, and we've given the detail about that.

Senator PRATT: Of course, but, equally, we should be mindful of so-called new funding decisions actually coming off the bottom line somewhere else.

CHAIR: We don't call tax increases 'savings' like the previous Labor government, Senator Pratt.

Senator PRATT: The endeavour mobility grants, one of the government's student mobility programs, had $64 million cut from it, and we asked some questions about this at the last estimates. Can I have an update on that cut at last year's budget and how the sector was consulted in relation to that change?

Mr Learmonth: We might need to return to that one, sorry.

Dr Bruniges: Can we return to that, Senator? We're just getting the relevant officer.

Senator PRATT: That's fine. I'll go back to the issue of the research cuts, just briefly. Are you aware of what the minister said publicly in relation to these research cuts—that they would be redirected inside the portfolio?

Mr English: I think we'd need a more specific time and place reference than that, Senator.

Senator PRATT: I can't remember the time and place, but I'm pretty sure I heard it—

CHAIR: I really don't think you can expect the officers to comment—

Senator PRATT: on ABC radio myself, but I can see if I can find a copy of that.

CHAIR: If you can't recall, Senator Pratt, I don't think you can expect the officers to comment.

Senator PRATT: No, no, I can't expect that you will. If I can find the reference, I will, but it's pretty galling when ministers make references like that. Can I go back to the endeavour mobility grants? Is that appropriate now?

Mr Learmonth: We're just trying to find the person.

Senator PRATT: That's fine. Senator Cash, are you in a position to check with the minister's office what was said about these research cuts and the way in which they would be redirected to universities?

Senator Cash: I think the relevant minister is in the House of Representatives. As such, I can certainly take it on notice but I don't believe I'm going to be able to provide you with an answer this afternoon, given I don't believe they're here.

Senator PRATT: Okay.

Senator Cash: But I will take it on notice for you, of course.
Senator PRATT: Thank you.

Mr Learmonth: I've got the media release from the minister at the time and there's no mention of redirection.

Senator PRATT: No, I know that. This is in relation to his other public statements about it. Have you found the officers yet?

Mr Learmonth: They're on their way, I'm sorry.

Senator PRATT: No, that's fine. I can move on to plenty of other questions.

CHAIR: Sorry, are they in the building?

Mr Learmonth: I believe so.

Senator PRATT: That's all right. There's no need for them to rush. We can get to those at the end, if you like. In question on notice SQ19-000139, we asked for advice about reviews. Based on that answer, there have been 59 reviews, inquiries, discussion papers in vocational and higher education, and research since the 2013 election?

Mr Learmonth: Yes, I've got it.

Senator PRATT: Fifty-nine?

Mr Learmonth: Yes, I count the same—29, four and 26. Yes.

Senator PRATT: That's a pretty big number. How are you going, tracking all the outcomes? Surely there'd have to be findings in there that contradict each other that require further work? I've looked at many of those reports, and they're not always all that coherent in terms of how they hinge together.

CHAIR: Very talented officers!

Mr Learmonth: They're also not reviews—

Senator PRATT: Why so many?

Mr Learmonth: not all reviews.

Dr Bruniges: No, they're not.

Mr Learmonth: You've included inquiries and discussion papers. Some of them are just presentation, background, contextual and other material. But they're not all reviews which have recommendations.

Senator PRATT: But why so many? We had a bit of a discussion about this last time, Mr Learmonth—what the government's overall vision and agenda is for higher education in this nation.

Mr Learmonth: I think part of the difficulty is to characterise this as reviews. Actually, roughly half the number are reviews. The others are really in the nature of supporting material to those reviews. It's been contextual studies, discussion papers and so on that have gone to support those particular reviews. The reviews cover the broad area of tertiary, of higher ed, as well as skills, and I think it's probably not unusual.

Senator PRATT: So what's the government trying to achieve in that overall package of inquiries?

Mr English: Some of these are quite specific and focused. For example, quite high up the list is the Independent Review of Freedom of Speech in Australian Higher Education
Providers. That work was undertaken by a former Chief Justice of the High Court, with legal expertise, gravitas and experience that we simply couldn't bring to the question with internal resources, even though the former Chief Justice was supported by internal resources in the conduct of that work. So it's hard to say that that's a fundamental framing piece about the sector. That is actually a more specific point-in-time question—that sort of requirement. A number of them support the Higher Education Standards Panel in their work in trying to examine a range of particular issues either commissioned by the minister or commissioned by themselves in their regulatory role under the legislation to ensure the quality of the sector in particular areas. The whole sector is worth $17 billion in the higher education space, with 40-plus universities and 170 providers to a million-plus students at hundreds of locations around Australia. There are any number of questions.

Mr Learmonth: Vocational education.

Mr English: And that's before you start talking about vocational education, as Mr Learmonth points out.

Senator PRATT: I know, but I can't see any overriding architecture to what you're doing in terms of the government's vision for, as you highlight, a very important sector.

Mr English: I disagree. At the core of our system is a commitment that's been retained across a number of governments now to providing a modern, well resourced and accessible higher education system that is free at the point of entry for Australian students and is based on merit. I think that is a pretty fundamental and coherent logic of the way we go about funding university— with universities as the example. But within that there are always a number of questions and policy areas where we can examine, do better, talk to stakeholders and work together on various solutions. As I say, with some of them we get external expertise and with some of them we get external leaders, depending on the question of the day. But none of them have fundamentally questioned the proposition that higher education should be, as I say, well resourced, world-class, efficient and free at point of access for Australian students. That, I think, is the overwhelming philosophy of our policy settings.

Senator PRATT: The cost of these reviews, discussion papers and inquiries comes to about $6.7 million—is that about right?

Mr Learmonth: We haven't added it up.

Mr English: It's possible.

Senator PRATT: Well, I have, so am I right?

Dr Bruniges: We'd have to check that addition to actually confirm that, but there are also some that were funded from internal resources within the department, so they won't necessarily have a quantification on like those that would have been on tender.

Senator PRATT: I know, but I just said at least $6.7 million. So, given that there would be others—

Mr English: We don't contest your mathematics, Senator.

Senator PRATT: Okay. Maybe you might take that on notice, then.

Dr Bruniges: We are happy to.

Senator PRATT: How much of these reviews into higher education, papers et cetera are yet to be finalised?
Mr English: I would need to take that on notice. There are a number of processes that are still underway, such as the work on a regional education strategy by Denis Napthine commissioned by the minister. The report by Mr French on freedom of speech has been received by the minister and is being considered. So there are, across a range of these activities, some areas where we're still working.

Senator PRATT: How do these reviews relate to each other? Frankly, I can't see any architecture that says, 'In order to get to this point, we've got to review that and that first'? In what has been done by this government I cannot see any overarching framework for where they want to take higher education. As you say, world-class, accessible—they should be the fundamentals, but surely we're capable of more than that in terms of what we want universities to deliver to students and communities. What's the vision?

CHAIR: Senator Pratt, I'm happy for you to make your statement but this is clearly going into the territory of asking for opinions from the officials.

Senator PRATT: I'm just trying to see if there's more there that I haven't caught onto.

Mr Learmonth: I think what you see as you look across those—again, half of those are not actual reviews; they're supporting pieces—are some clear themes. There's a very substantial body of work that goes to improving the effectiveness, efficiency and operation of the research sector, whether it be research training, research infrastructure and so on. That's been a substantial focus over years as governments have turned their minds to different aspects of how research is rolled out and funded. You can see that over time and across a number of reviews. There have been some things which are part of the framework of how higher education is regulated which got their genesis years ago. The provider category standards and the AQF have been the subject of discussion over years, including between Commonwealth and state and territory ministers, along with commitments to periodic review. The category standards and the Australian Qualifications Framework are two of the small number of reviews still unfinished, and they're not due to finish until later this year. The freedom of speech one is a shorter-term one. So there are certainly—

Senator PRATT: I've seen the list of reviews and what they're doing. I've read many opinion pieces about them, but I could not gauge how they all come together as a coherent—anyway, I'll go to a question. What is the secretary's assessment of what the internal costs of these reviews are?

Mr Learmonth: We couldn't capture that. We do not, in normal practice, capture time and materials expended internally for internal budgets on these. Even if we had the time to devote to it, we wouldn't have the information collected to enable us to answer that.

Senator PRATT: Okay.

Dr Bruniges: It would just become part of the work program of the responsible area, if it was international or—

Mr Learmonth: It is. Sometimes teams are stood up and down and people are moved about. We deal with the work as it ebbs and flows. What we don't do is capture and attribute. Where we spend it on externals, absolutely, and we've reported that.

Senator PRATT: I think you said there were two reviews that are yet to be finalised.
Mr Learmonth: Technically, there are four of significance that I can think of offhand. Mr English mentioned a couple, which were Justice French's review on freedom of speech and the rural higher education review, which is being led by Dr Naphine. Then there are the two others that I mentioned, which were the provider category standards review and the Australian Qualifications Framework Review. And then there are a number of supporting discussion papers.

Senator PRATT: And they are the ones that are yet to be finalised.

Mr Learmonth: Yes.

Senator PRATT: If that's not correct or needs updating, could you take that on notice?

Mr Learmonth: No. I can tell you now that they are yet to be finalised.

Mr English: The only other one I'd add to that is we're currently consulting the sector on two other points—we've got one about the performance funding arrangement for universities and one about the allocation arrangement for designated places in the undergraduate and postgraduate funding system.

Mr Learmonth: That pretty much wraps it up.

Mr English: I think so.

Senator PRATT: So the papers in relation to performance funding and allocation of designated places—which of the reviews relate to those? I know you've got performance funding—

Mr Learmonth: They're not all reviews. You asked for discussion papers, so there will be some discussion papers that undoubtedly refer to those.

Mr English: The bottom of page 2 of four in that question refers to the expert panel for performance-based funding for the Commonwealth Grant Scheme, which is a panel that is being chaired by Professor Wellings. And there are a number of other individuals supporting him. We've produced a discussion paper that they have used to consult with the sector.

Mr Learmonth: You can see the Qualifications Framework and the category standards there as well on pages 2 and 3. They are the reviews themselves.

Senator PRATT: Can you tell me where we're up to with the performance funding and allocation of designated places.

Mr English: As I said, the performance funding review is being managed by a panel chaired by Professor Wellings. They issued a discussion paper and invited responses by mid-March—from memory the date was 14 March. We've received in the order of 50 responses to that discussion paper, and they're currently being considered through the department and the panel to inform the next stage of their work. We're effectively in an equivalent state with the designated places work, except we don't have an external reviewer doing that process. That's being done by the department. We put out a discussion paper. We've had, as I said, in the order of 50, from memory, responses to that discussion paper, and we're considering those before we advise the minister further. I can find the number for you. I'm just going off—

Senator PRATT: When do you expect those to be finalised?

Mr English: The performance funding review is scheduled to be finished in the middle of the year, 30 June, I believe—I'm just trying to find my paper. The designated places process
will be once we've briefed the minister and given the advice based on the consultation from the sector.

**Mr Learmonth:** The final report is due on 30 June for performance based funding.

**Senator PRATT:** And the other one, sorry?

**Mr English:** As soon as we brief the minister on the results of the consultation and the minister has had a chance to consider the outcome from that.

**Senator PRATT:** Have you briefed the minister on the results of the consultation?

**Mr English:** We are still considering the consultations at this point. The requirement is to have an arrangement set for 2020, so if there was a deadline for the process it's in advance of those allocations being made for next year.

**Senator PRATT:** In advance of the allocations for next year using the performance funding piece or the other one, which is the—

**Mr English:** No, that's the—

**Mr Learmonth:** That's for both.

**Mr English:** It's for both, actually; yes.

**Senator PRATT:** What's been done with 2017 HEPPP evaluation?

**Mr English:** That's been considered by the minister. There were a number of recommendations about the way we manage the scheme that we've adopted. The most significant one is that we establish an advisory process to inform a research allocation program that would give us a strategic research agenda for the management of equity funding. We've now had that panel in place for about a year. They've considered our research project allocations for the last two years, and we are working beyond that to also set up an evaluation framework for the higher education equity programs as well. They'd be the main outcomes from that review.

**Senator PRATT:** In terms of future funding for universities, whether it's HEPPP or whether it's designated places or performance funding, when are you expecting to advise universities of those outcomes?

**Mr English:** Universities have three-year funding agreements in place that cover the period 2018, 2019 and 2020. The proposition was that the performance funding arrangements would be in place for 2020 to allocate the growth funding that is built into those funding agreements. The commitment we've made is that they will know that allocation well in advance at the beginning of 2020. There is—

**Senator PRATT:** In advance of the year 2020?

**Mr English:** That's correct.

**Senator PRATT:** But it's 2019 now, so, essentially, you would expect they'd need to know by the middle of this year for them to have any chance of adjusting for next year?

**Mr English:** In the period between 30 June, we will receive a report on performance pay from Professor Wellings's panel and, later in 2019, we'd expect to brief the minister, come to some final arrangements and advise the universities of the new arrangements.

**Senator PRATT:** What happens to funding agreements in the event of a change of government for 2020, in your view?
Mr English: The funding agreements are an agreement with the entity of the Commonwealth government. They're not with the current minister.

Senator PRATT: But, in that sense, adjustment to those policies in relation to performance and others essentially means—what—the status quo for universities?

Mr English: Sorry, I'm not sure I quite understand your question, Senator. The—

Senator PRATT: Well, I'm not quite sure I understand your answer.

Mr English: Right. We're even.

Senator PRATT: The funding agreements are between the department and the universities?

Mr English: Yes.

Senator PRATT: Would there be funding gaps if, for example, Labor were to dump the performance metrics?

Mr English: No, Senator. The funding agreement, which is publicly available on the department's website for all 40 universities—and we can certainly Google a copy for you if that is helpful—

Senator PRATT: I've read some of them.

Mr English: The funding agreements say that the universities will be entitled to additional funding at the rate of population growth on their current funding levels, subject to them satisfying the performance funding arrangements that the minister will define. If it is taken that a new minister decided to not proceed with that performance arrangement for 2020, the funding agreement still provides for the provision of that growth funding.

Senator PRATT: What's the difference between population growth and demand-driven funding in your mind, noting that some regions have high levels of population growth and others don't?

Mr Learmonth: By definition, population based growth applies a growth parameter based on the relevant population—in this case, the 18 to 24 population—so it imposes, if you like, a ceiling or an upper bound on growth. The question is then how do you distribute that. 'Demand driven' is simply a proposition that the government will pay a Commonwealth grant subsidy for any undergraduate place the university chooses to fill—

Senator PRATT: Yes, indeed it does. Would uncapping in 2020 require new funding agreements?

Mr English: Yes.

Mr Learmonth: Yes, it would, Senator, because they're all currently struck at the maximum basic grant amount. So there would be a revision, yes.

Senator PRATT: Have you considered the debates around this? We've gone from an uncapped system to a system that's recapped. Have you considered what it looks like to move back to that?

Dr Bruniges: There'd be previous funding agreements that would have been posted on the web in an uncapped system that would be a tangible look at that, but—

Mr Learmonth: There's a model there, Senator.
Senator PRATT: So the maximum grant would simply be removed?

Mr Learmonth: Well, subject to whatever other policy prescriptions or interests the minister and the government of the day had, but you're starting—

Senator Cash: The important part is 'the government of the day'. The agreements are there between the government and—

Senator PRATT: Of course.

Mr Learmonth: So your starting point would likely be to remove that maximum basic grant amount. What you put in place would be a matter for the government of the day.

Senator PRATT: Have you done, by chance, any budget modelling on uncapping from 2020?

Mr Learmonth: I don't think so, Senator. I think the modelling that we've done has all been about supporting decisions of the government, in this case applying the cap and then population parameters from 2020.

Senator PRATT: So you wouldn't have any idea, for example—in that there's been a cap in place; there has been therefore some unmet demand—what the spike in demand might actually look like, what an increased uptake might be and what the costs of that would be?

CHAIR: There's a big assumption in that question, Senator Pratt, but go ahead.

Senator PRATT: What assumption is that, Senator Brockman? Perhaps a change of government? Is that the assumption?

CHAIR: No, not that assumption. Read the question. I think you know what the assumption is, but go ahead, Mr Learmonth.

Mr Learmonth: We've done no detailed costing at this stage.

CHAIR: We are in—

Senator PRATT: Do you know what the pent-up demand is?

Mr Learmonth: Senator, I think we've had a few conversations on this over time.

Senator PRATT: Yes.

Mr Learmonth: There is no benchmark for what the demand is, and therefore the delta between supply and benchmark doesn't exist.

Senator PRATT: What would you say in an Incoming Government Brief, for example?

CHAIR: No—

Senator Cash: Now, we're really delving into areas that—

Senator PRATT: No, seriously, you've got to prepare yourselves for these things.

Senator Cash: But there is an agreement in place, and that is the agreement that is in place at this point in time.

Senator PRATT: There may or may not, depending on the outcome over the next few weeks, be some large policy parameter changes.

CHAIR: Don't get ahead of yourself, Senator Pratt.

Senator PRATT: We've got a lot of campaigning to do—we both know that—in the meantime.
Senator Cash: But, if there was a change, it would be a matter for the government of the day if they wish to break the agreement—if that is what you're suggesting—and advice at the time would be provided by the department.

Senator PRATT: I take it from that that you have done no modelling or any research or preparation for uncapping in 2020?

Dr Bruniges: Senator, it wouldn't be appropriate—

Mr Learmonth: That's a different question to the one you asked.

Senator Cash: Correct, quite a different question.

Senator PRATT: Okay, why don't you answer that question then?

Mr Learmonth: We have done no specific costing of any proposition other than the government's current policy. Beyond that, it is our job to think about all possible futures.

Senator PRATT: It is your job to think about all possible futures because, indeed, governments do ask you, 'What if we do this or that?'

Senator Cash: And, once asked, I assume that you would then undertake the necessary work.

Mr Learmonth: Absolutely.

Senator PRATT: So you haven't looked at—

CHAIR: Senator, we will come back to you after the break, but I want to clear up one matter before the break. Or will you finish up now?

Senator PRATT: I will finish this and you'll have enough time to clear your matter up. Has the department monitored, in any way, Labor Party policy?

Mr Learmonth: It's our job to be aware, as best we can, of all the statements made by stakeholders and by those in the political realm as well, to understand the context in which we operate and to help us think about the future.

Senator PRATT: So that means the government asked you to look at our policy and see what it would cost?

Mr Learmonth: No, that's a very different and specific question.

Senator PRATT: Labor has had a policy of uncapping places out there for a while now. Have you been asked to look at what our policies would cost to implement?

Mr Learmonth: We'll take it on notice.

Senator PRATT: You don't know the answer or you—

Mr Learmonth: No, I'd want to check.

Senator PRATT: You want to check whether you have or—

Mr Learmonth: I'd want to check before I answered your question.

Senator PRATT: No, I need to clarify: is it because you don't know the answer or is it because you need authority to give me the answer?

Mr Learmonth: No, I actually need to check what the answer is.

CHAIR: I would like to clarify that other matter, Senator Pratt. We will come back to you. Dr Bruniges, others on the committee—not me, because I thought you were clear—want
to go back to your opening remarks about the responses to Senator Marshall's questions. Some people thought that you were putting some of those on notice.

**Dr Bruniges:** No, not at all.

**Senator O'NEILL:** My understanding was—I wasn't actually here; it was reported to me—that you will table—

**Dr Bruniges:** No. Could I repeat what I said, so it's clear?

**Senator O'NEILL:** Yes, please. Thank you.

**Dr Bruniges:** What I said was that we have officers here to answer each and every one of those questions today. Some of those are in table form. Indeed, four of the questions asked by Senator Marshall were exactly the same as questions that were asked on notice at the last hearing and, indeed, have been—

**Senator O'NEILL:** Would you identify those for me?

**Dr Bruniges:** Yes, I can go through them: SQ19—

**Senator O'NEILL:** Is this from the letter?

**Dr Bruniges:** This is Senator Marshall's letter. Question 1, regarding copies of the following documents referred, relates to SQ19-4015. Details of any briefings prepared for officers, which is Senator Marshall's question 2, was answered in SQ19-00081. For the third question, regarding copies of any notes from meetings between officers of the department, refer to SQ19-00081, the same as 2. And for question 4, it's the same: SQ19-00081. I think the answer to those questions was that there was no correspondence, so that's why the number is repeated. And then, for the remaining 15 questions for Senator Marshall, we have officers here to be able to answer those questions, and some of those require table information, which we're happy to table when the officer or the section is up.

**CHAIR:** When the question's asked.

**Senator O'NEILL:** To be clear, you will table documents for no. 15, only; is that correct?

**Dr Bruniges:** No, Senator. For the remaining 15 questions, we have staff here who can answer it, and, of the 15 questions that remain to be answered, some have extensive table form and we're happy to table those. Some are one-word answers; some are table form.

**Senator O'NEILL:** Would you be able to table now those documents you intend to table later?

**Dr Bruniges:** Absolutely.

**Senator O'NEILL:** If you can collate them and table them now, that would be helpful.

**Dr Bruniges:** We'll double-check on everyone and I'll bring those together, and we might even table them over the break.

**Senator O'NEILL:** That would be helpful.

**CHAIR:** Particularly, if you would agree, Minister, after the break, I think we should move to outcome 2, Skills and training.

**Senator Cash:** If that assists the committee.

**CHAIR:** Then we can deal with your direct portfolio responsibilities immediately.

**Senator Cash:** That's fine.
**Senator O'NEILL:** Once Senator Pratt has completed—

**CHAIR:** And then Minister Birmingham—

**Senator Cash:** How long will that be in terms of timing?

**Senator Pratt:** I should need about 10 minutes.

**Senator Cash:** That's fine.

**CHAIR:** That works for everybody? We'll resume—

**Senator Cash:** Then you'll come back—

**CHAIR:** To cross-portfolio. On that note, we will suspend.

Proceedings suspended from 15:31 to 15:45

**CHAIR:** We'll resume this hearing. We will continue with Department of Education and Training, outcome 2, Higher education, research and international. Senator Pratt, you have the call.

**Senator Pratt:** Mr Learmonth indicated to me he had an addition to an answer.

**Mr Learmonth:** I do. Before, when we were talking about additional places, we talked about the tranche of five and three, in the budget and in MYEFO last year. There were some additions to that I might—

**Senator Pratt:** Other than the regional deals that had additional places—

**Mr Learmonth:** In addition to the answer to the question on notice, there were some additional ones that I'm sorry I didn't mention at the time. They were some additional places that were allocated in respect of the regional study hubs that were announced in November last year. So there were 185 extra places initially, which grew over time to an additional 500. They went to the universities. That partnered the auspices for each of those regional study hubs. We can tell you where they went now, if you like, or we could provide on notice where they went.

**Senator Pratt:** Please provide it on notice. There are 22 sites; is that correct? I'm happy for you to take that on notice. If you could give us a list of those sites and the number of places at each site and those added, that would be great.

**Mr Learmonth:** We'll give you the list.

**Senator Pratt:** If you can take that on notice, that would be great.

**CHAIR:** I'll just interrupt, Senator Pratt. I want to check with all senators because I believe we're the only ones left to ask questions. Are there any parts of the portfolio we can release now, or do we need all the remaining parts of outcome 1?

**Senator Pratt:** I have questions in relation to international enrolments and about Endeavour, and then I'm done on higher ed.

**CHAIR:** Early childhood and child care?

**Senator O'NEILL:** Yes.
CHAIR: Schools and youth?
Senator O'NEILL: Yes.
CHAIR: And skills and training?
Senator O'NEILL: Yes.
CHAIR: Sorry, we can't release anyone else then.
Senator PRATT: Was the sector consulted about the $64 million cut to mobility programs in last year's budget?
Ms Sandercock: The cut you referred to in last year's budget was just announced in the budget process.
Senator PRATT: Can you update me about that? And was the sector consulted?
Ms Sandercock: It was a budget announcement. There wasn't any consultation in the lead-up to that.
Senator PRATT: Thank you for putting that on the record. How is the agreement with Cheung Kong being handled in the wake of cutting Endeavour?
Ms Sandercock: There's an ongoing dialogue with Cheung Kong as an important partner with government in mobility activity. Cheung Kong have been advised of the budget decision of last week about the cessation of the Endeavour leadership program, and we're working now on expenditure of remaining Cheung Kong funding.
Senator PRATT: You're working on what?
Ms Sandercock: Allocation of remaining Cheung Kong funding. Usually there's a process of unders and overs, so there's some residual funding to be used then.
Senator PRATT: There's $27 million gone from the program this year. What funding is available for TAFE teachers and students to take mobility programs?
Ms Sandercock: With the cessation of Endeavour, there's nothing further available under that mobility program. It would be up to other programs.
Senator PRATT: What impact will these cuts have on relationships in our region then?
Ms Sandercock: The government has also announced the new Destination Australia program which is open to international students who wish to come and study in Australia with a focus on regionally based locations. So international students will be able to apply via an institution to come and study at a regional campus of a tertiary provider.
Senator PRATT: What's the ratio between domestic and foreign students in relation to that fund?
Ms Sandercock: You mean under the Endeavour program to date?
Senator PRATT: No, the new program.
Ms Sandercock: It's expected to be fifty-fifty: half domestic, half international.
Senator PRATT: What's the value of that program again?
Ms Sandercock: The Destination Australia program? It has been announced with $93.7 million over the forward estimates.
Senator PRATT: In effect, it's a reduction in that participation. How many universities have written about their concerns about these cuts to the Endeavour program and the mobility program?

Ms Sandercock: I'm not aware of any correspondence from any universities.

Senator PRATT: There's the $93 million for regional university campuses but there's no funding for VET students mobility anywhere across the whole of government. Is that correct?

Ms Sandercock: Certainly not under the Destination Australia program.

Senator PRATT: And no longer under Endeavour. Is there anything else?

Ms Sandercock: I'm not aware of that. That's probably best directed at other government agencies, but I'm not aware of anything.

Senator PRATT: To your mind, no. What other government agencies might? I can't think of any.

Ms Sandercock: The Department of Foreign Affairs and Trade has the mobility program, the New Colombo plan. It also has the Australia Awards. I believe there are some other small programs at various agencies.

Senator PRATT: In essence, there are no mobility programs funded through the Department of Education and Training for the VET sector?

Ms Sandercock: At this point, following the budget announcement, that's correct.

Senator PRATT: It's a $93 million program in Destination Australia, of which half is for international students, which is less than $50 million. Meanwhile, we have a $64 million cut to the mobility program. That's correct, isn't it?

Ms Sandercock: In terms of the costs of the savings achieved from the Endeavour Leadership Program cessation, that's a $97.2 million saving over the forward estimates.

Senator PRATT: Thank you for clarifying that for me. It was a $64 million cut in last year's budget and now it's $27 million this year, so the $94 million is the cessation of it in total?

Ms Sandercock: That's correct.

Senator PRATT: I just briefly want to ask about international enrolments. You've given us answers to question on notice 146 in question SQ19. The answer was '19 universities had enrolments of 50 per cent international students or more in the broad fields of management commerce'. In recent years what has the trend been in international students? Has growth in international student load at regional universities differed from metropolitan universities?

Ms Sandercock: If I've understood your question, Senator, you're seeking information on the numbers of international student enrolments in regional locations?

Senator PRATT: I'm seeking to see where you've got a large increase in international students, where the flavour of the campus and a particular course becomes predominantly international rather than local in terms of the student numbers inside it and whether you're monitoring that.

Ms Sandercock: I don't have information available by institution and by course with me. I'd have to take that on notice.

Senator PRATT: Are you monitoring it and are you putting a policy lens over it?
Ms Sandercock: The department monitors, I suppose you'd say, those trends in enrolments. We do tend to look across the system and then sector by sector. There is no explicit policy around that, if that's what you're asking.

Senator PRATT: Okay. If you could outline for me growth in international in regional unis versus metro unis—what does that look like?

Ms Sandercock: It has been very stable, in that international student enrolments in regional locations have consistently been around three per cent. Growth of international student enrolments is concentrated in the major cities, particularly Sydney, Melbourne and Brisbane. I would have to take on notice more details.

Senator PRATT: If you can take on notice for me the 19 universities that do have enrolments of more than 50 per cent international students. I want to check that that is contained just to management and commerce, or whether there are in fact other courses that might be subject to that.

Mr Learmonth: It will absolutely be other courses. The proportions will vary but certainly the management and commerce is strong, particularly at some places, but it will be spread.

Senator PRATT: But I've heard anecdotal evidence about engineering and other courses also having—

Mr Learmonth: It will be spread.

Senator PRATT: Do you have any concerns about these kinds of enrolment practices in the sector?

Ms Sandercock: As I said, it's something we keep a close watch on. We are particularly interested in enrolment patterns that shift between sectors and from particular countries, and looking closely at that. Institutions, of course, make their own decisions about student enrolments and are responsible for having an appropriate student mix under the threshold standards.

Senator PRATT: Have any universities written to the department about concerns of any overenrolment practices in the sector, particularly in relation to international students?

Ms Sandercock: Not to my knowledge.

Mr Learmonth: I don't think so.

Ms Sandercock: We would take that on notice.

Senator PRATT: I've certainly had institutions raise it with me. Could you perhaps investigate whether the minister has had any approaches in relation to that?

Mr Learmonth: I could be fairly sure in saying there have been no universities saying there's a problem with another university. There tend to be two kinds of concern in the discussion amongst the council and with some of the sectors, one of which is about—and we've talked about it before—the diversification issue and how many of them, particularly in some universities, are taking a large proportion of their international students from, say, China. That remains a topic of discussion. To be fair, the other place where this gets discussion is in the work of the international council and its student experience working group. One of the aspects I think this goes to is the student experience and the extent to which the international students feel that they are integrated into the community or the country—that
they're getting a broader experience of Australia, which is part of the reason people come here. That is an active topic of discussion, I think, amongst the institution.

Senator PRATT: The regional universities—that review that Denis Napthine has been chairing. Was any of this information included in a brief to him?

Mr Learmonth: I couldn't be specific. Mr English might know. Certainly he would have been provided with a range of data about what's happening regionally and otherwise.

Mr English: The panel has been given a range of information about growth in higher education in the sector. I don't believe that there has been detailed analysis of the international trends by course or by university, just of the broader trends of international students that Ms Sandercock has already outlined. We'll confirm and double-check that.

Senator PRATT: Mr Learmonth, you said that he would have been given a briefing. Is it possible to have a copy of that briefing material?

Mr Learmonth: I'll take that on notice. It would have been descriptive data about the sector.

Senator PRATT: That doesn't drill down into the enrolment profile of the universities—

Mr Learmonth: We'll take on notice what has been provided. It would have been system-level data.

Senator PRATT: Surely that would be core to a proper review of higher education in regional areas?

Mr Learmonth: It depends where you're going to. If you're going to data about individual institutions, not necessarily; but certainly he would have been given data that illustrates what is happening at a system level in terms of growth, enrolments and otherwise at regionally headquartered regional campuses and so on versus the system broadly in metropolitan. That would have been, undoubtedly, part of it.

CHAIR: Senator Pratt, I'm wondering how much more you have?

Senator PRATT: I think I'm just about done.

Ms Sandercock: Apologies—if I may clarify something through the Chair, Senator Pratt. When we talked earlier about VET-specific programs, I may not have made clear that when I was talking about the Destination Australia program, that is for tertiary, including vocational education and training providers in regional locations. International students can apply through institutions under that scheme.

Senator PRATT: It does include that?

Ms Sandercock: It does.

Mr Learmonth: It goes to certificate IV. Anywhere between certificate IV and doctoral on the AQF is eligible.

Senator PRATT: Thank you.

CHAIR: Thank you, Senator Pratt. We can release higher ed, research and international. You go with our thanks.

[16:00]

CHAIR: Minister, we'll return to your portfolio. Back to outcome 2, Skills and training.
Senator O'NEILL: How much new money has been allocated to the $525 million skills package measure?

Ms Williams: The skills package is a package of around $525 million. That funding is made up from a series of sources, including redirection of funding from the Skilling Australians Fund.

Senator O'NEILL: Before you go into the detail, can I get an answer to my question first?

Ms Williams: It's around $55 million in new money.

Senator O'NEILL: I'm happy to have you table the elements at a later point of time.

Ms Williams: Of course.

Senator O'NEILL: If I go to the figures that are in the financial table for this measure on page 69 of budget paper 2, that is where we find that number. If we add it all up, it's $54.5 million. My question is: am I in the right place in the budget paper, and can you confirm that the entire skills package only requires an additional $54.5 million that has been previously budgeted?

Dr Hart: That is correct. $54.5 million is the new funding. That outlines the overall elements on a year-by-year basis for the departments involved.

CHAIR: Can I just jump in there? Ms Williams, you were going to do a quick breakdown. If it's not going to take too long, could we please have that breakdown? I would like it.

Ms Williams: Certainly. The overall skills package is made up of that $54.5 million that Mr Hart mentioned. There's also an additional $463 million that has been redirected from the Skilling Australians Fund, as well as a further $7.8 million redirected from the Commonwealth Scholarships Program for South Australia. That is the total of the package of $525.3 million.

Senator Cash: Chair, the ability to redirect the funding was because Victoria and Queensland did not sign up to the Skilling Australians Fund.

Senator O'NEILL: Don't worry; we'll get to that.

Senator Cash: Just so you know. That money was therefore able to be redirected.

Senator O'NEILL: That might be your view. We'll have a different view.

Senator PRATT: The good people of those states also deserve contributions from the Commonwealth on training—

Senator O'NEILL: There's a reason why they didn't sign up.

CHAIR: Maybe you should talk to the state government.

Senator PRATT: If you did your job, they would sign up.

Senator O'NEILL: Exactly. Let's go to the budget paper, page 69, again. If we look at this and ignore all the cuts to the other skills programs in that table, which are significant and very concerning for people who care about skill development in this country, if we add it all up we get $475.9 million. My question is: can you explain how government can be claiming, as you have already today, that $525 million has been allocated for the skills package? I can't see $525 million there. The max I can see is $475.9 million.
**Dr Bruniges:** In the text underneath, if you go to subheading 'The package includes', we've got $132.4 million over four years for the first initiative and $67.5 million over five years for the next initiative, which is the 10 national training hubs. There's $62.4 million over four years, which is the second-chance learning. Across the page, there's $200.2 million over four years; the $34.2 million to follow, which is to support the six signatory states on Skilling Australians Fund; $20.1 million over four years; and the $8.5 million—that should land us at $525.3 million. When we look at the table above, it rolls things up together in a way.

**Senator O'NEILL:** It doesn't calculate out in that way.

**Dr Hart:** And there's also a reinvestment in the Skilling Australians Fund in there. There's $34.2 million that goes back into signatory states as well. If you refer to pages 56 and 57 of the Education and Training portfolio budget book, it does go through all of the measures in detail. There are also some measures that are part of the skills package, but they will be implemented in the higher education area in terms of the unique student identifier and a repository for tertiary transcript as well. So there are, in various different places, all of these elements that come together and they are largely represented in this document.

**Ms Williams:** In addition to that, I note that Senator Marshall requested quite a bit of detail around the breakdown of the budget figure—

**CHAIR:** Yes, I've just found that. So the 525.3 is actually broken in the document—I know you haven't had a chance to look at it, but it is actually broken down in that.

**Ms Williams:** Yes, that's correct.

**Dr Hart:** One further clarification to assist is that the various elements will be represented separately. You'll have administered, departmental operating and some more capital components, so they're actually not going to be aggregated all in the one spot to be able to add up to the $525.3 million. But, as the chair indicated, we have broken that down in our response.

**Senator O'NEILL:** So one of the things that concerns me is we're on the cusp of an election, and this is the last chance I get to clarify what's been described as a massive spend by the government. We found out that the new money amounts to $55 million which is—well, $54.5—nothing in terms of the nation and the scale of need that's out there. We did send a letter requesting information to be provided on notice for us to have a look, and now I can't ask detailed questions because I'm trying to find out what's going on because these documents weren't provided to us when we requested them.

**CHAIR:** Senator O'Neill, the letter was received by the department yesterday.

**Senator O'NEILL:** But, yes, but the documents could have been provided—

**CHAIR:** That is a ludicrous assumption. Senator, O'Neill—

**Senator O'NEILL:** A lot of work gets done overnight in this place, you know, Senator.

**CHAIR:** That is a ludicrous assumption.

**Senator O'NEILL:** It would've been very helpful to be able to look at them and interrogate them. So I'm afraid I'm going to continue through my questions. I do appreciate the effort you made, Dr Hart, to try and give me some context but, in the absence of that information, I'm going to continue with my questions in the order that I've got them here. We
might have to reprosecute some of the material you've already given me. How much has been funded by redirecting unallocated funding from the Skilling Australians Fund?

**Dr Hart:** $463 million.

**Senator O'NEILL:** How much has been funded from other vocational education program portfolios?

**Dr Hart:** $7.794 million. That was from a Commonwealth South Australian scholarship program. It was undersubscribed. That money was unallocated to scholarships, and so it is actually funding scholarships as part of the new package.

**Senator O'NEILL:** What's the year-by-year breakdown of the funding that's been redirected from unallocated funding the Skilling Australia Fund?

**Ms Williams:** I can read that out to you, if that assists. In 2018-19 it's $134.8 million, in 2019-20 it's $106 million, in 2020-21 it's $110.9 million, and in 2021-22 it's $111.3 million.

**CHAIR:** Again, this information is in the document provided by the department.

**Dr Hart:** That's correct, Senator.

**Senator O'NEILL:** You'll know what the next question is. What other vocational education portfolio programs have been used to fund this measure?

**Ms Williams:** As Mr Hart mentioned, it's the Commonwealth Scholarships Program for South Australia, which was unsubscribed, and, therefore had an underspend that has been redirected to this package.

**Senator O'NEILL:** That's the only one?

**Ms Williams:** That's correct.

**Senator O'NEILL:** Nothing else? Okay. So there is no other vocational education program that you can provide me a year by-year breakdown on, because there is nothing else that you've stolen the money from to put into this?

**Ms Williams:** I can provide you with the—

**Senator Cash:** Chair, it is late in the day and I'm happy for political points to be made, but I'm sure other senators may well have questions as to how the ability to redirect this funding actually occurred. It certainly wasn't, as you say, Senator O'Neill, stolen. It was actually rejected by Labor states.

**Senator O'NEILL:** We will get to that, Senator Cash.

**Senator Cash:** Good.

**Senator O'NEILL:** How much of the skills package is budgeted for the forward estimates?

**Ms Williams:** The overall package—the full $525.3 million across the forwards?

**Senator O'NEILL:** But how much is budgeted to be expended after the forward estimates?

**Dr Hart:** The $525.3 million is until 2022-23.

**Senator O'NEILL:** So, it's five years, isn't it, rather than—

**Dr Hart:** Including 2018-19.

**Senator O'NEILL:** Okay. Could you take me through that, and in what years.
Ms Williams: We're just checking on that information. We're happy to go to another question while we get the detail from the officers in the room.

Senator O'NEILL: Thank you very much. My next question is regarding the National Skills Commission. How much is actually budgeted for establishing a national skills commission, and can you tell me the year-by-year breakdown of that.

Ms Williams: $48.3 million, or thereabouts, is budgeted for the National Skills Commission, and the funding for that commences in 2019-2020—that's $12.1 million. 2000-2021 is $12.1 million, 2021-2022 is $11.7 million and 2022-2023 is $12.3 million.

Senator O'NEILL: Okay. If I go to the program expenses, 2.8 Building Skills and Capability, as it's identified in subprogram 2.8.4, Support for the National Training System, and I look at National Skills Commission, I only see $4.06 million, $3.9 million, $3.7 million and $4 million—so, about $16 million as opposed to the $48.3 million that you're indicating. So, where's the rest of the budget allocated?

Dr Hart: Is this the National Skills Commission?

Senator O'NEILL: Yes.

Dr Hart: What you will see there is the accumulated amounts of $15.815 million.

Senator O'NEILL: Sorry; I can't see that figure on the document that I have.

Dr Hart: Are we on page 57?

Senator O'NEILL: Program expenses 2.8, Building Skills and Capability, subprogram 2.8.4 is what I'm looking at. I've got a copy of the document without pagination.

Dr Hart: Okay. The National Skills Commission—

Senator O'NEILL: Yes. My document says 4, 3.9, 3.7 and 4.

Dr Hart: That adds up to $15.815 million. There is additional departmental operational of $32.497 million.

Senator O'NEILL: Where's that?

Dr Hart: That won't appear there. That will be part of the department's departmental allocation. And so, when you put the two figures together, you get $48.312 million.

Senator O'NEILL: So why is it a departmental allocation rather than a program allocation?

Dr Hart: Because the establishment of the National Skills Commission was to be, firstly, done in house and to do further consultation with states and territories and other stakeholders about developing the model for the development of an independent authority. But there is actually particular work for the skills commission and the skills commissioner to do in the first instance. There was obviously the appointment of a skills commissioner and there was also some research work that would be undertaken by that commissioner in terms of moving down that path to implement the full commission.

Senator O'NEILL: So we know that that's in the department's budget now.

Dr Hart: The $32.497 million is part of the department's operational budget, yes.

Senator O'NEILL: Okay. Do you have a breakdown of how you expect that to be spent?

Dr Hart: We can provide some further details.
Ms Williams: We have a breakdown in the information that we've tabled that allocates that expenditure across the financial years. We would be still working through the implementation details of that particular measure, so we wouldn't at this stage have figures that relate to how we break down that departmental expenditure.

Senator O'NEILL: But the secretary has just pointed out to me in your answer, which I do have now, that you've indicated roughly $8 million per year for that task—

Ms Williams: in departmental expenditure; that's correct.

Senator O'NEILL: Right. That could be subject to variation as the task becomes clearer to you, but that's what the allocation is?

Dr Bruniges: The apportionment; that's right.

Senator O'NEILL: Can we go now to how much is budgeted for the National Careers Institute year by year?

Ms Williams: Absolutely. The total amount for the National Careers Institute is $36.264 million.

Senator O'NEILL: I go again to subprogram 2.8.4, where my numbers are 1.4, 5.9, 6 and 5.9. They don't add up to—

Dr Hart: That adds up to $19.401 million.

Senator O'NEILL: Yes.

Dr Hart: The additional funding is $5.745 million for capital and $11.118 million for operational. Similarly, the standing up of the National Careers Institute, which would occur from 1 July, would be done within the department and be resourced by the department. A national careers ambassador would be appointed from 1 September 2019. One of the initial jobs that the capital relates to is bringing together in a web portal information about careers advice and career guidance. So that's why there were three separate—

Senator O'NEILL: The capital is not a building in a particular place?

Dr Hart: No, it's not.

Senator O'NEILL: Capital is in an investment in web based presence?

Dr Hart: It would be a web based presence to bring together all information that is currently available and make it easier for students to identify and navigate the careers advice and guidance that is already available.

Senator O'NEILL: Okay.

Dr Hart: Those three figures should add up to $36.264 million, and that is for the initial standing up of the Careers Institute and the ambassador.

Senator O'NEILL: All right. Thank you very much. The skills package refers to $67.5 million being spent over five years from 2018-19 to trial 10 national training hubs. How much money is budgeted for the hubs year by year? Do you want to go into that or do you want to go back to the skills package one?

Ms Williams: No, that's fine. We can talk about the hubs. We're happy to do that. Again, this is the information that we have tabled for you already. It's $50.5 million over the forwards. I'm happy to read out the funding year by year if that assists.
Senator O'NEILL: Okay.

Ms Williams: For 2019-20 it is $1.8 million; for 2020-21, $16.1 million; for 2021-22, $15.2 million; for 2022-23, $17.4 million.

Senator O'NEILL: Okay. So the portfolio allocation for the measure doesn't sum to $67.4 million.

Ms Williams: That's correct.

Senator O'NEILL: Where's the additional funding located in the budget?

Ms Williams: In this instance, as we've indicated in the material we've provided, the figures on page 13 of the PBS also include an additional $17 million which is subject to further announcement by the government.

Senator O'NEILL: Okay. Explain to me how that's going to operate.

Ms Williams: The hub or the additional funding?

Senator O'NEILL: The additional 17.

Ms Williams: So the additional $17 million is an announcement by the government—

Senator O'NEILL: that we should expect—

Ms Williams: that you should expect—

Senator O'NEILL: in the course of the campaign period?

Dr Bruniges: That will be a matter for government.

Senator O'NEILL: Okay. Could you take me through the next statement: 'In addition, as page per 56 of the Department of Education, this measure sums to 41.7, which is administered funding only. This difference is $8.8 million, which is for capital and interdepartmental administration costs.' How are they allocated? Where's the 8.8?

Dr Hart: So $0.947 million is for capital and the operational is $7.875 million.

Senator O'NEILL: Okay, so those two amounts sum to that.

CHAIR: Senator O'Neill, can I get an indication from you so we can, hopefully, have Minister Birmingham on standby? How long do you think you've still got in skills and training? I'm sure his office is watching.

Senator O'NEILL: I've really not got that much to do.

CHAIR: So we'll be finished approximately on time?

Senator O'NEILL: No, longer than that.

Senator PRATT: Half an hour?

Senator O'NEILL: Yes.

CHAIR: Okay.

Senator Cash: Thank you—just to manage.

Senator O'NEILL: With regard to the hubs, what will be the process for deciding where the hubs are going to be located?

Dr Hart: That is subject to a decision and announcement by government. They will target areas of high youth unemployment and they're targeted around developing pathways between industry and schools, providing support for students who find themselves unemployed at quite
a young age and providing opportunities for them to find a career and/or training to pursue that career. In terms of the locations, that's yet to be decided and agreed by government.

Senator O'NEILL: Okay, but you've done work on that, clearly; otherwise, you wouldn't have been able to answer the question do that level. So—

Dr Hart: We have done some work around areas of high youth unemployment.

Senator O'NEILL: Work has occurred on this and you've made recommendations to government?

Dr Hart: We've provided a range of options around areas where there is high youth unemployment.

Senator PRATT: How many locations did you—

Dr Hart: There will be 10 locations.

Senator PRATT: No, how many locations did you provide advice regarding that would meet the criteria?

Dr Hart: I'd probably have to take that on notice, but I think it's around the order of 15 to 20 from what I recall.

Senator O'NEILL: And 10 are to be announced.

Senator PRATT: How recently did you provide that advice?

Dr Hart: We would have done that as part of the budget process.

Senator O'NEILL: Can you confirm that no decisions have been taken about where these hubs are located yet, or have the decisions been made?

Senator Cash: The government is considering the locations.

Senator CASH: Still considering?

Senator Cash: Yes.

Senator O'NEILL: The skills package refers to $62.4 million over four years from 2019-20 to expand second-chance learning in language, literacy, numeracy and digital skills, and for four Indigenous pilots. I note the statement about the establishment of new language and literacy programs—$52.5 million and $9.9 million. How much money is actually budgeted for the language, literacy, numeracy and digital skills program year by year?

Ms Williams: For the entire package?

Dr Hart: For the full $62.3 million?

Ms Williams: For the full $62.3 million?

Senator O'NEILL: Yes.

Ms Williams: As I noted previously, this has been tabled as well. For 2019-20, it's $10 million. For 2020-21, it's $18.8 million. For 2021-22, it's $18.8 million. And for 2022-23, it's $14.7 million.

Senator O'NEILL: Is that money that you've just been identifying for me there across the forwards allocated as a program expense for the department?

Dr Hart: There are two parts, obviously. There's the foundation skills for the future and the pilots. In terms of the first part, the foundation skills for your future, $49.988 million is administered for the program and $2.474 million is departmental operational. That adds up to
$52.462 million. For the regional pilots, $8.248 million is for the pilot and $1.663 million is for the departmental operational. That adds up to $9.911 million. So it's about $58 million for the program elements all up.

CHAIR: Again, that's broken down in the tabled document.

Senator O'NEILL: Yes. I was trying to read and hear at the same time. How much money is budgeted for the four Indigenous delivery projects?

Dr Hart: That's the $9.911 million. They're the pilots.

Senator O'NEILL: $0.5 million, $0.4 million, $0.6 million?

Dr Bruniges: The total—just the line underneath that—for the Indigenous—

Senator O'NEILL: Plus the $1.6 million, $3.2 million and $3.3 million?

Dr Hart: Correct.

Senator O'NEILL: That's right.

Dr Bruniges: Yes.

Senator O'NEILL: The gap between the $8.2 million that appears as a program expense in the portfolio paper doesn't quite match with that budget allocation.

Dr Hart: It's $8.248 million and then $1.663 million for departmental operational, which adds up to $9.911 million.

Senator O'NEILL: The skills package refers to $200.2 million over four years from 2019-20 and $147 million in 2023-24 for what's identified as a new, additional identified skills shortage payment. How much money is budgeted for the initiative year by year?

Ms Williams: That's for the skills shortage.

Senator O'NEILL: Do you want to take me through this table?

Ms Williams: Yes, of course. For 2019-20, it's $1.620 million. For 2020-21, it's $18.689 million. For 2021-22, it's $49.484 million. For 2022-23, it's $86.498 million. And that totals to $156.291 million.

Senator O'NEILL: What are the changes in the Australian Apprenticeships Incentives Program that are proposed as a consequence of simplifying and streamlining?

Ms Williams: There are quite a number of changes that have been proposed. They are set out in the table that we've tabled for the committee. But, essentially, what this does is that it streamlines it and it reduces the number of payment categories that currently exist. I'm happy to work them through for you—

Senator O'NEILL: Yes, if you can.

Ms Williams: but it is quite extensive, like I said, so it will take some time.

Senator O'NEILL: It will be helpful to hear what you say as I follow through the program that you've provided.

Ms Williams: Absolutely. We'll just get the appropriate officers to the table as well for more detail. While the officers are coming, I'll just work through some of this, perhaps, for you. Basically, what we've done with the simplification process is that we've reduced the current number of categories from around about 31 categories of payment down to 14 categories of payment, and we've streamlined the eligibility criteria, which essentially will
make it easier for employers to understand and claim the incentives. The list that you should have with you—and, sorry, the officers are still coming to the table—goes through what those changes to the incentives look like.

**Mr Palmer:** Is it helpful if I go through each of the incentives in the old program, or the combination of the merging from the old program, and talk about the incentive in the new program that is comparable?

**Senator O'NEILL:** I think we don't need to go through the previous ones. The table you've provided indicates the streamlining; that's what I'm interested in.

**Dr Bruniges:** The second column in the table articulates the changes.

**Senator O'NEILL:** What those changes are.

**Dr Bruniges:** Yes; what they've changed. And the reason that we've put the left-hand column in is so that you can look back and have a look at what the previous incentive was and, then, how it has been streamlined or simplified in the right-hand column.

**Senator O'NEILL:** Is there anything you think you can add to the explanation that's provided in the table, Mr Palmer?

**Mr Palmer:** The only thing I would add is that this table doesn't refer to the additional incentives measure. This is only the streamlining measure. There was also an additional incentives measure. If you can just give me a moment I'll get some more notes. The additional incentives measure relates to additional incentives that would be provided in respect of the 10 priority skills areas. It's an additional commencement incentive and an additional commencement incentive of $2,000 that would be received by the employer at 12 months and a completion incentive that would be received by the employer of $2,000. As well as that, there is an incentive for the eligible apprentice of $1,000 at the 12-month point and $1,000 at completion. The 10 occupation areas were carpenters and joiners, plumbers, hairdressers, airconditioning and refrigeration mechanics, bricklayers and stonemasons, plasterers, bakers and pastrycooks, vehicle painters, wall and floor tilers, and arborists.

**Senator O'NEILL:** If you could table that, that would be quite helpful.

**Mr Palmer:** I don't have it in a form that can be readily tabled, but it is available in the media material for the measure.

**Senator O'NEILL:** In terms of the incentives, over the forward estimates what predictions do you have about when they'll be provided?

**Mr Palmer:** Let me just get the start dates for these two.

**Dr Bruniges:** While Mr Palmer's doing that, I might just note, at the bottom of that table, the list of additional identified skills support incentives. We take the occupation as currently in the national skills shortage, as determined by the skills research that the Department of Jobs and Small Business do—we don't do our own; we go there. The occupation has an Australian apprenticeship as the main pathway—so we make sure that's intact—through which skilled workers enter the occupation. And, indeed, the occupations—which Mr Palmer read out—are assessed as facing a potential shortfall of qualified workers over the next five years.

**Senator O'NEILL:** Over five years.

**Dr Bruniges:** Jobs over the five years.
Senator O'NEILL: In terms of the incentives, my sense is: when's the money coming in? What are you anticipating, Mr Palmer?

Mr Palmer: The simplified incentives arrangements will commence on 1 July 2020. The additional identified skills shortage payment will begin on 1 July 2019.

Senator O'NEILL: Do you have any indication of the expenditure over the forwards?

Mr Palmer: Expenditure over the forwards?

Senator O'NEILL: Year by year.

Ms Williams: Again, that's in the table that we've tabled with you.

Senator O'NEILL: Do you want to take me to the page?

Ms Williams: That's in response to question 16, if you've got that in front of you—the additional identified skills shortage payment.

Senator O'NEILL: The first row?

Ms Williams: That's the first row, or the first three rows. Then the streamlining follows.

Senator O'NEILL: There is very little at the beginning: $1.1 million. Is that correct?

Mr Palmer: That's correct, but that's because a person must be in an apprenticeship for a year before those incentive payments are able to be claimed. There are some costs associated with delivery as well that are included in that first year, but the payments would begin from the second year as a result of having commenced and been in the apprenticeship for 12 months before the payment can be paid.

Senator O'NEILL: Mr Palmer, I'm not sure if you're the right person for this one, but how was the figure of 80,000 new apprentices as a result of the Australian Apprenticeships Incentives Program arrived at?

Mr Palmer: We worked with our colleagues in the Department of the Treasury and the Department of Finance on this. What we looked at was what sort of uplift factors we've had in programs over the last 10 years, particularly the Kickstart program. What we saw was that over time, either when those programs were commenced or when they ceased, it was reasonable to look at an 80 per cent over-time increase in the number of people commencing in an apprenticeship that would be affected by the incentive payment. What we have done, though, is also allow that to ramp up. So we haven't assumed it moves to 80 per cent immediately, but it ramps up. The 80,000 is a number over five years, not over four years, so it continues on to 2023-24 in terms of getting to the 80,000.

Senator O'NEILL: Would you be able to provide this modelling that you did with Treasury?

Mr Palmer: I'd have to take that on notice. I obviously don't have any of that material here.

Senator O'NEILL: Would it be difficult for you to get it today and get it to us?

Dr Bruniges: I think we'd have to check.
Senator O'NEILL: You've described it quite clearly, so clearly it's well known to you. It can't be too hard to get your hands on it. We'd appreciate it if you can.

Dr Bruniges: Can I just check that that modelling didn't form part of advice to the government in deliberations. So we're taking it on notice. If we didn't use it for that, I think that will be fine. If we did, I think that becomes a bit of a problem for us.

Senator MARSHALL: Whether it's advice to government or not matters nil.

Dr Bruniges: I think we've taken it on notice.

Senator MARSHALL: 'Advice to government' is not a reason why you can't provide something to the Senate.

Dr Bruniges: I think we've taken it on notice.

CHAIR: The question's been taken on notice.

Senator O'NEILL: It's not an announcement of what's coming down the line—that's for sure.

Dr Bruniges: I was being very cautious in saying that. Mr Palmer had taken the question on notice. I want to support that and make sure that we do the right thing by the Senate.

Senator O'NEILL: So, hopefully, we can get it this evening. Before I go on to the next question, can I return to the question I asked about how much of the skills package is budgeted for the forward estimates and how much is expected to be expended after the forward estimates.

Dr Hart: There was nil beyond the forward estimates. For the $525 million, I've got that year-by-year breakdown over the forwards, Senator. I think you asked before about that.

Senator O'NEILL: Yes, please.

Dr Hart: In 2019-20, $96.389 million; in 2020-21, $105.799 million; in 2021-22, $145.319 million; and, in 2022-23, $181.80 million. That will add up to slightly more than $525 million, and that's because in 2018-19 there is a slight spend but there is also an underspend from other measures in that year, so it's minus $4.004 million. So, if you subtract $4.004 million from those other years, you should end up with $525.303 million.

Senator O'NEILL: Thank you very much. I will go on to the skills package, which refers to the $34.2 million in 2019-20 to further support the six signatory states and territories to the SAF. Does that include special national partnership payments made to Tasmania?

Dr Hart: That is for the six jurisdictions that signed up to the Skilling Australians Fund. What it does, because there is an expected reduction in the levy, is that it restores that reduced levy amount for 2019-20 for those six states, which would have been determined on a per capita basis. So it is only for that amount. It's a top-up to replenish what would have come through the levy.

Senator O'NEILL: Thank you for that explanation. If I can get an answer to my question: does it include the special national partnership payment made to Tasmania?

Dr Hart: Is that the yet-to-be-announced payment that we referred to?

Senator O'NEILL: I don't know. Is it?
Dr Hart: It's not a special partnership. Tasmania's a signatory to the SAF, so they would be receiving a top-up just like the other effective jurisdictions.

Senator O'NEILL: So it's not a special national partnership payment?

Dr Hart: It's not a special national partnership—

Senator O'NEILL: There's a differentiation for the treatment of Tasmania with regard to this fund, isn't there?

Dr Hart: It's replenishing what they would have expected to get through the levy, and that is the same for Tasmania and any other jurisdiction. So it's just topping up that amount that's been reduced. They would have been allocated that amount on a per capita basis. Tasmania will get a top-up, as will New South Wales and South Australia and WA, and it will all be based on what they would have expected to get through the levy but hasn't been met.

Senator O'NEILL: I might have another question on that because that's not quite clear to me.

Senator PRATT: That's not my understanding of it.

Dr Bruniges: There's the drop in the levy, and this actual amount of money fills that gap. Then it was distributed across the six signatory states, according to the bit that they needed to be topped up. It only relates to payments under the SAF national partnership agreement, not to any other national partnership agreement or any other measure.

Senator O'NEILL: I may well still have to come back to that. What will the states and territories have to do in return for this money?

Dr Bruniges: The Skilling Australians Fund?

Senator O'NEILL: Yes.

Dr Bruniges: We can go through that with Mr Palmer.

Mr Palmer: Certainly. Six states have signed up to the Skilling Australians Fund National Partnership Agreement. That money relates to expenditures. The $34.2 relates to expenditures in 2019-20. What they will need to do is enter into a bilateral agreement with the Commonwealth government with respect to the projects they plan to deliver. They need to identify and agree with the Commonwealth's targets and performance benchmarks for those projects, and then they need to achieve those performance benchmarks in order to be paid that component of the money.

Senator O'NEILL: Is there a sample of such an agreement that you could table?

Mr Palmer: There are samples on the federal financial relations website of such agreements—yes.

Senator O'NEILL: The sample is quite close to the actual?

Mr Palmer: The purpose of the $34.2 million was to ensure that the amount in Budget Paper No. 3 for this budget was the same as in last year's budget for the 2019-20 year. So, yes, the sample is exact.

Senator O'NEILL: Thank you, very much.

Dr Bruniges: Could I go back to your question about the website? I think the senator was asking: is there a template or is there a real one?
Mr Palmer: The WA agreement includes material on that website for the 2019-20 financial year.

Senator O'NEILL: Is this money included in the budget allocation for national partnerships on the Skilling Australians Fund?

Mr Palmer: Yes, it is.

Senator O'NEILL: Which is in the budget paper, on page 35?

Mr Palmer: It's in Budget Paper No. 3 on page 35. Yes, you are correct.

Senator O'NEILL: Budget Paper No. 3, not Budget Paper No. 2. Is that correct?

Mr Palmer: I've brought Budget Paper No. 3 with me which goes to Commonwealth-state financial relations. I'm not sure that it appears in Budget Paper No. 2 as well.

Dr Hart: It is reflected on page 34 of Budget Paper No. 3, with the Skilling Australians Fund. The $34.2 million is included in that line item.

Senator O'NEILL: Thank you very much. I thank the secretariat very much for getting me a copy. My question arising from that is: how much of this funding is going to each of the signatories, year by year? Is that in any of the documents you've given me?

Ms Williams: That is in the response to question 17, which we tabled in relation to Senator Marshall's letter.

Senator O'NEILL: New South Wales—do you want to put it on the record?

Ms Williams: New South Wales, $20.3 million; Western Australia, $6.6 million; South Australia, $4.3 million; Tasmania, $1.3 million; ACT, $1.1 million; the Northern Territory, $0.6 million.

Senator O'NEILL: Thank you. Can I go to the Skills Package, as it's described. In Budget Paper No. 2, on page 70, there's an amount of:

$20.1 million over four years from 2019-20 to better identify emerging skills needs … If you then look at page 13 of the department's portfolio statement, it says that $15.8 million is for an extension of the unique student identifier.

Ms Williams: That's right.

Senator O'NEILL: So what's the rest of the $20.1 million going to?

Ms Williams: It covers a range of measures, including extension of the Jobs and Education Data Infrastructure, or JEDI, project—that's an existing project which is being extended for a further period—as well as new funding for a new initiative, a tertiary learning repository, and funding for the unique student identifier that you identified there. There are details on this in response to question 18 in Senator Marshall's letter.

Senator O'NEILL: So this indicates money budgeted for each initiative year by year?

Ms Williams: Yes; that's correct.

Senator O'NEILL: Where do these allocations appear in the budget?

Ms Williams: They can be found on page 13 of the PBS.

Dr Bruniges: There's a full list on pages 12 and 13 of the PBS with a description and a quantification.
Senator PRATT: We've touched on the Skilling Australians Fund in some of our questions. In terms of what the budget papers say on page 35 of Budget Paper No. 3, can you break down year by year over the forwards the funding for New South Wales, WA, South Australia, the ACT, the Northern Territory and Tasmania?

Ms Williams: We can do that. I might ask Mr Palmer to do that.

Mr Palmer: It's at the bottom of page 35 of Budget Paper No. 3. I'm happy to read that table out, if that's—

Senator PRATT: No, I'm just trying to work out the scale of what looks like a cut in it compared—

Mr Palmer: There have actually been no cuts to the Skilling Australians Fund. What's happened is there's been an estimates variation because the revenue from the Skilling Australians Fund levy has been lower than expected.

Senator PRATT: But that's still a cut in terms of what states were planning—

Mr Palmer: The arrangement has always been a hypothecated revenue arrangement. That's set out in the national partnership agreement—that the amount that will be available from 2019-20 onwards is the amount that has been collected in the revenue.

Senator PRATT: Can you break down for me the difference between the projected revenue and the adjusted revenue over that forward estimate, please?

Mr Palmer: Certainly. If you look at last year's budget paper, it had a value of $1.2 billion over the four years 2018-19 to 2021-22. The levy estimates variation is minus $0.2 billion. We've talked about Queensland and Victoria not signing up being an adjustment of $463 million. We've talked about the additional budget funding being $34.2 million, which gets you to a total of $574.3 million—

Senator PRATT: A difference of $574.3 million—

Mr Palmer: over the forwards.

Senator PRATT: More than half a billion dollars over the forward estimates. If you could give us those figures state by state over the forward estimates, that would be great.

Mr Palmer: Which figures would you like state by state?

Senator PRATT: The difference in the revenue, state by state.

Mr Palmer: In 2018-19—I'll read these down the page—the difference for New South Wales is zero; the difference for Victoria is $76.1 million; the difference for Queensland is $58.7 million; the difference for WA is zero; the difference for South Australia is zero; the difference for Tasmania is zero; the difference for the ACT is zero; and the difference for the Northern Territory is zero. If we move now to 2019-20, the difference for New South Wales is zero; the difference for Victoria is $76.6 million; the difference for Queensland is $58.7 million; the difference for Western Australia is zero; the difference for South Australia is zero; the difference for Tasmania is zero; the difference for the ACT is zero; and the difference for the Northern Territory is zero. If we move now to—

Senator PATERSOM: I'm sensing a bit of a theme there, Mr Palmer.

Senator PRATT: Please continue. I want it confirmed that it stays the same in those states where there's a zero, but keep going, thank you.
Mr Palmer: The difference in 2020-21 for New South Wales is $31.5 million; for Victoria, it is $88.8 million; for Queensland, it is $67.6 million; for Western Australia, it is $10.1 million; for South Australia, it is $6.7 million; for Tasmania, it is $2.0 million; for the ACT, it is $1.6 million; and for the Northern Territory it is $0.9 million.

Senator PATERSON: Chair, I wonder if it's the best use of the committee's time to have officials read out tables which are available for senators to read—

Senator PRATT: We don't know when this election is going to be called, and the information is very clear.

Senator PRATT: Is there a website that I can get this information from?

Senator O'NEILL: We're nearly there.

Senator PRATT: We're nearly there.

CHAIR: Let's finish it up.

Mr Palmer: If we move to 2021-22, the difference, the reduction, for New South Wales is $18.6 million; the reduction for Victoria is $78.7 million; the reduction for Queensland is $59.6 million; the reduction for Western Australia is $6 million; the reduction for South Australia is $3.9 million; the reduction for Tasmania is $1.2 million; the reduction for the ACT is $1 million; and the reduction for the Northern Territory is $0.5 million.

CHAIR: Just to be clear: this is reduction in expected revenue? Nobody is cutting anything? That is what we're talking about?

Senator Cash: That is correct.

Senator PRATT: The Skilling Australians Fund was announced as all of this new funding. States have been asked to plan around that.

Senator Cash: Perhaps the official could take the committee through the actual clauses in the agreement that clearly outline the basis upon which the funding is provided, which the states themselves, after years or months of negotiation, signed up to. The states are completely aware—they signed the partnership agreement—of the basis upon which the revenue is raised. As the officials have stated, it is hypothecated.

Senator PRATT: But certainly it would have been an option for the government in this budget to have put more money on the table to fix the gap.

CHAIR: On Friday afternoon at 5 pm, let's avoid having conversations across the room.

Senator Cash: Poor Senator Birmingham is dying to come on.

CHAIR: Absolutely, he is. I will not ask Mr Palmer to do that, because I am conscious of time and I'm conscious of the fact that we still have a significant amount on the agenda to get through.

Senator PRATT: You could have prioritised more funding.

CHAIR: We are beyond the time we had said we were going to try to get skills done in.
Senator PRATT: Yes. It appears to me, very clearly, that states that signed up to the national agreement are also experiencing a loss of expected revenue from this change.

Mr Palmer: Senator, when they signed up to the agreement, the states understood the hypothecated revenue arrangement, and the agreement makes it clear in clause 35 that the contribution will be based on the actual revenues from the fund levy collected in the previous financial year. Clause 21 allows for the targets and benchmarks to be adjusted on a pro rata basis as a result of any changes that occur in revenue estimates, up or down.

Senator O'NEILL: As I recall, Mr Palmer, there were a lot of concerns raised that this was exactly what would happen if this design advanced, and the concerns that were raised at the time by Labor have been well proven by the numbers that you've just indicated to us. They started off with zero, zero and zero, and, as soon as we pushed on past Senator Paterson's point, we started talking about tens of millions of dollars disappearing from skills.

CHAIR: Senator O'Neill, move to a question.

Senator PRATT: I think we've got the information that we wanted on this issue.

Senator O'NEILL: Yes—the money that the magic pudding didn't deliver.

CHAIR: Senator O'Neill! Are we ready to move back to cross-portfolio?

Senator PRATT: That information was very helpful, thank you.

CHAIR: Have we finished with skills and training?

Senator O'NEILL: We have.

CHAIR: Thank you very much, Minister Cash. We will suspend briefly, but all officers from skills and training are released.

[17:04]

CHAIR: We will resume this hearing. I welcome the Minister representing the Minister for Education and Training, Senator the Hon. Simon Birmingham. We've already welcomed the officers, so I won't do that again. Minister, do you have any opening statement to make?

Senator Birmingham: Good afternoon, Chair. Happy Friday.

CHAIR: Extraordinarily happy. That was the opening statement? Excellent.

Senator PRATT: In the last estimates, Minister, you took on notice, and indeed you did too, Dr Bruniges, about whether you had received information verbally or in writing about the alleged incident regarding Karen Andrews throwing a stapler at a member of staff. I have answers to those questions and they amount to a refusal to provide that answer. How can telling us whether you had received information in a written or verbal form possibly increase the risk of the individual being identified?

Dr Bruniges: Senator, I think when you refer to my answer, the department has maintained that the disclosure of further information, including the form and manner of how the information was provided, increases the risk of the individual being identified. As outlined in the response to question 695, the provision of further detail 'not only risks betraying the confidence of the individual but also increases the reluctance of people to provide information in future'.

CHAIR: I would also note that this matter has been extensively canvassed before, Senator Pratt.

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE
Senator O'NEILL: It has been extensively asked but responses have failed to arrive and the responses that have been provided on notice are as profoundly disrespectful of the transparency that we really deserve in the Senate as the evidence we received last time, and that is why we'll continue to ask questions to get some transparency around this.

CHAIR: Senator Pratt, let's go.

Senator PRATT: Thank you. Can you please tell us now about the basis on which providing information in a verbal or written form changes the risk to the individual?

Dr Bruniges: It is my view that continuing to disclose further detail about a matter, even where the detail itself seems to be innocuous, increases the risk of that detail being able to be combined with other information known to others to allow the identification of individuals. I considered the risk very carefully. I have ultimate respect for this Senate. The fact that I've assured the committee that the information received about the assistant minister was dealt by the department in an appropriate manner, the department remains of the view that it is proper not to disclose any further information on the matter.

Senator PRATT: At the last estimates, you said that you would take these questions on notice. You gave us the same information this time as you did last time. Was the statement 'I'll take that on notice; I'll take that on notice'—you said it over and over again—really just to avoid answering the question?

Dr Bruniges: No. If you read Hansard, I referred back to my response of question 695 and indicated I had nothing further to add.

Senator PRATT: These are serious questions in relation to an alleged assault on a staff member which we are seeking answer to. It couldn't be more serious. We have, in a few weeks time, a real chance of there being a change of government in which the circumstances around this might, in fact, come to light. So what kind of responsibilities do we have as a government and as a parliament to your staff and to the Australian people, who want to know the truth about this issue?

Dr Bruniges: Senator, I have nothing further to add.

CHAIR: Senator, she has disclosed her responsibilities. Minister, if you want to add anything, feel free.

Senator PRATT: The issue is that we have candidates in this election who have had allegations made about them in this regard. If someone had thrown a stapler, which indeed we think has happened, and is a candidate at this election—

CHAIR: Senator Pratt, you can throw things around under parliamentary privilege, but I really think we need to move to questions—

Senator O'NEILL: I'm more concerned about a stapler that was thrown rather than the debate.

CHAIR: I think we need to move to questions.

Senator PRATT: Are you going to confirm or deny that a stapler was thrown at a member of the staff by Minister Andrews?

Dr Bruniges: Senator, I have nothing further to add.
Senator Birmingham: Senator, I would refer you to the answer to question on the notice that was canvassed extensively at the last estimates that made clear that no such complaint has been made.

Senator O'NEILL: Senator Birmingham, you gave a good answer earlier in the week so I ask for a good answer this time too on a matter of a completely different nature. Last time, we had a very difficult conversation without enough transparency, in my view, around an alleged assault on a staff member. It couldn't be a matter of more seriousness—going to work in a minister's office and having an allegation that a stapler has been thrown at an individual. The people who could be coming into work in the parliament need to be reassured that if such a thing happens there will be a process in place that is transparent and open. We talked about power and how it operates the last time we were here.

Senator PRATT: That's right.

Senator O'NEILL: We talked about the effective silencing of reports. We know that you know. We know that you received information. Everybody knows that you received information. That's not disputed. But the choice that you seem to be making, Dr Bruniges, for protection of a person's identity—we don't want to know the person's identity. That's not what we're asking. We've never asked for that. There are ways in which you could be absolutely transparently standing up for the protection of the entire staff who are looking to you for leadership here.

Senator PRATT: We want to know what action you took.

Senator O'NEILL: There are documents that exist—

CHAIR: Let's stop making speeches and start asking questions, please.

Senator O'NEILL: Let's get some answers.

Senator PRATT: What steps were taken by you, Minister Birmingham, to ensure that such violence does not occur again?

Senator Birmingham: Senator, in the last estimates the secretary went through the assurances that she could provide this committee in relation to the processes that had been followed. I stand by—

Senator PRATT: No, this question is to you, Minister.

Senator Birmingham: the information that has been provided to the committee, and there's nothing further to add.

Senator PRATT: This is your junior minister. I will direct these questions to you one step at a time. We know that your office took a media inquiry about this issue—correct?

Senator Birmingham: I refer you to the answers to questions on notice.

Senator PRATT: Would you not have a responsibility, as a minister, to ensure the truth or otherwise of that conduct personally?

Senator Birmingham: I refer you to the fact that the assurances the secretary has given on the public record to this committee—and, through that, to all—about the processes that have been followed.

Senator PRATT: So did you entirely rely, in those processes, on the actions of the secretary, or did you, because you were a senior minister worried about the conduct of a
junior minister, make your own inquiries personally or through your office to Minister Andrews herself?

Senator Birmingham: The secretary is the appropriate authority in relation to any employees of the Australian Public Service.

Senator PRATT: No, that was not the question. The question was: did you make your own personal inquiries? Surely it would have been appropriate for you to do so.

Senator Birmingham: Not in relation to matters that relate to employees of the Public Service.

Senator O'NEILL: We're talking about the minister.

CHAIR: Senator Pratt has the call.

Senator PRATT: In relation to activities in the public service, sure, fine. But if you have a colleague that is behaving in ways that are a threat to other people, what actions need to be taken in order to ensure that that conduct is seen to be unacceptable and ruled out in all places and in all workplaces? Surely you must have taken some action.

Senator Birmingham: I refer you to the assurances the secretary has placed on the record in terms of the actions that were taken.

Senator PRATT: No, I'm not interested in the secretary's assurances and actions. I'm interested in whether you sought assurances from your junior minister and whether you discussed that with the Prime Minister.

Senator Birmingham: The matter relates, insofar as there is one—I again highlight the fact that the answers provided quite some time ago now make clear there was no official complaint in that regard—

Senator PRATT: Let me frame it this way: did you contact anyone other than the secretary about this issue?

Senator Birmingham: I simply refer to all the previous answers in these matters.

Senator PRATT: You're refusing to answer the question, Minister. Did you speak to the Prime Minister about this issue? Did you speak to Karen Andrews herself?

Senator Birmingham: These matters have been handled appropriately, and the secretary has placed those processes on the record.

Senator PRATT: No, she hasn't.

Senator O'NEILL: Senator Birmingham, you're not answering the question. You're making a statement and you're repeating it over and over, like you're building some sort of wall of protection around yourself. You're not answering the question that has been asked. The context is that the media contacted you—this is when you were the minister for education—and said, 'Senator Birmingham, we believe your junior minister, Minister Andrews, who's up for re-election when we come to whatever date is set in May, 'has thrown a stapler at one of her staff.' That's the allegation. The media made you aware of that. That is correct. You didn't deny that the last time we were here.

Senator Birmingham: If you look at the answer to the question on notice—if you could trouble yourself to do so—you would find I was not the minister for education at the time.

Senator O'NEILL: She was your junior minister at the time this occurred.
Senator PATERSON: Chair, I just might note there are other candidates up for election whom serious allegations, not proven in the public domain, have been made about that we could also name here with the protection of parliamentary privilege.

CHAIR: Thank you, Senator Paterson.

Senator O'NEILL: Were you aware of this issue, this matter? You were made aware of this issue; is that correct?

Senator Birmingham: Those questions have been asked and answered at the previous estimates, and in answers to questions on notice. I refer you to those.

Senator O'NEILL: I don't believe so. The question was: Minister, given that there was a media inquiry about an alleged assault by a minister on a public servant, did you raise this with the Prime Minister?

You said:

I'll take that on notice, Senator—

the answer.

Senator PRATT: And you haven't yet provided us with an answer, despite saying you would take it on notice.

Senator Birmingham: All questions on notice have been answered, I think.

Senator O'NEILL: SQ19-000004 was the one we were seeking information on this morning.

Senator PRATT: That's the answer of Dr Bruniges. The answer to SQ19-000005 says, 'See answer to SQ19-000004.' It directs us back to the statement in relation to receiving a media inquiry. It doesn't actually answer the question in relation to raising it with the Prime Minister. Is that not correct, Minister Birmingham? To the question where you were asked, 'Did you raise it with the Prime Minister?' the answer is, 'See answer to SQ19-0004.' That was the question about the media inquiry:

My office received a media query on 23 October 2018. My office referred the query to the Office of the Minister for Industry, Science and Technology on the same day Does that provide an answer to the question about whether you raised it with the Prime Minister? Does that answer the question?

Senator Birmingham: Yes, Senator.

Senator PRATT: How does it answer it? You might care to answer the question again for us now.

Senator Birmingham: Well, my office received a media inquiry on 23 October 2018. My office referred the query to the office of the Minister for Industry, Science and Technology on the same day.

Senator PRATT: That is your answer to the question that reads:

Minister, given there was a media inquiry about an alleged assault by a minister on a public servant, did you raise this with the Prime Minister? Senator Birmingham: I'll take that on notice, Senator. I'm therefore assuming—and you can clarify this if it's wrong—that, essentially, that answer denies that you ever spoke to the Prime Minister about it, because it says that the action taken in response to that query was to refer it to the Minister for Industry, Science and Technology.
So can you confirm that you did not speak to the Prime Minister? That's my reading of that question.

Senator Birmingham: The answer is complete.

Senator O'NEILL: Which answer? To which question?

Senator PRATT: No, no—but can you confirm that you did not speak to the Prime Minister about this incident?

Senator Birmingham: The action that was taken is outlined there in the answer.

Senator O'NEILL: It still doesn't answer the question. Did you talk to the Prime Minister?

Senator PRATT: Did you speak to the Prime Minister about it or not? Am I right? Okay, so—

CHAIR: You asked the minister a question and the minister's answered the question.

Senator PRATT: No, he hasn't answered the question.

Senator O'NEILL: He's answered another question, the one he wants to answer. He hasn't answered the question he's been asked. There's a difference.

Senator PRATT: This is nothing but a cover-up. This is an absolute avoidance—

CHAIR: Senator Pratt, do you have any questions?

Senator PRATT: So you're telling me that an appropriate answer to 'Did you raise this with the Prime Minister, given there'd been a media inquiry?' was: 'My office received a media inquiry and referred the query to the Minister for Industry, Science and Technology on the same day'? How does that answer relate to any potential conversation or otherwise, yes or no, with the Prime Minister? Please explain that for me.

Senator Birmingham: The answer outlines the action that was taken.

Senator PRATT: Okay. The action that was taken was in relation to referring the matter to the office of the Minister for Industry, Science and Technology. Is the Minister for Industry, Science and Technology the Prime Minister? No, I don't think that's the same portfolio, is it? The Prime Minister doesn't hold the office of Minister for Industry, Science and Technology, does he?

Senator Birmingham: I think you know the answer to that. I sense that it's a rhetorical question, but if you would like me to say, 'No, the Prime Minister is not the Minister for Industry, Science and Technology.' I'm happy to confirm that the Prime Minister is not the Minister for Industry, Science and Technology.

Senator PRATT: How does that referral to that office answer the question about whether the—

Senator PATTERSON: I have some ministers I just want to make sure the Prime Minister isn't as well. Is the Prime Minister the Treasurer?

Senator Birmingham: The Prime Minister was the Treasurer but is not the Treasurer.

Senator PATTERSON: Good point, Senator Birmingham.

Senator PRATT: Again I return to my question about how the answer—

CHAIR: Order! Let's get back to questions please.
Senator PRATT: I return to my question.

Senator O'NEILL: Let's get some answers so we can move on to other questions. That would be a good start.

Senator PRATT: How does the referral of the matter to the office of the Minister for Industry, Science and Technology answer the question that you were asked about whether you raised it with the Prime Minister? Please explain how that is. The fact is it doesn't, does it?

Senator Birmingham: It answers what action was taken.

Senator PRATT: So you are now stating on the public record that the only action you took was—

Senator Birmingham: In relation to a media inquiry.

Senator PRATT: to refer it to the office for industry and that you didn't speak to the Prime Minister about it?

Senator Birmingham: In relation to the media inquiry, yes.

Senator PRATT: In relation to—

Senator Birmingham: In relation to the media inquiry, it was referred to the relevant minister.

Senator PRATT: So, in relation to the media inquiry, you didn't speak to the Prime Minister. In relation to the alleged assaults, did you raise this with the Prime Minister?

Senator Birmingham: You're the one making allegations. There's an answer on the record that there was no complaint.

Senator PRATT: Minister Birmingham, I'm not asking you about whether you raised a media inquiry about the alleged assault with the Prime Minister. I'm now asking you whether you raised the issue of an alleged assault by Minister Andrews with the Prime Minister?

Senator Birmingham: You're the one making allegations. You asked previously about my awareness of this issue, and I said that I recalled there was a media query at some stage. I've answered how we handled a media query.

Senator PRATT: No, but that's not the question before you now—

Senator O'NEILL: If I can, Senator Pratt—

Senator Birmingham: If it needs to be made abundantly clear, although I would have thought that it was already, the answer the secretary provided quite some months ago now—that there is no complaint in relation to such matters—is also reflected in the fact that no complaint has ever been made to me in relation to such matters either.

Senator PRATT: Are you claiming public interest immunity on this matter? What grounds would you have to do that?

Senator Birmingham: I'm not sure in relation to what you think I would be claiming public interest immunity.

CHAIR: I didn't hear a claim of public interest immunity.

Senator PRATT: No, no. Okay: were you aware of this allegation as at 23 October 2018?

Senator Birmingham: My office received a media query.

Senator PRATT: So, yes, you were personally aware of the allegation as at that point?
Senator Birmingham: My office received a media query on 23 October 2018.

Senator O'NEILL: Yes, you can restate that many times, but answer the question: were you personally aware? After your office received the media inquiry, did they talk to you about it?

Senator Birmingham: At some point, because, in the last estimates when you asked me, I said I recalled that there was a media query on the matter at some stage.

Senator O'NEILL: So you were aware of the allegation.

Senator Birmingham: Sorry; a media query, Senator O'Neill.

Senator O'NEILL: Of an allegation of assault by a minister on one of her staff. That was the allegation.

Senator Birmingham: No. A media inquiry about something anonymous and unsourced—let's be very clear in that regard—

Senator PRATT: You're refusing to answer the question.

Senator Birmingham: that the secretary has subsequently confirmed that there is no complaint relating to.

Senator O'NEILL: That's not true. Dr Bruniges is refusing to provide documentation to reveal to us exactly what it is that she did. She has told us that there was no formal complaint, but we know there was documentation that has not been revealed to us. You're talking about this as if it's an incident that has nothing attached to it. Dr Bruniges has confirmed, with her answers, that she has dealt with the matter. So the matter exists. It is not a figment of somebody's imagination. The matter exists. So you cannot deny it by saying it was just a media report. There has been an action taken, which we consider inadequate, by the head of the department, and you're relying on an implication that no action occurred. The action occurred—

CHAIR: That's your characterisation entirely, Senator O'Neill

Senator Birmingham: You're making that allegation, Senator O'Neill. There has been no complaint.

Senator O'NEILL: But there has been a response to the matter that was raised with a media inquiry that you received information about.

Senator Birmingham: As the secretary has again, some months ago now, already assured this committee—

Senator PRATT: What do you think an appropriate response is to a minister throwing a stapler at staff?

CHAIR: Senator Pratt! Order!

Senator Birmingham: That's an allegation you're making, Senator Pratt. Again, there's been no complaint.

Senator PRATT: You're denying it happened?

CHAIR: Senator Pratt! Order!

Senator Birmingham: It's an allegation you're making, Senator.

Senator PRATT: Are you denying it happened?
CHAIR: Senator Pratt! Order! Minister, you've got the call.

Senator O'NEILL: Dr Bruniges, I can understand you're probably—

CHAIR: Senator O'Neill! Order! Minister, were you finished?

Senator Birmingham: Yes.

CHAIR: Senator O'Neill.

Senator O'NEILL: Dr Bruniges, I understand you might be in a very unenviable position right now, because clearly Senator Birmingham, who is representing the government here today, is not being forthcoming with his answers. For all intents and purposes, it would appear that you're being leant on not to provide information to this committee.

CHAIR: Senator O'Neill! Let's try—

Senator O'NEILL: This is the concern that I have, Dr Bruniges. Can you please reassure me that, as public servants are watching this and giving consideration to this, they won't be ambiguous or uncertain about the sort of support they're going to get if they contact you—

Senator PRATT: Or a political cover-up.

Senator O'NEILL: too frightened to say—'Somebody through a stapler at me. I don't want to put in a report but I want to let you know this happened.' Is this an indication of what you're going to do if this happens to another person?

Senator Birmingham: Senator O'Neill, as you move from making one allegation to another, I would stress that the statements the secretary made only a short while ago placed extreme emphasis on protecting the rights of individuals to be able to make any complaints if they wanted to, or to raise any other issues if they wanted to—

Senator O'NEILL: But is she going to protect anybody from having a stapler thrown at them?

CHAIR: Senator O'Neill!

Senator Birmingham: with complete confidence that such matters would be dealt with confidentially if they so wished or, more importantly, that at least their privacy would be properly protected.

Senator O'NEILL: I'm not asking for privacy to be protected.

Senator Birmingham: The secretary's statements have been incredibly clear in that regard. You should not be extending the allegations you've already been making to make further allegations in that regard. But, if the secretary wants to address, in relation to the substance of your question, the confidence that APS employees in her department should have to be able to raise issues with her and the processes that exist for them to do so, then of course I'm more than happy for the secretary to do that and to address that area of substance in relation to your question.

Senator PRATT: Dr Bruniges, can I ask you—

CHAIR: Dr Bruniges, did you wish to add anything to the minister's response?

Dr Bruniges: Yes. Thank you, Chair. Of course, as the employer of all staff, I have responsibilities to all staff to ensure that they're working in a safe and secure environment. And I would hope that all of the staff that I have under my area of responsibility know how importantly, first and foremost, I treat their wellbeing, safety and security. We have a series of
policies to ensure that's in place, and I would be very surprised if staff were not confident to
come to me and raise any issue that they chose to.

Senator PRATT: Dr Bruniges, did you do anything to ensure that this issue was followed up not only internally, with your staff and in the department, but with the colleagues of
Minister Andrews?

Dr Bruniges: As I've said before, I have nothing further to add than the statements I've
made today, the response to question 695 and the response I gave to question 3.

Senator O'NEILL: Can you talk me through this. This afternoon, Dr Bruniges, you get a
phone call from somebody who says, 'I don't want to make an official report, but my boss just
threw a stapler at me.' Tell me what you do next.

Dr Bruniges: Senator, I'm not going to answer hypotheticals.

Senator O'NEILL: But this is not a hypothetical.

CHAIR: It is entirely hypothetical.

Senator O'NEILL: This is an incident about which you have said that we should be
reassured that you have dealt with it in an appropriate manner. So it's an incident that
occurred. What I'm asking you is: what is the appropriate manner that you would implement
in that context?

Dr Bruniges: Senator, let me repeat: I can confirm that no complaint or incident report
has been lodged by any departmental staff member, and I did that in response to question 695.

Senator O'NEILL: But you said that the department has received information about the
assistant minister's interactions with staff. You put that on the record—

Dr Bruniges: I did.

Senator O'NEILL: which was provided on the basis it remained confidential. You
received information. You tell us to be assured that you've dealt with the information in an
appropriate manner.

Dr Bruniges: That's correct.

Senator O'NEILL: So let's change the stapler and make it a coffee cup.

Senator PRATT: Is it appropriate not to lodge incidence reports if staplers are thrown?

CHAIR: I think that's still a hypothetical.

Senator O'NEILL: Yes, but if you don't want to accept it was a stapler, let's turn it into a
coffee cup. If it's a coffee cup that gets thrown this afternoon, Dr Bruniges, talk me through
what's going to happen. Reassure me.

Senator Birmingham: Senator O'Neill, if you want an answer in relation to such matters,
don't frame them as a hypothetical question. Ask the secretary what steps are taken into
relation to a complaint made by a staff member.

Senator O'NEILL: Senator Birmingham, what about when somebody is too frightened to
make it an official complaint because they fear for their job or they fear for their advancement
down the track?

Senator PRATT: What steps do you take then?
Senator O'NEILL: When it's not an official complaint. This is what you've told us. It wasn't an official complaint, but you did something in response to something that you're telling us we should be reassured about.

Dr Bruniges: Senator, I said that no complaint or incident report had been lodged by any departmental staff member.

Senator O'NEILL: That's correct, but information about the assistant minister's interactions with staff was provided to you on the basis that it remained confidential. Something happened, Dr Bruniges.

Senator PRATT: What do you do, Dr Bruniges, if something happens in the workplace where no complaint is made, but you consider it serious?

Dr Bruniges: We can ask to go through our policy in regard to that. I think we spoke briefly about that before. So, do you want me to go through the appropriate policy?

Senator PRATT: If you could perhaps highlight, in going through that policy, what was implemented in this particular case.

Dr Bruniges: As I said before, I'm not going back to the particulars of any case. I've provided responses to the questions you've asked. I've spoken today about my reasons and justifications for not disclosing any further information based on the risk.

Senator PRATT: Okay. But is it reasonable for me to assume that, had this incident occurred, given this is your policy for serious incidences that may not have been formally reported, you would need to apply such a policy?

Dr Bruniges: I won't go into the extent to which the policy was applicable or otherwise to the matter at hand, because of the reasons already stated, but I'm happy to go through the policy. I can confirm the matter was dealt with, as I said before, in an appropriate manner, consistent with the principles underpinning the policy.

Senator PRATT: Okay. Let's hear what the policy is.

Ms Medley-Brown: The department has a 'managing discrimination and harassment in the workplace policy'. This policy outlines our commitment to providing a safe, flexible and respectful environment which is free from all forms of discrimination and harassment as well as bullying. The information provided in the policy gives practical assistance to employees who believe they may have suffered discrimination or harassment.

Senator PRATT: Are you able to jump to the part that tells us what you're expected to do when an incident is observed to have occurred?

Ms Medley-Brown: Yes. I can speak about the relevant parts of our policy. We always try to resolve concerns promptly and at the local level, wherever possible. We attempt to resolve the concern directly with the person and have a discussion with them about what they would like to happen and give them the opportunity to resolve the matter in an informal way, which gives them the comfort that they've been heard, gives them the support to resolve the issue. And, they, of course, always have the option to proceed directly to a formal complaint. If they give us a formal complaint, one of my branches—the People, Culture and Capability Branch—will make sufficient inquiries of the person and determine the best way to resolve the issue.
Senator PRATT: If there were an incidence of violence within that, how do you make a judgement about whether dealing with it in an informal way is appropriate?

Ms Medley-Brown: Our policy is a principle based policy and we would have conversations with the employee to determine what was the best way to proceed. Every matter has different circumstances and background to that, so I can't speculate as to what would be done in the hypothetical case.

Senator PRATT: I ask Minister Birmingham, again: did you discuss this allegation with Minister Andrews?

Senator Birmingham: The only allegations have been made by the likes of yourself.

Senator PRATT: That does not answer the question.

Senator Birmingham: Nobody else has made such allegations to—

Senator PRATT: Yes, I'm alleging that Karen Andrews threw a stapler within the department. Did you discuss such an allegation with Minister Andrews herself?

Senator Birmingham: I've not discussed your allegations with Minister Andrews, no, Senator Pratt.

Senator PRATT: Did you discuss with her whether or not she threw a stapler within the department?

Senator Birmingham: Senator, I'm not going to the ins and outs of all of my conversations with my colleagues. But I've been quite clear that this allegation, as you put it, has only been made by yourselves to me. Nobody has ever made an allegation to me other than those of you who are sitting here deciding to undertake such slurs.

Senator PRATT: Did you discuss the allegation with the Prime Minister?

Senator Birmingham: We've already addressed that question.

Senator PRATT: No, you didn't answer the question. You said that you referred it—

CHAIR: That question's been extensively addressed, Senator Pratt.

Senator Birmingham: And the same answer applies, Senator Pratt.

CHAIR: Senator Pratt, let's move on.

Senator PRATT: You haven't answered the question. You've essentially refused to answer it.

CHAIR: Senator Pratt!

Senator PRATT: Do you want to claim public interest immunity? What grounds have you got for refusing to tell us—

CHAIR: The minister has not mentioned public interest immunity, Senator Pratt; only you have done so.

Senator Birmingham: We're not refusing to answer, Senator Pratt. I've made clear that no such allegation has been made to me, aside from by you. And, no, I don't make it a habit to take the opposition slurs and discuss them with the Prime Minister.

Senator PRATT: Therefore, you didn't discuss it with the Prime Minister.

Senator O'NEILL: We're calling it an allegation, but I think Dr Bruniges calls it 'the matter'. 'The matter' is how you keep referring to it. You dealt with 'the matter' 'in an
appropriate manner'. What exactly is 'the matter'? How would you characterise it, Dr Bruniges?

Dr Bruniges: I didn't use 'matter', Senator. My response to 695 said that the department can assure the committee that it has dealt with the information in an appropriate manner.

Senator O'NEILL: Dealt with the information in an appropriate manner—how can people in the department be confident they're going to be protected when something such as this looks like it's been covered up?

CHAIR: That question has been asked and answered.

Senator Birmingham: I think the secretary has answered that.

Senator O'NEILL: Alright, so let's go with what we know because it's pretty hard to get a straight answer this afternoon. Minister Birmingham received an allegation that Minister Karen Andrews, then assistant minister, threw a stapler at a staff member on 23 October 2018. He referred it to Karen Andrews.

Senator Birmingham: Sorry, a media inquiry, Senator—

Senator O'NEILL: He refuses to disclose what steps he took from then—

Senator Birmingham: Senator O'Neill—

Senator O'NEILL: despite being asked several times.

Senator Birmingham: I dispute your characterisation.

Senator O'NEILL: He refuses to disclose if he discussed it with Prime Minister Morrison.

Senator Birmingham: Receiving a media inquiry is—

CHAIR: Senator O'Neill, that—

Senator O'NEILL: We know that the department received information about the alleged incident.

CHAIR: There is nothing that can be answered in this.

Senator O'NEILL: They refused to disclose anything about that—

CHAIR: This is a speech, Senator O'Neill.

Senator O'NEILL: and they claimed privacy reasons—

CHAIR: There is no question.

Senator O'NEILL: on a complaint that they refused to confirm.

CHAIR: Senator O'Neill, come to order! Ask a question.

Senator O'NEILL: Is that correct? Is that list—

Senator Birmingham: Barely any of it, Senator O'Neill, is correct.

Senator PRATT: Which bit's correct?

Senator O'NEILL: So answer some of the questions then.

CHAIR: There was no question.

Senator O'NEILL: There was an incident though.

CHAIR: There is nothing—Minister!
Senator Birmingham: The date of 23 October, being of some note is correct.
CHAIR: There is nothing to be answered in that.
Senator O'NEILL: There was an incident, and the incident is described in question on notice No 4:
The department has received information about the Assistant Minister's interactions with staff which was provided on the basis that it remain confidential and that it was neither a complaint nor to be treated as a complaint. The department can assure the Committee that it has dealt with this information in an appropriate manner.
There was certainly an incident. It was an incident that was reported to your office on 23 October, and you have refused to answer questions, Senator Birmingham, about who you told and what action you took. This is a cover-up.
CHAIR: Senator O'Neill—
Senator O'NEILL: This is a cover-up.
Senator Birmingham: Earlier—
CHAIR: You read out the answer.
Senator Birmingham: I spent some time explaining to other senators who were seeking a cheap grab in a news bulletin. I'm not going to rise to take the bait, Senator O'Neill. I know that—
Senator O'NEILL: People subjected to violence in their workplace is a matter of concern.
Senator PRATT: Dr Bruniges, why do you need to claim privacy—
Senator Birmingham: Senator, you're again making a slur.
CHAIR: Order!
Senator Birmingham: You've got zero—
Senator PRATT: on a complaint you refuse to confirm even occurred?
CHAIR: Order! Senator Pratt, let's not talk over each other. Senator Birmingham, were you finished? Senator Pratt?
Senator PRATT: Thank you, Chair. What we know is this: Minister Birmingham, you received an allegation that Karen Andrews threw a stapler at staff—
CHAIR: I received a media inquiry.
Senator PRATT: A media inquiry on 23 October—correct?
Senator Birmingham: My office received a media inquiry to be precise.
Senator PRATT: You won't say whether you spoke to or referred it to Karen Andrews. You've refused to disclose—
CHAIR: No—sorry, Senator Pratt—the answer provided on notice is very clear: the media inquiry indeed was referred to the office of the Minister for Industry, Science and Technology on the same day.
Senator PRATT: That's right. You refuse to disclose what steps you took.
Senator Birmingham: No, the answer provides that my office referred the media inquiry to the office of the Minister for Industry, Science and Technology on the same day.
Senator PRATT: But you've used that same answer to that same question as an answer to whether you discussed the issue with Prime Minister Morrison. Correct? It doesn't make sense.

Senator Birmingham: The steps my office took were to refer the media inquiry to office of the Minister for Industry, Science and Technology on the same day.

Senator PRATT: Yes, but did you also take the personal step of speaking to the Prime Minister?

CHAIR: This area has been canvassed. Senator Pratt.

Senator Birmingham: We have addressed that, Senator Pratt.

Senator PRATT: You've essentially refused to answer it. The department received information about the alleged incident, and yet you refused to disclose that information and you claim privacy reasons on a complaint that you refused to confirm even occurred.

Senator Birmingham: The department provided a thorough answer months ago, Senator Pratt.

Senator O'NEILL: By what method did you refer the matter to the assistant minister?

Senator Birmingham: My office received a media inquiry and my office referred the media inquiry to the other minister's office.

Senator O'NEILL: By what method did they do that, Minister Birmingham?

Senator Birmingham: I don't know, Senator.

Senator O'NEILL: Have you not bothered to look and find out?

Senator Birmingham: This is getting really silly, Chair.

Senator PRATT: If we got straight answers, it wouldn't be.

Senator Birmingham: I don't tend to ask my staff by what means they've received the media inquiry that they've got and what mode of communication they've used.

Senator O'NEILL: It goes to: what did you do about it?

Senator PRATT: The minister, clearly, doesn't—

CHAIR: Could you ask a question that hasn't already been asked 20 times?

Senator Birmingham: I just received a media inquiry on 23 October 2018 and referred it to the office of the Minister for Industry, Science and Technology on the same day.

Senator PRATT: I think we can move on, because the minister won't—

Senator O'NEILL: I've got one more question for the department. These questions on notice that we received answers to, that we have clearly indicated we think are inadequate and do not shed any light on the questions that we've asked, were they discussed with the minister before we received them?

Dr Bruniges: They're my responses to the questions.

Senator PRATT: So the minister didn't have anything to do with the answers we received from you?

Dr Bruniges: No.

Senator PRATT: He didn't have to tick any of them off to release them?
Dr Bruniges: No, not at all.

Senator Birmingham: Aside—for thoroughness, Senator O'Neill—to the answer in relation to my office, which, obviously, my office had to provide information on.

Senator O'NEILL: Yes.

Senator Birmingham: Just to be clear.

Senator PRATT: All right. Thanks.

CHAIR: Do we still have cross-portfolio?

Senator PRATT: Yes. Outcome 1.

CHAIR: If we could deal with cross-portfolio.

Senator PRATT: No, I think we're straight onto outcome 1 now, aren't we?

CHAIR: Can you just check, because if there are people we can release it would be better to release them.

Senator O'NEILL: No, we've still got questions for this—

Senator PRATT: That's fine.

CHAIR: Okay.

Senator MARSHALL: I want to talk about advertising questions. I think this committee, not me, asked some questions last—if we can go to budget papers and portfolio budget related paper No. 1.5, Education and Training Portfolio—can we look at the program expenses 1.5 on page 35?

Dr Bruniges: In the PBS?

Senator MARSHALL: Quality Schools communication.

Dr Bruniges: I don't think that's PBS, Senator.

Senator MARSHALL: I'm only as good as the information in front of me, I'm afraid.

Dr Bruniges: Page 35, was it?

Senator MARSHALL: That's what I've got. I can't vouch, totally, for the accuracy. There are a lot of pages in that budget; far too many words.

Mr Markovic: Do you know which budget papers you're referring to? It would help us out. Are you referring to last year's budget papers or the budget papers just issued now?

Senator MARSHALL: I'm assuming it's the ones right now.

Mr Markovic: I don't think there was any reference in this year's budget.

Senator Birmingham: Either in the top-left or top right-hand corner, does it give any descriptor?

Senator MARSHALL: I've got the questions just in front of me and I'm not—

Senator Birmingham: I can see, on the other side, you've got a photocopy of a table. I don't know whether that was the whole page or not.

Senator MARSHALL: That might be—I normally don't do double sided! So I should always just turn over, shouldn't I. I've got attachment 1. It's got program expenses 1.5, 'Early learning and schools support', and it starts at 2018-19.

Senator Birmingham: I think it's page 34.
Senator MARSHALL: Page 34, you're right. Thank you for your assistance, Minister, and if you keep up this level of cooperation, we'll get through this very quickly!

Senator Birmingham: You don't need to rush, from my perspective. The foreign affairs and trade committee has something on at 10.00 pm tonight, I gather.

Senator MARSHALL: I see, on Quality Schools communication for 2018-19. At last hearing you confirmed $9,392,730.72 for expenditure on Quality Schools communication. Has there been a change?

Mr Markovic: I think, at the last testimony, that was the value of the contracts that we had issued, and how the $10 million number that's referred to in the PBS documentation is the budget that was allocated through—in fact, this figure is the estimated actual expenditure—the portfolio budget statements. I'll let Ms Charles confirm that the contract figures remain at $9.3 million.

Ms Charles: The contract values for the quality schools campaign are at $9,408,847.

Senator MARSHALL: What are the details of that additional expenditure?

Ms Charles: Versus the number that you quoted?

Senator MARSHALL: Yes.

Ms Charles: There has been some variation in some of the contract amounts. I can go through each individual contract if that makes it easier.

Senator MARSHALL: Yes. It's not going to take forever, is it?

Ms Charles: No. There was a contract amount for media which was $6,840,627. For market research, we had benchmark tracking and evaluation research of $172,899. The creative contract was $1,595,000. Then we had market research for developmental research at $571,120.

Senator MARSHALL: I'm actually after where the additional expenditure has been made. You're now just taking me through the breakdown of the $9 million.

Ms Charles: I don't have that comparison, but I can quickly do that calculation.

Senator MARSHALL: All right. That would be good.

Ms Charles: I have worked that out. The amount that was quoted at last estimates didn't include the full contracted amount. So we had one contracted amount that was done for Hudson. We had two other contracted amounts which were for Randstad. So that had made up the difference. There was one variation of approximately $11,000 on the benchmark tracking and evaluation.

Senator MARSHALL: So none of the additional expenditure goes to any new programs?

Ms Charles: No.

Mr Markovic: There were some individual contractors that we used to help support delivery of the program and those weren't included in the $9.3 million. That makes up the bulk of that $100,000

Ms Charles: That's correct.

Senator MARSHALL: All right. We also asked for copies of the documents provided to the Independent Communications Committee in relation to this advertising and you took that
on notice. I understand we have an answer from you saying that you won't disclose them on the basis that they informed a deliberative process of government. As you should know, that is not grounds for refusing to provide information to this committee. So why have you made such a claim?

Mr Markovic: We certainly have sought to provide all the information that we can in relation to that. The department's view was that certain components of that content informed deliberative process of government as the campaign was still underway. There was the opportunity for it to change based on advice and conversations with government and so we did not provide that. That's consistent with an approach that's previously been taken in tabling material with this committee.

Senator MARSHALL: That's simply wrong, and you're not allowed take that position. The only way you can withhold answers to questions from this committee is to make a public interest immunity claim and for that to be accepted by this committee. So I now ask you to provide that information. I suspect your justification which you were just arguing—that it was something still being considered—has come and gone. So there should be no reason for you not to provide that information to us now.

Dr Bruniges: We will take it on notice.

Senator MARSHALL: The problem I have with that is that it gives me the impression that you're going to give us something and then, when we get the written answers, we actually quite often get some gobbledygook and people saying no again. If you're saying you don't have those documents here and you will provide them to us, that's fine. But, if you're saying you're actually going to consider the question of whether you will provide the documents, that's not fine and I'll want you to make a public interest immunity claim.

Senator Birmingham: Senator, those deliberative processes do, for such matters, sometimes involve the cabinet subcommittee. It's for officials as what they do or don't have to hand, but beyond that there is also the question, at least, as to what are cabinet documents and what are not.

Senator PRATT: The fact of this debate is about such a public interest immunity claim and its grounds. You need to specify the grounds.

CHAIR: Senator Pratt and Senator Marshall, you have made your point. I do encourage officials to listen to it. Certainly, a public interest immunity claim would be required if you are refusing to disclose. However, you are within your rights to take the question on notice, which you have done.

Senator MARSHALL: With the stuff that you've provided to us that's heavily redacted, is that an internal document?

Dr Bruniges: Sorry, can you give me the question on notice—

Mr Markovic: Senator Marshall, I think you're referring to the document that we provide to the ICC. I think that was the document that Senator O'Neill was waving just a second ago. I caught a glimpse of it. This is a document we provide to the ICC to help them inform their decisions about whether or not they can certify the campaign as complying with the principles of—
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Senator MARSHALL: Again, why have you redacted that? What public interest immunity claim have you made to redact sections of that internal document, which clearly is not a cabinet document?

Mr Markovic: I haven't made a public interest immunity claim. In providing our response to the committee, we indicated why we had removed certain information. I have simply taken it on notice for us to have a look at providing that information. The reason why—

Senator MARSHALL: We have had to come through two processes of estimates to get answers to questions that we're entitled to have. This is not good process; it is not good process. Where did we land in terms of you taking my first question on notice? Are you going to provide it? Will we get it?

Dr Bruniges: I said I would take it on notice.

Senator MARSHALL: As to what question?

Senator Birmingham: Senator, I think we've been subjected—

Senator PRATT: Point of order, Chair. Senator Marshall is right. You can't take a question on notice without—taking a question on notice is about going away to find the answer or about going away to find out if you can provide an answer or whether you will make a public interest immunity claim. You can't just say, 'We'll take it on notice,' as a way of avoiding answering the question. We have seen that over and over again in this committee.

CHAIR: Senator Marshall has asked a question, and it has been taken on notice.

Senator PRATT: But on what grounds has it been taken on notice?

CHAIR: You do not need to say—

Senator PRATT: You either take it on notice because you don't know the answer or you're going away to make a public interest immunity claim about it—or to work out whether you have one. They are the only two reasons why you would take a question on notice.

Senator PATERSON: On the point of order, Chair. Senator Pratt is making a sterling effort but is inventing a totally new process for how to take questions on notice.

Senator PRATT: No, I'm not.

Senator PATERSON: There is no criteria for the minister or officials to have to meet in order to be able to take a question on notice. They can take a question on notice, and they have done so.

Senator MARSHALL: Chair, can you make your ruling, and we'll move on?

CHAIR: I'm not even sure I can rule on this, because they have taken it on notice. Let's move on.

Senator Birmingham: The question is on the documents and information.

Senator MARSHALL: I want to clarify what you think my question is.

Dr Bruniges: Senator, I have taken it on notice. I now have the response in my hand. Your question related to the redactions in this document of the question that we tabled. I have said I will take on notice whether or not we can supply all of the non-redacted document. I just need to take advice. The reason I have taken it on notice is that—we have tried to give a reason and we tried to minimise the redactions. But, as the answer says, sections of the advice
would reveal cabinet deliberations. You've questioned that and drawn it to my attention. I have said I will take it on notice.

Senator MARSHALL: We are very marginally wiser, not very much.
Senator O'NEILL: We're back at seven o'clock. Aren't we taking a break?
CHAIR: You have 30 seconds left, Senator Marshall.
Senator MARSHALL: Where will the ads be placed, and what will be the target audience?
Ms Charles: The campaign is currently in market. It started on 27 January. It is a national campaign and it is on TV, radio, out of home and digital in all states and territories.
Senator MARSHALL: And what's the purpose of it?
CHAIR: Well, let's come back with the purpose at 7 pm.

Proceedings suspended from 18:00 to 19:01

CHAIR: We will resume these hearings. Senator Marshall, you have the call.
Senator MARSHALL: Why was so much of the statement against the principles of the Guidelines on information and advertising campaigns by non-corporate Commonwealth entities redacted? In principle 4 you've redacted 1 to 8 and 12 out of a total of 17, so more than half of your claims to address those principles. How can so many of those be redacted?
Dr Bruniges: I think I said to you before that I'm happy to take that on notice, given your previous comments about the advice that we had supplied on the front—that advice that would reveal cabinet deliberations had been redacted. I take your point about having reasons and the conversation we had before the dinner break, so I have taken that on notice.
Senator MARSHALL: Sure. I have a bit more to ask because I want to know how you got to this point. Who actually provided advice on redaction and on what to redact? Where is Mr Pattie? Not here? I thought he was going to join us. He signed off on this document.
Dr Bruniges: Mr Pattie would have signed off on the original statement.
Senator MARSHALL: Mr Pattie, did anyone consult with you about what to redact?
Mr Pattie: I was acting at the time, but subsequent to the question being asked, no.
Senator MARSHALL: Could it be that the justification against the principles didn't actually make an argument to support the position?
Ms Charles: The department made a determination on the content to redact. It was based on the fact that the content contained information, opinions or advice that we provided to a cabinet process.
Senator MARSHALL: We know it's not a cabinet process, and that part of the question has been taken on notice. How was the decision made? Who was consulted about what was to be redacted? Take me through that. Ms Charles, were you in charge? Were you the person who ultimately did the redacting?
Ms Charles: Yes. We made a determination reviewing the content. The content was excerpts or extractions from other documents that were submitted as part of the cabinet process for campaigns. A determination was made to redact that content.
Senator MARSHALL: Did you take legal advice?
Ms Charles: We consulted in relation to content that was related to cabinet information; yes.

Senator MARSHALL: Who did you consult?

Ms Charles: Our internal legal area.

Senator MARSHALL: Did they take advice from any external providers?

Ms Charles: I'm not aware.

Senator MARSHALL: Are they here? I think we specifically asked for your chief legal adviser.

Dr Bruniges: He's here.

Senator MARSHALL: Good.

Dr Bruniges: I was consulted as well. I had a conversation with Ms Charles.

Senator MARSHALL: Were you provided with legal advice when you—

Dr Bruniges: No, I didn't see the legal advice on the redaction. I had a conversation regarding the redactions and the reason that we specified in the question on notice.

Senator MARSHALL: Mr Gotzinger?

Mr Gotzinger: That's right.

Senator MARSHALL: You provided advice to Ms Charles about what to redact?

Mr Gotzinger: I provided some advice on the operation of public interest immunity and what may and may not be available.

Senator MARSHALL: But no public interest immunity claim was ever made?

Mr Gotzinger: No, but—

Senator MARSHALL: It was an oversight, was it? You meant to.

Mr Gotzinger: No. As has been stated, parts that were redacted related to a cabinet process, and that's the stuff that basically was redacted. I didn't give any legal advice on it. As you'd know, the operation of public interest immunity isn't a legal issue; it's a political process essentially.

Senator MARSHALL: Let me just be clear: you didn't provide any advice on about what to redact?

Mr Gotzinger: No; I provided advice as to the operation of public interest immunity and how it works.

Senator MARSHALL: Ms Charles, you didn't know how public interest immunity worked and you needed Mr Gotzinger to tell you?

Ms Charles: Provide further clarification; yes.

Senator MARSHALL: Was the advice that in order to redact such things you needed to make a public interest immunity claim, or was that not part of your advice?

Mr Gotzinger: The advice that I gave was basically—as you know, only a minister can make a claim for public interest immunity and, really, when a department is redacting things in an answer I think the correct way to characterise it is that they're putting to the committee that there may be reasons that it's not proper to provide the information.
Senator MARSHALL: Yes, and then provide the committee with a justification to the harm that it will cause?

Mr Gotzinger: That's right.

Senator MARSHALL: That never happened. So that was your advice to Ms Charles, but she ignored that?

Dr Bruniges: As I said before, I take your point that you raised before the dinner break. I've taken it on notice, and I think, as Senator Pratt pointed out, if there are, indeed, two ways forward about public interest immunity and consultation of the minister, that's one path. We had put up the reason that we thought in response to the QON was the reason for the redactions.

Senator MARSHALL: That's all very well, Ms Bruniges, but I do want to explore it a little bit further. You should, and I think you probably do, understand my concern, because this is rather blatant, naked, political, partisan advertising being paid for by the taxpayer—right?

Senator O'NEILL: Exactly.

Senator MARSHALL: I'm a little bit peeved about it, to be honest, because it's pretty blatant. And then we get the justification about meeting the internal document and about meeting the principles which people are obliged to, and there are whole swathes of it redacted. We now know you had advice about how to make a public interest immunity claim to the Senate, but you then didn't make it. It occurs to me, because I've seen this and it actually—let me say now, I have the utmost respect for you, Ms Bruniges. I've dealt with you over many, many years in different capacities so please don't take this personally, but we do see a tendency across many committees where, as I made the point earlier, we seem to always need to have two goes at it before we actually ever get an answer, and I don't think that is an appropriate way for Senate committees to be treated. Let me leave it there—well, not the whole issue. I want to come back and explore it still a little bit further. Mr Pattie, you've signed off on the statement that the campaign will not influence public support for a political party, a candidate for election, a minister or a member of parliament. Do you stand by that?

Mr Pattie: Yes.

Senator MARSHALL: Is it just a coincidence that this huge spend was increased in time to occur just before the election, promoting the position of the incumbent government?

Dr Bruniges: The timing of the campaign was at the commencement of the school year. I think Ms Charles went through this dates before—

Ms Charles: Yes, that's correct.

Dr Bruniges: It started to run at the commencement of the school year. That fitted with the objectives. The first was to increase the awareness and understanding of the record school funding through the Quality Schools Package. The second was to increase awareness and understanding of the Quality Schools Package and the potential positive impact it would have for students, teachers and parents. At the commencement of the school year—

Senator MARSHALL: It is early February—

Dr Bruniges: Yes—

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Senator MARSHALL: When did you learn that the election was in May? I think the Prime Minister told us that last year—

Mr Pattie: I don't know that the election is in May.

Senator MARSHALL: The Prime Minister told us there would be an election in May, I think, last year. He said there would be a May election. You did not know that?

Mr Pattie: I didn't know that he said it or I didn't know that there was an election in May?

Senator MARSHALL: You didn't know that he said that? Do you think there won't be an election in May?

Mr Pattie: I suspect there will be.

Senator MARSHALL: It's a coincidence that a spend at the start of the school year is also just a couple of months before—

CHAIR: No. The secretary has said it was coinciding with the start of the school year.

Senator MARSHALL: the election.

Dr Bruniges: As explained in the previous year's budget, we had phase 1 and phase 2 and this constitutes phase 3 of the campaign.

Senator O'NEILL: Can I clarify, because, Mr Gotzinger, you have given advice around public interest immunity—and I have to confess I've really never interacted with it in any significant scale in the hearings that I've been in. Somebody else has been always close to that. You gave advice with regard to this matter. What advice did you give?

Mr Gotzinger: As I said, I basically gave advice on the circumstances in which it is appropriate to propose that material not be provided to the committee and when you do need to provide it to the committee.

Senator O'NEILL: I don't want to ask for an opinion, but why I am wrong in thinking that effectively Dr Bruniges has taken a public interest immunity claim by her action?

Mr Gotzinger: I think, from a technical perspective, because only a minister can make a public interest immunity claim, when a department puts forward an answer that in effect declines to provide some information, what in effect it's saying is putting a proposal to the committee that there is a public interest reason for not providing the information.

Senator MARSHALL: I think the chair might want to correct your legal view on that at some point in time.

CHAIR: We have advice that it is open to an officer to claim public interest immunity. It can then be referred to a minister but an officer can claim PII.

Mr Gotzinger: Public interest immunity is an executive power belonging to the government. So I think a departmental employee can raise the possibility that a claim might be appropriate to made but if one actually has to be made it's for the minister to make that.

Senator MARSHALL: Well, that's not the Senate's view, and we make our rules here.

Mr Gotzinger: All I can say is what my understanding is. But I take your point.

Senator MARSHALL: Was the minister's office involved in the redaction process?

Ms Charles: The redaction process was undertaken within the department. So, no.

Senator MARSHALL: There was no consultation with the minister's office?
Ms Charles: No, we made the determination.

Senator MARSHALL: Did the minister's office clear the redacted version before it was disclosed as part of the question on notice?

Mr Markovic: The minister's office is involved in reviewing the material but the responses for all questions on notice are finalised and submitted by the department. This was handled in no different way to any of the other 197 questions on notice that we received and—

Senator MARSHALL: I understand that's what you're saying. Tell me what that process is?

Mr Markovic: The department drafts a response to a question on notice. We make that available to the minister's office, who will review that and from time to time provide feedback. We will then be responsible for finalising and submitting a response to this committee.

Senator MARSHALL: What was the feedback from the minister's office?

Mr Markovic: I can't tell you on any individual QON—as I said, we took 197 at the last hearing.

Senator MARSHALL: You must have ticked it though, because you then sent it to the committee?

Dr Bruniges: Yes, well we—

Mr Markovic: Tick is an interesting word.

Senator MARSHALL: Well, tell me, what terminology do you use?

Mr Markovic: We all say commentary—as I said, all questions on notice are—

Senator MARSHALL: If the minister's office had any concerns about it, you wouldn't have then sent it to us, would you? You'd wait for approval from the minister's office?

Mr Markovic: No, not—

Senator MARSHALL: All right. Explain to me how it works again.

Mr Markovic: Exactly what I said—

Senator MARSHALL: So, if the minister's office is unhappy with it, us you just send it to us regardless. Come on?

Mr Markovic: The responsibility for finalising questions on notice, and submitting them, rests the department.

Senator MARSHALL: I know. How often have you submitted an answer to a question on notice that the minister's office is unhappy with? Out of the many thousands, tens of thousands of questions, how many?

Mr Markovic: Unhelpfully, I'll probably need to say I need to take that on notice—

Senator MARSHALL: I'll give you the answer: none.

Mr Markovic: Actually, that's not correct. We have had instances where we've received feedback and made decisions about what we would submit.

Senator MARSHALL: How many?

Mr Markovic: I couldn't tell you off the top of my head.
Senator MARSHALL: Give us a hint.

Senator O'NEILL: Thousands? A handful?

Mr Markovic: It wouldn't in the thousands. It would probably be closer down to the handful. What I can assure you is that we have had instances where we haven't agreed—

Senator MARSHALL: Is this one of those occasions?

Mr Markovic: No, on this occasion—this is in my area of functional—

Senator MARSHALL: So, the minister's office ticked it off?

Mr Markovic: This is a response that was settled and finalised within my area of responsibility. I was satisfied, for the reasons I said about an hour ago, about why we—I accept you don't agree with the reason why we chose to redact, but that's just the reason that actually—

Senator MARSHALL: Let's finish with the minister's office's involvement so that I'm very clear.

Mr Markovic: Certainly.

Senator MARSHALL: This is not one of those handful of examples where the minister's office was unhappy with your giving the answer as it was?

Mr Markovic: Not to my recollection, no.

Senator MARSHALL: So they ticked it off?

Mr Markovic: Back to the same word—I'm not going to—


Senator MARSHALL: Really? All right. I'm not trying to trick anyone, to be honest, but—

Unidentified speaker: It sounds like it.

Senator MARSHALL: Well, ticking is hardly a legal word that we're going to have a big problem with.

Mr Markovic: We received feedback from the minister's office. We don't seek approval from the minister's office to lodge it, but the department is lodging the question on notice.

Senator MARSHALL: All right. Did any other office clear or have any input into the redacted version before it was disclosed to the Senate?

Ms Charles: Not to my knowledge, no.

Senator MARSHALL: Why can't you say no or yes to that?

Mr Markovic: No.

Ms Charles: No.

Senator MARSHALL: We're now getting somewhere. We're much happier with those answers.

Dr Bruniges: They might have been thinking of my office.

Mr Markovic: The secretary's office—

Senator MARSHALL: And you've already disclosed that, Dr Bruniges. All right.
Senator O'NEILL: On cross-portfolio, I want to clarify something. You are not claiming, in this redaction, public interest immunity at all, Dr Bruniges?

Dr Bruniges: I said I'd take it on notice to ensure that I took advice and one of the outcomes of that may well be public interest immunity. But I've taken the question on notice. I take Senator Pratt's—

Senator O'NEILL: So, at the moment, the only reason we don't have it is that you don't think we should see it, but you don't know?

Dr Bruniges: Not at all. I've said I'd take it on notice. As I said to Senator Marshall, I was actually consulted. I agreed with the reason in the redactions. I take Senator Marshall's point, I take Senator Pratt's point and I have taken it on notice.

Senator O'NEILL: On what basis did you agree with the redactions?

Dr Bruniges: On exactly what was on the bottom—I formed a view that the sections of the advice that would reveal cabinet deliberations had been redacted. Today, Senator Marshall has pointed out that that is not a reason. But I can take it on notice and have a look at that given the learnings we've had today.

CHAIR: To be clear: cabinet deliberations are a legitimate approach to public interest immunity; you just must show the harm if you wish to make a claim for public interest immunity.

Senator MARSHALL: That's right. But we've heard of the stories of trolleys full of documents being wheeled through the cabinet room in order to give them 'cabinet deliberation' status. I don't know if that was real—that might have been in Yes Minister—but anything is possible around here.

Senator O'NEILL: If you determine overnight your understanding of the nature of the document and the right of the committee to see with clear vision what is going on, then I suggest that you table a full and clear document as promptly as possible—within 24 hours.

Dr Bruniges: As I said, I'll take it on notice.

Senator O'NEILL: How many people are currently in the research division?

Mr Markovic: We don't have detailed staffing information down to the division level with us now. Could we take that on notice and get back to you? I just don't have that information available.

Dr Bruniges: We can probably tell you how many are in the cluster.

Mr Markovic: We capture down to the cluster level, which is the second functional level of the department, but I don't have information with me down to the next level in terms of FTE or ASL numbers.

Senator O'NEILL: Okay, you can give me the cluster level right now and take it on notice down to the lower level.

Mr Markovic: Certainly. The research division is in the higher education, research and international cluster, which is the cluster that Mr Learmonth looks after. As at 31 December 2018, there were 302.3 FTE staff.

Senator O'NEILL: And on 30 June?

Mr Markovic: At 30 June, for the same cluster, there were 282.7 FTE staff.
Senator O'NEILL: Do you have the figures across all divisions and business units?

Mr Markovic: I can give you figures across all clusters, which are our five big functional areas of the department. If I go cluster by cluster for the same two dates—

Senator O'NEILL: Yes—if possible, on notice, back to 31 December of the preceding year, so I can get a kind of—

Mr Markovic: I can give you 30 June 2017—I've got that with me—but not December. I can give you 30 June 2017, 2018 and 31 December.

Senator O'NEILL: That's great, thank you.

Mr Markovic: How about I start left to right, so the first number will be 30 June 2017, the second number will be 30 June 2018 and the third number will be 31 December 2018. For schools and youth, 301.3, 282.8, 283.2; for higher education and research, 319.2, 282.7, 302.3; for skills and training, and this excludes our state network, which I'll come to in a minute, it's 359.8, 272.1, 293.5; and our state network is 63.8, 89.9, 92.7. For early childhood I've got two numbers, with and without the state network, so 239.9, 223.9, 202.5; and then the state network is 141.5, 135.1 and 128.8. The final cluster is mine, which is corporate, which is 343.0, 327.7, and 340.7. That accounts for the five business clusters in our department.

Senator O'NEILL: Within each of those clusters there are divisions?

Mr Markovic: Correct.

Senator O'NEILL: That is the lowest unit you capture data on—or business units as well?

Mr Markovic: We capture down. The structure is cluster, division, branch and then team.

Senator O'NEILL: Can you provide me with that cascading set of figures under the categories that you've given.

Mr Markovic: Perhaps to branch level?

Senator O'NEILL: Yes.

Mr Markovic: That's probably a logical level. Against those dates?

Senator O'NEILL: Divisions are above branches, aren't they?

Mr Markovic: Yes. Cluster, division, branch.

Senator O'NEILL: That sounds good.

Mr Markovic: Would you like it to division level or branch?

Senator O'NEILL: Go down to branch.

Mr Markovic: Against those three dates?

Senator O'NEILL: Exactly.

Mr Markovic: Yes.

Senator O'NEILL: Thank you. I think that's it for cross-portfolio, unless you really want to tell us what really happened—

CHAIR: No, I've given you every opportunity. Cross-portfolio are excused insofar as they're not needed for outcome 1, and that is where we shall move. They go with our thanks. [19:29]
Senator O'NEILL: Could the department please advise when the last national partnership agreement on universal access that covered more than 12 months was signed.

Ms Wilson: You want to know when it was signed—is that right?

Senator O'NEILL: Yes, please. Can the department please advise when the last national partnership agreement on universal access was signed that covered more than 12 months?

Ms Bloor: The last national partnership that went for more than 12 months was the national partnership for 2016-17 and that was executed on 21 February 2016.

Senator O'NEILL: How long did that go for?

Ms Bloor: It covered the period from 1 January 2016 to 31 December 2017.

Senator O'NEILL: Okay. Can the department please confirm the sequence of national partnership agreements since 2013? The last Labor agreement expired at the end of 2014 and then I think there was a one-year extension for 2015 and then a two-year agreement from 2016 to 2017 and then 12-month rollovers in 2018, 2019 and 2020. Can you verify if that sequence is correct?

Ms Bloor: That sequence is correct.

Ms Wilson: Senator, can you just repeat the first period?

Senator O'NEILL: I'm asking for the sequence of national partnerships since 2013. I've given you what I think is the case, but it would probably be better if you put it on the record.

Ms Bloor: The national partnership for 2013-14 covered the period from 1 July 2013—

Ms Wilson: Sorry, I think you need to go back to the first one.

Ms Bloor: All right. The first national partnership covered the period from 2008 to 2013. That was from 1 January 2009, in terms of service delivery, to 30 June 2013.

Ms Wilson: There was a small amount of money and some prework that happened before the agreement kicked into place, but what Mr Bloor is talking about is the actual terms of the agreement.

Senator O'NEILL: So it was five years?

Ms Wilson: That's right. From 1 January 2009 to 30 June 2013, so 4½ years.

Senator O'NEILL: A lot longer than 12 months though.

Ms Bloor: Then the partnership for 2013-14 covered the period from 1 July 2013 to 31 December 2014. There was a national partnership for 2015, which covered the period 1 January 2015 to 31 December 2015.

Senator O'NEILL: To be clear, that was an extension of the 2014 one?

Ms Bloor: Yes. The parameters of the national partnership were unchanged at that point.

Senator O'NEILL: But then something changed?

Ms Bloor: There was then a partnership for 2016-17, which covered the period 1 January 2016 to 31 December 2017. Then, as you said, there was a one-year extension in 2018. It was further extended in 2019, but the offer then was made for two years, covering both years. There's been announced an intention for a further extension.

Senator O'NEILL: It was good to go through that carefully. I appreciate that. Does the minister think it's acceptable that there have been three 12-month rollovers of the program?
Senator Birmingham: As you've heard, the government has continued to fund the program reliably.

Senator O'NEILL: Is that how you'd characterise the sector's response to that? Is that the sector's view?

Senator Birmingham: I don't pretend to speak for other people. I'm telling you that universal access to preschool has been provided for continuously throughout our government. Of course, we were elected in late 2013. There was an 18-month agreement in place at the time of our election.

Senator O'NEILL: After a five-year one.

Senator O'NEILL: After a five-year one?

Senator Birmingham: An 18-month agreement had been put in place by the Labor government of the day, and we have renewed that agreement or replaced it with further agreements for funding consistently ever since.

Senator O'NEILL: So I'll take that as a yes: you do think it is acceptable that there have now been three 12-month rollovers to the program?

Senator Birmingham: I think our track record shows that we continue to fund preschool without question.

Senator O'NEILL: Is that methodology acceptable to you, Senator Birmingham?

Senator Birmingham: That we continue to fund preschool without question? Absolutely.

Senator O'NEILL: That you continue to roll over an agreement rather than establish an agreement with longer term for certainty for the sector?

Senator Birmingham: We have continued to fund preschool reliably right throughout our term in government—without question.

Senator O'NEILL: Has the department prepared any advice for the government on the impact that the lack of funding certainty is having on the sector?

Senator Birmingham: The department can answer the question, but we have been through this once or twice before where it is important to highlight that these are payments the government makes to states and territories. States and territories actually provide payments to preschools.

Senator O'NEILL: I think it's important to highlight that there are 350,000 children and their families who are in a constant state of limbo, wondering what's happening with regard to this.

Senator Birmingham: I reject that completely, Senator.

Senator O'NEILL: I know that the department provides a significant interface between the government and the sector, and I have been here and heard—even though this hasn't been an area of questioning for me previously—that you have undertaken considerable and ongoing consultation with the sector. That's just part of the nature of your work. My question is to you, Dr Bruniges, or your nominated staff: has the department prepared any advice for the government on what impact this lack of funding certainty is having on the sector?

Dr Bruniges: Senator, we would provide a range of advice. I'm thinking through, in terms of our work with states and territories and ministerial council as well, and we have a very
strong early childhood group where we often have that talk. So, in that sense, we would have had conversations at ministerial councils with all ministers—state and territory—involved in discussions from work coming out of that early childhood working group, and that would have been informed by the sector's meetings and response in all states and territories. So that would be one place that we would provide advice to ministers of the Education Council.

Senator O'NEILL: So some advice has been provided. Has it been part of the advice that you've given or part of the advice you've received from the sector that uncertainty is having a negative impact on the sector?

Dr Bruniges: Certainly, there have been various budget submissions from Early Childhood Australia and a range of other peaks which identified preschool as one of the elements in their budget submissions as requiring attention and longer-term funding for certainty.

Senator Birmingham: In each budget, we have provided funding. There's a groundhog day element to your questions, Senator, because we've heard for many years now your questions about whether people can have confidence that funding will be there. I have reassured you on many occasions that people should look at the government's track record. We have consistently funded four-year-old preschool, and we have consistently funded four-year-old preschool each and every year.

Senator O'NEILL: I'm interested that you characterise it in that way, Senator Birmingham, because this sector strikes me as being very similar to what goes on in health, and not providing funding certainty means that there is incredible staff turnover as people's certainty of employment is compromised as they wait for you to sprinkle the crumbs from on high—

CHAIR: Is there a question here, Senator O'Neill? This is not a forum for conversation.

Senator Birmingham: Once again, I would point out we do not provide any funding directly to preschools through this funding stream. We provide revenue to states and territories who fund preschools. By the end of 2020, our government will have provided $3.2 billion worth of funding to states and territories for preschool. We will have, as you've identified, renewed or struck new agreements on multiple occasions, having come to office inheriting a short-term agreement that was in place at the time.

Senator O'NEILL: The government have justified the lack of funding certainty to the sector—and I thank you, Ms Wilson, for putting on the record the historical reality of submissions from the peaks around the problems that Senator Birmingham continues to deny—on the grounds of attendance rates in some states and territories. That has been one of the arguments they have put forward, and they've used an insufficiency of data as an excuse for the last three rollovers. Again, this sort of reminds me of the conversations we had about students with disabilities—delay and delay and delay—and the concerns raised there. Can the department please clarify what work has been done to progress this problematic data issue?

Ms Wilson: Certainly, Senator. The national partnership itself has an interesting methodology, which is that the numerator is four-year-olds and five-year-olds and the denominator is four-year-olds. Therefore, some states can actually end up with more than 100 per cent of enrolment, depending on how many five-year-olds they have that they add to their four-year-old cohort. ABS has been doing some work to update its report on government
services and it has identified significant overcounts because of that methodology. We have been working with the states and territories about what is a better measure in a national partnership to look at enrolment and to look at enrolment for 600 hours, and also to look at how we measure attendance, because the ROGS 2018 data suggests that one in 10 eligible children is still not enrolled and 28 per cent of children enrolled in dedicated preschools are still not attending regularly for 15 hours a week. Those numbers get even worse: for vulnerable and disadvantaged, 34 per cent of children are not attending regularly for 15 hours a week; and for Indigenous children, 41 per cent are not attending regularly.

The responsibility for pre-school moved into my area in December, but the same officials' group looks at preschool. So I have been around the table for conversations over a span of close to two years on what data do states have? How can we improve this methodology? Can we agree on a different formula? The ABS has also revised its methodology for enrolment, because there has been a lot of double counting of what the states have been providing as well. So there has been a lot of effort to improve actual data and counting for the purposes of having better measures and better outcomes in the agreements going forward.

Senator O'NEILL: I think about three years of learning at any stage of schooling and what can be done in three years, and we're talking about three years of time that the Commonwealth has had to sort this matter. Isn't three years, with the full resources of the Commonwealth government behind the government here, enough time to work out exactly what it is that the Commonwealth wants to do with attendance data?

Ms Wilson: Senator, it is not just about the Commonwealth, as you have heard the minister outline as well. We have to get agreement with the states and territories, and some of those states and territories have been working very closely on a bilateral basis with us and others haven't. In order to get progress, we need to get agreement from all parties to an agreed approach. We have been working with the ones that have been open to sharing data and working with us, and some other states just haven't.

Senator O'NEILL: How can the government expect to implement any positive change to attendance rates when they refuse to provide funding certainty and when they won't negotiate a new national partnership agreement with the states and territories?

Ms Wilson: I guess what I'm trying to say is that we have been trying to improve attendance. In terms of numbers of children: 50 per cent of four-year-olds attend preschool in a centre based service; 42 per cent in a dedicated preschool; and eight per cent in both. One of the issues we also want to look at in the arrangements of a national partnership is that the national partnership is supposed to be sector neutral, which means the amount of money we provide per head for every child should go to each four-year-old regardless of settings, and that is also not happening. In 2020 it will be $1,292 per child that goes as part of the national partnership, depending on enrolments, and in different states there are different mechanisms that apply. That is another thing we want to look at as part of the review. Some states pass the whole thing on, some states add on even more than that and pass it on and some states only pass on about $400 to $600 worth of it.

There is a fragmentation of arrangements; it operates differently in every state and territory. We haven't been talking just about the data; we been talking about in state X, you do it this way as opposed to state Y. While we talked about the stakeholders, the stakeholders are quite frustrated that the money that the Australian government gives the states doesn't get passed on.
equally regardless of setting in every state and territory, so that's one of the things they have asked us to specifically look at.

Dr Bruniges: Some of the architecture in each state and territory is very different on preschool education. For example, in some states, preschool is attached to the schooling sector. And more and more we are seeing preschools aligned with schooling sector to provide a continuity of learning. Some of that architecture is different, as Ms Wilson said—preschool programs running in long daycare centres, stand-alone preschools and preschools that are linked to primary settings to ensure continuity of learning. I have got just dedicated preschools in 2008 data here. If I read some of the stats for some of the states, based on their attendance for 15 hours or more in the reference week, some of them kind of range from about 50 for all children, 57 per cent through to about 80 per cent. We're not getting 100 per cent in even dedicated preschools in 2018.

Senator Birmingham: Senator O'Neill, you're right. Issues of attendance have been raised with the states and territories over the last couple of years. There have been attempts to try to get the states and territories to suggest better ways that more accurate data could be provided because, when some of these examples are given, the argument used by the states and territories is to dispute the data that's available. What has been done in this year's budget to try to advance, if you like, a stalemate with the states and territories is to provide some specific funding to support data improvement, $3.2 million, that will support some work at the ABS, a range of other data improvement strategies as well as funding for attendance strategies that will support some work by the Smith Family. All of that is very important in trying to move this along, but you have heard that officials are sometimes frustrated in dealing with the states and territories. I can assure you that ministers are frustrated in dealing with the states and territories but this is an area of their policy settings, and the legacy of this funding program is that we hand them a lump sum and it is used in very different ways across states in very different settings.

Senator MARSHALL: Are you making a case for abolishing the states, Minister?
CHAIR: It is a good case for making sure the states remain responsible for areas for which they should be responsible and not confuse things.
Senator MARSHALL: Can the department provide the breakdown of the $453.1 million of funding to the states and territories for 2020?
Ms Wilson: This is one of the items we've tabled in response to question 5. If you have got your pack then I'm happy to read it out.
Senator MARSHALL: That has been tabled.
Ms Wilson: It is probably useful to clarify that the total amount for the national partnership is $449.5 million. The total funding goes to larger than that amount. But, as the minister mentioned, there is money for work on data and there is money for work with the Smith Family. But the actual value of the national partnership is $449.5 million.
Senator MARSHALL: Thanks for that. Do you accept that it's difficult for preschools to plan for the future in respect of recruiting, training preschool teachers, the signing of longer term leases and, in fact, conducting capital works programs without a longer term funding commitment?
Senator Birmingham: In most cases, I think, in that regard, the states and territories now have an established enough pattern in the funding of their preschools that preschools have certainty there. When I was the minister, I was occasionally concerned when I would receive correspondence from preschools, sometimes, or local councils appearing to have concerns—agitated sometimes by a state government for political reasons—that the Commonwealth agreement meant there was a doubt around their funding. The vast bulk of funding for preschools comes from states and territories, and some supplementary funding is provided to the states and territories to lift that, but how much preschools ultimately receive is a matter for states and territories.

Senator MARSHALL: I will move on to a related but slightly different issue. Are you able to clarify for me how the childcare subsidy legislation works if a childcare operator wanted to give a family a fee discount? I'll give you an example: if a centre was charging $100 a day and the family received $70 in subsidy and paid $30 out of pocket, and the centre decided to waive the out-of-pocket fees because the child was sick for a week, would the centre be allowed to do that?

Ms Wilson: I might invite the relevant colleagues to the table. The legislation is quite clear that, basically, the value of the cost of the care to the parent has to be at the base of the care. If the centre offers discounts separately to that, I'm not sure which way you're saying the discount is applying. Are you saying that they literally reduce $100 to $70 and charge the parents $70 a day?

Senator MARSHALL: No. If the centre was charging $100 a day, for example, and the family received $70 in subsidy and paid $30 in out-of-pocket expenses, and the centre decided to waive the out-of-pocket fees because, say, the child was sick for the week, would the centre be able to do that?

Ms Catelli: Under the family assistance law, there is no waiver right there for a service. A family still has a liability. The way that the discounts are applied is that they are usually applied up-front. Taking your example of $100, if the service wanted to contribute $30, it would come off the $100 and then the Child Care Subsidy amount would be calculated on the $70, and the family, depending on what level of subsidy they receive, usually has a 15 per cent contribution to pay towards the fee.

Senator MARSHALL: So there will be always be the out-of-pocket expense?

Ms Wilson: That's a feature of the arrangement—there's a co-contribution.

Senator MARSHALL: It just would be slightly reduced if they wanted to give some back.

Ms Wilson: That's because in the past we had quite a lot of deals being done between families and services where there was no out-of-pocket and the government fully funded the cost. A co-contribution is a strong incentive.

Senator MARSHALL: That's a very attractive proposition!

Senator Birmingham: Unfortunately, if you leave the door ajar to something like that, in the way you've explained it, sounds perfectly reasonable for such a case of a sick child and a little bit of compassion, you quickly come to, as we've seen in this sector, a large change of practice that essentially sees nobody facing a co-payment element. Then the risk becomes, if there is no co-payment effectively being applied, that the ability to audit and track
whether in fact there's ever a child attending child care becomes a high-risk probability as well.

Senator MARSHALL: I will test another scenario. If a centre had to close for a week because of a gastro outbreak or a weather event, say, would families still have to pay fees for that week? Is the centre able to waive fees for a week in such circumstances?

Ms Catelli: We have absent day provisions in place for particular events that could occur. Where the service normally wants to be open but there's a gastro outbreak, families can claim 42 days per year for absent stays, and that provides that continuity of fee relief for families.

Ms Wilson: They would still have to pay whatever the out-of-pocket amount was—we were talking about 15 per cent earlier—but they would still get their rate of subsidy over that period.

CHAIR: Can I jump in there with a question? What happens in the current situation in Queensland, where floods have perhaps—

Senator MARSHALL: You've read my notes.

CHAIR: Sorry, Senator Marshall!

Senator MARSHALL: I was building up to that! No, go ahead.

CHAIR: What happens if a centre is knocked out for longer than 42 days?

Ms Wilson: We can talk to that.

Senator MARSHALL: Let me add my bit, because it's slightly different but it's very close. Because of the recent floods, did any childcare centre operators approach the department to see if they could offer discounted fees for that week or so and were told that they couldn't?

Ms Wilson: I think we can answer that in a number of different ways, but last time at Senate estimates we said that we work very closely with Centrelink on provisions for temporary financial hardship for those families. They could access up to 120 per cent of the cost of care, and therefore take down their out-of-pocket to almost zero. We also made special grants available under exceptional circumstances.

Senator MARSHALL: What triggers exceptional circumstances?

Ms Wilson: In the case of the Townsville floods, we worked with the Queensland state government. They had a mechanism for triggering exceptional circumstances, and instead of making the families try to meet two requirements we just agreed with the Queensland state government that if they met their terms they would meet our terms. We work with Centrelink to put that in force with their people up there. I think you also asked if the centre was closed for a longer period. There are mechanisms that can accommodate more than 42 days and there are provisions for us to consider that on a case-by-case basis.

CHAIR: So you have two potentially affected parties. You've got parents who potentially couldn't get their children to a particular centre for longer than 42 days. I guess that's probably unlikely, but could happen. And then you've got a situation where the centre would lose income, potentially. Can you cope with that circumstance?

Ms Catelli: We have business support payments available for a service where they can get what is basically an advance payment on what they would have received if the service was
continuing as usual. And, in place for the Townsville floods, we had the opportunity for services to apply for the Community Child Care Fund grants as well, to help those services with viability issues affected by the floods.

CHAIR: And there have been such applications?

Ms Wilson: There have been, Senator. We have staff in Townsville. They actually rang every single service affected and made the offer. When we had the Tasmanian fires, we did the same thing; our Tassie office rang all the services affected and made the offer.

Senator MARSHALL: Did the department provide any advice to the minister about providers wanting to offer fee relief for families affected by the floods in Townsville, and were representations made to the minister?

Ms Wilson: I'm going to have to take the representations to the minister on notice. But we talked with a range of providers. We work very closely with the sector. We had a range of providers—including Goodstart, who had quite a few services up in Townsville—talking to us about wanting to waive the outstanding out-of-pocket, and what the mechanisms under the legislation were so that we could do it. We had multiple teleconferences with a range of providers as we worked to streamline the provision I told you about earlier, which was temporary financial hardship to allow them to get up to 120 per cent of the cost of care. They were involved in many conferences, including with my colleagues, about how to make that work.

Senator MARSHALL: I'm more interested in you formulating advice for the minister about providers wanting fee relief.

Ms Catelli: The fee discount policy is in place at all times. There's no reason for us to change our advice due to circumstances. As I said, that's in family assistance law, about the fact that discounts must be applied up-front.

Senator MARSHALL: So the minister never asked for advice about what could be done?

Ms Wilson: We kept the minister's office informed about the conversations we were having and what we were putting in place with the arrangements with the Queensland government to make temporary financial hardship available for those families. What I wanted to take on notice was that I can't recall whether we ever formally briefed. I know we had discussions.

Senator MARSHALL: So you didn't feel that you needed to take advice to the minister to make changes. But I'm also interested if the minister approached the department and said, 'Do we need to make changes?'

Ms Wilson: We had a range of conversations with the minister's office about what could be done under the current legislation. I don't recall whether there was a discussion about whether we needed to change. My understanding—Ms Catelli will correct me if I'm wrong—is that it requires a change in primary legislation to make that change.

Ms Catelli: That's right.

Ms Wilson: Given that a change to primary legislation will take time, we were trying to come up with a proposal that will make things happen quickly in terms of fair relief for parents.
Senator MARSHALL: Thank you. When will the independent evaluation of the new childcare system being conducted by the Australian Institute of Family Studies be completed, and is it running to schedule?

Ms Wilson: The evaluation is quite a multipronged evaluation. There are lots of subelements, and there are surveys and a range of things. So I might see if my colleague Ms Crane can provide you with an update on the elements and how we're tracking in terms of time.

Senator MARSHALL: Thank you.

Ms Crane: The overall project will run through till 2021, which is when the final report is due. As Ms Wilson has indicated, there are a number of elements within that that will come forward, such as some of the early monitoring reports and interim reports. The most recent information that is due is the early monitoring report, which we had anticipated at the end of December. That is due shortly. It is running slightly behind at the moment, in part because of the complexity of gathering information and making sure that all of the elements have been factored into that. So we are working with the Australian Institute of Family Studies on that.

Senator MARSHALL: What's your department's definition of 'slightly'?

Ms Crane: I will have to take that on notice as to whether we have a revised date for that.

Senator MARSHALL: All right. What is that?

Ms Crane: I said I'll have to take that on notice.

Senator MARSHALL: Okay. Are we talking weeks, months or multiple months?

Ms Crane: I don't want to misquote what that is, so I will take that on notice.

Senator MARSHALL: That's okay. How much has been budgeted for the review?

Ms Wilson: Funding for the evaluation is $5.8 million.

Senator MARSHALL: You don't expect that to blow out? If it's running a bit behind, does that mean more costs?

Ms Wilson: There have been no requests for variations because of the timing. I think it's just that this is still early days for the consortium that AIFS is involved in, and they're trying to figure out the stakeholders and identify the key processes. It always takes a little bit longer to start going at the front end.

Senator MARSHALL: Are childcare providers being required to chase debts from families because of changed family circumstances?

Ms Wilson: I know there have been a few queries made recently in the press about this.

Senator MARSHALL: Add this one to the list.

Ms Wilson: Okay. I have a stakeholder group that also meets regularly, and we met in the last couple of weeks, and this was raised. The implementation of the package is still in quite early days, and I think there are a couple of buckets of issues that we're dealing with. There are some issues to do with how providers are claiming. Some providers are getting into the system and letting families start in care before they've actually confirmed their eligibility via Centrelink, and they're making an assumption about what level of subsidy you should be eligible for and not charging you full fees. Then the Centrelink process for the assessment of
the family happens. They might have had an agreement with the family saying, 'You're going to get a 50 per cent subsidy', but they find out that they only get a 20 per cent subsidy. Because the child hasn't been enrolled for the payment before they actually start the service, the system assumes that the service provider will charge the full fee to the parent until all the calculation of the eligible subsidy happens. Some service providers have actually been saying: 'You don't have to pay. I'm just going to assume you're going to be eligible for 50. I'm going to only charge you 50 per cent.' But when the eligibility comes through from Centrelink, because it's dependent on your income but also your activity, they find that the person is eligible for less than they thought. Because the government has already paid them a subsidy in relation to that family, there is a debt, an outstanding amount that's owed, because the family's been—

Senator MARSHALL: But it's not a debt to the Commonwealth; it's a debt to the centre—or is it a debt to you?

Ms Wilson: It's an overpayment on behalf of the family.

Ms Catelli: Yes, and it would be then a debt to the centre, because the centre has only received what the family's true entitlement is.

Ms Wilson: So there's a gap. We're trying to educate—that's incorrect use of language—to explain to centres that it's really important that, if you start a family in the service and they're not enrolled and they don't have subsidy entitlement, they should charge them the full fee. When the eligibility catches up, the system will fix itself. But we have a whole bunch of scenarios. The stakeholders have been telling me that, if someone comes to their door and they've got a job to start in two days and they need care, they let them come in. They do not just let them come in and charge full subsidy; they let them come in and try and guess what the subsidy rate will be for that family.

Senator MARSHALL: I can understand that. Thank you for that. My question might have been a slight variation on that. What about debts that might be incurred because of changed family circumstances? Is that possible?

Ms Catelli: All debts to do with an individual's income or activity levels would be dealt with directly by Centrelink. Going forward, if a family changed their activity level—they might be getting, say, 72 hours of subsidy per fortnight and they increase it to 100—then you would see a change in that payment. If they decreased it, if they lost their job, going forward they might then reduce down to a lower step of subsidy—to 36 hours, for example.

CHAIR: When you talk about a change in family circumstances, would a divorce potentially impact?

Ms Wilson: It shouldn't. With the shared care arrangements, both parents are entitled to the same amount of subsidy for that child. It's not reduced because they share care, if you know what I mean. The child is eligible for those hours of care and it doesn't matter that they're in two households. Both parents will be eligible for that care.

Senator MARSHALL: Just so I'm clear—I'm not an expert in this area, or very many areas, really—

Senator Birmingham: That's not true.
Senator MARSHALL: Parents actually can’t create a debt to the Commonwealth under this scheme, can they? They can only ever create a debt to a childcare centre. Is that right? Have I got that right? I’ve assumed that the underpinning intent of these questions was to find out whether the Commonwealth is using childcare providers as a debt collection area for Commonwealth debt. What I think you’ve told me is that can’t happen. I just want to be very clear.

Ms Wilson: We still have the normal reconciliation process. In the previous system, while you declare your income and you can make adjustments as you go to make sure it’s accurate—the subsidy level we’ve been talking about which you can get from 15 per cent; 85 per cent of subsidy down—if your income changes and you advise Centrelink as you go, your subsidy will be reduced. But, at the end of the financial year, there’s a reco against your taxable income at ATO, as there was in the previous system. Then you could get money refunded or you could be asked to pay whatever the amount is because your variations and your notification of the variations didn’t happen in the right sequence and you got a bit more than you should have, if you know what I mean.

Senator Birmingham: So, in the week-to-week or month-to-month process of paying your childcare bills, you’re correct, Senator Marshall, a parent doesn’t, in that sense, create a possibility of debt to the Commonwealth. But, if over the course of a 12-month period somebody has claimed such level of subsidy that is so far over and above what they were entitled, above the five per cent withheld rate, then of course they could end up, in their tax reconciliation, with a debt to the Commonwealth.

CHAIR: So, in the most obvious circumstance, it would apply if somebody’s income went from $30,000 a year to $60,000.

Senator MARSHALL: And there was a delay in telling people that.

Senator Birmingham: Correct. Although I’m not sure those—

CHAIR: There’s a scale there.

Senator Birmingham: If somebody’s income went from $50,000 to $150,000, indeed.

Ms Wilson: There’s a beautiful taper thing and I’m happy to give it to you. At every point in the taper, if you go $100 over you might drop from getting 60 per cent to 50 per cent, or 50 per cent to 40 per cent. There are thresholds in there and some of those thresholds are more sensitive than others.

Senator MARSHALL: My last question might be directed at that group of people. Does the department know how many families have been issued debts and how many providers have been issued with debt notices or had their payments from Centrelink reduced because the government is chasing the family debt?

Ms Wilson: We haven’t got to the reconciliation process yet. So no debts, per se, have been issued to families because it’s done at the end of the year. You’re best asking DHS about the provider issue. Just trying to explain that: if a provider is paid for a child and then goes in two weeks later and cancels one day of the child’s enrolment because they weren’t there, their next week’s pay will be reduced by the one day that they already got paid for. It’s continuous. It’s like a ledger and there are continuous adjustments in the system. That happens as part of the system on a regular basis. On your other question about service providers and whether there are specific debts being raised, you’re better off asking DHS.
Senator Birmingham: I'm sure that, for Ms Wilson and for me, the commencement of the new childcare subsidy feels like it was a long time ago. It was actually only at the commencement of this financial year, so we haven't got to a full financial year's reconciliation yet. The good news for many families in the system is that they probably won't have thought of or budgeted for the five per cent withheld, so many will actually find there's a little bit of extra when they do their reconciliation. But, of course, there will be some other circumstances.

Senator MARSHALL: Thank you. Chair, now that the last flight to Melbourne has in fact left, it's probably safe to say that I think I'm done!

CHAIR: That's it?

Senator MARSHALL: I can keep flicking through to search for something, if you'd like.

CHAIR: Senator Paterson, do you have any questions?

Senator PATerson: That's fine, but I'll hold my breath—

Senator Birmingham: Senator Payne, who is really hoping I'll get there for Trade, is very grateful, Senator Marshall.

CHAIR: On that basis, that concludes today's proceedings. The committee is due to recommence its examination of budget estimates on Wednesday, 10 April. I thank Minister Birmingham and all other representing ministers, including Minister Cash, officers of the Department of Jobs and Small Business and the Department of Education and Training, and all witness who have given evidence to the committee today. I thank Hansard, Broadcasting and the secretariat, of course. You go with our thanks.

Committee adjourned at 20:12