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SENATE
EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

Thursday, 21 February 2019

Members in attendance: Senators Bilyk, Brockman, Cameron, Kim Carr, Duniam, Faruqi, Molan, O'Neill, Paterson, Pratt, Sterle, Stoker.
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
Senator McKenzie, Minister for Regional Services, Sport, Local Government and Decentralisation

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 Margaret Leggett, 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
Mr Jeff Willing, Branch Manager, National School Reform
Dr Gabrielle Phillips, Branch Manager, Assessment and USI
Mr Joey (John) Baker, Branch Manager, Schools Funding
Ms Tanya Blight, Acting Branch Manager, School Assurance
Mr David Hardy, Acting Branch Manager, National Policy and Data Reform

**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 Shrikes, Acting 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**
Ms Fiona Lynch-Magor, Acting Group Manager, Skills Market
Mrs Kelly Fisher, Branch Manager, VET Market Information
Mr Cris Castro, Acting Branch Manager, Skills Outcomes and Financing
Mr George Thiveos, Group Manager, Skills Programs
Dr Richard Chadwick, Branch Manager, Tuition Assurance Taskforce
Ms Kate Woodall, Acting Branch Manager, VET Student Loans
Ms Linda White, Branch Manager, Foundation and Industry Skills
Mr Adam Luckhurst, Branch Manager, Industry Advice
Dr James Hart, Group Manager, VET Reform

**Australian Curriculum Assessment and Reporting Authority**
Ms Janet Davy, Acting Chief Executive Officer
Mr Peter Titmanis, General Manager

**Australian Institute for Teaching and School Leadership**
Mr Edmund Misson, Acting Chief Executive Officer
Mr Daniel Pinchas, General Manager

**Australian Research Council**
Professor Sue Thomas, Chief Executive Officer
Ms Kylie Emery, Policy and Strategy Branch Manager
**Australische Skills and Quality Authority**  
Mr Mark Paterson AO, Chief Commissioner

**Tertiary Education Quality and Standards Agency**  
Professor Nicholas Saunders, Chief Commissioner  
Mr Anthony McClaran, Chief Executive Officer  
Mr Robert Oliphant, Director

**National Centre for Vocational Education Research**  
Mr Simon Walker, Managing Director

**Committee met at 09:00**

CHAIR (Senator Brockman): I declare open this meeting of the Education and Employment Legislation Committee on Thursday, 21 February 2019. The Senate has referred to the committee the particulars of proposed expenditure for 2018-19 and certain other documents for the Education and Training Portfolio, and the Jobs and Small Business Portfolio. The committee may also examine the annual reports of departments and agencies appearing before it. The committee has decided that answers to questions on notice will be required to be returned by close of business on Friday, 29 March. The committee has resolved that written questions on notice should be received from senators by close of business on Friday, 1 March.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by 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 of questions at estimates hearings. Any questions going 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 immunity interest should be raised.

*The extract read as follows*—

Public interest immunity claims

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

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

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

(1) If:

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

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

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

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

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document 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. Instead, witnesses are 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 or to incorporate longer statements into the _Hansard_.

**Department of Education and Training**

[09:03]

CHAIR: I now welcome the minister representing the Minister for Education and Training, Senator the Hon. Simon Birmingham, and officers from the Department of Education and Training. Minister, do you wish to make an opening statement.

Senator Birmingham: Good morning, Chair, Senators and officials. No, thank you.

CHAIR: Excellent, thank you. Welcome, Dr Bruniges. Do you wish to make an opening statement.

Dr Bruniges: No, thank you, Chair.

CHAIR: Excellent. In that case, we'll go straight to questions. Senator O'Neill.

Senator O'NEILL: Thank you very much, Chair. Can I go to replies to questions on notice—and I'm referring to question on notice SQ18-000695. You say that you received information about the former Assistant Minister Karen Andrews' interaction with staff. In what form was this information provided—verbal or written?

Dr Bruniges: In response to question 695, we stated:

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.

We confirmed that no complaint or incident report had been lodged—

Senator O'NEILL: Dr Bruniges, you're getting ahead of the answer to my question.

Dr Bruniges: I'm sorry.

Senator O'NEILL: That's okay. I'm happy to hear what you have to say. Could you clarify for me—what you've already indicated is that you did receive information. My question was: in what form was this information provided—was it verbal or written?

Dr Bruniges: The statement stands. The department has received information about the assistant minister's interaction. Beyond my answer to the question on notice—the department's response—I have nothing more to add.

Senator O'NEILL: It was a pretty simple question, frankly, Dr Bruniges. You've indicated that you've received information. I'm asking about that response that you've given me. Was that information in a written form or in a verbal form?

Dr Bruniges: Senator, I've said that the department has received information. That's the department's response. I have nothing further to add in relation to the receipt of that information.
Senator O’NEILL: That may be, that you don't want to add, but I do have the right to ask the question. My question is a pretty clear and simple one, and I do expect an answer. Was the material received by the department in written or verbal form?

Dr Bruniges: I go back to my response to 695 and what the department has responded regarding the information received.

Senator O’NEILL: Dr Bruniges, you cannot refuse to answer such a simple question when it is already on the record in your response that you've received information. I'm simply asking: was it in written form or verbal form? If we're going to continue in this way throughout the day, it's not a good start. Simple: was it in writing or did somebody ring and speak to you.

Senator Birmingham: Senator O'Neill, the 695 answer does of course also outline very clearly the usual practice in relation to individual staffing matters and the position the department takes in terms of protecting the privacy of those staff members.

Senator BILYK: We're not asking who; we're just asking which way.

Senator Birmingham: It doesn't have to be a question of who to potentially breach the privacy of individuals.

Senator BILYK: Oh, rubbish! Do you make this up as you go?

Senator O’NEILL: This is a disgraceful cover-up if this continues in this way. We have every right to ask this question and to receive an answer. I'm going to ask it again. I do expect an answer; I think that that's only fair. You've received information—that's a matter of public record, in writing from you now. You received information about former Assistant Minister Karen Andrews's interaction with staff. You have acknowledged that's the case. Did you receive the information in a written form or verbally?

Dr Bruniges: Senator, the response said the department has received information about the assistant minister. I'm happy to take the question on notice.

Senator PRATT: Do you know the answer to the question personally?

Dr Bruniges: I'm happy to take it on notice. I said the department has received information. I'm happy to take that on notice.

Senator PRATT: Do you personally know the answer to the question?

Senator PATERSON: Point of order, Chair: witnesses are entitled to take things on notice, I've heard the witness do so a couple of times now in my short time here in the committee this morning. They shouldn't be continually asking the same question in some kind of attempt to get around them taking it on notice.

CHAIR: The question has been taken on notice.

Senator PRATT: Point of order, Chair: the standing orders would require that our witnesses are claiming either parliamentary privilege in seeking not to answer—

CHAIR: No, they're not.

Senator PRATT: or public interest immunity.

CHAIR: No, they're not. There was no PII claim. All officials, Senator Pratt, as you know, or should know, can take a question—

Senator PRATT: We are allowed to insist on an answer.
CHAIR: No, you can't. All officials have the right to take a question on notice. This question has been taken on notice. Let's move on.

Senator O'NEILL: Can I point out, Chair, that the question may have been taken on notice after Dr Bruniges refused to answer a very simple question about the information that the department holds.

CHAIR: You can point that out.

Senator O'NEILL: The question has already been put on notice. The department should have come prepared to answer questions about this important matter, about former Assistant Minister Karen Andrews's interaction with staff. We spent some time on it on several occasions in the last estimates. We didn't get satisfactory answers there. We have received something from the department. It is not unrealistic to think that we would pursue this question today, Dr Bruniges.

CHAIR: Senator O'Neill, the question has been taken on notice. Let's move on.

Senator PRATT: Point of order, Chair: I do understand that questions can be taken on notice. Questions should only be taken on notice if the answer is unknown to the person giving a reply to the question. Taking a question on notice is not an opportunity to go away and work out whether you want to make a claim of public interest immunity.

Senator PATERSOON: On the point of order, Chair: I've had this exact experience with a different witness in a different committee. I had the same frustration that Senator Pratt had. I wanted to know whether a witness was going to make a public interest immunity claim. The advice that we received was that a witness, if they so choose, can take on notice whether they're going to make a public interest immunity claim. That was a frustration for me at the time. But that is what the standing orders permit.

CHAIR: Senator Paterson is correct. I suggest we move on.

Senator O'NEILL: I'd like to, but I'd like to indicate I do expect answers to my questions. If we don't find a satisfactory response, we'll have to have a private meeting to discuss the matter. I go to my next question: do any documents exist in relation to this interaction?

Dr Bruniges: Senator, I've outlined the department's response to 695 exactly as it stands. In relation to that, I draw your attention to the third paragraph of the answer:

… the department does not … comment on individual staffing matters. Information would not be provided even where individuals are not named, if there is a risk of them being identified from the circumstances. The reasons for this approach include the consideration for the privacy of staff members, the protection of staff wellbeing, and ensuring that staff are not deterred from raising issues in the future. It is therefore not appropriate to comment further on this matter.

Senator O'NEILL: Well, I could understand why the assistant minister wouldn't want any further comment, but we do have a right to ask these questions. Can I suggest to you, Dr Bruniges, that we have a long day—we expect to be here until 11—and that you should prepare to bring documents that are relevant to this back for further interrogation in the course of the day. We do have a right to ask these questions and I do expect some answers. Given that you continue to decline to answer this question—

CHAIR: No, that's an incorrect characterisation, but continue.
Senator O'NEILL: I will give you another chance: are there written documents that are associated with this that you can refer to to give us correct answers, Dr Bruniges?

Dr Bruniges: Senator, there's nothing more I can add than the response that the department has given to the question on notice.

Senator O'NEILL: Do the documents or the verbal communications relate to a single member of staff or multiple members of staff?

Dr Bruniges: Senator, I have nothing more to add than what I have placed as a response from the department to the question on notice.

Senator O'NEILL: This is extraordinary behaviour from the department. Dr Bruniges, no slight on you personally. I'm sure that the government have put you in this very, very difficult position and told you not to answer these questions.

Senator Birmingham: Senator O'Neill, that is an unfair slight on Dr Bruniges, who takes her responsibilities here seriously. The question taken on notice from previous estimates has been answered. Dr Bruniges has rightly pointed out the third paragraph of that question, which relates to the importance of the department in protecting the privacy of individual staff and ensuring that there is no deterrence on staff from raising matters in future. Obviously, there is a risk attached to the privacy of individual staff from some of the questions that you are asking, Senator O'Neill. There are, of course, public interest immunity provisions that relate to potential invasion of privacy and the disclosure of information.

Senator PRATT: Could you explain why disclosing information about the assistant minister and her behaviour in any way might identify the person who was the subject and the victim of this behaviour?

Senator Birmingham: Well, I don't accept the terms that you're using there, Senator Pratt, in terms of the assumptions you're making.

Senator PRATT: Well, it's hard for us to know. You can't refute those assumptions unless you tell us what happened.

Senator Birmingham: And, Senator Pratt—

Senator PRATT: How?

Senator O'NEILL: This is an explanation that has the tone of reasonableness, but I remind you of the last time we were in this room asking this question. Senator Collins's questions were quite clear. They're cited here in the question that you took on notice. When Senator Collins asked:

Are you aware of any complaints made by a member of the minister's staff regarding behaviours in the minister's office?

She didn't get an answer then. And the same nonsense response about privacy for the individual rather than an explanation of the interaction with the department about a minister and their action was received by us then. Senator Collins said:

Let's be very clear here: I'm not asking for that level of information—
referring to individual staff member level—
I'm simply asking if you are aware of complaints made by a member.
You didn't want to tell us that much last time, so the wall of silence has been erected in layers.
And here we are today. Finally you've come to the point of acknowledging that you had received information, which you should have told us the last time we were there, but we didn't get that information—

CHAIR: Is there a question?

Senator O'NEILL: There are several questions, but there's no point in continuing to ask questions which the department refuses to answer. Regarding the matter that you acknowledge you have received information about, does it relate to a single member of staff or multiple members of staff?

Dr Bruniges: Senator, I have nothing more to add to the answer that the department provided to the question on notice. The reasons—let me go through the reasons again—are outlined in paragraph 3: that information would not be provided, even when individuals are not named, if there's a risk of them being identified from the circumstances.

Senator O'NEILL: Let's move on from the individuals that you are so concerned about at the moment. I'm more concerned about getting some accountability for the assistant minister, Karen Andrews. Did the information provided, which may be verbal, which may be written, which you won't disclose to us, suggest that the assistant minister's interactions with staff was positive and friendly or was it about a negative interaction?

Dr Bruniges: Senator, as the response says—

Senator O'NEILL: I've read the response, Dr Bruniges.

Dr Bruniges: It was provided on the basis that it remain confidential and that it was neither a complaint, nor to be treated as a complaint.

Senator O'NEILL: So it was about a positive interaction, then?

Dr Bruniges: Senator, I will reiterate: the information received was provided on the basis that it remain confidential—

Senator O'NEILL: Dr Bruniges, I have read your statement.

Senator O'NEILL: Dr Bruniges, I have nothing further to add.

Senator O'NEILL: Did it involve a stapler, Dr Bruniges?

Dr Bruniges: I have nothing further to add.

Senator O'NEILL: Did it involve any other office equipment or was it just a stapler?

Dr Bruniges: Senator, I have nothing further to add.
Senator BILYK: How can we be assured that the issue has been dealt with appropriately, as in the answer, when we don't know what the issue was, and—

Dr Bruniges: Senator, I can assure the committee that the department dealt with this information in an appropriate matter.

Senator BILYK: Oh: 'Trust us'!

Senator PRATT: Do you deny that Assistant Minister Karen Andrews threw a stapler at a staff member?

Dr Bruniges: Senator, I have nothing further to add than the response to question 695.

Senator PRATT: So you won't confirm or deny that the assistant minister did that?

Dr Bruniges: Senator, I have nothing more—

Senator PRATT: Would such behaviour be inappropriate?

Senator Birmingham: The answer is very clear:

... no complaint or incident report has been lodged by a departmental staff member—

Of course, it goes on to say:

... information ... was provided on the basis that it remain confidential and that it was neither a complaint nor to be treated as a complaint.

Senator PRATT: If the assistant minister or anyone else threw a stapler at a staff person in your department, would that be profoundly inappropriate behaviour?

Dr Bruniges: Senator, that's a hypothetical and I'm not going to respond to hypotheticals.

Senator PRATT: Was is hypothetical?

Senator Birmingham: Your question is a hypothetical question, Senator.

Senator PRATT: Well, it might be, only if Assistant Minister Andrews didn't throw a stapler, but it doesn't sound very hypothetical to me if she did.

Senator BILYK: I'm sure it would be denied if it hadn't happened.

Senator O'NEILL: Can I ask finally and very clearly: was the information that you received, which was provided to you, which you continue to say needs to be dealt with in an appropriate manner—which looks like a protection racket wrapped around the minister—that Assistant Minister Karen Andrews threw a stapler at a staff member?

Dr Bruniges: Senator, I have nothing further to add than the response to question 695.

Senator O'NEILL: Minister?

Senator Birmingham: As the answer says, no complaint or incident report has been lodged by a departmental staff member.

Senator PRATT: Minister, would it be inappropriate for someone, any person, to throw a stapler at staff in the department?

Senator Birmingham: That is a hypothetical question.

Senator PRATT: Is it a hypothetical question?

Senator Birmingham: It's a hypothetical question. You have asked a hypothetical question.
Senator PRATT: Why is it a hypothetical question? Is that because Assistant Minister Karen Andrews didn't throw a stapler? If she did, it's not a hypothetical question. Is it inappropriate to throw a stapler at staff members?

Senator Birmingham: Senator, the questions that you're asking are either framed as hypothetical questions or, if you're going to—

Senator PRATT: Is it a hypothetical question?

Senator Birmingham: standards of workplace practices, then of course there are relevant agencies responsible for that.

Senator PRATT: You are confirming it's a hypothetical question? If you're confirming it's a hypothetical question, then you're trying to say she didn't throw a stapler. Is that what you're saying? You're denying that she threw a stapler?

Senator Birmingham: Senator, you have framed a hypothetical question, and I otherwise point you again—

Senator PRATT: Are you denying that Assistant Minister Andrews threw a stapler?

CHAIR: Senator Pratt, allow the minister to answer.

Senator Birmingham: These issues have been explored, and the department has provided a clear answer that says no complaint or incident report has been lodged.

Senator PRATT: Did she throw a stapler?

CHAIR: Senator Pratt.

Senator CAMERON: Dr Bruniges, what is the procedure within the Public Service for an assault on an officer? What procedure kicks in if there is an alleged assault?

Dr Bruniges: One of the avenues would be through our complaints policy, and we would walk through that. If it's an assault, I would suspect immediate referral to appropriate authorities to deal with that and investigate it.

Senator CAMERON: Was there any consideration by the department of alerting the police of an alleged assault by a minister on a staff member? Has there been any discussion within the department on that issue?

Dr Bruniges: As I said in response to 695, the information that was obtained by the department was provided on the basis it remain confidential and that it was neither a complaint nor to be treated as a complaint.

Senator CAMERON: I'm not asking you to divulge. I'm simply asking: was there any consideration within the department about alerting the police about an alleged assault?

Dr Bruniges: Not that I'm aware.

Senator CAMERON: So, if a minister assaults a public servant, we go into this situation, and you hide behind the anonymity of the public servant. You indicate here that the department would not normally make comment on an individual staffing matter. What is normal about an assault by a minister on a public servant? What is normal about that?

Senator Birmingham: Senator Cameron, I again highlight the fact that no complaint or incident report has been lodged.

Senator CAMERON: I'm asking. You should stop covering up. Pardon?
Senator Birmingham: I again highlight the answer provided on notice, clearly stating no complaint or incident report has been lodged.

Senator CAMERON: Dr Bruniges, was there no complaint because the staff felt intimidated that the staff couldn't take it forward? Do you feel intimidated by this minister? Is that the problem—that you're intimidated and you won't protect your staff? Is that the issue?

Dr Bruniges: The wellbeing of my staff is first and foremost. As you can see from my answer, indeed the reasons for the approach that we have taken really go to the consideration of staff privacy matters, the protection of staff wellbeing and ensuring staff, importantly, are not deterred from raising issues in the future.

Senator CAMERON: Have you had any discussions with any minister in relation to the alleged assault?

Dr Bruniges: I have nothing more to add than the answer to the question provided on notice.

Senator CAMERON: This does not divulge any identity. Have you had any stage had a discussion with any minister of the Crown in relation to an alleged assault by a minister on a public servant? Have you?

Senator Birmingham: Senator Cameron, you may be making allegations. I again highlight the answer tabled in writing—

Senator CAMERON: I'm not making an allegation. I'm asking a question.

Senator Birmingham: by the department that states that no complaint or incident report has been lodged by a departmental staff member.

Senator CAMERON: Dr Bruniges, can you answer the question? You have either not had any discussions or you have. Have you had any discussions with any minister of the Crown in relation to an alleged assault by a minister on a staff member?

Dr Bruniges: I have nothing further to add than the response to the question on notice.

Senator PRATT: Senator Birmingham—

Senator CAMERON: I think that says it all.

CHAIR: Order! Let's not speak over each other.

Senator PRATT: I have a question for the minister. Senator Birmingham, do you know about the information in this incident?

Senator Birmingham: I obviously know the answer that has been provided in writing by the department. It states that no complaint or incident report has been lodged by a departmental staff member—

Senator PRATT: I'm not asking you—

Senator Birmingham: and that the department received information on the basis it remain confidential, and it was neither a complaint nor to be treated as a complaint.

Senator PRATT: Do you, personally, have any other information, that you know, other than what is written in that answer to that question on notice? Do you know about this incident?
Senator Birmingham: I don't hold or have other information in relation to any allegations that you or others are making. I have the answer of information from the department.

Senator PRATT: Do you, personally, know whether a stapler was involved or not? I'm not asking whether it was or it wasn't involved. Do you know, personally? I'm not asking for you to tell me if it was a stapler or not a stapler.

Senator Birmingham: I have no personal knowledge of the matters that you or others are making claims about. I have knowledge provided by the department that is consistent with the answer before us.

Senator PRATT: Okay. So you, personally, don't know anything about a stapler.

Senator Birmingham: I do not have personal knowledge of the matters that form the basis of this answer.

Senator PRATT: Until this point in time today. You've never heard the word stapler mentioned, in relation to this incident.

Senator Birmingham: I've heard of allegations that you or others may have made, but my understanding is the department has handled all matters, in the way outlined in this answer, very clearly, assuring the committee that it has dealt with information in an appropriate manner and, again, that no complaint or incident report has been lodged.

Senator PRATT: So you were personally aware about allegations involving a stapler prior to this point in time today.

Senator Birmingham: I would have to take it on notice. My understanding is that a media inquiry was made of my office at some point.

Senator PRATT: Regarding a stapler?

Senator Birmingham: I'd have to take on notice what the details are, but I assume that media inquiry was around the same matters that prompted Senator Collins's questioning.

Senator O'NEILL: Senator Birmingham, can we go back to your understanding and your information and what you've received. In what form did the department inform you? Was it a verbal briefing or a written briefing about the stapler incident?

Senator Birmingham: I just took on notice my recollection, in terms of anything of private knowledge, particularly that relates to a media inquiry that my office fielded, at one point. I will take on notice as to whether there is anything additional to that.

Senator O'NEILL: So in preparation for today, this question on notice was on the record and the department have come prepared to restate it and restate it. In your interactions with the department, they indicate that they have received information about the assistant minister's interactions with staff. Did they share that information with you prior to today?

Senator CAMERON: It doesn't work with me. Death stares don't work with me, even if it's the secretary.

CHAIR: Senator Cameron, order!

Senator CAMERON: Sorry, Chair, it's just that my colleague indicated that was a death stare from the secretary. I just said, 'Death stares don't work with me,' you see.

CHAIR: You do not have the call.

Senator CAMERON: They didn't even work with Julie Bishop.
CHAIR: Senator Cameron!

Senator O'NEILL: How did you receive your information from the department about this, Senator Birmingham, in preparation for today?

Senator Birmingham: I had a briefing with the department, as is customary ahead of Senate estimates, yesterday.

Senator O'NEILL: I'm almost scared to ask this question because it seems like it's very difficult to answer: was your information provided in verbal or written form?

Senator Birmingham: I had the possibility of this question being asked drawn to my attention, or questions in relation to this question on notice. I had not seen the question on notice prior to yesterday.

Senator O'NEILL: But you did see it yesterday?

Senator Birmingham: I did see it yesterday.

Senator O'NEILL: And you did have it pointed out to you that this might be of some interest to the committee and that there would be questions, perhaps, today?

Senator Birmingham: Along with, of course, many other issues that could be asked today, as is standard form in preparing for Senate estimates.

Senator O'NEILL: Well, I have to say that your preparation looks a little sloppy, seeing as we haven't got any documentation which we were pretty likely to ask for.

CHAIR: You can ignore that as commentary, Minister.

Senator O'NEILL: Minister, did you receive information in a written form about this matter?

Senator Birmingham: A question on notice, Senator—you received information in a written form as well.

Senator O'NEILL: Is that all that you received?

Senator Birmingham: Yes, Senator O'Neill.

Senator O'NEILL: You've only received this answer?

Senator Birmingham: I have the question on notice that is the same information available to you and publicly available.

Senator O'NEILL: But do you have in your possession any other briefing materials in a written form that describe the incident that we're referring to with regard to Assistant Minister Karen Andrews's interactions with staff, which the media have indicated involved a stapler?

Senator Birmingham: No, Senator, and of course I don't necessarily accept assertions or otherwise by the media.

Senator O'NEILL: Have you got in your possession any documentation around this matter?

Senator Birmingham: I have a copy of the question on notice, Senator.

Senator PRATT: Do you have a copy of the media reporting around this issue with you?

Senator Birmingham: No, I do not, Senator Pratt.

Senator CAMERON: 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?
Senator Birmingham: I'll take that on notice, Senator.

Senator CAMERON: Who was the Prime Minister at the time? It's hard to keep up. Was it Mr Turnbull?

Senator Birmingham: I've already taken on notice the question in relation to the media inquiry. It was some time ago, so I'll have to check.

Senator PRATT: You were the responsible minister at the time?

Senator Birmingham: I don't recall the exact timing, Senator Pratt, so I've taken it on notice in relation to that media inquiry.

Senator O'NEILL: Can I just help you out with the timing. You were the Minister for Education and Training and, at that time, Assistant Minister Karen Andrews was assisting you. She was your junior minister, so one would assume that you were in reasonably regular and close contact in terms of managing that huge responsibility for education across the nation. Are you telling the committee, Senator Birmingham, that you had no knowledge of this matter prior to briefing for today?

Senator Birmingham: I indicated that I have a recollection of a media inquiry received. Whether that media inquiry was received before or after I shifted into the Trade portfolio, I'd have to check.

Senator PRATT: So what inquiry did you make in response to that media inquiry about the alleged behaviour that had been reported to you by the media?

CHAIR: The minister's taken his knowledge of that media inquiry on notice. I think, quite frankly—

Senator PRATT: No, that's the knowledge of the media inquiry, and he can come back with the date et cetera—

CHAIR: But I think that would cover that question as well.

Senator PRATT: No, my question is: what actions did you take in follow-up to legitimise whether this allegation that had been put to you by the media was true? You must be able to give us some verbal account of that now.

Senator Birmingham: My understanding, Senator Pratt, is that my office was advised that the department had handled any such matters in an appropriate manner, consistent with the answer that's been provided today.

Senator O'NEILL: Can I go back to the communication, which we still are not yet able to discern was in written or verbal form. If we go back to the communication with the department, Dr Bruniges, what action did you take at the time?

Dr Bruniges: Senator, as I've outlined, the department has dealt with the information that it received in an appropriate manner.

Senator O'NEILL: Let's dig in there a little bit. Did the matter come to your attention, Dr Bruniges? Did you handle this matter yourself, or was it another staff member?

Dr Bruniges: Senator, I have nothing more to add than what I've put on notice in response to the question.

Senator O'NEILL: This is outrageously opaque. Senators are here to ask questions in the interests of the Australian public to get to the truth of what's going on in this country and in...
this building. We're discussing serious matters, serious allegations, that have been aired over a long period of time about behaviour that is completely inadequate in the Australian employment environment—

**CHAIR:** Senator O'Neill, can we ask a question?

**Senator O'NEILL:** and we can't get a straight answer from the department.

**CHAIR:** I am going to share the call very shortly, so—

**Senator Birmingham:** Senator O'Neill, I again highlight the words in the answer provided that no complaint or incident report has been lodged by a departmental staff member.

**Senator O'NEILL:** But Dr Bruniges was aware of this matter. Did you receive information directly yourself, or was it another member of your staff?

**Senator Birmingham:** There has not been a complaint or something to be treated as a complaint.

**Senator O'NEILL:** The material that you received, whatever shape or form you want to describe it as—when you received information about an interaction in Assistant Minister Karen Andrews's office with a staff member, what action did you or your department take, Dr Bruniges? And when did you inform the senior minister?

**CHAIR:** No, we're going—

**Senator CAMERON:** You want to get off it, do you?

**CHAIR:** No.

**Senator CAMERON:** You want to get off this, do you?

**CHAIR:** Senator Cameron, how many hours did we spend in this room yesterday? You know how I manage the committee, and I manage it very fairly.

**Senator CAMERON:** Okay, so you will come back to me on this assault issue?

**Senator O'NEILL:** Can I have an answer to my question, please.

**CHAIR:** I think that question has already been asked, but the official is—

**Senator O'NEILL:** Did you or a member of your staff deal with this report, this information, that you received? And how did you then inform the minister about the matter?

**Dr Bruniges:** Senator, as I said, the department can assure the committee that it dealt with the information it received in an appropriate manner and again draw your attention to paragraph 3 about the approach taken and the reasons for why—

**Senator O'NEILL:** This is a process question, Dr Bruniges.

**Dr Bruniges:** it is not appropriate to comment further.

**Senator O'NEILL:** This is a process question about how you manage the information.

**CHAIR:** Senator Faruqi, do you have any questions for cross-portfolio?

**Senator FARUQI:** No, Chair.

**CHAIR:** Senator Molan or Senator Paterson, do you have any questions for cross-portfolio?

**Senator MOLAN:** I have none, but on outcome 1 I do.
CHAIR: Okay, we're still in cross-portfolio.

Senator O'NEILL: Thank you very much. This is a process question, Dr Bruniges. You have information, as you describe it. Most people, I think, would call it a complaint. Let's go to the reality of what it's like for some staff members in this place. Staff members working for ministers, who work with them for long periods in the day, who feel very loyal to them, who might be very loyal to a political party that that minister represents, don't necessarily want to bring shame or embarrassment to the minister, but sometimes things just get so difficult that they need to talk to somebody about things that are happening in their workplace that are inappropriate. They come to the department with information in written form, perhaps, or in verbal form, but I can't understand why you can't tell me, when somebody approaches you in that way, what the process about how you deal with that is and how you deal then with handing that information in an appropriate way to the relevant minister. This is a process question. What did you do when you received this information?

Dr Bruniges: Senator, as the response to the question says, it was provided on the basis that it remain confidential and that it was neither a complaint nor to be treated as a complaint.

Senator O'NEILL: Does that cut out a whole lot of processes, Dr Bruniges, in your view? If somebody comes and tells you something and says, 'I don't want this to be a complaint,' does it just go into a bin somewhere and never get looked at, or does action follow?

Senator PRATT: If it was very sensitive, they might have been scared of making a complaint.

Dr Bruniges: Senator, I have nothing more to add than what I've just said.

Senator O'NEILL: When you got this information, what did you do with it? Because it wasn't a complaint—you've made it clear that the person asked for it not to be dealt with as a complaint. I think I've explained why some people might say: 'I don't want it to be a complaint. I'm just letting you know because I really don't want this to happen to another person.' What happened to me shouldn't happen to another person.' Lots of women do that when they're subject to intimidation and when they're subject to assault. The best that they can do—and sadly, I do speak from personal experience, like many women, and the #MeToo movement put all this out on the record. You can be in a pretty shocked state when somebody treats you in a way that is completely unexpected, particularly in a professional situation, particularly if you trusted them. And the best that you can get the courage up to do is to step forward and tell somebody, in this case a department: 'There's some pretty awful stuff going on in this office. I'm letting you know. I don't want to make a complaint, because of a whole lot of reasons that I can't even explain to you.' Because of loyalty—misguided loyalty, perhaps—because of fear, because of anxiety, because of trauma and stress, people don't put it on the record. They don't do it formally. But they told you in good faith—

CHAIR: Senator O'Neill, can we get to a question?

Senator O'NEILL: because they want something to happen. What did you do with the information that this staff member provided to you in written or verbal form? I know, Dr Bruniges, that you won't have done nothing. What did you do?

Dr Bruniges: Senator, all I can do is refer back to my response provided on notice.

Senator O'NEILL: That must be profoundly disappointing for you to put that on the public record.
Dr Bruniges: Senator—

Senator O'NEILL: As the head of a department with hundreds of staff—

CHAIR: Take that as a comment.

Senator Birmingham: Senator O'Neill, the department's provided an assurance that information was handled in an appropriate way. The department has also made clear that it does not in any way wish to jeopardise the privacy of any individual, and it wants to ensure that such matters are handled in ways that do not deter any other staff from raising any other issues in the future.

Senator O'NEILL: I'd like to continue this line, if I can. Senator Birmingham, you've indicated there that we need to trust you that appropriate action was taken. But the fact is that this person came to the department and raised this concern, that you've received information and that we can't even get on the public record what the response to just receiving information was, when someone said, 'Don't treat it as a complaint.' We can't even get you to tell us what you did with it. How is that going to engender a culture of people speaking up when they're being subjected to the sorts of behaviours that are being discussed here today?

Senator Birmingham: They can have the confidence that, when they ask for something to be treated in confidence, it will be treated in confidence.

Senator O'NEILL: The matter itself and the individual should be protected. We are not asking for details about the individual. I am asking a process question. When a person came forward who was sufficiently concerned about behaviour in their workplace to advise the department with information in written or verbal form that something not very good was going on in their workplace, what did you do? That's got nothing to do with anybody's identity. What did you do?

Dr Bruniges: Senator, as I responded to the question, the department has dealt with it in an appropriate manner.

Senator O'NEILL: What did you do? What is the 'appropriate manner', Dr Bruniges?

Dr Bruniges: We go to paragraph 3, 'Consideration of the privacy of staff members, protection of staff'—

Senator O'NEILL: Yes, but what did you do?

Dr Bruniges: ‘wellbeing and ensuring that staff are not deterred from raising issues in the future’. I'm not going to comment any further.

Senator O'NEILL: I really want to follow this through. If somebody has a stapler thrown at them, which is what is alleged in this situation—it could be another action; it might be a coffee cup thrown at them—if somebody has that experience, Dr Bruniges, and they come to you, what are you going to do? What did you do? What is appropriate? Explain the process, please.

Dr Bruniges: Senator, look, the department has received information. I go back to paragraph 2. We've received information—

Senator O'NEILL: And then what happened?

Dr Bruniges: I'm not going to comment on a potential hypothetical or any situation. I have been very clear that no complaint or incident report has been lodged by any
departmental staff member relating to the former assistant minister and that we did receive information related to interactions of staff which was provided on the basis that it remained confidential and it was neither a complaint nor to be treated as a complaint. We dealt with that information in an appropriate way. The reason and the approach—

Senator O'NEILL: We have had that statement over and over. I'm asking you what happened. What is 'appropriate'? Step it out for me. What is the 'appropriate' response, so I understand?

Senator PRATT: If I threw a stapler in your workplace, what would the appropriate response be?

Dr Bruniges: I'm not going to respond to hypotheticals.

Senator PRATT: Well, I'm not sure it was a hypothetical.

Senator O'NEILL: Dr Bruniges, if you're running a department, there are processes and there are procedural guidelines about exactly these sorts of situations. They deal with situations that may arise. That's part of good governance. You know that, and I know that you operate out of that mode. I understand that, this morning, you're in a very difficult position. But I am genuinely asking you: if I was subject, in my workplace, as a public servant—to the throwing of an object at me—for whatever reason—in the context of my work, and I came to you, what do you do as an 'appropriate' response? What is your procedure?

Senator PRATT: Did you deviate from that procedure in this case because an assistant minister was involved?

Dr Bruniges: Senator, I have no further comment other than the texts on notice.

Senator O'NEILL: I can't believe that you have no response to that.

Dr Bruniges: Senator, the department's provided a response.

Senator O'NEILL: What do you do?

Dr Bruniges: Senator, the department—

Senator O'NEILL: Do you talk to the person? Do you provide counselling support?

Dr Bruniges: I can assure the committee that the department has dealt with this information in an appropriate manner.

Senator O'NEILL: Do you talk to them personally?

CHAIR: Senator O'Neill, don't talk over the official.

Senator O'NEILL: Well, I'm providing options—

CHAIR: Senator O'Neill, order! Dr Bruniges.

Dr Bruniges: Thank you, Chair. As I said, I would like to assure the committee that it's been dealt with—the information provided on the basis that it remain confidential and that it was neither a complaint nor to be treated as a complaint—in an appropriate manner.

Senator O'NEILL: People had better hope that there is no violence in their workplace here in Canberra because, if somebody can get away with informing you and there's no process that's involved, this is a very, very big problem.

CHAIR: Senator O'Neill, please keep the commentary to a minimum. This is estimates.
Senator Birmingham: Senator O'Neill, that is an unfair slur on the department. People should have confidence that, when they—

Senator O'NEILL: They should have, but how are they going to have it, Senator Birmingham?

CHAIR: Order! Order!

Senator Birmingham: People should have confidence that, if they discuss confidential matters with the department, those matters will remain confidential—

Senator O'NEILL: That's true.

Senator Birmingham: and be treated with respect.

Senator O'NEILL: But they should also know the process that's going to ensue once they make a complaint, Senator Birmingham.

CHAIR: This is estimates, not a discussion. Senator Pratt, did you have a question?

Senator PRATT: Senator Birmingham, you confirmed that you received a media inquiry about an alleged incident. You've confirmed that you have the same information that the department has, in terms of the way that the department dealt with the information. Can I ask, other than what's in that answer, if you made inquiries about the nature of the incident and whether what had been reported in the media was true?

Senator Birmingham: My office receives lots of media inquiries. Those media inquiries are wideranging. In terms of the handling of this matter by the department, my office received the same assurance that is on the public record in the answer to this estimates notice.

Senator PRATT: Did you seek any further assurances personally, because, to be honest, if I were the minister in your shoes and a minister, my assistant minister, had behaved in that alleged way and I were given that answer—that it was simply about information and that it had been appropriately handled by the department—I'd want to know for sure what had happened? Do you know what happened in that incident? I'm not asking for a description of it; I want to know if you have further information in your head about what is alleged to have happened.

Senator Birmingham: My office received assurances from the department that information was handled and acted on in an appropriate way.

Senator O'NEILL: That wasn't the question, Senator Birmingham.

Senator PRATT: The question was whether you have any other knowledge, personally, about this incident—

Senator Birmingham: No, Senator.

Senator PRATT: other than what's written in front of you on that piece of paper. Did you make inquiries to find out whether a stapler was thrown or not?
Senator Birmingham: Senator Pratt, rightly, with departmental staff, the assurances were received from the department that they handled the manner and did so in an appropriate way.

Senator PRATT: Okay. So you don't know if a stapler was thrown or not?

Senator Birmingham: All I know is the same information that is publicly available, and the department has acted appropriately in relation to any matters with departmental staff.

Senator BILYK: That's atrocious. You don't know that they've acted appropriately.

Senator PRATT: So the media made an inquiry about a stapler being thrown, and you did not yourself ascertain whether your assistant minister did or did not throw that stapler.

Senator Birmingham: I do not—

Senator PRATT: You were satisfied with the answer that it was managed by the department.

Senator Birmingham: Firstly, I do not know whether that specific allegation was contained in a media inquiry. I have a recollection of a media inquiry about the assistant minister's office or staffing arrangements or the like. I've taken that on notice.

Senator PRATT: Did you find out what happened in that incident?

Senator Birmingham: Secondly, my office has received the same assurances in relation to departmental staff that have been provided to this committee, entirely consistent with the answer provided on notice.

Senator PRATT: I would suggest that, for you as the minister at the time, with this being your assistant minister, I would be entirely uncomfortable to be in your shoes because, essentially, there was alleged behaviour—

CHAIR: Senator Pratt, please keep the commentary to a minimum. Let's ask questions.

Senator PRATT: and you're telling me you don't know the substantive nature of the behaviour itself. Shame on you!

Senator Birmingham: When it comes to departmental staff, quite rightly, the department acts in relation to those departmental staff, and the assurances my office received are entirely consistent with the assurances provided to this committee in the answer to question on notice 695.

Senator PRATT: I'm not asking you what happened; I'm asking you if you know what happened. Do you know what happened?

Senator Birmingham: I know that the department acted.

Senator PRATT: No, I'm asking you if you know what Assistant Minister Karen Andrews was alleged to have done.

CHAIR: Senator Pratt, allow the minister to answer the question.

Senator PRATT: I'm not asking what happened; I'm asking if you know what happened.

Senator Birmingham: I know the department acted in relation on information in an appropriate way, and that the department also respects the confidentiality of that information which, as this answer makes very clear, did not constitute a complaint or any incident report.

Senator PRATT: In asking you if you know what happened, I'm not asking you to reveal what happened. I'm not asking you to contradict that answer. I am just asking you if you know
what happened. It would seem responsible for you, as the minister working with your assistant minister, to have made inquiries exactly about the nature of the incident. I'm not asking you the nature of the incident; I am just asking you if you know what happened.

CHAIR: You've asked that question three times now.

Senator Birmingham: What I know is consistent entirely with the answer provided to this committee.

Senator PRATT: So you don't know what happened? Do you or don't you know what happened?

Senator Birmingham: I know that the department handled any information in an appropriate way and has provided those assurances to my office.

Senator PRATT: Do you know if—

CHAIR: The question has been asked four times now.

Senator PRATT: But he's refusing to answer. He's giving me an answer not to the question I asked. I'm simply asking if he knows what happened in that incident.

CHAIR: Senator Pratt, let's move on.

Senator Birmingham: I don't accept your assertion around an incident or otherwise. All I know is that the department handled information in an appropriate manner—infor...
answer, even on the process of what happens with information that is wrapped up in a bubble when somebody is too scared to say, 'I don't want to make this official; please can you just fix it?'

CHAIR: You can treat that as a statement, Minister. Can we please ask some questions?

Senator CAMERON: Minister, you've just indicated that you believe the correct and proper handling of this when it relates to departmental staff is for the department to handle the issues relating to the departmental staff. That's your position? Is that your position?

Senator Birmingham: Yes, indeed. The correct and proper approach for matters that relate to departmental staff is that they are handled by departments.

Senator CAMERON: But this goes beyond departmental staff; this is about an allegation of an assault by a minister on departmental staff, isn't it? That's what we're talking about? Is that correct?

Senator Birmingham: That's an accusation you're making. I again highlight the answer provided makes clear no complaint or incident report has been lodged and that information was provided to the department on the basis that it remained confidential and that it was neither a complaint nor to be treated as a complaint.

Senator CAMERON: Minister, you're starting to sound like Minister Cash. This is a clear incident where there are allegations of a minister's involvement. So you can try and highlight the issue of the officer, but there's an issue here for a minister. You are aware of the code of conduct that Mr Morrison put out recently for ministers, aren't you?

Senator Birmingham: Yes.

Senator CAMERON: In 1.2, it talks about integrity, accountability and the public interest. So why is it in the public interest and how does it lead to integrity and accountability if you as the minister are hiding behind an argument that this is an issue relating only to a public servant, when the incident is fundamentally about an allegation of an assault on a public servant by a minister, a minister who directly reports to you? How is that consistent with 1.2 in the code of conduct?

Senator Birmingham: It is entirely appropriate and expected of ministers that they respect the Public Service and the rules of operation around our engagement with the Public Service, and that includes that departmental employees are employed by those departments and that we all not only ought to respect and cooperate with any matters handled by those departments but also acknowledge that departments themselves undertake and handle any
staffing matters related to those departmental staff. It is not appropriate for ministers to interfere in those processes.

**Senator CAMERON:** I'm not asking for you to interfere. This is about the ministerial code of conduct, nothing to do with the Public Service. This is about an assistant minister who has been accused of assaulting a public servant.

**Senator Birmingham:** You're making that accusation. I again highlight the information provided to the committee that there has been no complaint lodged by a departmental staff member.

**Senator CAMERON:** That's what happens in domestic violence all the time, where the victim of domestic violence doesn't make a complaint—

**CHAIR:** Senator Cameron, we are straying well away from estimates hearings now.

**Senator CAMERON:** Domestic violence usually results in the victim not making a complaint. This, to me, equates exactly to that position, where the victim is in a position of being not having power in relation to the incident, and the minister having total power in relation to this incident. My view is this does not comply—

**CHAIR:** Senator Cameron, the estimates are not about your views—

**Senator CAMERON:** I'm asking a question! This does not comply with the ministerial code of conduct. Neither your conduct nor Minister Andrews' behaviour, in my view, complies with the code of conduct, and you should reflect on that.

**CHAIR:** Senator Cameron—

**Senator CAMERON:** I now want to come to the other areas of the code of conduct. Section 2.1 talks about the integrity of ministers. My view is that you are not behaving with integrity.

**CHAIR:** Senator Cameron, stop stating your view and ask a question.

**Senator CAMERON:** Do you believe that you are behaving with integrity? 5.1 goes to the issue of honesty. Are you behaving honestly in relation to this? Then I'll come to the SES Code of Conduct after you finish this.

**CHAIR:** No, I'm going to share the call after this question.

**Senator CAMERON:** Minister, do you believe that you have behaved with integrity and honesty, that you have acted within the public interest, and that you have been accountable? Do you?

**Senator Birmingham:** Yes, I believe it is entirely appropriate that departments handle matters in relation to departmental staffing and that ministers don't interfere in such matters.

**Senator CAMERON:** You can go to dinner with Michaelia Cash tonight, because you have a lot to talk about.

**Senator PATERSON:** Minister, allegations of bullying are obviously very serious matters that should be taken very seriously. How familiar are you with other allegations of bullying made against members of parliament by their staff? In particular are you aware of the allegations made in public by Emma Husar's staff against her?

**Senator Birmingham:** I have seen media reports on those matters.
Senator PATERSON: Are you aware of what process those staff went through to have those claims investigated and resolved?

Senator Birmingham: My recollection of those media reports is that the New South Wales branch of the Australian Labor Party undertook an internal process.

Senator PATERSON: Is it your understanding that that is the normal avenue for an employee of the Commonwealth of Australia to resolve an allegation of workplace bullying?

Senator Birmingham: As staff members of a local member of parliament, I would assume that they were employed under the Members of Parliament (Staff) Act and that, if they had any issues, those issues would be handled by the Department of Finance.

Senator PATERSON: This is an issue that we've explored with the Department of Finance in another committee, and it's my understanding that the very serious allegations of workplace bullying raised by those staff members of Ms Husar did not in fact go through the Department of Finance process; they went through only this ad hoc process set up by the Labor Party in New South Wales. Why would a political party seek to take over and direct taxpayer funded employees through that process rather than through the proper channels?

Senator Birmingham: That is a question that obviously could really be answered only by the political party, although one could hypothesise that they wished to avoid scrutiny of such matters.

Senator PATERSON: The New South Wales representatives on this committee may have some insight. Perhaps Senator Cameron or Senator O'Neill know why electorate officers employed by Ms Husar were directed away from the appropriate channels for resolving their serious workplace bullying and harassment claims into a non-transparent process conducted by a political party.

Senator O'NEILL: I think you need to get your facts straight.

Senator PATERSON: Please enlighten me.

Senator O'NEILL: No, you're the ones who have to answer questions today and we are not going too well with that. Let's stick to the topic of the federal government and accountability for all the people who work at the department of education.

Senator MOLAN: My question remains with the cross-portfolio, but it's about the Quality Schools advertising campaign. Minister, would it appropriate if I direct the questions at the secretary?

Senator Birmingham: The secretary can invite officials to assist where necessary, as is normal.

Senator MOLAN: When was this launched, Secretary?

Mr Markovic: The campaign was launched on 27 January 2019.

Senator MOLAN: What was the purpose of the campaign?

Mr Markovic: The objectives of the campaign are to increase awareness and understanding of record school funding through the Quality Schools package and also to increase awareness and understanding of the Quality Schools package and the positive impact that it will have for students, parents and teachers.

Senator MOLAN: Particularly aimed at parents, I assume?
Mr Markovic: The three audiences I just mentioned.

Senator MOLAN: Run through which media, Mr Markovic?

Mr Markovic: I might ask Ms Susan Charles to give you some details on that.

Ms Charles: Phase 3 advertising commenced on 29 January. That went into television; radio; out-of-home; digital; CALD television, press, radio and digital; and Indigenous.

Senator MOLAN: Does digital cover social?

Ms Charles: Yes.

Senator MOLAN: What are the guidelines on doing this kind of advertising? Where do the guidelines come from?

Ms Charles: All advertising complies with the guidelines that are issued by the Department of Finance. All departments comply with those guidelines, and those guidelines are available on the Department of Finance's website. They are the Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities.

Senator MOLAN: Okay. So, from those guidelines, I assume it is appropriate for a government campaign to be used to inform the public of the benefit of new or proposed—or existing—government policies and to provide information on those?

Ms Charles: That is correct.

Senator MOLAN: Some years ago, the Labor Party spent a significant amount of money over 10 weeks about the first Gonski report and the BER—Building the Education Revolution. Are you aware of how much was spent on those campaigns?

Mr Markovic: We wouldn't have those campaigns with us—

Senator MOLAN: Okay.

Mr Markovic: But we could certainly take that on notice.

Senator MOLAN: Okay. I just wonder if you've heard this quote from an academic in the International Journal of Public Administration? He said of the Building the Education Revolution, 'The BER program represents a case study of how government should not pursue large-scale public expenditure programs.' Have you heard that quote before?

Mr Markovic: No, I haven't, personally.

Senator MOLAN: In the International Journal of Public Administration?

Mr Markovic: Not personally—

Senator O'NEILL: He's probably going to his school and enjoying the building; he's probably going there and enjoying concerts undercover with his kids!

Senator MOLAN: There were also a number of programs—in New South Wales, WorkCover—with ad campaigns. This is not an unusual activity, is it, to tell the people what governments are spending their money on on their behalf for the benefit of the people?

Mr Markovic: Certainly, this campaign, as I've said, is to inform the public about the Quality Schools Package. That was the purpose of the campaign. It complied fully with the guidelines, and we've been through a very careful process of ensuring that that's the case.

Senator MOLAN: Thank you.
Senator CAMERON: I just want to go through some of these other issues. Minister, when I asked if you had discussed with the Prime Minister the matter of this alleged assault by one of your junior ministers on a public servant, you said you would take it on notice. Is there any reason why you would have to take that on notice? It's either a yes or no response. Either you have raised it with the Prime Minister, and you've had discussions with the Prime Minister, or you haven't. Could you just explain to me why you would have to take it on notice, or could you just be consistent with the code of conduct, and have some integrity and be honest?

CHAIR: I'm happy for the minister to answer the question, but an official or a minister has a perfect right to take a question on notice and does not need to explain why—

Senator CAMERON: Yes, but you know why they do that—

CHAIR: Minister, you can answer it as you see fit.

Senator CAMERON: so I'm going to ask him.

Senator Birmingham: Senator Cameron, I took your question on notice so that I could ensure that I covered any interactions between my office and the Prime Minister's, or the former prime minister's, offices.

Senator CAMERON: With your office—that's fine. I'm happy for you to take that part on notice. Can I then persist and ask whether you personally raised the issue with the Prime Minister, or had any discussions with the Prime Minister, in relation to this allegation of assault by Minister Andrews on a public servant?

Senator Birmingham: Again, Senator Cameron, I highlight the fact you are making an allegation and that no complaint has b—

Senator CAMERON: That's the stock answer.

Senator Birmingham: and the answer is no, not to my recollection.

Senator CAMERON: So, not to your recollection: is that what you're saying?

Senator Birmingham: I do not recall having a conversation with the Prime Minister or the former Prime Minister about a matter on which there has been no complaint received.

Senator CAMERON: No, I'm not asking whether you've had a conversation with the Prime Minister on a complaint, because we know there has been no complaint. Have you had a discussion—

Senator Birmingham: I said, 'about a matter upon which no complaint has been received'.

Senator CAMERON: So you haven't had a discussion with either the former Prime Minister or this Prime Minister? Is that your evidence?

Senator Birmingham: Senator Cameron, my evidence is as it stands, and again I highlight that no complaint or incident report has been lodged by a departmental staff member, and that my office received the same advice and assurances that have been provided on the record to this committee.

Senator CAMERON: Dr Bruniges, are you aware of the SES code of conduct?

Dr Bruniges: The Public Service Code of Conduct?

Senator CAMERON: Yes.
Dr Bruniges: Yes.

Senator CAMERON: The SES have got a code as well, haven't they?

Dr Bruniges: We normally work off just the Public Service Code of Conduct, Senator.

Senator CAMERON: That code of conduct determines that your actions have to be legal, that you have to act in a fair and honest manner—are you aware of that?

Dr Bruniges: Yes, Senator.

Senator CAMERON: And that your actions have to stand the test of time. Are you aware of that?

Dr Bruniges: Yes, Senator.

Senator CAMERON: I'm asking you: do you believe that you're acting in a fair and honest manner in your responses, and that your responses will stand the test of time?

Dr Bruniges: Yes, Senator.

Senator CAMERON: Is that because you have conjured up a response to try and shut down questions on this?

Senator Birmingham: Senator Cameron, that is an offensive and inappropriate accusation to make.

Senator CAMERON: It's not offensive. I'm asking the question. I can't believe that a secretary would not be concerned about an attack, an assault by a minister on one of her officers. I can't believe that this secretary is sitting here and covering it up.

CHAIR: Senator Cameron.

Senator CAMERON: That's my concern.

Senator Birmingham: Senator Cameron, you are making those accusations. The secretary and the department have provided information in writing to this committee that makes clear that there was no complaint or incident report lodged by a departmental staff member—

Senator CAMERON: But again, I go back to the situation: that women in violent situations don't complain—

Senator Birmingham: and that any interaction with staff was undertaken on the basis that it remained confidential and was neither a complaint.

Senator PRATT: They're clearly not going to answer our questions.

Senator CAMERON: Secretary, on your response, you said that the department can assure the committee that it has dealt with this information in an appropriate manner. That leads me to believe that you have had information about this alleged assault, is that correct?

Dr Bruniges: Senator, I have nothing more to add than what I have said in the response.

Senator CAMERON: But you're saying that you can assure the committee that this issue has been dealt with in an appropriate manner. Now, if you're making that concession—

CHAIR: This is ground that was covered earlier.

Senator CAMERON: If you're making that concession, obviously there is an issue that you have dealt with in an appropriate manner. What is that issue?

Dr Bruniges: Senator, the first part of that paragraph goes to the fact that the department received information which was provided on the basis that it remain confidential, and it was
neither a complaint or to be treated as a complaint, and the department can assure the committee that it has dealt with this information in an appropriate manner.

Senator CAMERON: Well, how can we be assured of that? What made you think that you would have to put this proposition up? Why did you think that you would have to assure us that it's been dealt with in an appropriate manner?

Senator Birmingham: Because Dr Bruniges was answering and responding to a question on notice.

Senator CAMERON: In terms of confidentiality, what's more important: an assault or someone's name not becoming public?

Dr Bruniges: Senator, I think if you go to paragraph 3—

Senator CAMERON: No, I'm asking you a question: what's more important: someone's confidentiality or an assault on a public servant?

CHAIR: I don't think that's a question that an official can answer.

Dr Bruniges: That's hypothetical, Senator.

Senator CAMERON: It is not hypothetical.

CHAIR: Senator Cameron, you are making that assertion.

Senator CAMERON: Secretary, you are saying that it is hypothetical. That means that you are denying that there was an assault on one of your officers.

CHAIR: Senator Cameron, the way you phrased the question was completely hypothetical.

Dr Bruniges: I go back to the response in writing.

Senator CAMERON: I don't want to go back to your response in writing. I am simply putting to you that, as you thought that you had to put this to us, there was an incident. Is that correct?

Dr Bruniges: I was responding to the questions on notice from Senator Collins.

Senator CAMERON: Well, there was an incident. Are you conceding that?

Dr Bruniges: There has been no complaint or incident report lodged with the department.

Senator CAMERON: I'm not asking about a report. Have you personally been made aware of an alleged assault?

Dr Bruniges: As paragraph 2 says, the department has received information. I am not going to add anything further than the text that has been provided.

Senator CAMERON: So you did receive information?

Dr Bruniges: The department received information.

Senator CAMERON: And you are the head of the department.

Dr Bruniges: That's correct.

Senator CAMERON: So you received information—did you? Are you saying that you didn't even receive the information? Is that what you're now saying?

Dr Bruniges: I'm not saying that. I refer back to the statement and response to questions on notice.
Senator CAMERON: So are you aware of an alleged incident?

Dr Bruniges: The department received information which was provided on the basis that it remain confidential and that it not be either a complaint or treated as a complaint.

Senator CAMERON: I just think it is outrageous for a secretary of a department to engage in this type of action against one of your public servants who was the victim of an assault. I just think it's outrageous.

CHAIR: Senator Cameron, I reject the assertion—

Senator CAMERON: How can anyone have confidence in you?

CHAIR: Order!

Senator CAMERON: How can anyone have confidence in you to run this department if you are covering up an assault on your employee?

CHAIR: Senator Cameron, we will have to suspend if you do not come to order.

Senator Birmingham: Senator Cameron, there is a series—

Senator CAMERON: I will ask a question.

Senator Birmingham: Senator Cameron, there are a series of assertions you just made there that are either incorrect or offensive.

Senator CAMERON: Well, tell us the truth.

CHAIR: Senator Cameron, withdraw that.

Senator O'Neill interjecting—

CHAIR: Senator O'Neill!

Senator Birmingham: Members of staff of this department can have absolute confidence that, if they engage with Dr Bruniges or other senior executives of the department, in confidence about a matter that the confidentiality of that engagement will be respected by those officials and that they will handle those matters appropriately. That includes respecting the confidentiality requested by any staff who engage with them. I am surprised, Senator, that you would be so determined to try to encourage senior officials to breach that important undertaking given to a staff member.

Senator CAMERON: I think it's more important—

CHAIR: Senator Cameron, is this a question?

Senator CAMERON: Yes. Isn't it more important that, rather than the issue of confidentiality, a public servant is not put in a position where they are assaulted by a minister of the Crown? What's more important, Minister?

Senator Birmingham: Senator Cameron, you are making that allegation.

Senator CAMERON: You know what happened.

Senator Birmingham: No such complaint has been made.

Senator CAMERON: It's not an issue of a complaint. We know no complaint was made and we know that the public servant is in a weak position compared to the minister. The public servant obviously wanted something done, and the public servant was probably too scared to make a complaint.

CHAIR: Senator Cameron, this is very hypothetical.
Senator Birmingham: Senator Cameron, you are making a whole series of assertions or allegations without any substantial evidence or proof to back them up. The department has rightly provided information on the public record, in writing, very clear that there has been no complaint, and very clear that, in relation to interactions with staff, staff requested that those interactions be handled in a confidential manner. The department is quite appropriate in handling and fulfilling its responsibilities that, where its engagements with staff are requested to be kept confidential, they are indeed kept as confidential interactions.

Senator Cameron: But what if there is an illegal act, which this is? An assault is an illegal act. I ask you, Dr Bruniges: if there is an illegal act in the Public Service and one of your staff are the victim of an illegal act, if the individual says, 'I want to keep it confidential,' why don't you take the more appropriate position that the illegal act is the issue that has to be dealt with over and above a request for confidentiality? Can you answer me that?

Dr Bruniges: If there was an illegal act, as I said before, I would refer it to the appropriate authority.

Senator Cameron: Are you saying that a minister throwing an object—a stapler—at a public servant is not an illegal act?

Dr Bruniges: I'm not going to comment any further on the question you've raised.

Senator Cameron: Dr Bruniges, this has not been your finest moment, I must say.

Chair: Senator Cameron—

Senator Paterson: Chair, it is a shame that Senator David Smith isn't here with us on the committee today, because he would have some insight into these matters given that one of his staff, I understand from media reports, has resigned this morning as a result of bullying allegations within the ACT Labor Party. He would perhaps have some insight to add, but maybe he is detained dealing with that matter.

Chair: All right. Let's try to get back to estimates hearings.

Senator O'Neill: With regard to process, if you receive an allegation of assault, even if it's not a formal complaint, do you have an obligation to refer that to authorities, Dr Bruniges?

Dr Bruniges: Sorry, Senator; can you repeat the question?

Senator O'Neill: If you receive an allegation of assault, even if not a formal complaint, do you have an obligation to refer that to authorities?

Dr Bruniges: In keeping with what Senator Cameron talked about, under the Public Service values, I have to act with honesty, integrity and all of those values that we talked about. So, if there was an illegal act and I was aware of an illegal act, of course I would refer it to appropriate authorities.

Senator O'Neill: Who is the appropriate authority if somebody throws a stapler?

Dr Bruniges: That's a hypothetical.

Chair: That is not a question the official can answer.

Senator O'Neill: Seriously, if that happened in an office today, if particularly a minister or an assistant minister threw a stapler at their staff—

Chair: Senator O'Neill—
Senator O'NEILL: and you received notice of that, perhaps not necessarily a complaint, what would your action be then? What would happen?

Dr Bruniges: Senator, I am not going to comment on a hypothetical. You have put a hypothetical to me.

Senator O'NEILL: If somebody pushes their staff over in an office, you have to have a procedure ready to deal with that. Hopefully it doesn't happen, but if that happens what does the department do? Is that considered worthy of referral to another authority?

Dr Bruniges: Again, it is a hypothetical. We have procedures and policies in place that cover a range of situations. If there is a slip in the workplace or if we do receive a complaint, we follow the procedures and policies we have in place.

Senator O'NEILL: So what is the procedure? This is the policy document that I've asked you several times to table for us about when somebody indicates that they have been the victim of an assault in a workplace. What is the policy?

Dr Bruniges: I'm sure that we can, on notice, get you a copy of our policy.

Senator O'NEILL: That would be great. Can I go back to your statement, because I am trying to understand not just this particular incident. I will acknowledge that I'm absolutely determined to preserve the privacy of the individual about whom we've been having this conversation. That is not information that I want to have. But I do want some clarity around process and I do want some answers to these questions. You state, 'The department has received information about the assistant minister's interactions with staff.' Are you using 'staff' in the sense of a singular or plural there?

Dr Bruniges: I'm not going to comment any further than the statement that's there. That is the statement in writing—

Senator O'NEILL: I seriously think you should answer that question.

Dr Bruniges: I have no further comment.

Senator O'NEILL: Are we dealing with an individual or multiple individuals?

Senator PRATT: Are you using this as a cover-up for all bad behaviour?

CHAIR: Senator Pratt!

Dr Bruniges: Senator, I have nothing further to add than the response to the question.

Senator O'NEILL: You've used the word 'staff'. It's a really carefully written response that you've used as your anchor in this sea of questions that we've been asking, to which I think we're entitled to answers. You've used the word 'staff'. Do you intend that to mean singular or plural?

Dr Bruniges: Senator, it is as is written.

Senator O'NEILL: Minister Birmingham—

Senator PRATT: You've got a confidentiality agreement with multiple staff in relation to Karen Andrews's behaviour; is that right? You've got a confidentiality agreement with multiple staff because of her behaviour? Can you confirm whether that's the case or not?

Senator Birmingham: Senators, of course—

Senator PRATT: No—confirm if that's the case.
CHAIR: Senator Pratt!

Senator Birmingham: Senator O'Neill began her question by indicating her wish to respect privacy and confidentiality matters. Of course—

Senator PRATT: One staff or many?

Senator Birmingham: confidentiality or privacy is not breached purely by simply stating the name of the person in a Senate committee. Obviously, information that could put individuals in circumstances where their work colleagues or others could identify that they may be the person, as a result of information put on the public record, would also then be a breach of those privacy or confidentiality undertakings.

Senator O'NEILL: So, Minister Birmingham—

Senator Birmingham: That is of course why Dr Bruniges is appropriately being cautious in respecting those commitments of confidentiality given to an individual who had discussions with the department on the basis of them being confidential.

Senator PRATT: An individual? You confirm it’s an individual and not multiple staff?

CHAIR: Senator Pratt, did you listen to the minister's answer?

Senator PRATT: Yes, but his answer is contradictory.

CHAIR: No, it is not.

Senator PRATT: The answer to the question on notice says 'staff'. Minister Birmingham is referring to a singular individual, so my question is: have there been other questions raised about Assistant Minister Andrews's behaviour separate to this incident?

Dr Bruniges: Senator, I have nothing more to add than what I have in my response on notice.

Senator O'NEILL: Minister, can you answer?

Senator PRATT: Is this in relation to a single individual or multiple staff.

Dr Bruniges: Senator, I have nothing more to add than what's in writing in response.

Senator PRATT: So you are using this answer to a question on notice as a cover-up not for a single incident—

CHAIR: Senator Pratt, that is not a question.

Senator PRATT: but many incidents of her bad behaviour; is that what you're telling us?

Senator Birmingham: Senator Pratt, again you are making allegations and assertions.

Senator PRATT: No—you should be able to clarify that for us as to whether Senator Birmingham has any information or awareness of other allegations about Minister Andrews's behaviour.

Senator Birmingham: Senator Pratt, I refer to my earlier answers where I said that the only prior knowledge that I could recall related to a media inquiry in terms of correspondence or communications or otherwise and that, in response to that, my office received the same assurances that have been provided to this committee.

Senator PRATT: You're clearly committed to your cover-up—

CHAIR: Senator Pratt.

Senator PRATT: so we will move on to other questions.
Senator O'Neill: Can I just indicate that when I commenced the questions today in response to the answer that you've referred to in response to our question on notice, my first question was as simple as: 'What form was the information provided in?'

CHAIR: Is this a question, Senator O'Neill?

Senator O'Neill: Yes. My second question was: 'Do any documents exist in relation to this interaction?' Given that we have had to verbally trawl through this to try and get the little bit of information that we have for an hour and a half, I would suspect that this is a matter of significance for the department and for the minister that you're determined to cover up. I very, very much doubt that there's just been a verbal communication about this. There would be written documents—

CHAIR: That's a statement, Senator O'Neill.

Senator O'Neill: that are associated with this matter—

CHAIR: Senator O'Neill, if you're going to ask a question, please ask it.

Senator O'Neill: Thank you, Chair—and I ask you to prepare to bring documents to this committee in relation to the matter of the allegations with regard to Assistant Minister Karen Andrews and the allegation of her throwing a stapler at her staff member. There must be documents that are related to this matter. This is a significant matter. The individual's privacy can be protected. We do that all of the time—

CHAIR: Senator O'Neill!

Senator O'Neill: and I call on you to bring the documents to this committee in the course of this day.

CHAIR: Minister or Dr Bruniges, did you want to respond to that? We've got 15 seconds before the break.

Senator Birmingham: Chair, once again, I would bring the committee's attention to the answer provided in question on notice 695 and particularly, again, to the considerations for the privacy and confidentiality of engagement between the department and departmental staff on such matters and to my previous answer, again, highlighting that, contrary to the way Senator O'Neill seems to think it applies, privacy and confidentiality is not protected purely by not revealing the name of the individual. Other information can, of course, lead to people being able to identify any individual.

CHAIR: We are going to go to a break. Senator O'Neill, can you indicate whether we're still in cross-portfolio?

Senator O'Neill: Yes, we have a number of questions, thanks.

CHAIR: All right. We will break for 15 minutes. We'll resume at 10.45.

Proceedings suspended from 10:30 to 10:45

CHAIR: We will resume the hearing. We are still in cross portfolio matters. Senator O'Neill has the call.

Senator O'Neill: My questions go to the government advertising as well as follow up on Senator Molan's questions from earlier. The budget papers stated:
The Government will provide $6.0 million over two years from 2017-18 to continue and update the communications campaign to increase public awareness of changes to the Government's Quality Schools package, which implements true needs-based funding.

That's now jumped to over $9 million. Is that right?

**Dr Bruniges:** Yes. In the 2018-19 budget, the government allocated $6 million—that is, $3.56 million in 2017-18 and $2.35 million in 2018-19 to support phase 3 of the campaign. That's on Budget Paper No. 1 page 37.

**Senator O'NEILL:** Let's just go through this extraordinary expenditure. As we do this, I think of it in the context of all those school barbecues where people are out there desperately seeking money to buy schoolbooks for their kids, and we're talking about the sum of $9 billion here.

**CHAIR:** Senator O'Neill, let's keep the commentary to the minimum.

**Senator Birmingham:** Did you think about all of those people when your government was running bigger advertising campaigns, Senator O'Neill?

**Senator O'NEILL:** Tender document CN3566310. That's 6,840,626.87?

**Ms Charles:** That's correct.

**Senator O'NEILL:** For the period of advertising from 15 January to 30 June?

**Ms Charles:** That is correct.

**Senator O'NEILL:** In the lead-up and following the federal election—when we would expect it to occur, anyway.

**Ms Charles:** That's the contract, and that's the contract time for this financial year.

**Senator O'NEILL:** And do you expect it will be all expended in the first quarter or—

**Ms Charles:** We're currently in market, as we talked about. This contract relates to the media buy. It's in relation to Universal McCann, and we are currently in market. We expect that expenditure to happen within this financial year.

**Senator O'NEILL:** Tender document CN3560815 was $1.595 million—

**Ms Charles:** That is correct.

**Senator O'NEILL:** to run advertisement from 11 December to 30 June 2019?

**Ms Charles:** Correct.

**Senator O'NEILL:** And that's $8,435,626.97 to buy advertising spots now, isn't it?

**Ms Charles:** Sorry?

**Senator O'NEILL:** Six plus 1.5? So we're up to 8.435?

**Ms Charles:** That is correct.

**Senator O'NEILL:** Then CN3566368. You've spent $160,524.10 to evaluate the campaign?

**Ms Charles:** So the total contracts on the AusTender website total, if I can—

**Senator O'NEILL:** Let's just keep working through it. Is that one correct? You've spent $160,000 to evaluate the campaign?

**Ms Charles:** Can I have that reference number again?
Senator O'NEILL: CN3566368.

Ms Charles: Yes, that is correct.

Senator O'NEILL: Okay. And then CN3528391 was $521,120 on market research?

Ms Charles: There has been a variation to that contract. That contract value variation is yet to be published, but will be in the next couple of days. That contract value is $571,120.

Senator O'NEILL: That's what I had. Is it additional? Is it on top of that $571,120? Or that is that the new total?

Ms Charles: That is the new total. I might have misunderstood.

Senator O'NEILL: That's all right. And then CN3526775 was $225,459.75 to employ a quality schools communications manager. Is that correct?

Ms Charles: They were contracted amounts. We went to a contractor to bring in some capability and skills.

Senator O'NEILL: So that's a total of $9,392,730.72 for a campaign that the government will run exclusively in the six months leading up to a federal election. That's a lot of money. The total is $9,392,000—that's a lot of money.

CHAIR: Well, that's your statement.

Senator O'NEILL: Could you please provide a breakdown on what the expenditure is for each media, so for television, radio, print, online and any other way information is being disseminated?

Ms Charles: Currently, as I mentioned—and just correcting my statement before—the campaign launched on 27 January. We are currently in market so I can provide you indicative figures. Because we're currently in market this expenditure may slightly vary by the time we get final invoices.

Senator O'NEILL: Okay. In the interests of time, can you quickly provide a breakdown of the spend per medium? Can you do that?

Ms Charles: Yes. By television and radio?

Senator O'NEILL: Yes.

Ms Charles: Television, GST exclusive, is $2,065,684. For press it is $56,787. For radio it is $871,351. For out-of-home it is $1,299,351. For digital, which includes social, is $1,752,569.

Senator O'NEILL: Just so I'm clear, with 'out-of-home' what are you referring to there?

Ms Charles: 'Out-of-home' refers to things like transit, digital billboards, shopping centre boards—

Senator O'NEILL: Public space advertising?

Ms Charles: That's correct.

Senator O'NEILL: What are the dates in the period to 30 June 2019 when the advertising will take place?

Ms Charles: The advertising commences on the 27th and will run for 12 weeks up until 20 April.

Senator O'NEILL: So 20 January continuously through to 20 April?
Ms Charles: From 27 January to 20 April.

Senator O'NEILL: What is the target audience rating points in each demographic group over the period?

Ms Charles: I might have to take that on notice.

Senator O'NEILL: Thank you. If you could get back to us today, that would be really helpful. In which geographic locations will advertising for which medium run and on what dates?

Ms Charles: This is a national campaign, so all media is national. As I mentioned, it's currently in market, so we expect there is equal weighting across all states.

Senator O'NEILL: Is there any ramping up or colour and movement over that period of time or is it a consistent spend week to week?

Ms Charles: There is a slight increase in weighting towards the beginning of the campaign period due to back-to-school time, so it fits within the school term. So at the start the weighting would be slightly higher than at the back end when the term is due to close.

Senator O'NEILL: Any detail you can provide on that would also be helpful. How were the people who appear in the TV advertisements chosen?

Ms Charles: We contracted a creative agency, which is BMF, and they utilised a talent agent. They were selected through that process.

Senator O'NEILL: In the brief the department provided the advertising company was there any instruction given to them with regard to gender, ethnicity, other forms of diversity and disability?

Ms Charles: As a general rule we ensure that all our advertising encompasses a diverse range of audiences, and that would be the expectation of any government advertising.

Senator O'NEILL: So it wasn't specifically indicated for this; this is just the standard operating procedure that you employ?

Ms Charles: That's correct.

Senator O'NEILL: Can you please provide a copy of the creative brief given to the agency who designed the ad, BMF?

Ms Charles: Yes, I can take that on notice.

Senator O'NEILL: Was the minister's office involved in drafting text for the TV advertisement?

Ms Charles: The agencies are provided with a brief, and as part of that brief we provide a level of key messaging and the communications outline. We do have ongoing conversation throughout any campaign process with government but not specifically in terms of messaging.

Senator O'NEILL: So, key messaging comes from the government to you?

Ms Charles: No, it comes from the research we have undertaken prior to commissioning the agencies.

Senator O'NEILL: Do you provide that research to the government on request or as a standard procedure?

Ms Charles: Yes, that is standard practice, a standard process.
Senator O'NEILL: Did they see the drafts and provide comments or feedback on the drafts of the scripts that were used?

Ms Charles: I'll have to take that one on notice.

Senator O'NEILL: What's normally the case?

Ms Charles: It is provided as standard briefing material. They do see the research briefs and they do see the results from any research undertaken.

Senator O'NEILL: I want to look particularly at one of those tender documents we just referred to—CN3528391, for an amount $571,120 on market research.

Ms Charles: I'll take that on notice.

Senator O'NEILL: Do you have that tender there?

Ms Charles: I don't have the details on that. We engaged JWS Research to undertake developmental research, so I can provide some top-line information.

Senator O'NEILL: My question is: why was this undertaken as a limited tender?

Ms Charles: JWS were engaged under a limited tender in accordance with the department's procurement rules. They were selected on the basis of their experience having undertaken the benchmark tracking and evaluation research for phases 1 and 2 of the campaign. Our existing developmental research agency on the previous phases of the campaign were Hall & Partners, who were no longer able to deliver that service as they were contracted by the government to now continually deliver the benchmark tracking and evaluation as a whole-of-government service.

Senator O'NEILL: I'm interested, because there are plenty of organisations that can conduct market research, aren't there?

Ms Charles: We get advice from the Department of Finance, and we access the panel arrangements that the Department of Finance has in regard to any supplies for campaigns. They nominate suppliers.

Senator O'NEILL: Were any other companies or organisations approached to tender, or just JWS?

Ms Charles: For the developmental research it was a limited tender.

Senator O'NEILL: Can you answer that clearly for me, then? Were other companies or organisations approached, or just JWS?

Ms Charles: Just JWS.

Senator O'NEILL: It was directly to them?

Ms Charles: Correct.

Senator O'NEILL: The company that we're discussing, JWS Research, is run by Mr John Scales. Is that correct?

Ms Charles: That's correct.

Senator O'NEILL: And he worked at Crosby Textor for eight years before founding JWS Research. Are you aware of that?

Ms Charles: I don't have any recollection at this point in time. It may have been part of the tender documents, but I cannot recall.
**Senator O'NEILL:** So, this company that's got the Crosby Textor connection have certainly got a lot of work out of this government, haven't they? I've counted $4,015,550 in contracts, with 12 separate contracts, all either prequalified tender or limited tender.

**Senator Birmingham:** It's a matter for Finance to address—officials may have other details—but the prequalifying process is quite an exhaustive one that provides a list of agencies, who can then tender for such work. Ms Charles or others can correct me if my hearing of the answers earlier was incomplete. But Ms Charles indicated that the select tender approach was taken because JWS had previously won the tender for the earlier stages, which—

**Senator O'NEILL:** They've got $4 million worth of work.

**Senator Birmingham:** Those earlier stages were selected at that stage off a panel, weren't they, Ms Charles?

**Ms Charles:** Correct.

**Senator Birmingham:** So off the Department of Finance approved panel of suppliers.

**Dr Bruniges:** The purpose of having that panel is that, as the minister said, they go through the certification process. We're able to access that, like any other government department.

**Senator O'NEILL:** They got the big tick, there's no doubt about that. But they also got $4 million in contracts. The explanation that if you got the first bit, you get the second and third bit—not all businesses operate in that way, especially if you're looking for the best value for money.

**Senator Birmingham:** It is not uncommon, where we have a contract for a piece of work that is continuous and that they have therefore built up knowledge in, that they start out as a preferred tenderer under such a process for the next stage of that continuous piece of work.

**Senator O'NEILL:** It looks like nice work if you can get it. To the department: before conducting a limited tender, did the department check to see whether JWS Research undertakes work for any political party?

**Ms Charles:** We supply them with a request for tender, or request for quote, and they provide us documentation addressing those criteria. They would have outlined any interests in that document.

**Senator O'NEILL:** So would you necessarily know if they undertake research for any political party?

**Ms Charles:** I would have to take that on notice. I can't recall.

**Senator O'NEILL:** Would you have a look at those documents and indicate if that's the case?

**Ms Charles:** I can do that.

**Senator O'NEILL:** So you don't know if JWS Research, which has $4 million in contracts from the government, undertakes research for the Liberal or the National Party?

**Ms Charles:** I can't comment on that.
Senator O'NEILL: If that was the case, there might be a bit of a conflict here? Getting paid by the government to do research and then also getting in a very close relationship with the Liberal and National parties.

CHAIR: That's a claim that the officials can't comment on.

Senator Birmingham: Senator O'Neill, you're doing a lot of slurring today. In the end, officials, quite rightly, don't know of the commercial arrangements of political parties. Officials handle tender process according to all of the probity guidelines established through the Department of Finance.

Senator O'NEILL: I'm just exploring if there might be a hole in that, when we're seeing all these deals being done between mates in the Liberal Party.

Senator Birmingham: Senator O'Neill, if you have any skerrick of evidence to substantiate the type of slur you're making upon officials, then provide it. Otherwise, you're just making baseless accusations and throwing them around.

Senator O'NEILL: To be clear, it's not the officials that I'm concerned about—it's the Liberal bloke club of doing deals with your mates.

CHAIR: Senator O'Neill, let's get back to estimates, please.

Senator O'NEILL: To the department: does it strike you, after the line of questioning that I've followed, that it might be important to check that there is no conflict between people who might have been put on a panel and the nature of the work that they undertake, perhaps prior to or during the period of time that they're on the panel and you choose them—that they might be doing work for a political party?

Senator Birmingham: They are really questions for the Department of Finance around the selection of individuals or companies who are on that panel.

CHAIR: Correct, Minister.

Senator O'NEILL: Once the panel is on, and the department has to do the best it can do and try to follow the probity rules, in your view do you have sufficient checks in place to be confident to answer me today that there is no political work being done by JWS at the same time that the department is paying them $4 million?

Mr Markovic: I think it would be useful to allow us to look through the process for this to see what was declared. We normally have conflict of interest declaration processes as part of our procurement. I would like to take some advice on the details of those. Certainly we are alerted to conflict of interest issues. It does run through our procurement processes. In this instance we don't have information in front of us.

Senator O'NEILL: Things change from an occasion when a person might be eligible to go on a panel and get awarded, and subsequently undertaking additional work that might be political in nature?

Dr Bruniges: I think that's the point where the check on interest and seeing what is actually declared through the request for tender—I think that's where Ms Charles was going.

Senator O'NEILL: Did the minister or any of his staff direct that the contract be awarded to JWS Research?

Dr Bruniges: Not to my knowledge, no.
Senator O'NEILL: Not to your knowledge?

Dr Bruniges: Yes.

Senator O'NEILL: Can you be sure of that? The concern here is that this company is a very Liberal-associated company, and we have seen an extraordinary revelation of deals being done in recent days—

CHAIR: Senator O'Neill, these are your accusations. The officials answered the question.

Senator O'NEILL: between the Liberal Party and people in business who are their mates.

Ms Charles: The department recommended JWS based on its understanding of the objectives of the campaign and the communication needs of the target audience. It was appropriate to engage the agency on this basis and it was consistent with our department's procurement processes.

Senator O'NEILL: Could I go to CN 3526775? You gave me a bit of detail on this earlier when it came up. Quality Schools communication manager. That reads as a single person when I read that title. Is that the case?

Ms Charles: Yes, that is correct.

Senator O'NEILL: So it was a single person?

Ms Charles: Correct.

Senator O'NEILL: Can you tell me who the person is?

Ms Charles: The person is no longer contracted. That contract value, as you said, was—

Senator O'NEILL: $225,000?

Ms Charles: Correct. We expended $55,000 of that, and that contractor has ceased.

Senator O'NEILL: Okay. So who was the contractor?

Ms Charles: We went through Hudson Recruitment Agency for that contractor.

Senator O'NEILL: But who was the actual person who, if I understand you, received $55,000 of the $225,000—is that correct?

Ms Charles: That is correct.

Senator O'NEILL: So you went to the recruitment company, Hudson?

Ms Charles: Correct.

Senator O'NEILL: When did that happen?

Ms Charles: That would have been in July last year.

Senator O'NEILL: Who was the person who was advanced?

Ms Charles: They were a contractor APS.

Senator O'NEILL: Say that again.

Ms Charles: They were a contractor with experience in communications.

Senator O'NEILL: Can you tell me who the person is?

Mr Markovic: We wouldn't normally disclose the names of individuals under contracts. I actually don't have those details with me.

Ms Charles: We can take that on notice, but they were at EL1 level.
Dr Bruniges: The contract we would have had was with Hudson, not the individual. We would have gone to Hudson and they would have sourced an individual for us.

Ms Charles: That's correct, based on the skills that we requested.

Senator O'Neill: And you would have documentation about why they would have recommended this person?

Ms Charles: They would have provided a CV meeting our criteria.

Senator O'Neill: What is the background of the person who was employed as the communication manager?

Ms Charles: That title may be a bit incorrect in terms of their role. They were working on the campaign. They brought to the campaign some experience in working on government campaigns, so they would have assisted others in the department in the team to deliver this campaign.

Senator O'Neill: I'm starting to have my ears prick up and think, is this a political person who came in to give political guidance?

Ms Charles: This was a person that has previously worked in other government departments. Based on my recollection of their CV, it is a relatively young person with experience having done previous campaigns at other departments.

Senator O'Neill: Do you know what their qualifications are?

Ms Charles: They have either a marketing or communications degree.

Senator O'Neill: Will you provide that detail on notice?

Ms Charles: I can provide that on notice.

Senator O'Neill: My question now is why couldn't this position be filled internally?

Mr Markovic: We have a relatively small communications team and, as you would appreciate, we have campaigns that fluctuate over time. So we use contract staff to supplement our resources from time to time. I think we've previously discussed that with the committee. There are areas of our organisation where workloads fluctuate; we bring resources in to assist with a particular task; and when that task is complete, they leave us. As you would be aware, the campaigns are an excellent example of that very peaky workload. We do have permanent staff working on this, and this was to add capability to that particular team.

Senator O'Neill: In taking this person on, would you have determined very carefully that the person had never worked in the office of a Liberal minister? Or could they have slipped through the cracks?

Ms Charles: From my recollection of their CV, they only have only had government experience.

Senator O'Neill: A CV and a direct question that asks about political affiliation are two different things. It might not be revealed on a CV. A CV is an indicative document; it's not an entire history of a person's work life.

Ms Charles: The individual did not declare any other interests.

Senator O'Neill: Did you make sure that the person had never worked in a Liberal minister's office?
CHAIR: Do you think all public servants would have to declare political affiliations?

Ms Charles: We did the appropriate checks. We did referees' checks as we would with a normal recruitment process. We were satisfied that that person met the requirements for this role.

Senator O'NEILL: Thank you for indicating you will take some stuff on notice. Dr Bruniges, if I can shift to the certification for government advertising campaign dated 24 January 2019, I do recall earlier conversations we had about advertising, where you had some serious concerns on your arrival here, and there were some changes to process that you implemented, I think, to try to improve the practice.

Dr Bruniges: That's correct.

Senator O'NEILL: One of the boxes that you've ticked is 'Pre-existing policies, products, services and activities are not presented as new.' What's new in phase 3 of this campaign? What's different that requires this new advertising?

Dr Bruniges: The certification actually goes to existing as well. I'm just going through the principles. First of all, the independent communications committee considers the proposed campaign, as you're aware, and provides a report in compliance with principles 1, 2 and, 3 and 4 of the guidelines. It was 16 January I received that. Then we have a statement against the principles on the information advertised in campaigns, which is fairly standard. That looks at non-corporate Commonwealth entities. Those statements against the principles would come to me and inform my decision to certify the campaign as compliant with the guide lines.

Senator O'NEILL: You are working your way through principles. Can I go to principle 2 where the headline is:

Campaigns should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.

And then down to box 3, which is ticked: 'Pre-existing policies, products, services and activities are not presented as new.' What's new in phase 3?

Dr Bruniges: In phase 3, I think the aspirations and the documentation around the aspirations of the individuals, of education.

Senator O'NEILL: That's the new bit, is it?

Dr Bruniges: Certainly, we've had record—

Senator O'NEILL: It looks like pretty much the same thing being told again and being presented as new.

Dr Bruniges: The record funding—there is no doubt that that is a similar claim. We have record funding for schools. That is new, and the aspirations and approaches of both teachers, from memory, and parents and children is indeed new.

Senator O'NEILL: I don't know that that stands the objective test. You've also ticked the boxes for principle 3, which states:

Campaigns should be objective and not directed at promoting party political interests … Campaigns must be presented in objective language and be free of political argument. Campaigns must not try to foster a positive impression of a particular political party or promote party political interests.
It seems extraordinary to me that this just happens as a coincidence—that this extraordinary advertising spend of $9 million is happening in the lead-up to an election. Does it strike you as extraordinary, Dr Bruniges?

**CHAIR:** That's a statement, I think.

**Dr Bruniges:** We've followed all the processes that we need to in terms of the certification of the campaign. I certified the campaign on the basis that it met the principles and the statements against the principles, and I went through that in considerable detail with the team.

**Senator O'NEILL:** If I take you to the new advertising line:

Australia's strong economy is helping to deliver record funding for Government, Independent and Catholic schools.

Are you comfortable with that statement?

**Dr Bruniges:** Yes, I am. I think some of the indicators of Australia's strong economy—Australia has completed its 27th year of consecutive GDP growth. At the time of certification, the September quarter of 2018, real GDP grew by 0.3 per cent to be 2.8 per cent higher through the year. Unemployment has declined from its recent peak of 6.4—

**Senator O'NEILL:** Dr Bruniges, it sounds like you've read the lines. The question is—

**CHAIR:** Senator O'Neill, you should not make slurs against officials at the table based on the giving of evidence of public information.

**Senator O'NEILL:** Well, that's your interpretation of what I said. I'm just finding it hard to understand some of these things. We know that that's one of the key lines that the government trots out all of the time, and this is supposed to be about schools. That's why my question is: why is that embedded in there? We're talking about people's children. I could understand it if we're talking about schools or teachers. Why is it necessary to have that? Is it to promote the interests of the government and the Liberal and National parties? That's the way I'm reading it, Chair. Last question: are you comfortable signing this certificate at this time, given the partisan and political nature of the advertising campaign?

**Dr Bruniges:** I don't believe it's partisan or political, and, yes, I have certified the campaign based on the statement of principles and working through the factual statements to underpin the messaging.

**Senator O'NEILL:** Did you make any changes to it?

**CHAIR:** Senator Molan.

**Senator MOLAN:** Thank you, Chair. When I was questioning before on the issue of the Quality Schools advertising campaign, Secretary, I asked if you had figures that went back to the Labor Party period of time. I think my memory is that you took that on notice and you will provide them to me. The question I have now is this: my understanding is that the amount spent in just 10 weeks on Gonski and Building the Education Revolution was $25.5 million. I
wonder if you would confirm this $25.5 million on what turned out to be $6 billion to $8 billion that was wasted during the Building the Education Revolution?

Dr Bruniges: We're happy to take that on notice. I don't have it here.

Senator MOLAN: Thank you very much.

Senator Birmingham: Senator Molan, I think you're broadly correct. Of course, it stands alongside other campaigns, even running during the caretaker period, such as the $30 million campaign—

CHAIR: Sorry, how much was that?

Senator MOLAN: That was $20.5 million over 10 weeks on a program which many considered to be a significant waste of $6 billion to $8 billion for Building the Education Revolution.

CHAIR: That's extraordinary! Sorry, Minister.

Senator Birmingham: That's okay. I was simply highlighting that, in terms of the track record of Labor governments in ignoring such process, there was also a $30 million campaign that I can recall being run in relation to border protection policies during the conduct of the 2013 election campaign.

Senator MOLAN: It didn't quite work, did it.

Senator Birmingham: It did not, Senator Molan. There were some policies subsequently that did.

CHAIR: We may as well stay on this topic if we can. Are there any further questions on advertising.

Senator O'NEILL: In your evidence, Dr Bruniges, you indicated that there was a committee that gave you the report to do the certification.

Dr Bruniges: Yes, that's the Independent Communications Committee.

Senator O'NEILL: Could you provide a copy of that report.

Ms Charles: Their report is available on the Department of Finance website. Once campaigns are published, the advice from the ICC is published on their website.

Senator O'NEILL: How would I locate it?

Ms Charles: I am happy to table it.

Senator PRATT: I want to go to page 29 of Budget paper No. 3 and compare that to table 3.27 on page 85 of MYEFO. What you can see there is an increase in quality scores over the forward estimates of $201.9 million in 2018-19, $198 million in 2019-20, $501 million in 2020-21 and $564 million in 2021-22. I can see a total increase of $1.456 billion over that period. Could you explain the reason for the projected funding increase?

Dr Bruniges: Would you mind if we picked that up in the schools session today? It goes to schools funding as opposed to cross-portfolio.

CHAIR: Absolutely.

Senator O'NEILL: How many FOI applications have there been in the past financial year?
Ms Davin: The department publishes these statistics annually. In 2017-18 the department received 182 FOI requests.

Senator O'NEILL: Do you have the figures for the year to date?

Ms Davin: In the period 1 October to 31 December 2018 the department received 50 FOI requests.

Senator O'NEILL: And in the period from July to October?

Ms Davin: In the period 1 July to 30 September 2018 we received 68 FOI requests.

Senator O'NEILL: If I can just go to a couple of questions—we've got a number that we'll ask on notice. With regard to advertising, I've just got some more quick questions. Thanks for your help. How much has the department spent on advertising agencies over the past two financial years?

Ms Charles: Specifically on advertising agencies?

Senator O'NEILL: Yes.

Ms Charles: I'll take that on notice. We don't have that breakdown of specific advertising agencies.

Senator O'NEILL: Okay. I'm sure that will be somewhere in a document that you just don't have to hand. If you could provide that today, it would be quite welcome. How many campaigns were shelved in 2018-19?

Ms Charles: No campaigns were shelved in 2018-19.

Senator O'NEILL: How many campaigns were executed in 2018-19?

Ms Charles: In 2018, which is the current financial year, only the Quality Schools campaign.

Senator O'NEILL: That's the only one—and I've already asked you questions about that. Are you sure that's the only campaign that you're running?

Ms Charles: Yes, that's correct; from 1 July 2018 to current—

Senator O'NEILL: You've already taken on notice to provide me with the breakdown of costs of advertising on social media, print, television and other expenditure?

Ms Charles: Yes.

Senator O'NEILL: Thank you.

Senator PRATT: I want to ask if you're able to table for the committee today the documents that were provided to the independent committee.

Ms Charles: I've got that.

Senator PRATT: You've got them—all of them: the communication strategy; the evaluation and developmental communications research; the draft media strategy and indicative media plan overview; your statement against principles 1 to 4 of the guidelines on information; and advertising campaigns by non-corporate Commonwealth entities?

Dr Bruniges: I think we indicated that the report from the Independent Communications Committee is already online and published. We're happy to take on notice the list of documents you said; however, some of those will be deliberative documents for the
subcommittee of cabinet's consideration. So, I just want to check that we make sure that, if there were cabinet deliberations on some of those documents, they won't be released.

Senator O'NEILL: Okay, that's the end of cross-portfolio.

CHAIR: So, for those of you who are here for cross-portfolio, you can go—we release you. I'm sure you probably have to hang around, though, most of you.

[11:28]

CHAIR: We will move to outcome 1: Early learning and schooling.

Senator O'NEILL: I doubt it will surprise you that I have some questions with regard to the bilateral funding agreements.

Dr Bruniges: Are we going to schools or early childhood?

CHAIR: We're in early learning and schooling—outcome 1.

Senator O'NEILL: We're going to schooling first.

Dr Bruniges: Ms Gordon's just coming to the table.

Senator O'NEILL: When we were last here with Senator Collins—and I just want to take the opportunity to acknowledge Senator Collins's recent retirement and the fine work that she did in the area of education during her long service to the parliament, particularly her careful work on the committee—talking about the bilateral funding agreements, we referred to a letter from Minister Tehan to Deputy Premier Merlino. The letter was dated 26 September 2018. Do you need to have that letter at hand?

Dr Bruniges: It depends what your question is.

Senator O'NEILL: Okay. It says:

… it will be imperative that bilateral arrangements be settled no later than 7 December 2018.

It goes on to say:

Should a bilateral agreement not be in place by this date, the Commonwealth will be unable to make the first 2019 payment to the relevant state or territory, including with respect to non-government schools. Mr Gordon confirmed—

Senator Birmingham: Ms Gordon.

Senator O'NEILL: Sorry, Ms Gordon confirmed before us, in Senate estimates when we were last here, that that is the case. Did the minister sign a bilateral funding agreement with Mr Merlino by 7 December?

Ms Gordon: An interim bilateral agreement was signed between the Commonwealth and the Victorian government later in December. It wasn't signed before 7 December; 7 December was the date it was required.

Senator O'NEILL: I've got a series of questions, and we might need a bit of further information, but I will just work my way through these first. You were very clear that the payment needed to be made by 7 December when you gave evidence.

Senator Birmingham: I suspect, if you hadn't cut Ms Gordon off, she was probably going to that point.

Senator O'NEILL: Well, how we run this is that I've got a series of questions. I want answers to those questions rather than bits of information that I don't really have interest in.
Did the minister sign the bilateral funding agreement by 7 December? Your answer is no. Is that correct? It didn't happen?

Ms Gordon: That's correct.

Senator O'NEILL: My next line of questioning is that you were very clear that that payment needed to be made by 7 December. It couldn't have been any clearer. What changed?

Ms Gordon: The department and the Treasury have established processes in place for the processing of payments, so 7 December was our standard cut-off date for confirmed arrangements to be in place for us to then approve the payments. Because of the delay in negotiations, we ended up having to compress those time lines in order to make the payment run, but 7 December was the standard cut-off for our standard processing time lines to enable us to enable us to commit or to be able to provide assurance that we'd be able to make that payment. With anything after that date, we were clear that we couldn't guarantee that the payment could be made, but essentially we compressed our time line significantly and had staff doing additional work late into the evenings in order to make those payment time lines.

Senator O'NEILL: You were pretty clear in the letter that went to Mr Merlino. It says that the act must have been complied with by 7 December 2018 for these payments to be processed and made on time, and it says:

Should a bilateral agreement not be in place by this date, the Commonwealth will be unable to make the first 2019 payment …

So it was pretty serious language.

Senator Birmingham: Senator O'Neill, Ms Gordon has just explained to you that that deadline related to being able to provide a guarantee that payments could be transferred in May. When that deadline was not met, additional and different processes had to be applied within the Commonwealth to be able to ultimately succeed in still ensuring payments were made.

Senator O'NEILL: She also indicated that there were negotiation failures under Mr Tehan. The actual agreement was not signed until 17 December—is that correct?

Senator Birmingham: I don't think that is what I heard from Ms Gordon.

Senator O'NEILL: Delays in negotiations—it is Mr Tehan's portfolio. He was the key negotiator, and it didn't happen on time.

Senator Birmingham: Well, perhaps there were negotiation failures by Mr Merlino, seeing as every other state and territory signed up on time.

Senator O'NEILL: The terms of engagement were pretty clearly laid out in the letter from Minister Tehan. But let's go to the actual agreement. It was signed on 17 December. The statement in the minister's letter was untrue. But the agreement entered into with Victoria on 17 December provided for payment of one month for government schools, which was clause 3(a), and six months for non-government schools, which was clause 3(b). My question is: why were government and non-government schools treated differently at the time?

Ms Gordon: Our standard payment time frames are different for government and non-government schools. For our standard payments, the January payment for non-government schools is six months worth of funding and then there are two further payments later in the
year for non-government schools. For government schools, we pay on a monthly basis. The
time frames in the agreement reflect our standard time frames for payments.

Senator Birmingham: Which is a very longstanding historical arrangement.

Senator O'NEILL: In January, the Commonwealth government agreed to extend funding
for government schools in line with funding for non-government schools. Is that correct?

Ms Gordon: That is correct. A second payment was made to ensure that government
schools weren't disadvantaged by a delay in securing an ongoing funding agreement.

Senator O'NEILL: So that was a bit of a backflip, really, wasn't it?

CHAIR: That's your characterisation.

Senator O'NEILL: It was certainly a change in practice? Is that correct? Was it a change
in practice, Ms Gordon?

Ms Gordon: Additional payment was made in January further to the second one.

Senator O'NEILL: For how much over what period of time?

Ms Gordon: For the six months, so in line with the non-government payment.

Senator O'NEILL: Okay, so what happened to your standard operating procedure that
you were just talking about, Senator Birmingham?

Senator Birmingham: I simply said it was longstanding practice.

Senator O'NEILL: Yes, until Mr Tehan got his hands on the process and wrote this pretty
heavy-duty letter that contained facts that weren't correct, that didn't deliver what he expected.

CHAIR: Is there a question there, Senator O'Neill?

Senator Birmingham: That's not the case.

Senator O'NEILL: We've got the stand-off where you've sort of pitted one sector of
educators against another. Was this an attempt at a clean to try to deal with a political
problem?

Senator Birmingham: Senator O'Neill, if you have a question of fact or process you
would like officials to respond to then of course that's what we're here for. If you're just going
to engage in mud-slinging or make political accusations or assertions, that will be, of course, a
complete waste of the committee's time. You're free to do that and chew up that time if you
wish to do so, but of course there's no pitting of sectors against one another.

Senator O'NEILL: Ha ha! That's your playbook and that's why you've had to do this.

Senator Birmingham: As I said very clearly, there is a longstanding practice in relation
to the way in which payments have historically been made.

Senator O'NEILL: That's correct, Minister—there was a longstanding arrangement, but
that was changed by Minister Tehan in panic mode. He couldn't deliver an agreement with
Victoria by 7 December. It went on to 17 December.

Senator Birmingham: Do you have a question, Senator O'Neill?

Senator O'NEILL: Do we have two backflips by a government that's out of control in
terms of its education policy?

Senator Birmingham: Do you have a question that is not a political accusation?

CHAIR: The answer to that is clearly no.
Senator Birmingham: Does somebody else have one, or we can—

Senator O'NEILL: I guess my question is: can you tell the truth—

Senator Birmingham: It's Senate estimates, not agenda estimates.

Senator O'NEILL: Can you tell the truth about the failure of Mr Tehan to respectfully communicate with—

Senator Birmingham: I'll tell you the truth, Senator O'Neill. The truth is—

Senator O'NEILL: The truth about the communication mode of this dominating government—

Senator Birmingham: The truth is seven state and territory governments, including the Labor governments of Western Australia, Senator Pratt's home state; including the Labor government of Queensland; including the Labor government of the ACT; including the Labor government of the Northern Territory, all signed up to long-term funding agreements with the Commonwealth to receive record levels of school funding. The Victorian Labor government chose to play politics and chose to put at risk—

Senator O'NEILL: They chose to hold out—

Senator Birmingham: funding for schools in their state.

Senator O'NEILL: Okay, you've had your little pontificating from your chair. The reality is the Victorian government—

CHAIR: Senator O'Neill, order! There is a fair bit of pontificating coming from this side.

Senator O'NEILL: But we do it much better! We had a Victorian government—

CHAIR: Is there a question?

Senator O'NEILL: Yes. Why would you make the comment that you just did and characterise in that way the Victorian government holding out for the full amount of funding that they would have received under alternative arrangements that Labor had put in place? They were holding out for their state. That's what was going on. So why do you deny that reality?

Senator Birmingham: Are you suggesting the other Labor states were sellouts?

Senator O'NEILL: They were holding out for their state, to try to get a fair deal, and they were subject to—

Senator Birmingham: Victoria is getting record levels of school funding—

Senator O'NEILL: considerable intimidation in the letter from Minister Tehan.

Senator Birmingham: record levels of school funding, Senator O'Neill.

Senator O'NEILL: He missed the date because he wasn't a good negotiator—

CHAIR: Senator O'Neill, is there a question?

Senator Birmingham: No, Senator O'Neill. Seven other jurisdictions all signed up. It was just Victoria playing games that caused that deadline to be missed.

Senator O'NEILL: Okay. It's—

Senator Birmingham: I commend the Labor states, WA and Queensland, and Labor territories, the ACT and the Northern Territory, for being bigger than Victoria and not playing games.
Senator O'NEILL: Do you deny—

Senator PRATT: There are plenty of games being played by this government, including in WA.

Senator O'NEILL: Do you deny that there were two backflips by this government in its negotiations with Victoria: firstly, with regard to the bilateral agreement having to be signed, and, secondly—because of mismanagement—to the way in which it now funds government and non-government schools, which is a significant change of practice?

Senator Birmingham: I think that Minister Tehan showed great perseverance and, indeed, understanding in putting the interests of Victorian schools first despite the game playing of the Victorian Labor government—game playing that was not evident from any other state or territory, including all of the other Labor states that I mentioned before.

Senator O'NEILL: It's a different characterisation of reality, but—next question, Senator Pratt.

Senator PRATT: I might ask some questions about WA.

Senator Birmingham: Senator Pratt, from the great Labor state of WA, as it is at present. Whilst I know Senator Brockman and I might not wish that to be the case, I acknowledge that the WA Labor government engaged in constructive negotiations and signed the school funding agreements on time.

Senator PRATT: Yes. I'm more interested in the outcomes for students here, Senator Birmingham. I do appreciate that we have a very strong funding model in Western Australia, but it does appear rather contradictory that the school bus service provided by the WA government shows—

Senator Birmingham: You are right, Senator Pratt, that the Victorian Labor government—indeed, previous Victorian coalition governments—have provided far greater levels of state funding to schools than, for example, the Victorian Labor government does.

Senator PRATT: Okay. I've got a question about the calculations in the bilateral agreement. The agreement allows the WA government to count expenditure on direct school transport, capital depreciation and kindergarten expenditure. What I'm concerned about is that the WA government is now allowed to count this expenditure, in contrast to previous arrangements in the 2011 funding review. Is that the case?

Senator Birmingham: I think if that's the case it would have been at the request of the Western Australian Labor government and is probably a question for the Western Australian Labor government, as to how they choose to count their dollars.

Senator PRATT: Yes. All I asked was whether it was true; I'm not asking who requested it. What I'm also concerned about is how this affects the equity of funding for schools inside Western Australia, because it appears that government and non-government schools are being counted differently in this regard. For example, the school bus service provided by the WA government says—this is available online—that non-government schools are able to access school transport. Is that your understanding?

CHAIR: I'm happy for the officials to answer insofar as they can, but that sounds like a policy—

Senator PRATT: I've got the documentation here.
CHAIR: But it sounds like a policy matter for the state government.

Senator PRATT: No, no.

CHAIR: What are you asking the officials to comment on?

Senator PRATT: If you are topping up to different levels within both the government and the non-government sectors then you should be counting in the same things for both sectors, rather than counting them differently.

Senator Birmingham: I stand to be corrected but I don't think the question you're asking—firstly, obviously, we don't run school bus policy in Western Australia—has any bearing in terms of the quantum of federal funding provided to Western Australian schools.

Senator PRATT: That is what I'm trying to work out, with your indulgence, by asking the question of the officials—

Senator Birmingham: It may relate to how state funding provided to Western Australian schools is included in state funding.

CHAIR: Senator Pratt, I'll let the officials answer if they want to but I really think that's a matter you've got to take up with your state Labor colleagues.

Senator PRATT: No. My question is to the federal officials. If direct school transport costs can be accessed by both government and non-government school students—

CHAIR: Which is a state policy, a state Labor policy.

Senator PRATT: Yes, which is great, but why does it only contribute towards the SRS as it relates to the government sector?

Ms Gordon: In the bilateral agreement with WA, there is a specific clause that actually states:

Each amount included in the report for a sector must have been allocated or provided for that sector. Note this means a state or territory cannot count funding provided for one sector towards the contribution requirement for the other sector.

So, on the issue that you've raised: if public transport is provided for non-government schools, it can't be counted towards the government sector.

Senator PRATT: That I understand.

Ms Gordon: So, in other areas where there are costs that go across both, they are attributed to each of the sectors.

Senator PRATT: But is that contribution being counted as a contribution towards the non-government sector?

Senator Birmingham: Importantly, for clarity here, you're meaning the contribution of the WA state government, not the federal funding?

Senator PRATT: The state government to the non-government sector.

Ms Gordon: The state government will attribute all its funding according to the funding that it provides to the non-government sector. I don't know the particulars for Western Australia in terms of the final contributions that they'll be accounting towards the non-government sector, but certainly that clause addresses the concern you've raised about whether it's been misappropriated towards the sector.

Senator PRATT: I beg your pardon?
Ms Gordon: The clause in the agreement addresses the issue about being misappropriated to a particular sector so that you can't count funding that's been provided to the non-government sector against the government sector. And then it's a matter for the state government—

Senator PRATT: No, that wasn't my question. Are you counting that funding that the state has acquitted against the non-government sector?

Ms Gordon: The state government will be able to count that towards the non-government sector, but—

Senator PRATT: But the state government doesn't pay for the non-government sector—the Commonwealth does.

Ms Gordon: The agreement stipulates the funding provided both to the government sector and the non-government sector by the state government. So the state government does contribute to the non-government sector. And, in fact, in WA, it's above the 20 per cent. The bilateral agreement stipulates the funding shares that the states can commit to for both the government sector and the non-government sector.

Senator Birmingham: Senator Pratt, just to be entirely clear, your questions are relating to how the Western Australian government accounts for the funding it provides to either the government sector or the non-government sector. And Ms Gordon will correct me if I'm wrong here, but my understanding of her answer is that they can include those school transport costs as part of their contributions when they make their acquittal to the Commonwealth about how much funding they have provided to those sectors. It is a question for the Western Australian government as to whether they choose to include those costs, but they cannot apportion costs that may relate to one sector, such as non-government school students on a school bus, to another sector.

Senator PRATT: Okay. What was the policy change that allowed the WA government to count this expenditure in relation to previous arrangements? Why was that changed?

Ms Gordon: There weren't ever agreed methodologies for accounting for state contributions under previous arrangements. So, while there were commitments made, there was no agreement about the methodology of what would be counted towards those contributions. So this is actually a new policy, or a new requirement, or a new agreement about how we account for state funding effort.

Senator PRATT: I just want to confirm with you that the contribution of the state government to non-government schools in transport is included in the calculations for the funding to non-government schools in Western Australia.

Ms Gordon: I'd need to take that on notice and actually go back to the agreement. But the bilateral agreements stipulate the methodology that each state will apply in its state or territory.

Senator PRATT: You can tell me that it's counted for the purposes of the state government funding for state schools, but you can't tell me if it's calculated for the purposes of bumping up the SRS for non-government schools?

Ms Gordon: I'd need to review the agreement and check on that.
Senator PRATT: Can you see the problem? If it's only counted towards funding for one set of students and not the other, then you're in effect artificially inflating the expenditure relative to another sector. And this is supposed to be about levelling the playing field. If, in the state system, you can dump in all these other costs that aren't being counted in the non-government sector, then the non-government sector is going to get more top-ups from the Commonwealth relative to the state. Do you understand the problem I'm trying to outline?

Ms Gordon: The methodologies have been part of a negotiation with states and territories, and states and territories essentially came to the Commonwealth with a proposition for what they would count within their own state funding.

Senator PRATT: Okay, I understand why the states have—

Senator Birmingham: Sorry, Senator Pratt, to respond to part of your assertion again—Ms Gordon, correct me if I'm mistaken here—the quantum of federal funding that is received would only change if a state were not—whether it be the government or non-government sector—potentially meeting the agreed expectations of how much should be invested by them in terms of their contributions in those sectors. You made a reference—I think you used the words 'top-up funding' that might be changed. In fact, the Commonwealth contributions are essentially fixed unless an active decision is taken to reduce that level of funding because a state is deemed to not be comply with meeting their obligations.

Ms Gordon: Yes, that's correct.

Senator Birmingham: As you said, it doesn't impact on how much top-up funding is received.

Senator PRATT: If states put things in, that's fine. But, unless you also count the same things for students in the non-government sector, then you're not comparing whether the SRS level is a real comparison or not. How can you compare those properly if each state is counting different things?

Ms Gordon: Under the negotiations, the methodology was agreed with states and territories that there were a number of additional items. States and territories argued that the SRS wasn't a full reflection of the funding that they provide for school education, the delivery of education. So there were a number of additional items that were recognised under the agreement, including things like the delivery of regulatory services, so curriculum and teacher regulatory authorities. There were a number of additional items that the government accepted could be counted towards the contributions, but to a maximum of four per cent. So, with the items that you've identified, there is a maximum contribution that can be attributed, to four per cent of those additional items.

Senator O'NEILL: Four per cent of the additional items, or four per cent of the 75 per cent?

Ms Gordon: Four percentage points, so not four per cent of 75 per cent, but four percentage points.

Senator O'NEILL: Can you just list clearly all the things that are now eligible to be counted?

Ms Gordon: They're all listed in the bilateral agreements.

Senator O'NEILL: Yes, which vary from state to state.
Ms Gordon:  Some states have chosen not to include additional items. The ACT, for example, hasn't included any additional items. But, as indicated, direct school transport is included, along with capital depreciation and year 1 minus 2, or preschool, costs where they're delivered within a school setting.

Senator O'NEILL:  I didn't quite hear your last one. So it is regulatory services curriculum and regulatory authorities. Direct school transport is now allowed to be counted as money that parents think is probably going into stuff in school like readers in primary school and resources in high school. Depreciation is now allowed?

Ms Gordon:  Depreciation costs.

Senator O'NEILL:  Which is a very significant amount for any state government because they've got a lot of material, capital buildings out there—

Ms Gordon:  For the states and territories that have included these costs, most of them have met the four per cent cap, or the four per cent—

Senator O'NEILL:  What was the other thing you said after depreciation to do with child—

Ms Gordon:  Year 1 minus 2—so preschool, and some early childhood costs.

Senator O'NEILL:  So they're counting the preschool costs in the school education—

Ms Gordon:  Where they're delivered in a school setting.

Senator O'NEILL:  Where they're delivered as preschool, okay.

Ms Gordon:  Each state and territory stipulates, in their agreement, what additional costs they've counted. So not all of those are included in each of the agreements.

Senator O'NEILL:  I've got them all here in front of me, and I've noticed those differences, but I just wanted to get the list. Have you completed your WA ones?

Senator PRATT:  I guess what I want to ask, in the overall calculation of how you compare the school resourcing level within government and non-government schools, is if government schools and government education systems are allowed to include things like school transport and non-government schools don't, how do we compare the resourcing levels between the two sectors?

Ms Gordon:  The non-government schools also pay for things like school transport from within the funding that they've been provided. There are different—

Senator PRATT:  But are you including that within the non-government school sector calculations or not?

Ms Gordon:  If a non-government school uses government funding for school transport costs, that's absolutely included, because they've used that government funding for that purpose. Most of that school transport cost would be reflected if they've used the funding. So a lot of non-government schools—

Senator PRATT:  But if they've used state government funding for that public transport cost, is it reflected?

Ms Gordon:  If state government funding has been provided to a non-government school and that non-government school runs direct school transport services, that would be counted in their funding, yes.
Senator PRATT: But if it's a state government providing the service to that school, it's not included, is it?

Ms Gordon: Not in the current arrangements.

CHAIR: We're just going to share the call, so we'll go to Senator Faruqi and then I'll offer it to my colleagues.

Senator FARUQI: Thank you, Chair. Hi, everyone. Thank you for coming in to provide evidence. I might start off with some questions on early learning in child care—

Senator Birmingham: Could you pause for one second, Senator Faruqi, and we'll swap officials.

Senator O'NEILL: We're doing schools.

Senator FARUQI: You're doing schools, okay. I have some schools questions as well, so maybe after the schools—sorry, we can go back to—

CHAIR: We accept that we're in outcome 1 and we'll jump around a bit, so start with schools if you like, Senator Faruqi.

Senator FARUQI: Okay, no worries. How many private schools are currently receiving more than their Commonwealth share in funding?

Ms Gordon: I would need to take that on notice. I don't think I have the direct numbers.

Senator FARUQI: I do have some data here in front of me that was released by the department after a freedom of information request. I don't know the number but I do know that there are many receiving well over 100 per cent of their Commonwealth share. I might give you a couple of examples. Loreto Kirribilli is receiving 169.5 per cent of its Commonwealth share. St Aloysius' College in Milsons Point is receiving 165.9 per cent of its Commonwealth share. If you could take that on notice and provide me with the number of private schools that are receiving more than their Commonwealth share and what percentage of the overall number of private schools is there, that would be great.

Ms Gordon: Yes.

Senator FARUQI: I guess my next question could be to you or the minister. Why are these schools getting so much more than their share?

Senator Birmingham: I appreciate you've not been in the Senate for a terribly long time. These issues have been explored quite extensively, particularly during my time as education minister. There are a range of historical reasons as to school funding. Essentially, schools that entered funding arrangements at different points in history have had the arrangements that were agreed to, at those points in history, grandfathered under successive different governments. What we have sought to do, and legislated, is to attempt to, over a period of time, transition schools onto a more consistent platform—

Senator FARUQI: To grossly underfund them?

Senator Birmingham: using the school resourcing standard as a benchmark.

Senator FARUQI: I do know a bit of the history, but I guess my question goes to the crux of why these private schools are so grossly overfunded when there are so many underfunded public schools.
Senator Birmingham: As I just explained, schools that came into school funding arrangements over preceding decades—and we are talking about decades—had, at various junctures, arrangements that were struck for them at a particular point in time grandfathered into their funding model. Up until it was changed 18 months or so ago now, the legislation provided for minimum continued growth rates of three per cent per annum for schools, based on what they had historically received. That was the legislation put in place by the previous Labor government. Our government has changed that, and there's a 10-year or so process that transitions towards more consistent realisation of the Schooling Resource Standard.

Senator FARUQI: I understand that both Liberal and Labor governments continue to grossly fund private schools. But I guess the other question I have is—

Senator Birmingham: Senator Faruqi, I did just highlight that—

Senator FARUQI: I thought you had finished.

Senator Birmingham: our government has changed that legislation, and that provides for a transition period.

Senator FARUQI: Do you have the number of public schools that are currently receiving less than their share of Commonwealth funding? I presume it is a long list.

Senator Birmingham: The 20 per cent share was something that, again, we introduced into legislation to transition the vast majority of government schools up to that 20 per cent share. It had not previously existed as a target or aspiration—

Senator FARUQI: But it is a target now?

Senator Birmingham: It is, and we've put into legislation a process, again, to transition states and territories up to that level.

Senator FARUQI: The number of public schools that are currently receiving less than their share of Commonwealth funding.

Senator Birmingham: These are some of the reasons why our government changed the legislation.

Senator FARUQI: Could I ask that on notice, then, if you don't have the number?

Ms Gordon: The Commonwealth entitlements are provided to the state government. What an individual school actually receives, in terms of funding, is a matter for the state government.

Senator FARUQI: Even the Commonwealth share?

Ms Gordon: Even the Commonwealth share. The Commonwealth provides for any schools within a system—the state government departments and government schools and Catholic systems and other smaller independent systems. The funding is provided to that system, so the entitlements are calculated based on individual school level. They're provided
to the system. In the case of government schools, it's provided to the state government, and the state government—

Senator FARUQI: And they don't tell you where your funding is going.

Ms Gordon: The state government then distributes it according their own needs-based funding arrangements, and then they provide advice to us about the distribution. But the actual—

Senator FARUQI: That's the advice I'm asking for. Surely that advice would be able to tell you how much of that federal share is going to different schools.

Ms Gordon: That information is reported on My School, where the state governments report on My School, by individual schools, the Commonwealth funding contribution, the state funding and any private sources.

Senator FARUQI: But you get that advice as well. Is it possible to get the latest advice that you have?

Ms Gordon: In terms of the actual schools and what they've received?

Senator FARUQI: Yes.

Ms Gordon: On the Commonwealth funding entitlements, as you've rightly pointed out—and the minister pointed out—the government has committed to increasing and bringing everyone up to that minimum of the 20 per cent by 2023. Each state and territory is at a different level at the moment, but they'll be at the minimum of 20 per cent by 2023.

Senator FARUQI: I do know that, but it doesn't answer my question. In what year does the government project that public schools will reach 100 per cent of the SRS under current government settings?

Ms Gordon: That's a matter for states and territories, in terms of the funding contributions that they provide. As we've discussed, in terms of the bilateral agreements that have been struck, most states and territories are on a growth trajectory to increase their state government contributions to 75 per cent, and the Commonwealth 20 per cent will go towards that as well.

Senator FARUQI: So you don't know when the public schools will get to their 100 per cent, even though we do know that private schools are way above their 100 per cent?

Ms Gordon: Again, the independent and Catholic schools are all at very different points. While you pointed out there are a number of schools that are above the Commonwealth current entitlement, there are also a large number of schools that are actually below the Commonwealth entitlement of 80 per cent. In fact, the average for both independent schools and Catholic schools is less than 80 per cent. While there are some individual schools that are above, the vast majority of schools are actually below that 80 per cent.

Senator Birmingham: Senator Faruqi, it is also important to understand that 100 per cent of the Schooling Resource Standard for a non-government school includes a Capacity to Contribute discount, which is not applied in terms of 100 per cent of the Schooling Resource Standard for a government school.

Senator FARUQI: What's the percentage of that?
Senator Birmingham: It depends upon the assessment of a school community and the income potential of that school community, but it varies in discount from 20 per cent up to 80 per cent.

Senator FARUQI: Is that the new formula? Is that the estimated adjustment—

Senator Birmingham: There are changes to the way that will be calculate, which the officials can speak to, however that discount has long existed. So 100 per cent of the Schooling Resource Standard for an average non-government school is significantly less in dollar terms than 100 per cent of the Schooling Resource Standard on average for a government school.

Senator FARUQI: I have a couple of questions on the estimated adjustment funding. How much of this adjustment funding has already been spent?

Ms Gordon: I'm sorry, Senator, when you mention the adjustment fund—

Senator FARUQI: The estimated adjustment funding for low-growth, non-government schools.

Ms Gordon: There's a measure for low-growth schools for 2018. I might ask Mr Baker to give you an estimate of the total of that for 2018.

Mr Baker: The initial payments for the low-growth measure will be 80 per cent of the total value.

Senator FARUQI: What is the total value?

Mr Baker: The total value, I think, for 2019 was $8.8 million

Senator FARUQI: Was that 2019 or 2018?

Mr Baker: 2019 is $8.8 million.

Senator FARUQI: What was 2018?

Mr Baker: It was $13.4 million.

Senator FARUQI: Could you also provide on notice a list of schools and the amount that's going to each school, if that's possible?

Mr Baker: Yes, I can do that.

Senator FARUQI: Great. I'm going to move on now to child care. I just have a few questions on that. My questions are mainly about the impact of the new childcare package on Aboriginal and Torres Strait Islander children and their families. Has there been a reduction in the number of hours per week that Aboriginal and Torres Strait Islander children have been accessing child care for since the new childcare package was introduced?

Dr Bruniges: In the September quarter in 2018, around 42,000 Indigenous children were using approved child care, and that constitutes a 24 per cent increase compared to the same period in 2017.

Senator FARUQI: Is that after the package was introduced?

Senator Birmingham: This is the first quarter of the package. There was a 24 per cent increase in participation by Indigenous students.

Senator FARUQI: In the hours or the number of children?
Dr Bruniges: We've got 42,000 Indigenous children, so the 24 per cent would relate to the number of children.

Senator FARUQI: Do you have the number of hours?

Ms Wilson: Maybe I can tell a broader story and then try to answer in a bit more detail. It's very early days in terms of data for the new package. By and large, an increase of about 2.5 per cent in the number of children as at the end of September accessing child care. In terms of the level of access they are having, something like 86 per cent of the families are accessing the top two steps of the activity test—I think we've discussed that with you before—the 76 to 100 hours a fortnight. That's a much stronger result than we assumed in our modelling as well. So more families and children are accessing child care and higher levels of activity are being accessed. Something like 93.7 per cent of families accessing care are getting between 50 and 85 per cent of subsidy from the government. You're asking particularly about Indigenous families—

Senator FARUQI: Yes.

Ms Wilson: The minister and the secretary talked about the increase in the number of children. We don't have the numbers I just gave you at a high level broken down for that cohort.

Senator FARUQI: Could you take that on notice and provide the numbers.

Ms Wilson: I'm happy to take it on notice. As you know, we rely on the Department of Human Services to provide us with that level of information. The other point I would make is we are working very hard with some of the previous budget based funded services to assist them in transitioning to the subsidy. We've had some really good outcomes with some of them, transitioning families to the subsidy, but that will take more than three months' worth of data to see it coming through in terms of the system. So that's an active engagement we've got with the old budget based funding services.

Senator FARUQI: Sure. My next question was going to be on the budget based funding. From what I understand, that provided services in rural and remote areas and culturally appropriate services to Aboriginal and Torres Strait Islander children, and now that has been abolished or is transitioning into the new package. Is the new package providing the same level of services in a similar way to the BBF? I have actually heard some concerns that there are some issues with that.

Ms Wilson: The old budget based funded services were guaranteed to maintain their funding when they transition into the package. They were offered subsidies for the first time. Previously they were on grant funding agreements where the amount of the grants hadn't changed for 20 years. So in their transition they've not only got access to subsidy but a top-up grant to ensure they maintain the same level of funding.

Senator FARUQI: And to the same vital services they were providing to Aboriginal and Torres Strait Islander people?

Ms Wilson: That's right, Senator. In moving to a subsidy, it doesn't move away from community control. We fund the same organisations we were funding before. In order to be accessing the subsidy, there is not a requirement that you move to a mainstream service; that's completely incorrect. In fact, we continue to recognise the same services we did before that were receiving budget based funding, many of which are community controlled.
Senator FARUQI: So the level of service remains the same, am I right?

Ms Wilson: The level of funding. There was a guarantee that the minister made in terms of funding to these services. In fact there are some with the subsidy that are actually getting more than they were before.

Senator FARUQI: How many families are accessing the additional childcare subsidy in each of the four categories? You can take that on notice if you don't have the numbers. I also want a number for how many Aboriginal and Torres Strait Islander families are accessing the ACCS. What proportion of the allocated budget for ACCS is currently being used for each family in each of the four categories? Is that something you could provide on notice to me?

Dr Bruniges: I could probably give you the total number here. I will just check with Ms Wilson that I have the right number of families accessing the additional childcare subsidies. The total number of families is 14,033.

Senator FARUQI: And Aboriginal and Torres Strait Islanders?

Dr Bruniges: Sorry, I don't think I have that here, but I do have the four categories, if that would be of assistance. The first type is wellbeing, and we had 6,029 families; transition to work is 4,068 families; grandparents is 3,321; and temporary financial hardship is 821.

Senator FARUQI: Could you, if possible, provide me on notice the Aboriginal and Torres Strait Islander families in those four categories?

Dr Bruniges: Yes, we will take that on notice.

Ms Wilson: If I can just add to the secretary's point—that was the September quarter data. As I testified at the last estimates hearings, there were still changes in processes to additional child care that were working their way through the system. We're working with DHS to get more updated data as at December.

Senator FARUQI: That would be good. When you have that could you provide us with that as well. I do—

CHAIR: Senator Faruqi, this will have to be your last question.

Senator FARUQI: I know that some services have reported challenges in accessing this additional childcare subsidy, including—I think we discussed it a little bit last estimates—the slow application process, and some had difficulties in obtaining sufficient evidence for the four categories. What's being done to reduce those challenges?

Ms Wilson: We've worked very closely with both the sector and the Department of Human Services. Some of it was that the families and services did not have an understanding of the new arrangements and the information required. The services can actually make the determination about the additional childcare subsidy for the first six weeks, and then it gets referred to DHS. I think that is now working much more smoothly. In terms of the waiting times for processing, they're moving through DHS.

Senator FARUQI: Do you know how many applications are still waiting to be processed?

Ms Wilson: DHS is at Senate estimates later today, I think. I'm happy to take it on notice, or you could ask them yourself.

Senator FARUQI: If you could take that on notice, that would be great.
CHAIR: Senator Faruqi, do you have further questions in this particular area on child care?

Senator FARUQI: No.

CHAIR: Senator O'Neill, do you have questions on child care.

Senator O'NEILL: Yes, but we'll do them later.

CHAIR: I'll ask mine while you're at the table then. In particular, I would like some further detail on the in-home care arrangements, which, I believe, changed in 2018. There was an existing in-home care arrangement, but it was altered, and wrapped up with, I think, a nanny program as well. I'm particularly interested in the uptake amongst rural and regional families. I understand it is a highly targeted program, but do we have a breakdown on how many of the available spots are being used in rural and regional areas?

Ms Wilson: Your reflection on the history is correct. The numbers I have do not have that breakdown, but one of the target areas was families who can't access other types of care and families in rural and regional areas. I'm happy to take that on notice and try and get you the breakdown.

CHAIR: Do you keep that breakdown? Is it something that you are tracking? Obviously the target is to support families in regional areas—

Ms Wilson: We have an in-home care support agency in every state and territory. They're the ones who manage the allocation of places, so we will be able to get that information from those organisations.

CHAIR: If I'm a family in a rural or remote part of Australia, how do I interact with this particular program? How do I learn about it? How do I access it? What are the arrangements to be part of the program?

Ms Wilson: The program is broadly advertised. There are in-home care support agencies who are responsible for promoting it. They promote it through other forms of care, such as the centre based services and family day care services and all of the relevant peaks in the childcare sector, so it is broadly promoted. They do a lot of outreach work. Part of their role is to talk about what is available. We have meetings with groups like the Isolated Children's Parents' Association. My team meets regularly with a range of peaks who operate in those areas as well. We're very keen to broaden those contexts, so if you have any suggestions we'd be happy to take them on board. We have DHS officers in those rural and regional areas also offering this up as an alternative to long day care and other forms of care.

CHAIR: Do we have any idea about how it's tracking? Is it going to be undersubscribed, oversubscribed, hard to tell?

Ms Wilson: The government announced some changes in MYEFO, the Mid-Year Economic and Fiscal Outlook, in December that increased the subsidy rate to $32 and increased the number of places by around 200. From what I've heard from the team that are talking to the in-home care support agencies, there was a great influx of new applications in December and January—Queensland and Victoria being two areas, and lots from regional areas as well. I think that the increase in the rate has made it much more attractive, as well as the increase in the number of places. We were trying to redistribute more equitably on a
geographic basis, but there is still, for example, a strong need coming out of Queensland that we're trying to support as well.

CHAIR: As a Western Australian senator, should I have a red flag there, that perhaps—

Ms Wilson: No. Part of the movement in the increase in places is to make sure that, with population share, there's an even balancing. Previously there was high use in Queensland and in New South Wales, but there were not so many places in Victoria and WA, and that was driven by services that historically promoted it in those states rather than more equitable access. So part of our policy is about moving to a target distribution which better reflects the population of children in those states and territories.

CHAIR: So we're moving towards that greater balance?

Dr Bruinjes: Yes, we are, and we've given the new providers two years to move to that so that they don't, for example, have to stop servicing all the families on their books now. But, as places become empty, we will reallocate it to other states—for example, Victoria and WA.

CHAIR: Is that as simple as a straight population share? Is that the target?

Ms Wilson: I think there are a couple of other things in the mix, but it was broadly driven by a population distribution, based on zero to 12-year-olds and unmet needs of families on wait lists as well, but that's so we don't do a sudden shift and displace a whole bunch of families.

CHAIR: Absolutely. I certainly wouldn't be advocating for a sudden shift. I can remember, in a previous life, looking at a particular program—this was back in the late 2000s and it was a health program—and there were stark differences, just based on the level of awareness in the community between states and territories, in the level of pick-up of a program. I just want to make sure, I guess, that, from the West Australian point of view, a program like this, which I think would be very, very useful for regional and remote families in WA, is actually getting out into that community.

Ms Wilson: I think your point is a valid one, Senator. That's why we moved to look at redistribution as part of the new arrangements as well.

CHAIR: Do you want to go back to school funding for five minutes?

Senator O'NEILL: Yes, I will. Thank you very much. I return to the bilateral agreements and turn to the first bilateral agreement that was signed with South Australia. Clause 33 of that agreement indicates that the South Australian government is currently paying 75 per cent of the SRS, the student resource standard, for government schools and 19.72 per cent for non-government schools, taking into account clause 40 of the agreement. Can you advise the percentage of the SRS the South Australian government would be paying if clause 40 were excluded?

Ms Gordon: Obviously the level of funding that's been committed is based on the methodology that's been agreed, so I think it's a hypothetical to ask what it would be had that clause not existed.

Senator O'NEILL: Well, it won't be hypothetical when it comes to the sort of resource allocation that parents can expect to find for their children in schools. This is about money that parents rightly expect. If it's school funding, it's school funding—it's for the work that
goes on for the development of learning and growth for kids in schools. This is a quite historic shift that we want to explore.

CHAIR: Senator O'Neill, you know that question was not a reasonable one, and—

Senator O'NEILL: It's not the hypothetical disappearance of a dollar investment. I'll state my question again: can you advise the percentage of the SRS the South Australian government would be paying if clause 40—which allows them to include, at the state's full discretion, direct school transport costs and depreciation on assets—were excluded?

CHAIR: Minister, did you want to add anything to the official's answer?

Senator O'NEILL: I don't think she's answered yet. Ms Gordon?

Senator Birmingham: I think Ms Gordon has outlined that the agreement needs to be looked at in total. You may, Senator, wish to think about how you could phrase your question a different way so that it is not a hypothetical question. In the interim—because I haven't had the chance to check them—75 per cent is the reported figure in the bilateral for South Australian government schools; perhaps Ms Gordon could inform me what it is for Queensland or Victorian government schools.

Senator O'NEILL: I'd like to get to the other states in a moment, if I can, but for the moment my question is specifically about South Australia. There is a number involved in this that the department should be aware of. I'm asking what percentage of the SRS the South Australian government will be paying if clause 40 is excluded. It's got to be a clear number.

Ms Gordon: I think that is a hypothetical because, until we actually have the first year of reporting against this, we won't know what the different elements that contribute to the overall 75 per cent will look like. That clause allows for up to four per cent of those inclusions to be counted towards the 75 per cent, but, until the first year of the obligation being applied and then reported on, we won't actually know what the relevant contributions of those different clauses would look like.

CHAIR: But, just to be clear, these arrangements were agreed with states and territories, and often these arrangements were suggested by the states and territories, weren't they?

Senator O'NEILL: I'm not surprised, and I'm going to ask more questions down the track about why that might have been the case and why it might not be best practice.

Senator Birmingham: And this is the same four per cent that we were talking about with Senator Pratt in relation to the Western Australian government before.

Ms Gordon: That's correct, and, Senator, you'll remember we've given evidence before about the processes that we have gone through with states and territories with a working group to go through what methodology should be applied to calculate state funding contributions.

Senator O'NEILL: Yes, and I recall there was a very significant body of work done that was respected by the whole sector, by Mr Gonski and his entire team, who made very specific recommendations about exactly this matter, which we'll get to shortly.

CHAIR: Senator O'Neill, let's get back to questions, please.

Senator O'NEILL: My question to you, seeing as you are saying you haven't got answers till the end of this financial year, is: you must have a figure of what the South Australia SRS was before the agreement was signed.
Ms Gordon: We have a calculation of the total SRS—so the hypothetical or the calculation according to the formula that's set out in the legislation.

Senator O'Neill: Can you provide that?

Ms Gordon: I don't have that here in terms of what the total SRS would look like. I'd need to take that on notice for South Australia. So we would be able to provide you the estimated SRS for 2019.

Senator O'Neill: Prior to the signing of these documents?

Ms Gordon: That's the theoretical schooling resource standard as calculated based on the legislation. Is that what you're asking for?

Senator O'Neill: Take what we've been discussing on notice, and there will be further questions around this to try and get some clear lie of the land of what was in, what was out and what's changed.

CHAIR: Will we have a break there, Senator O'Neill?

Senator O'Neill: Yes. There's plenty more, but I'll come back with more at 1.30.

Proceedings suspended from 12:28 to 13:31

CHAIR: We will resume this hearing of the Education and Training Portfolio. We remain in outcome 1—Early learning and schooling. Senator O'Neill has the call. Sorry—

Dr Bruniges: Early learning, Senator; not schools?

Senator O'Neill: No, schools.

CHAIR: Outcome 1, generally—we will jump around a bit.

Senator O'Neill: My question is relating to NAPLAN. I don't know if you need somebody special up here for that first question.

Dr Bruniges: Depending on what the question is, Senator, otherwise it's ACARA.

Senator O'Neill: Is it the case that NAPLAN results for 2018 will not be published on the My School website?

Ms Gordon: There's been no decision to that effect.

Senator O'Neill: Is there consideration?

Ms Gordon: There's discussion at the moment about the way that the results will be published because, for the first year, last year, students sat NAPLAN online, so there's discussion at council about how results will be presented on My School.

Senator O'Neill: So, this is because of the lack of reliability that was of major concern last year?

Ms Gordon: There was a discussion around comparability, but all the technical advice is that the results are comparable and reliable.

Senator O'Neill: So, if that's the case, why is it under active consideration that the NAPLAN results for 2018 will not be published on the My School website?

Ms Gordon: Senator, there's a discussion about the nature of the publication, and that's subject to Education Council discussions.

Senator O'Neill: Can I go to your answer there. The 'nature of the publication'—can you explain exactly what you mean by that?
Ms Gordon: It's subject to Education Council deliberations. I'm sorry, Senator, I can't provide any further information about that.

Senator O'NEILL: Can you help, Dr Bruniges.

Dr Bruniges: No. Other than what Ms Gordon says, we are under active consideration of the ministerial council of education ministers from each state and territory.

Senator O'NEILL: Well, that's a little surprising, because, Senator Birmingham, at the time, you described this NAPLAN online as a 'resounding success', and it now turns out to be so bad that it cannot be made publicly available.

Senator Birmingham: Well, I completely dispute that—

Senator O'NEILL: Do you stand by your earlier position?

Senator Birmingham: I do, Senator O'Neill, and I completely dispute the assertion you've just made. You've just heard from Ms Gordon that the results and the data are comparable and, indeed, the practical delivery and experience when NAPLAN online was delivered in classrooms at the time I made that comment was indeed very successful.

Senator O'NEILL: You can't have it both ways, Minister. It can't be a resounding success, and then under active consideration by the education ministry—sorry, what's the official title?


Senator O'NEILL: The Education Council—thank you. It can't be actively under consideration by the Education Council and a resounding success at the same time.

Senator Birmingham: Let's just deal in the realities of life. You know, as I do—

Senator O'NEILL: I am. There's been a significant failure.

Senator Birmingham: You know, as I do, that there are many people who have, for quite a period of time, sought to seize upon any opportunity to undermine NAPLAN, and particularly the reporting or publishing of data related to NAPLAN. It does not surprise me at all that some of the states who appear desperate to be able to walk away from public transparency around NAPLAN would be seizing on any opportunity at all to have that discussion at Education Council.

Senator O'NEILL: I'm surprised that you're talking about transparency, given the nature of the information wall that's been erected here in this estimates session today. Minister, it would seem that this whole NAPLAN debate has been entirely mishandled by you and your party. Do you agree that you've stuffed up something that has been considered important?

Senator Birmingham: What insightful questions you have today, Senator O'Neill! Goodness me, it will surprise you to know that, no, I do not agree with your assertion, Senator O'Neill. Stop the presses, everybody; hold the front pages! I do not agree with Senator O'Neill's assertion.

Senator O'NEILL: You can make a joke of it, but the reality is people do think that you've stuffed it up, and that's how people talk about how you've managed education right across this country.

Senator Birmingham: Your questions are a laughing-stock, Senator.
Senator O'NEILL: They might be laughable from your point of view, but people who care about their kids' education are actually interested in making sure that this is done right.

CHAIR: Senator O'Neill, let's keep the commentary to a minimum.

Senator Birmingham: And we heard all the data shows the results are comparable. I would hope and trust that we'll see the results published.

Senator O'NEILL: There shouldn't be a discussion, then, should there?

CHAIR: Let's move on.

Senator Birmingham: Perhaps if people like you or some of your friends stopped trying to undermine NAPLAN—

Senator O'NEILL: I reject that. I have not tried to undermine NAPLAN, and I stand by our position with regard to the inputs provided in terms of transparency.

CHAIR: Senator O'Neill, let's move back to questions

Senator O'NEILL: It certainly needs some work. Can I go back to the South Australian funding agreement. Thank you. Just before we broke, I was asking about what percentage of the SRS the South Australian government would be paying if clause 40 was excluded. You indicated that you couldn't provide that information. I asked then: surely, when you went into the negotiations, you would have had the status quo, so I'm asking for the details of what was supposed to have been happening with the SRS.

Ms Gordon: Just to clarify, is the question what the South Australian current funding levels are, based on a different methodology? Is that the question you're asking?

Senator O'NEILL: Yes, based on the one that was in place prior to the negotiations, which will allow 'up to 4 per cent of the total SRS for the government sector each year for costs contributing to the provision of education in schools, which may only include, at the state's full discretion, direct school transport costs, and depreciation on assets'. That's a pretty big change.

Ms Gordon: It's the first time that there's ever been an agreement about what methodology would be applied to state funding efforts. Under previous arrangements, there was no agreement about what would be counted. Indeed, states and territories came to the negotiations expecting quite a significant, longer list of inclusions and other things that could be counted towards their state funding effort, including things like capital funding and other payments. Part of the negotiations was to agree what the methodology would be and would be included in these agreements. There hasn't been a change. This is the first time that there has been an agreed methodology for state funding effort under the legislation.

Senator O'NEILL: We'll get to that, and why the case might be for that, in a moment. With regard to clause 40(a) of the agreement, where depreciation of assets is mentioned, is this the first time that a state has been able to claim depreciation on assets as part of its contribution to the SRS?

Ms Gordon: As I just mentioned, this is the first time that there's been any agreed methodology for what would be counted towards state funding effort. States and territories at the beginning of these discussions around how to measure state funding effort were arguing that the full range of costs associated with delivery of education in their states should be
counted towards the state funding effort. As I mentioned, they were arguing for things like capital to also be included.

**Senator O'NEILL:** So you knew that when you went into the negotiations with the state of South Australia that this would be a grab bag of things that they wanted to have counted. What made you draw the line at the things that have actually ended up in the agreement?

**Ms Gordon:** As I mentioned—we've provided evidence to the committee previously about the process that we went through with consultation with states and territories—we undertook some work. We had an external consultant work with states and territories to work through what all of their different claims might be. At the end of the day, there was an agreement about the methodology. You'll see that the methodology is consistently applied to each of the states and territories. Some states and territories have chosen not to count some of those additional inclusions, but it's an agreed methodology across all states and territories.

**Senator O'NEILL:** It's not an agreed methodology across all states and territories, because the ACT are not going to count any of it in their contribution, are they?

**Ms Gordon:** But they're able to.

**Senator O'NEILL:** They were able to but they didn't, so it's not uniform across the country.

**Ms Gordon:** It's not uniformly applied, but there's a methodology—

**Senator O'NEILL:** There's a clause.

**Ms Gordon:** that has been applied.

**Senator O'NEILL:** It's not consistent from state to state, then, is it? Is it consistent from state to state?

**Senator Birmingham:** What Ms Gordon said before, you need to remember, is that, until now, states and territories have made whatever claim they wished to make. There's been no set methodology that states and territories have agreed to.

**Senator O'NEILL:** There was a set methodology recommended by Mr Gonski.

**Senator Birmingham:** This puts in place a methodology—

**Senator O'NEILL:** And it excluded all this

**Senator Birmingham:** for state and territory contributions. It's a methodology that has responded in its development to requests made by the states and territories but has also tried to put reasonable limitations around those requests, too.

**Senator O'NEILL:** I understand what you're saying. What you call 'reasonable limitations' varies from state to state, which brings me back to my question, Ms Gordon. There is an inclusion of this clause, or one like it, at different points in each of the agreements, but there is no uniformity across the nation with regard to this, is there?

**Ms Gordon:** The methodology that the Australian government has agreed to adopt is uniformly available to each state and territory.

**Senator O'NEILL:** Yes, but they have not taken it up in the same way in every state. It is different in practice, okay? It's different in practice and it will be applied in practice differently in every state. Is that correct?

**Ms Gordon:** Each state and territory has different arrangements for their funding.
Senator O'NEILL: That's right. So we haven't got a national schooling system; we've got a state-by-state schooling system that's being backed in by these agreements.

Senator Birmingham: Since 1788, we've had state-by-state schooling systems—

Senator O'NEILL: Yes, I noticed that's a year that you want to focus on, but if we focus on right now and kids who are going to school, Minister—right now, they expect better than this.

Senator Birmingham: Yes, Senator O'Neill. Each state and territory funds its school system in different ways and accounts for it in different ways, as they always have—always. This actually brings a greater level of consistency in terms of the comparability of that data than we've ever had before.

CHAIR: Are you going to nationalise the school system, Senator O'Neill?

Senator O'NEILL: No. What I'm going to say on behalf of Australian parents is it doesn't matter where they have a child in Australia. When they walk through the gates of any school, they shouldn't be subject to formulas that are different from place to place for historical reasons. They should get the resources they need so they can learn, wherever they are. They need a common standard of access to resources.

Senator Birmingham: So it's the policy of the Australian Labor Party to force every state to fund, to calculate their funding and to audit against their funding in an absolutely identical manner.

Senator O'NEILL: Every student deserves equal opportunity.

Senator Birmingham: You'll be getting each of the states do too do it exactly the same, will you, Deborah?

CHAIR: Interesting policy announcement we're getting today.

Senator O'NEILL: It was a specific finding of the 2011 Review of Funding for Schooling, otherwise known as the Gonski report, in finding 12:
For the purposes of developing future recurrent funding arrangements—
which is exactly what we're talking about now, these bilateral funding agreements are future current funding agreements—
it would be appropriate to continue to exclude the user cost of capital, depreciation, capital expenditure and payroll tax. Superannuation and long service leave expenses should be included.
That was the recommendation of that august body. What's changed since 2011 that makes it okay for that to happen now? What's changed?

Ms Gordon: Senator, as I indicated, the development of the methodology for state based funding was a negotiated methodology, and was a methodology that was agreed with states and territories.

Senator O'NEILL: Okay. The rationale for what I've just said, which is 'do not do what this government has just done' in these bilateral agreements, the rationale for not doing what the government has done is documented very clearly in Review of funding for schooling. It says:
Sector costs are those relating to all schools regardless of whether they are government or non-government schools. They include the regulation of schools, certification of teachers, national school
testing and development of curriculum. As these costs are largely met by governments and are not incurred by schools directly, it is not appropriate to include them in the resource standard.

It couldn't have been any clearer: because the costs to government are the costs to government to run a school sector; but the cost for student resource standards is about the resources for students in schools that parents want their children to have. So what we've got is this extra money, that shouldn't be counted for this very reason, being cobbled into every funding agreement that's before us. And we've seen the ACT stand up and say, 'Well, it might be good for the rest of your students, but we're not going to play that game—we're staying outside it.'

CHAIR: Senator O'Neill, is there a question in that statement?

Senator Birmingham: Senator O'Neill, you're most welcome to go and condemn all of the other state and territory jurisdictions if you wish—you can do that. Of course, many of them asked for further things to be counted or assessed or otherwise.

Senator O'NEILL: And why didn't you give that to them if you're going to give them freedom, Minister Birmingham?

CHAIR: Senator O'Neill, the minister has the call.

Senator O'NEILL: If the states are entitled—

CHAIR: Senator O'Neill, the minister has the call!

Senator O'NEILL: Sorry, Chair.

Senator Birmingham: What the Commonwealth has achieved—and I note, these definitions do not impact upon the record quantum of federal funding being made available in the states and territories—has to actually have some consistency and comparability across the scale of funding provided by the states and territories, and some expectations around the levels that they need to meet or maintain in relation to their funding, which is not something that has existed before.

Senator O'NEILL: Minister Birmingham, do you disagree with this statement, which is the rationale for why the methodology that you've just embedded in these agreements was not recommended:

… including these costs—

the ones we've just mentioned—school testing, development curriculum, regulation of schools, certification of teachers—

in the resource standard could lead to cost shifting between government portfolios and different levels of government. The panel's preferred approach is that these costs are dealt with outside the resource standard and estimated as a separate resourcing requirement on funding bodies akin to a community service obligation.

… … …

Adjunct service costs comprise expenditures that are not consistently incurred by schools across jurisdictions and sectors.

Dr Bruniges: Senator, there is some complexity. Take school transport, for example: in some jurisdictions school transport is part of the education department; in other jurisdictions it's part of the transport department.

Senator O'NEILL: Yes.
Dr Bruniges: So already there is variation in what the count is, if I just go to a state or jurisdictional level, for the costs to the education department through their appropriation. There is already a very different mix of things out there.

Senator O'NEILL: Okay. I accept that, and I understand that's a historical reality. But the kids don't think school and the bus are the same things. While travelling to school on a bus you learn some things about life, but it is not school. It's not school. So how can you build in the cost of transport?

Senator PRATT: It's a long way on a bus in Western Australia sometimes to get to school. It's not nearly as far in Victoria. So how does that make comparing the outcomes for students equal, state by state? I just don't get it.

Senator Birmingham: Perhaps some of those differentials are why, in hearing the calls and arguments from the states and territories and negotiating an agreement with them around how these figures could be calculated, there was also a clear limitation put in place around how and what other elements could be included. Obviously we want states to invest in upgrades to technology, capital and other things as part of maintaining high-quality, modern schools. They were some of the arguments put by states and territories, but also wanting to make sure that the ongoing calculation of their contribution is not distorted by other factors meant there were clear guardrails put around that in terms of an upper limit that could be counted. These were things states and territories asked for. They relate purely to the contributions of states and territories. They don't impact upon the record and growing contribution that the Commonwealth is making towards school funding.

Senator O'NEILL: Minister, you've indicated there were 'some' parameters—the states sought more than you actually gave them I think is what you indicated to me—that they wanted to put more in to be counted that happens outside the classroom and the learning that occurs in classrooms where people think schooling is going on. What were the parameters that you had that you wouldn't go beyond? What else did they ask for that you wouldn't give them?

Ms Gordon: There was a large number of things that were put on the table, things like payroll tax; full costs of preschool learning, whether it was within schools or outside of schools; all early-learning programs. I mentioned before there was capital. So there were a number of different items that the states had argued were a core part of their education contribution.

The key point to note, though, is in each of these bilateral agreements there's significant funding increases over future years, and well beyond the funding that had been budgeted in almost every case. So these have actually locked in significant increases in real terms for students in schools. As you know, the SRS is indexed each year. For the next couple of years it's been indexed at 3.56 per cent, for 2019 and 2020. Beyond that, it's estimated to be 3.3 per cent ongoing. These are increases that are well above most of the state's committed funding indexation for education, so these agreements lock in significant funding increases—real funding increases—for school education.

Senator O'NEILL: There are some pretty significant get-out-of-jail cards in there for the states. Was there a methodology that you had before the bilateral agreements were signed?
Ms Gordon: I think we've given evidence previously that our starting point was the My School methodology for recurrent funding. As we've talked about, there were a number of other items that had been put on the table by states and territories. There was a substantial process that we went through in terms of working through what those other items were and what their proposals were, but essentially states and territories were proposing or counting a lot of other significant funding items. The final methodology, as you've seen in the bilateral agreements, limit those inclusions to an additional four per cent so that there is a very clear limit to how much of those are included.

Senator O'Neill: So was the methodology 'you can put in what you like, but only up to four per cent'? Is it that simple?

Ms Gordon: No, Senator. Each of the agreements, as you've seen, identify those items that they've included, and I think I outlined at the beginning, or earlier in my evidence, around what some of those items were in terms of depreciation and direct school transport costs.

Senator O'Neill: How did the department calculate state contributions to SRS before the signatures occurred on the documents?

Ms Gordon: States aren't required to provide—sorry, let me take a step back. States regularly report on their financial contributions to schools through My School reporting. Those audited statements are supplied to ACARA, and there's a time lag between the reporting year and when that information's publicly available. Our initial discussions with states and territories were based on estimates based on previous My School data. So the latest—

Senator O'Neill: Can you provide on notice, in writing, any of that detail?

Ms Gordon: That's publicly available—the 2017 My School figures—in terms of total state contributions. We're very happy to provide that on notice.

Senator O'Neill: And they were the only documents—as the parameters that you set around your negotiations?

Ms Gordon: In terms of the information that's available to us going into those discussions with states and territories, we had the data that My School had reported about their financial investment or their finances.

Senator O'Neill: Yes. That's publicly available, you said. What else?

Ms Gordon: And then the work we did with them—we had the contracted work that I mentioned before, where analysis was done about the different items they were seeking to have included, and that information was used in consideration of the proposals that states and territories put to the government.

Senator O'Neill: Okay. So, contracted work: you mentioned an external consultant.

Ms Gordon: That's correct, yes.

Senator O'Neill: Can you fill me in on that?

Ms Gordon: I'm trying to remember who it was. It was a while ago now. I might ask Mr Baker to support me on that one.
Mr Baker: The organisation we got to do that work was Deloitte. The reason they were selected is that they've been working in partnership with ACARA for a long time to audit financial information that's given to ACARA by the states.

Senator O'NEILL: And they basically scoped out what the states wanted to bring to the discussion. Is that right?

Mr Baker: They helped us unpack information that is collected through the My School process. As Ms Gordon said, the My School default was our starting point for state contributions.

Senator O'NEILL: I'm interested in the part you were talking about, Ms Gordon—what the states wanted. Who went and found out what the shopping list was? Was it Deloitte?

Ms Gordon: Regarding the process of discussions, I think I've given evidence here before about the number of meetings we had with states and territories to work through what they were seeking to include and to seek information around what that looked like. We had discussions about capital and depreciation and how different states account for those things in different jurisdictions and how transport is funded in different jurisdictions. So, quite a significant piece of work was done to understand how different states and territories approached the funding for their education services. And as we said, we contracted Deloitte to engage with each of the states and territories to I guess better understand what the impact would be for each state and territory.

Senator O'NEILL: I want to go back—and you still might be able to help us, Mr Baker: going back to the depreciation element of that, one of the reasons to exclude depreciation that was set out in the 2011 report that I've been referring to, the Gonski 1 report, Review of funding for schooling, was that 'there is a need to avoid creating perverse incentives, such as between purchase and lease of assets'. Doesn't the inclusion of depreciation create a 'perverse incentive' as referred to in that report?

Ms Gordon: One of the reasons we've got a cap on inclusions is to avoid those kinds of issues. With the cap on inclusions, it means that that incentive to maximise that funding is not there, because there's essentially a limit on the extent that they can count those additional items towards the requirement or the obligation.

Senator O'NEILL: And you seem to have complete confidence that this won't be gamed in any way, but we've seen for decades the gaming of this system, which is exactly what the Gonski recommendations were seeking to avoid, in the interests of the young people and the students of our nation.

Ms Gordon: States and territories raised the concern about first incentives between things like the recurrent funding and early education. Because there's a funding obligation on schools, they were concerned that there'd be a financial incentive for them to maximise funding in schools but then potentially to cost-shift from their investment in early learning. So, they were concerned about perverse incentives in terms of maximising their school funding but then potentially having less funding available for other areas that might have greater impact on outcomes. We're not saying that there's any perfect solution to these, but the cap on the inclusions was designed to avoid or to stop that issue from occurring. As you'd be aware, the National School Resourcing Board has been established. One of the things that they will be doing is looking at the state funding obligations on an annual basis, and looking

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at how those obligations have been met. That's another process that's in place to provide that assurance, and to look at the way that states are required to report against their obligations each year and to identify how they've met those.

**Senator O'NEILL:** I appreciate that, but I've got some more specific questions—we've only got a couple of states done and we've got plenty to go, so can we push on. Is depreciation still excluded from the ACARA financial data collection for the My School website?

**Ms Gordon:** The methodology doesn't include depreciation. That's why it's included as an additional inclusion under the bilateral agreements.

**Senator O'NEILL:** Just a yes or no, so I'm clear: is depreciation still excluded from the ACARA financial data collection for the My School website?

**Ms Gordon:** You're talking about the recurrent ACARA methodology for the recurrent funding?

**Senator O'NEILL:** Is depreciation still excluded from the ACARA financial data collection?

**Ms Gordon:** There are a number of different items under the ACARA collection. They collect capital funding as well as recurrent funding. If you're looking at the recurrent funding, that does exclude depreciation, I think—yes. It excludes depreciation; that's why it's included in the additional items. So anything that's included in the recurrent methodology, the ACARA methodology, is included in the measurement. Anything that's additional to that, that's not in that methodology, is set out separately.

**Senator O'NEILL:** And the reason that it's excluded is its unreliability, isn't it?

**Ms Gordon:** I wasn't involved in the development of the original methodology, so I couldn't comment on the reasons that were given at the time. The ACARA methodology accounts separately for recurrent funding and capital funding.

**Senator O'NEILL:** I have raised concerns with you about direct school transport costs. We are now, as a result of these documents between the federal government and the state governments around education being signed, allowing state governments as a consequence of those negotiations to count the costs of bussing students to school as part of the student resource standard; is that correct?

**Ms Gordon:** Where there are direct school transport costs, that is the case.

**Senator O'NEILL:** Most buses do go quite directly to the school.

**Ms Gordon:** But it doesn't include general concessional transport for students. This is just for direct school-related transport.

**Senator O'NEILL:** With regard to the school transport policy of the South Australian government, which is available online, it says that non-government school students are able to access school transport. Is that your understanding?

**Ms Gordon:** I'm not aware of that detail, sorry.

**Senator O'NEILL:** More generally, if direct school transport costs can be accessed by both government and non-government school students, why does its cost only contribute towards the SRS as it relates to government schools?
Senator Birmingham: I think Ms Gordon answered this question from Senator Pratt earlier, in relation to the Western Australian government school transport system. If there's something new to the question—

Senator O'NEILL: That's a different state with a different structure. The South Australian government says that both non-government and government school students are able to access school transport if they're both able to access the same service.

Senator Birmingham: This is exactly what Senator Pratt raised.

Ms Gordon: That question would be better addressed to the South Australian government, who propose the nature of the reporting.

Senator O'NEILL: Clause 40b. of the bilateral agreement allows—

Senator Birmingham: To be clear, Ms Gordon's response to Senator Pratt earlier was that costs relevant to non-government students could not be counted towards the government contribution.

Ms Gordon: That's right; and that clause is included in every bilateral agreement to ensure there's not that misappropriation of funds to one sector.

Senator Birmingham: So the same rules for South Australia as for Western Australia.

Senator O'NEILL: If I can go to clause 40b. of the bilateral agreement, which allows the South Australian government to count regulatory funding for the SACE Board of South Australia and the Education Standards Board towards the SRS, the 2011 review looked at this issue:

Sector costs are those relating to all schools regardless of whether they are government or non-government schools. They include the regulation of schools, certification of teachers, national school testing and development of curriculum. As these costs are largely met by governments and are not incurred by schools directly, it is not appropriate to include them in the resource standard.

I again ask you, Ms Gordon: what's changed since 2011, when that was an accurate statement?

Ms Gordon: The way that the SRS was calculated and the entitlements under the act are set out under the act, and the Commonwealth's contribution is clearly articulated under the legislation. What's counted towards state funding contributions, as I have mentioned, has been an agreement with states and territories around what they can count—what's accepted by the government for them to count towards their obligation under the act.

Senator O'NEILL: So what's changed, effectively, is that the government changed and now state governments can count the costs of bussing kids to school as part of the student resource standard. That's happened on the watch of this government.

Senator Birmingham: Senator O'Neill—

Senator O'NEILL: That's what happened.

Senator Birmingham: No, Senator O'Neill, come back again: there was no methodology before as to how state governments claimed what their contribution was of the Schooling Resource Standard. State governments made claims dragging in whatever dollar spending they chose to drag in. We now have a form of accountability that will be properly audited and overseen by the National School Resourcing Board to have some form of consistency and some form of measuring. Indeed, the limit put on some of those other factors is also
transparent and clear, which makes it pretty simple for people to also look at whether, if they want, to knock those four percentage points off and see what a state is or isn't contributing. I again highlight that it doesn't impact on the record and growing funding that the Commonwealth is investing in those school systems.

Senator O'NEILL: What's pretty clear is that we've got a very different agreement with every single state—

CHAIR: Senator O'Neill, let's get back to questions or I will offer the call elsewhere.

Senator Birmingham: The evidence has been clear that the same rules are available for all of the states and territories.

Senator O'NEILL: I've got four questions and I'm finished, if that's okay? They're very short. I'm sure they'll be on notice.

CHAIR: I'm not sure if my colleagues have got questions. You have had the call for over half an hour.

Senator PATERSON: I'm happy to defer to Senator O'Neill.

CHAIR: I'm just going to hand the chair to Senator Paterson for a few minutes.

Senator O'NEILL: For New South Wales, we'll put on notice questions that relate to all of the issues we've raised with others to seek clarification. But can you advise what percentage of the SRS the New South Wales government would be paying if clause 25 was excluded?

Ms Gordon: I think my response would be the same as for South Australia. The extent to which that clause is drawn upon won't be known until the first reporting, which will be at the end of the financial year and once the audited statements are available.

Senator O'NEILL: Senator Pratt's asked about Western Australia. For the Tasmanians who are expecting their kids to go to school and get the resourcing that they need at school, not on the bus, can you advise what percentage of the SRS the Tasmanian government would be paying if clause 40 was excluded there?

Ms Gordon: My answer would be the same.

Senator O'NEILL: Queensland: can you advise what percentage of the SRS the Queensland government would be paying if clause 31 in its deal was excluded?

Ms Gordon: It's the same answer.

Senator O'NEILL: Thank you.

Senator PRATT: I've now got some questions in relation to the funding announcement for non-government schools made back in September. There was an announcement of funding of $4.57 billion for non-government schools, and, as I understand it, it was in a number of different parts. The department put out an information sheet on the fund. Do we have any idea what the $1.2 billion will be spent on yet?

Ms Gordon: We've been in consultation with the non-government sector about the governance arrangements for that fund. The fund will be implemented under a regulation under the act with supporting guidelines, and then with agreements with each of the state bodies. We're in consultation at the moment. Until those agreements are finalised, there won't be specific information available about the specific activities or ways that that fund will be
expended. The fund itself doesn't actually commence until next year. We're in discussions with them at the moment.

Senator PRATT: You say it requires Commonwealth regulation. Why would it also require state regulation?

Ms Gordon: It doesn't require state regulation. It's just Commonwealth regulation—regulation under the Australian Education Act.

Senator PRATT: Yes, that's what I thought. I just misunderstood. I thought you said—

Ms Gordon: And then supporting guidelines. So there are guidelines that sit under that that specify things like reporting requirements and have more detail around the fund and its administration—

Senator PRATT: Okay. They don't have anything to do with the states.

Ms Gordon: No.

Senator PRATT: How many meetings have been held with representatives of Catholic and independent schools?

Ms Gordon: Related to the Choice and Affordability Fund? I'd need to take that one on notice.

Senator PRATT: Have meetings been held?

Ms Gordon: We've had a number of meetings, yes, with both the Catholic Education Commission and the Association of Independent Schools—the national bodies.

Senator PRATT: The national bodies, or have you had meetings state by state as well?

Ms Gordon: We haven't had state-by-state meetings, but when we meet with the national bodies there are usually a number of the state associations or commissions that are involved in those discussions.

Senator PRATT: Okay. Have those conversations included likely projects for funding?

Ms Gordon: We've had broad discussions around the sorts of priorities that they would pursue under the fund and—

Senator PRATT: And what are they?

Ms Gordon: There are a range, and I couldn't tell you specifics because each of them will be very, very different in terms of how they may approach it.

Senator PRATT: If they're that broad, surely you can tell me something about what the object of the fund is, though?

Ms Gordon: I'd refer you to the public information about the fund.

Senator PRATT: The Choice and Affordability Fund.

Ms Gordon: Yes. We have a publicly available fact sheet about the fund which talks about government priorities, including assisting schools in regional and remote areas, or drought-affected areas; providing structural adjustment assistance in moving to the new needs based funding arrangements, and assisting schools during that transition; enhancing student wellbeing and other support services; lifting outcomes in underperforming schools; and supporting parental choice and affordability of schools.
Senator PRATT: Are they likely to be project funding or funding that's triggered by things like income assessment, and topping up and topping down under the SRS?

Ms Gordon: It's likely to be a mix of those, of different arrangements, and it will differ between states and also between sectors.

Senator PRATT: Is it going to be project funding at all? If it's welfare funding, you might see it as a project.

Ms Gordon: It really will depend on how the individual non-government representative bodies elect to use the funds. It might be that they provide specific services to schools; it might be that they provide grant funding; it might be that, if it's for structural adjustment, they have an application based process. It really will depend on the details. We haven't got to that level of discussion with the non-government representative bodies to date. We've been really focused on the governance arrangements and administrative arrangements that need to be put in place. When we get to the point of negotiating agreements with them, that's where we'll have more detail about that.

Senator PRATT: The Prime Minister told the media, and indeed Sabra Lane, that the fund was about drought relief. Drought relief is a reasonably urgent phenomenon. If it was so urgent, why is it still sitting there with no details, months after it was announced?

Ms Gordon: The fund itself commences in 2020, which is the point when the new arrangements are in place. One of the things that have been identified, and the current natural disasters also raise this issue, is that, in future events like those, there'll be funding available through this Choice and Affordability Fund that can be drawn on for that very purpose.

Senator PRATT: So how have you modelled the overall number in the fund, then?

Ms Gordon: The fund is the $1.2 billion over the 10 years, and the distribution is based on a share of schools between the sectors.

Senator PRATT: It sounds like you've just come up with a number of $1.2 billion, because you can't tell us what the need is that you're actually trying to fill with that fund.

Ms Gordon: The fund is available for pursuing other government priorities that aren't necessarily met through recurrent funding that's delivered to schools. This is an additional fund that sits outside of the recurrent funding arrangements and provides funding that can be used to support other priorities. As I've discussed, there are a range of activities that might be funded through this and the fund itself has been established at $1.2 billion over 10 years.

Senator PRATT: On that basis, because it's not about the funding model overall but, as you say, government priorities, frankly it's fine just to pick a number and retrofit the policy around it—that's essentially what you've said.

Ms Gordon: That's not what I said, Senator, with all due respect.

Senator Birmingham: They're your words, Senator Pratt. Ms Gordon's words are on the Hansard record.

Senator O'NEILL: Can I take you to a report that I think is quite significant and worthy of us discussing here today, particularly in context of the discussions we've had about federal government and state government determinations of funding, the probity of that process, the transparency of that process and, in my view, the opaqueness of that process for ordinary Australians. The Joint Committee of Public Accounts and Audit had a few things to say about
this—and I want to stress for the record, particularly for people who don't have much to do with the parliament, that there are a range of committees and sometimes the government has more people on a committee and sometimes the opposition has more people on a committee, but this is a government controlled committee. I just want to put that frame around the seriousness of what we're about to put on the record. The Joint Committee of Public Accounts and Audit, in its executive summary to Report 476: Australian government funding, said:

The Committee was strongly of the view that the current monitoring arrangements established by the Department of Education and Training do not provide sufficient assurance that Australian Government school funding is administered in a way that is transparent, accountable and compliant with the Australian Education Act 2013.

This is a very serious finding against the department. What is your response to that?

Ms Gordon: The committee was looking at the implementation of the ANAO review into school funding. The department is on the record as accepting the recommendations of that report and has been undertaking quite a significant amount of work in responding to the recommendations of that report. The ANAO report and, indeed, the JCPAA report both recognise that there are a range of different assurance activities that are in place in the department, and they identified opportunities for strengthening and developing those processes in some activities, but I think there was also recognition that some of those arrangements had been in place and were appropriate in some of those areas. But we do have a significant amount of work underway to respond to the audit. We appreciate that we're in a process of continual improvement and have been implementing improvements over time. We recognise that there's still more that can be done and we are looking at the JCPAA recommendations. Obviously, the report was only released last week, so we're looking at the recommendations that the committee have made and they're findings to look at how we might further strengthen the activity that's currently underway.

Senator O'NEILL: To be clear, you accept all seven of the recommendations?

Ms Gordon: Senator, some of the recommendations aren't for the department. The first recommendation is for the government to make amendments to the act, and—

Senator O'NEILL: Let's just work our way through them. Recommendation No. 1 recommends that legislation require the department to 'monitor the use of Australian government school funding in achieving the objectives of the act'. That's pretty serious.

Ms Gordon: The committee has made a recommendation that there's an explicit reference under the act. I would note that the department already has obligations under the Public Governance, Performance and Accountability Act and also through the Public Service Act. So there are legislative mechanisms that put obligations on the department but, obviously, the committee has made recommendations to go a step further than that, and to have more explicit requirements under the act itself.

Senator O'NEILL: I have to say that the objectives of an education act go to the practices that people understand happen in schools—you know, that kids show up at school, and that they expect to do their learning predominantly in the classroom, apart from excursions and incursions. The objective of the act should be pretty transparent for Australians to understand: it is an education act. We've just had a discussion about the cost of buses being included by states in the way they assess their contribution to learning in schools. Clearly, there's a very
significant mismatch between what people in the general community understand by education and what's being monitored and observed by the department.

Senator Birmingham: Is there a question, Senator?

Senator O'NEILL: Is that the case? How do you explain this gap?

Dr Bruniges: The committee is actually recommending an amendment to the Australian Education Act with an explicit legislative requirement on the department. Ms Gordon's outlined a number of requirements and legislative requirements on the department already in other acts, and we need to be able to consider that to ensure that the monitoring and compliance and the assurance for Australian government school funding is delivered in accordance with the act.

Senator O'NEILL: With the objectives of the act. There's a little bit of a gap, isn't there? There is a bit of a gap there.

Dr Bruniges: Yes, that's the second part, you're correct, Senator. There were two parts, the first one was 'in accordance with the act', and then the second one is, 'to monitor and use the government school funding in achieving the objectives of the act'.

Senator O'NEILL: Yes, which is outcomes for students, which is really what it's all about. When we're talking about all these funding instruments, at the heart of it are kids who want to learn and parents who expect learning to happen and who expect the money to be there to create the resources—the schooling resource standard that enables that to happen. Could I go to recommendation 2. Is the department undertaking 'a risk based analysis and review of existing compliance and accountability arrangements'?

Ms Gordon: The department is developing an assurance framework and it does involve a risk based assessment and review. We have been, as I mentioned before, actively working to address the recommendations of the ANAO report, and, now the JCPAA report is out, also to integrate the additional findings and recommendations of their work to ensure that we're making the most of the work that we're doing.

Senator O'NEILL: Were you shocked at all by the language in the report arising from the ANAO inquiry? For example, it says that the department does not provide sufficient assurance. Were you surprised by that?

Ms Gordon: As I mentioned, the department accepted the recommendations of the ANAO report and recognised that there were areas for improvement. There are parts of our assurance activities that have been longstanding and are well-developed. Our financial compliance assurance is actually quite well established, and was not the subject of those significant concerns that were raised. They were some of the more recent changes to the act and how we've been monitoring some of those changes to the act. So we recognise that that's under development.

Senator O'NEILL: Who is doing the review of compliance and accountability arrangements?

Ms Gordon: Some of that work's been done internally, and we've also commissioned some external work to help us on that as well.

Senator O'NEILL: When did you do that?

Ms Blight: We recently engaged McGrathNicol.
Senator O'NEILL: Could you say when 'recently' was?

Ms Blight: I might have to take that one on notice. It's 2019, but I'll take the actual date on notice.

Senator O'NEILL: The timing of this report and its release, tabled on 14 February, did you have access to it before tabling?

Ms Gordon: No, we didn't.

Senator O'NEILL: So since 14 February you have taken this action. Is that correct?

Ms Blight: Correct.

Senator O'NEILL: Okay. So since 14 February—

Ms Gordon: Sorry, Senator. The commissioning of that work was underway ahead of the release of this report. The two aren't directly linked. We have been undertaking ongoing work. We had a review of our compliance certificate a couple of years ago, I think. So there have been a range of different activities in place to improve our assurance activities over the last couple of years and, in fact, predating the ANAO report as well. We have been on a path of continual improvement. The work that Ms Blight referred to with McGrathNicol is some recent work that we've been doing.

Senator O'NEILL: Just to be clear, did you commission that work this calendar year or at an earlier time?

Ms Blight: Yes, but I'll take the date on notice.

Senator O'NEILL: But since we got back from Christmas and the new year?

Ms Blight: Yes, correct.

Senator O'NEILL: Have you adjusted the work of McGrathNicol in conducting that review, in light of the ANAO findings and the committee's report?

Ms Gordon: The ANAO report would have informed the commissioning of that work but the JCPAA report was only released last week, and we're still—

Senator O'NEILL: So there's been no action arising, at this point?

Ms Gordon: Not since the review, but we're looking at the recommendations and looking at how we might respond to the recommendations to the report. We haven't taken any specific actions based on that as yet.

Senator O'NEILL: What's your response to recommendation 3, which recommends that the Department of Education and Training implement improvements to its administrative arrangements for compliance certificates, for Australian government school funding, and acquittal certificates under the Australian Education Act?

Ms Gordon: As I said, we're constantly open to improvements of our processes. So we'll be looking closely at the report and looking for opportunities to doing that.

Senator O'NEILL: Is there any work already underway, as you just described, with the McGrathNicol review, with regard to administrative arrangements, compliance certificates and acquittal certificates? Is there anything on foot?

Ms Gordon: Yes. We made some changes to the acquittal certificates last year, in terms of the assurance. Prior to last year we had sent out the acquittal certificates, the compliance
certificates, which is essentially a process of schools reporting their compliance with some of the policy requirements under the act. Last year we implemented some changes where we're requiring the acquittal certificates to be certified by an independent qualified accountant for non-government schools. We're looking at continual opportunities for improvement and any enhancements, so we'll be reviewing the report and looking at what more we might be able to do.

Senator O'NEILL: Will you commission somebody else to assist you with this or will you continue to deal with it in that way you've just described?

Ms Gordon: The McGrathNicol piece of work is exactly looking at that, the risk based approach to our assurance work.

Senator O'NEILL: And that would be embedded in the work that we were discussing previously. McGrathNicol will do this work as well. Is that correct?

Ms Gordon: There are a number of different parts of our compliance and assurance framework.

Senator O'NEILL: Do you want to give me that detail on notice, because I want to press on with a couple more general questions with regard to your response to this report. Do you have a time—

Senator Birmingham: I think Ms Gordon was about to try to say something.

Senator O'NEILL: I know, but sometimes we go further from where I want to find out things.

Ms Gordon: Sorry, Senator. I guess it's just to say that there are a number of different components of our assurance processes. There's assurance of the financial acquittals of schools that they do acquit the finances appropriately and, as I said, that's quite a longstanding piece of work. There are also assurance activities associated with the reporting under the census arrangements and verification of the census reporting information that's used to calculate entitlements. Then there's assurance related to the policy compliance, compliance with the policy arrangements. Then there's assurance related to meeting other requirements under the act, like the needs based funding arrangements. So there are quite a significant range of assurance activities underway.

Senator O'NEILL: But my questions are with regards to—

Ms Gordon: Sorry, can I just finish that one bit. One of the pieces the ANAO said was missing was sort of an overarching, risk based approach that brought all of those different elements together. That's part of the work that McGrathNicol is doing. It will be a very important piece of work, in terms of responding to all of the recommendations.

Senator O'NEILL: That was really quite interesting. It was a full answer, and I appreciate the effort that you went to. But what I wanted to know is: are you using McGrathNicol for number 2 and number 3? And the answer, from what you just said, is yes?

Ms Gordon: Yes, they will assist us.

Senator O'NEILL: Okay. That's all I all I needed. What is your response to recommendation 4?

CHAIR: Just to clarify, when was this report tabled?
Senator O'NEILL: Last week on 14 February. Ms Gordon, what was your response to recommendation 4?

Ms Gordon: As I mentioned, we are still considering the report, and we'll obviously have a considered view about the implementation of all of these in the context of the other work we're doing. In terms of reporting back to the committee on improved arrangements, I absolutely have no issue with the department providing a report back to the committee, but I guess it's just, as indicated, that we've only had this report for a week, and we're currently looking at how we might best respond to it.

Senator O'NEILL: And recommendation 5—same answer?

Ms Gordon: Well, same answer. In terms of measuring progress, the progress for educational outcomes is governed by the Measurement Framework for Schooling, which sets out the agreed framework for how we measure outcomes for schooling, agreed with states and territories. That sets the framework for our annual reporting on educational outcomes. That's referenced in the National School Reform Agreement as well. One of the things that we'll be doing with states and territories is looking closely at that framework and seeing whether or not it requires reviewing and updating as well. There's a piece of work that is already underway with states and territories. Obviously, we—this is, the Commonwealth—don't control all of the outcome information. It, very much, is done in collaboration with states and territories, which is why we've got the Measurement Framework for Schooling that sets out that agreed framework. There is a piece of work done on developing a better national evidence base, which is a cornerstone of the reform activities under the National School Reform Agreement, to improve our national evidence and our ability to actually monitor, track and respond to outcomes.

Senator O'NEILL: I'm sure that the committee understood a lot of this, as they looked at it in-depth. My question to you, Dr Bruniges, is what was your response to the report when you received it?

Dr Bruniges: As we said, the report only came in last week, so I've had a preliminary look at the report.

Senator O'NEILL: What kind of a day was it when you got it, Dr Bruniges? I'm sure you wouldn't have been too happy with it.

Dr Bruniges: Look Senator, the report is what it is. It's a useful piece of work with information from the JCPAA that we appreciate. As Ms Gordon said, we'll continue to look at the recommendations, we'll do a response and improve where we need to improve on that improvement journey.

Senator O'NEILL: It's quite a damning report. Have you called people in? Is there any accountability for these failures that have been identified?

Dr Bruniges: At this stage with the recommendations, as Ms Gordon has said, we're working through each of them. We're having a look and doing a stocktake on what work is currently underway to strengthen that, and what work we might do in the future to strengthen some of those things—things like the National School Resourcing Board coming into play for their independent look at some of the obligations under the acts. We've got some things underway already, and we'll continue to look.

Senator O'NEILL: Thank you. I have a number of other questions on notice.
CHAIR: We'll go back to early learning now. Senator Pratt, you have the call.

Senator PRATT: Thank you. At last estimates in October, the department took a number of questions on notice regarding the impact of the new childcare system. Since that time the department has provided some responses that, in the opposition's view, show that the department hasn't assessed the impact of the new system. My first question is: does the department speak regularly to the Department of Human Services about the data and trends from the new system? What data is being collected?

Ms Wilson: Yes, the department does have formal and informal arrangements for regular contact with human services. At the time of the last Senate estimates hearings in October, I think we ended up responding by saying that the data is not readily available and we're waiting for human services. There are a range of data that we need to get from human services, and because it was the first four or five months in operation we were unable to get that at the time as the data was stabilising. We have a range of data which we're formalising now, and I can talk to some of the high-level findings. I think I mentioned some of it, Senator, when you were out of the room previously.

Senator PRATT: I did hear Senator Faruqi touch on some of these issues. We asked, on notice, how many children and families receiving the child care benefit or rebate did not transition to the new system, and for that to be broken down by child care subsidy income brands. The answer was that it would be a significant amount of departmental resources to provide that answer.

Ms Wilson: Have you got the number of the QoN, senator?

Senator PRATT: Yes, that was SQ18822.

Ms Wilson: I have the QoN in front of me. At the last Senate estimates I think we did talk to the number of families that we thought had not moved from one system to the other. I think I recall talking at the time that between the months of June and July there's usually an attrition rate of between five per cent and six per cent where there's a move in the flow and the stock of families. We knew that there were a number of families in care on 1 April and about 24,000 of them did not continue to use care from 1 July. But trying to match the families, which is what we tried to do when we took this on notice, was not possible.

Senator PRATT: You tell us that the data is now bedding down because it's been going for a while?

Ms Wilson: Yes.

Senator PRATT: Can you tell us what data is being collected?

Ms Wilson: We have a range of data being collected, including family income, hours of activity and some fee information. We're trying to get things from DHS like waitlists and reasons for rejections, and a bit further breakdown of an articulation of the applications. We've got—not just for CCS, but for additional childcare subsidy as well—

Senator PRATT: So you would now have an idea of the number of families claiming the safety net and if it's going up or down?

Ms Wilson: By that do you mean the additional childcare subsidy?

Senator PRATT: Yes; so the number of families accessing the childcare subsidy safety net.
Ms Wilson: We have better data about that than we did at the last estimates, Senator. It's probably fair to remind people that the policy settings on the safety net changed between CCB and CCR and the childcare subsidy. As the secretary spoke about earlier, we are now able to say that as at the September quarter 2018 there were about 9,080 children receiving additional childcare subsidy, child wellbeing. Under the old CCB-CCR regime, that would have been the special childcare benefit, children at risk group. That number was 8,220. Our data shows that the number of families accessing additional childcare subsidy—

Senator PRATT: The safety net?

Ms Wilson: The safety net is a range of things. The safety net includes connected beginnings and the Community Child Care Fund. I'd prefer to be clear if you're talking about ACCS.

Senator PRATT: I do too. I just need to understand the answer that you're giving me. So that means that the number of families accessing additional childcare subsidy has gone down or—

Ms Wilson: No, up. I was giving you the numbers for the child wellbeing element of the ACCS. There is also a grandparent element, there's a temporary financial hardship element and there's a transition to work element.

Senator PRATT: So it's gone up in that context.

Senator Birmingham: And, as we told Senator Faruqi, the number of Indigenous children has gone up, even when the question was framed around how many people there are.

Senator PRATT: I understand. I'm trying to get an overall look at participation to make sure that families aren't being left behind. Do you know how many families that were in the previous system are not accessing these new programs?

Ms Wilson: I think I tried to respond to that earlier, Senator, when I said that we can't do a mapping of like-for-like. We do know, for example, if I talk a little bit about impacts—

Senator PRATT: Are you asking if I could map the special childcare benefits to the additional childcare subsidy recipients?

Ms Wilson: I think I tried to respond to that earlier, Senator, when I said that we can't do a mapping of like-for-like. We do know, for example, if I talk a little bit about impacts—

Senator PRATT: The previous system to the old system in terms of the families that are no longer in it. Some of them will have aged out because of school.

Ms Wilson: Yes.

CHAIR: And some circumstances would have changed.

Senator PRATT: But it is also a question of anyone who was eligible before who found themselves ineligible under the new system.

Ms Wilson: We have discussed getting that assurance, and unless they sit there and go line for line, they can't affirm whether there's an exact match between families. But we know, overall, the number of children using the system has gone up by about 2½ per cent in the September quarter data. You were asking me about vulnerable families. If you look at the
families and the income distribution, which gives you some handle on vulnerability, about 29 per cent to 30 per cent of families are on that low family income, below $66,958. That is about the same percentage as before the package came in. So, if you're looking at vulnerable and disadvantaged, I think that's a really good thing to look at as well.

Senator PRATT: If we're receiving anecdotal evidence that the new paperwork is driving people away, what would you say to refute that? We are hearing that families have dropped out of the system, and you can't prove to me that they haven't, because you're not able to count the number of families that were in the old system that haven't made it into the new system.

Ms Wilson: We can't directly match, but the numbers show that there is a greater uptake in 'child wellbeing' now than there was in 'child at risk' under SCCB. I'll make a couple of comments in relation to that. When we last spoke at estimates, there were some process problems with the additional child care subsidy. There were people's applications being rejected. They weren't putting in the right sort of data. It's probably fair to say—and you can ask DHS about this later—they had quite a few queues and their own people were getting to understand the policy. A lot of those basic things have been ironed out and I think we'll see increases in the number of children and families accessing ACCS beyond September.

I have an implementation and transition reference group which has 15 members of the peaks. We are talking about ACCS actively and we have a meeting in the next two weeks. They include people like Goodstart Early Learning, G8 Education, Guardian Early Learning and all the rest of them. I have shared this high-level data with them and they have raised the same concerns that you've raised, which is, 'It's interesting at the macro level, but let's look at what the families look like.' We're going to be spending some time doing that with them in the next few weeks. I understand the point: the numbers don't tell the story all themselves. We have to look at the impact on various cohorts.

Senator PRATT: Yes. It comes down to quite a specific level as to which families were active under the old system that aren't active under the new one.

Ms Wilson: That's right.


Senator Birmingham: Sorry, Senator Pratt; could you just repeat that again?

Senator PRATT: Sorry, I'm jumping to something new.

Senator Birmingham: I'm not sure it's—

Senator PRATT: I know I am jumping to something new, my apologies.

Senator Birmingham: Was it 188 million sessions of child care, perhaps, and not 188 million children? That's a little beyond Australia's capability. We would have a population problem at that stage!

CHAIR: We'd definitely have a budget blowout!

Ms Wilson: Do you have a page in MYEFO?

Senator PRATT: Sorry, 1.88 million is what I should have said, not 188 million children.

Senator Birmingham: Thank you.
**Senator PRATT:** My apologies. We'd have a very difficult population problem in caring for the next generation if that were the case.

**Senator Birmingham:** It would be a very positive demographic profile relative to current counts.

**Senator PRATT:** Yes, I know. Sorry—there were 1.88 million children with user approved care in 2019-20 but, in the 2018-19 budget, that number was lowered to 1.74 million.

**Ms Wilson:** Can you tell me what page you're on?

**Senator PRATT:** I'm sorry, I can't. I'll try and get it for you.

**Ms Wilson:** It would be good if I could locate it.

**Senator PRATT:** I'm trying, too.

**Ms Wilson:** My broad statement would be that there are updates to the model every MYEFO. In the MYEFO numbers that were made public in December, we moved from the base data of 2016-17 to the base data of 2017-18. The 2017-18 data became the fundamentals for the whole model going forward. The 2017-18 data would have shown some reductions in the number of kids in hours of care because of the work we have done on compliance over the last couple of years.

**Senator PRATT:** What do you mean by 'on compliance'?

**Ms Wilson:** Family day care compliance. There was a MYEFO measure in 2017 where we got additional money to look at high-risk family day care services. I think we've talked to this committee before—

**Senator PRATT:** Oh, yes. So you're saying that 114,000 places were as a result of corrupt behaviour in family day care systems?

**Ms Wilson:** No, I'm not saying that.

**Senator Birmingham:** No, Ms Wilson has highlighted two factors. One is that, historically, there had been enormous variability in childcare budget projections. We had seen, from one budget to the next MYEFO to the next budget, big swings up and down. Some significant work was undertaken by the department and other agencies and external consultants to redo the way in which those estimates were undertaken to try to, hopefully, smooth out some of that enormous variability and give a better predictive tool for future costs in the system. But separately, however, there have been the compliance efforts running concurrently around family day care which, yes, have removed services and alleged children from the system in cases where, frequently, those children did not actually exist or attend care.

**Senator PRATT:** How many places were removed because of that alleged corruption in the system, in terms of children who did not actually exist?

**Ms Wilson:** I don't have the number for who did not actually exist, but the MYEFO measure said that, basically, we would cancel about 150 services, based on high-risk criteria. We certainly did deliver that in terms of the 2017 MYEFO measure. That would be for a number of reasons, not just for children not existing. It could be for care being claimed when an educator was overseas or care being claimed when the child was overseas. It's not any single one of these things. Most of these services had multiple criteria, not just one.
CHAIR: When you say a 'service', does that mean an individual provider or—

Ms Wilson: That's right.

CHAIR: An individual provider—

Ms Wilson: No, a provider—

CHAIR: Okay.

Ms Wilson: with many children.

CHAIR: Yes, understood.

Senator PRATT: I understand that adjustments will need to take place based on population, workforce participation and the changes you've already suggested. What was your calculation of those who would drop out of the system because of the activity test and the means test?

Ms Wilson: I think we provided some data before—

Senator PRATT: Yes.

Ms Wilson: I don't think we've characterised it as dropping out but as a decrease in subsidy. I think we've also released this information on FOI already.

Senator PRATT: Yes, I understand a decrease in subsidy, but you've then also got to work out whether those families are still participating or not. I want to know, in that drop of 114,000 children, what proportion of that is from the changes to family day care accountability and what proportion is from the changes to the activity in the means test?

Ms Wilson: The numbers you're quoting from MYEFO are based on a model that puts the whole 2017-18 data set through and doesn't target individual families or individual characteristics of families. It's a costing model that's agreed with the Department of Finance on how we measure our forward estimates, so it doesn't give you the level of granularity that it sounds like you're after. But we're working with DHS and other stakeholders. We're talking about a subsidy where more than 1.3 million children and over 900,000 families transitioned successfully. There are a lot of positives that we're hearing about the benefits of the package. That doesn't in any way take away that there is a small cohort of vulnerable families who we need to pay attention to. We're doing some more work in that space at the moment.

Senator PRATT: Okay, and what is that work?

Senator Birmingham: Senator Pratt, in terms of 'dropping out', which is the phrase I think you've been using: you should also appreciate that we are talking about the data of recipients of child care subsidy, or people registered for child care subsidy or the additional child care subsidy. If I take my own personal circumstances, because I was minister at the time and wanted to actually experience the process, I did the registration personally.

Senator PRATT: Yes, I did mine too. Good on you!

Senator Birmingham: I sent some questions to Ms Wilson afterwards about aspects of the process, but I wanted to make sure that we did it. I did so, knowing full well that my family would receive zero per cent child care subsidy as a result of the means-testing element. If I hadn't been in that job at that time I would probably never have bothered to do so. My children still attend outside-school-hours care occasionally, but they would no longer be counted as part of the child care subsidy system. They probably are still counted as part of the...
child care subsidy system because we did the registration, even though there is zero per cent subsidy applied. So, in that sense, the dropout measure is not a precise one for those circumstances. There would be families like mine, yours or others who are still participants in the system but who have decided, 'Well, there's no point in me completing the government registration process for the subsidy.' But they still have their children active in early childhood education, child care, outside-school-hours care or whatever it may be.

Senator PRATT: But the system can also tell whether your or on a low or high income, and the analysis is not so much on families like ours but on those who—

Ms Wilson: To expand on the point the minister's making, if you don't enrol, we don't have your income status or know if you've been participating, so we've been encouraging everyone to enrol. About one per cent of families sit above the $350,000 family income. If they don't enrol, it might look like they've dropped out when, in fact, they're still in; they are just not getting any subsidy.

Senator PRATT: Yes, but if you look at the low-income families that were participating, if you look at the age of their children then, frankly, you do have to kind of pull out the data family by family to work out whether they're still in the system or not.

Dr Bruniges: Ms Wilson, you might describe the nature of the type of work you're doing with the stakeholder groups. I think, for Senator Pratt, that's where we're going next.

Senator PRATT: Yes, thank you.

Ms Wilson: So as I said before, we are now starting to get some repeatable, quality data from DHS, which gives us more information and insights onto the elements of ACCS. I gave you some headline figures. We've got two meetings in March with my implementation and transition reference group. They're bringing together their own data from their services—what they think the access is for vulnerable and disadvantaged families—and we're going to try and look at does the data make sense in comparison to their real-world experience and have a look at what its telling us. Our numbers say that more families are accessing additional child care subsidy child wellbeing than they're filling in their services at the moment.

Senator PRATT: So you are getting anecdotal feedback from services about not as many vulnerable families they had been servicing appearing in their centres?

Ms Wilson: Yes. The complication is that the policies also change. For example, for additional child care subsidy temporary financial hardship, in pre-30 June, a service could make that decision. It could be because they thought a family was stressed and they could provide 13 weeks of no paying fees immediately to a family. Now, in the new world, they have to meet certain criteria to do that, and the decision happens at DHS. So the number of families who are eligible for temporary financial hardship has gone down, but there was a lot of rorting in the previous system as well. So it depends on, when you're talking about families, which cohort you're talking about. I completely accept the child wellbeing one but, certainly, our data suggests there was also a lot of inappropriate offering of temporary financial hardship. So we have to go element by element and have a look at what's going on.

Senator PRATT: How and when will you know whether families have dropped out of the system because of the new activity in the means test? You say you are trying to come to grips with that at the moment and you don't think they have but you're also making further inquiries
because you've had anecdotal evidence from centres. When will you release new data in this respect?

Ms Wilson: I don't think it's a release of data so much as having the conversations and they'll be happening in the next two months for us to get a better understanding. Because it could well be we're not communicating properly. It could well be people don't understand the policy. There could be problems with the process which we'll work out with DHS. It could be something about the IT system. There could be a whole bunch of things that are contributing to this problem, many of which we fixed in October and November when these were identified, but there could be other issues and we just need to work through what they are with our DHS colleagues.

Dr Bruniges: Having the expertise of people on the ground and the stakeholder group that Ms Wilson has, bringing those together, our link with DHS and bringing that together gives us a much better picture of what action we need to take to improve the access of those vulnerable children.

Senator PRATT: Given families have to estimate in advance their income and activity levels in order to claim the subsidy, has the department started auditing and checking on families' activity and means claims?

Ms Wilson: As is normal practice and was in the previous system, families self-declare. DHS undertakes a random sample of families to verify the bona fides of these claims.

Senator PRATT: In terms of the random sampling that's taking place currently, is there an estimation of the number of families that'll be in for a surprise at the end of the financial year to be told that they weren't eligible for the level of subsidy that their childcare centre received?

Ms Wilson: I think there are two separate things that you're talking about here. One is the reconciliation at the end of the financial year, which will take place. If people have inappropriately or wrongly declared their income or their activity, the reconciliation process will do exactly what the process did under CCB/CCR where it looked at that information and you either got a refund at the financial year or got a notice about owing an amount. That process will continue to happen.

Senator PRATT: But do you have an estimate in terms of whether that problem will be larger or smaller than previous years in terms of people getting the estimates right and the number of people that might be in trouble with a debt at the end of the financial year?

Ms Wilson: I'd have to take that on notice, because I don't think we've done our first random sample under the new system to get that sort of information. I can take it on notice and get back to you about the timing of the random sample.

CHAIR: Would that information be with you or with Human Services?

Ms Wilson: It's with Human Services, but I'm happy to talk to them about it.

Senator PRATT: Yes. How many families and households are in the random sample?

Ms Wilson: I'm happy to take that all on notice. I don't have that information with me at the moment.

Senator PRATT: Has the department or DHS been contacting childcare centres to remind them to make sure their family income estimates are up to date?
Ms Wilson: Yes, because it's a thing we tend to do towards the end of every January when families have had their break and they've planned their child care and their school for the next year and all the rest of it. There's just been a full blitz to services and to the peak agencies saying: 'Here's some information you can put in your newsletters. Here's some information you should tell your parents. This is a good time to reflect on what you told Centrelink. Go to your myGov account'—

Senator PRATT: Update your details. Good. When will you start random sampling? Has it started?

Ms Wilson: No. My understanding is we haven't been out doing a random sample, but, as I said before, I'm happy to take that on notice about timing and size.

Senator PRATT: What's the point of doing a random sample on this if you're not going to get the information and any idea about whether there's a problem until you're close to the end of the financial year anyway when people are actually going to know? It's going to be not too long into the tax year when families will get told whether they had a problem or not. If you haven't started random sampling even now, what's the point of checking the integrity of the system as to whether it's working?

Ms Wilson: The random sample isn't just about reconciliation. It's about people understanding the activity test correctly. We know a lot about income estimation, because we've always had that in the system. It's actually taking a lot longer to build a random sample in a series of questions that will get that sort of information. It's about better informing families going forward. I take your point. Ideally, we should have had it so that, in the blitzing we're doing now to tell families to think about it, we might have been a bit more targeted in our messaging. We're trying to do that with some data analysis with DHS ahead of any random sample work so that we might go to all families to say, 'It's now time to update your income and activity', but if we know what the characteristics of certain groups look like, we can go to those with a particular message. We're certainly trying to do that by looking at the data that DHS has.

Senator PRATT: What process are you using to check activity levels? When will that process be established and enforced? How many families will be audited in that respect?

Ms Wilson: People self-declare, as they did under the previous system. We will be undertaking random samples to form a view of the accuracy of that declaration.

Senator PRATT: Does that mean everyone will be data-matched with the ATO or are you just random sampling?

Ms Wilson: It's just a random sample. We know, from our data, that 86 per cent of families are on the top two steps of the activity test. Families were actually doing a lot of activity which contributed to their activity test levels, which is a really positive result, I think.

Senator Birmingham: And obviously everyone is part of the end of financial year reconciliation against their income records versus childcare subsidy received. In that sense, for the means testing element, there is the reconciliation. For many families there will probably be the pleasant surprise, I suspect for some of them, of the five per cent withheld being provided to them as part of that interview reconciliation too. There is that safety element there to try to minimise the extent to which people are inadvertently overpaid. Of course, what that will result in for many people is an additional payment.
Senator PRATT: Thank you. So, it'll just be a random sample to check income levels. You don't know how many families are going to be audited with that?

Ms Wilson: I said I'd take that on notice for you, Senator.

Senator PRATT: And you won't conduct data-matching with the ATO to confirm family incomes?

Ms Wilson: We do a lot of work with the ATO. It's not a one for one—it's not everybody, though.

Senator PRATT: In terms of the audit that you're doing, are you data-matching with the ATO in the context of that audit?

Ms Wilson: Are you talking about the random sample?

Senator PRATT: Yes, sorry.

Ms Wilson: We are doing work with the ATO, Senator. Let me just take on notice whether it's part of the random sample or a separate exercise.

Senator PRATT: Once you've taken out the random sample, will you data-match them with the ATO—you'll take that on notice.

Ms Wilson: Yes.

Senator PRATT: You don't know the answer to that.

Ms Wilson: I know we're doing work with ATO; I just don't know if it's part of the random sample.

Senator PRATT: Is the data anticipating whether the families have overestimated their income or activity levels? Have you projected what any debts might be?

Ms Wilson: We are looking at that data which will give us some information into debt. At the moment, DHS is pulling that together for us to have a look at.

Senator PRATT: Is there anything that you know from that so far that you can tell us?

Ms Wilson: It's really early days yet, Senator.

Senator PRATT: Okay. So, you haven't pulled out any information on projected debts yet?

Ms Wilson: That's correct.

Senator PRATT: Will families be expected to pay back the subsidy that's been received by their childcare centre if they've overestimated their income or activity levels?

Ms Wilson: That's right, Senator. As was the case previously, the credit goes to the parents and, if there's money owed, the money is owed from the parents.

Senator PRATT: Yes, but we've changed from a system where the money initially went to the parent to one where the money initially goes to the childcare centre—of course, it's saving that family money. I wanted to ask if the department can provide the number of families who were registered for vacation care in June 2018; and the number of families who are currently registered for vacation care in February of this year.

Ms Wilson: I might have to take that on notice, because the numbers I've got are outside-school-hours care which has before-, after- and vacation care. The number at June was 324,260—
Senator PRATT: So, that includes—

Ms Wilson: Before- and after-school care as well as vacation.

Senator PRATT: Are you able to compare those figures from June and February in any way?

Ms Wilson: I haven't got the detail of that vacation care under the new system, so I'm happy to take that on notice and pull it out for you.

Senator PRATT: What about out-of-hours care, vacation care and the three of them combined as you said?

Ms Wilson: Yes, I've got the June quarter number—the number of families was 324,260. I don't have a September figure by care type for vacation care.

Senator PRATT: And what about for February of this year?

Ms Wilson: I think I'll have to take on notice, Senator.

Senator PRATT: It would be great if you could take that on notice and it would be great if you could pull out vacation care. I'm concerned to find out whether there's a drop-off in registrations for vacation care under the new system. Have you noticed anything in relation to registrations for vacation care dropping off?

Ms Wilson: I think we've actually noticed that that's not the case. Let me just see if I can locate it and see if I can get one of my colleagues to help with that.

Senator Birmingham: The percentage increased 2.5 per cent to whatever it is you gave of number of children in the system and is across all care categories. I think we have an OSH increase of 1.8 per cent—I'm just looking at Dr Bruniges's brief.

Dr Bruniges: That's correct.

Senator Birmingham: I don't know whether we have a breakdown from outside-school-hours care to vacation care specifically, because this will be treated as the same type whether it's after school, before school or vacation.

Senator PRATT: I that understand the new system means that families need to reregister if they've had seven weeks of inactivity. Clearly, a school semester is longer than that. So, currently, if a family wants to use vacation care and only uses vacation care, they need to reregister every term—is that correct?

Ms Wilson: So it's after eight weeks. The issue has been raised with us. Basically, they can reactivate their previous enrolment, but it's still a step they have to do. What they're saying is: if there are a cohort of families who just use vacation care, can we not extend the period so it still remains a live enrolment? The reason it was put in place was to ensure that, after absences from the system, a family's enrolment was rechecked properly every time they come back into the system. But I also understand the argument that, if some families just use vacation care, why do they have to do that every time?

Senator PRATT: Yes, but also the care providers are giving you the data on whether a child has attended every day or not, because you don't pay if someone hasn't attended. I don't really understand why you need to double check it.
Ms Wilson: They have to have a valid enrolment in place with the provider before they can be accessing childcare subsidy. That's the enrolment that has to be updated with the provider.

Senator PRATT: Yes, but if the provider told you that in the September school holidays the child was there and they told you in April that the child was there, why do you need to re-enrol?

Ms Wilson: Because it will become an inactive record for the provider, so they have to reconfirm the record to make it active. This was in our primary legislation, so to change it we have to change our primary legislation.

Senator Birmingham: Senator, you can question whether eight weeks is the optimal gap, but the logic is that for somebody who has disengaged from the system and comes back in, you want a step that triggers them to update their activity level and their income level. It's there as a trigger for that, but obviously we do understand the point you're making about vacation care users specifically.

Senator PRATT: Yes, there is a trigger for that, but it does have this impact in terms of people who dip in and out of the system just for vacation care. Do you know if that requirement to re-register has had an impact on enrolments?

Ms Wilson: We're going to get you the number split. The anecdotal feedback from all of the peaks is not that it's impacting the numbers but that it's causing people to be a bit frustrated about updating their enrolment.

Senator PRATT: Yes, I can imagine. We've certainly received that feedback too. How reliable is the new childcare subsidy IT system? How often are there outages and upgrades to the system?

Ms Wilson: That's a question for DHS.

Senator PRATT: So a question in relation to third-party software providers is for them as well?

Ms Wilson: That's right.

Senator PRATT: How many early learning centres were closed as a result of the Townsville floods and the Tasmanian bushfires?

Ms Wilson: I'm not sure if we have exact details on that. We're working very closely with our state network. We have staff in Townsville. They know the names of all of them. The Brisbane staff—we have a bigger presence in Brisbane—have been making contact individually with all those services affected.

Senator PRATT: So if someone is not going to work and they have their children with them or if a centre is closed because it is directly affected by a flood or a fire, the childcare centre doesn't receive the income for those days from either the government or the parent. What special arrangements do you have in place to make sure those centres can pay their staff?

Ms Wilson: We've been talking to a number of people on the ground in Townsville—and in Tasmania, in fact, in relation to the fires. Families can access additional childcare subsidy temporary financial hardship for the time that the centres are closed. That gives them up to 120 per cent of the cost of the care, so the out-of-pocket cost in most cases will be zero,
because they will be fully subsidised. We are working with DHS. DHS is the emergency
service delivery agency for the Queensland government. In order to meet the criteria for
temporary financial hardship you usually have to provide a lot of documentation. So we are
working with DHS—if the family meets the criteria for emergency hardship from the
Queensland state government, they will automatically meet our criteria and won’t need to
provide any additional information to claim the subsidy.

Senator PRATT: Okay. So what's the process for applying for the financial hardship? It's
just, 'Call DHS and let them know your circumstances,' in terms of loss of income because of
the flood or whatever?

Ms Wilson: I'll get Ms Crane to explain.

Ms Crane: In terms of the application for claim, and I’ll talk specifically in relation to
natural disaster and those in Tasmania and Queensland. As Ms Wilson has indicated, we have
been working with DHS to streamline that process. One of the reasons that DHS looks after
the temporary financial hardship is that customers will already have their income details and
other things on their record, so that in part streamlines the process. But, where they have then
been granted the payment by state government for one of their disaster payments for
temporary financial hardship, the only other evidence that they would need to provide would
be proof of that payment. That might be a copy of the bank account that that money has gone
to—a letter et cetera—as evidence. And then that would be processed by the DHS staff.

Senator PRATT: Okay. Could I just get a quick answer on what support you're giving
childcare centres whose income has fluctuated because of this?

Ms Wilson: The fact that the parents are getting topped up for the ACCS—because we
understand—

Senator PRATT: No. I'm more worried about—if they were closed for a sustained period
of time, then they would not be receiving income from the government under normal
circumstances for those days.

Ms Wilson: Okay. Under the Community Child Care Fund, we also have ability to make
payments in particular circumstances—in exceptional circumstances. I think the minister put
out a press release—

Senator PRATT: To the childcare directly?

Ms Wilson: Yes. That's right.

Senator PRATT: Have any applications been made for that in relation to any of these
disasters?

Ms Wilson: I'm not sure if we've had any applications to date.

Senator PRATT: If you can just take that on notice, that will be fine.

Ms Wilson: Yes. But, basically, but there is a provision for payment under the CCCF.

Senator PRATT: Great.

Ms Pearce: On the question of applications for the CCCF special circumstances, as we
have only just started media on that, I would say for these particular two areas the answer is
that nobody has applied. But at the moment by staff are actually calling around and talking to
people to get the word out there—
Ms Wilson: Calling the centres.

Ms Pearce: that there is a streamlined approach to actually getting access to special circumstances. But on top of that we also have business support. We have something called business continuity payments, and services can apply for that. This is for the closure. I'm not sure of the numbers in Tasmania—I think they're quite small—but in the Townsville area we have 14 services closed at the moment. My understanding is that quite a number of them have put in claims for business continuity payments, and our staff are working with DHS to facilitate that.

Senator PRATT: Good. Thank you. That's good to know, and best wishes to all of those families and their centres for getting back up and running.

Ms Wilson: Yes, and staff.

Senator PRATT: So I now have some questions about workforce. The Department of Jobs and Small Business has estimated that Australia needs an additional 36,000 early childhood teachers over the next five years. Is the department aware of that?

Ms Wilson: I'm not aware of that exact figure but we have certainly been talking to our colleagues in the jobs department to look at workforce issues.

Senator PRATT: Okay. So only 3,000 people finished a bachelor degree in 2017 to become early childhood teachers. Do you think that that rate of graduation will keep up with the demand for an additional 36,000 teachers? What's the current assessment of that?

Ms Wilson: I think there is a view that there are three things that are probably contributing to workforce issues going forward. Under the national quality legislation, there's a requirement for additional early childhood teachers in centres with 60 or more, which comes into effect from 1 January 2020. There are also a range of states and territories offering three-year-old preschool, which will create additional demand for early childhood teachers. Also, there are more centres coming online, which will add to the workforce issue. So we are talking in officials meetings with our state and territory colleagues, because they have a number of workforce programs—for example, fee-free loans or subsidised qualification processes. We are actively involved in a conversation around those things.

Senator PRATT: Are you, as the department, monitoring the supply and demand for early childhood teachers?

Ms Wilson: I'm not sure that we are, at an aggregate level, specifically monitoring supply and demand, but we are working to understand what are the factors that are affecting people at the moment.

Senator PRATT: Senator Birmingham, do you think, at a Commonwealth level, with that level of undersupply, the department should be tasked with formally monitoring that?

Senator Birmingham: Sorry; could you just repeat the question for me?

Senator PRATT: Do you think the federal department should be formally monitoring the supply of early childhood teachers, given there is an estimation that the nation will require an extra 36,000 early childhood teachers?

Senator Birmingham: I think the fact that there are no doubt probably quite significant local differences in terms of rates of training by universities to meet localised future demand and needs and growth in different parts of the country means that, in the main, this is
something that should be monitored closely by universities, state governments, major employers, to ensure that demand is being met in each of those jurisdictions, where I would say with a fair degree of confidence there would be some significant differences from one jurisdiction to another.

Ms Wilson: If I could add to that, we do do a workforce census—we do that every three years; the next one is due in 2020—to look at, overall, the workforce. We do that jointly with our state and territory colleagues, because we look at stand-alone preschools as well as subsidised long day care centres and family day cares. We have been running that over the last four or five years, so that gives us a good picture at a point in time on how—

Senator PRATT: How that's changing.

Ms Wilson: Yes.

Dr Bruniges: On the data I'm looking at at the moment, in workforce numbers, the workforce has grown strongly in recent years. In 2016 there were 194,994 people employed across the early childhood sector. If we go back to 2013 there were only 153,000, which is a growth rate of about 27 per cent. The proportion of workforce with qualifications also continues to grow. As at 2016, which is the latest one we have, 85 per cent of staff had a relevant qualification, which is great. That compared to 70 per cent in 2010 and 82 per cent in 2013. So that trend is going in the right direction for qualifications, as are the numbers.

Senator PRATT: So you're monitoring the number of early childhood teachers that are active in the system but you're not actively monitoring the supply and demand currently?

Ms Wilson: And we're working with bodies like the states and territories and ACECQA, the regulatory body, who are dealing directly with the sector on a number of these things.

Senator PRATT: If it's being managed state by state, does that mean, if there is a problem, each state is going to have to fix it for themselves? Will the Commonwealth have a role in fixing the problem?

Ms Wilson: As the minister said, these are high-level numbers. There are actually variations geographically, like there are in terms of supply and demand for child care. Some of the solutions might be local solutions because of that. Every state and territory, I think—and Ms Pearce will correct me if I'm wrong—are offering subsidised diplomas, subsidised degrees, travel subsidies, a whole range of things. At a forum that happened at the end of last year, I think, there was no agreement on the best way forward in terms of what should be done. People were trying a range of things and actively engaging with the sector, and certainly there was a strong view that that was better done at a state and territory level.

Senator PRATT: Yes, but because of all of these extra programs, subsidised fees and new places—it sounds like you admit that there's a problem.

Ms Wilson: I think there are workforce changes taking place. We need to monitor what they are and that's what we're trying to do.

Senator PRATT: It's very well-known that low wages make it harder to retain staff. That is a problem for the Commonwealth, isn't it?

Dr Bruniges: The Australian government doesn't own or operate centres, so we have no real role in setting wages for the sector.

Senator PRATT: The industrial relations system does.
Dr Bruniges: Yes, for education.

Senator PRATT: Clearly that flows right through to what the system is funded at in terms of both what parents pay and what the government pays both within and to the early childhood sector. There's a lot of conversation about understaffing. What plans does the Commonwealth have, if any?

Dr Bruniges: I think Ms Wilson has indicated that we continually have a standing working group with our state and territory colleagues in this area, working collaboratively to know where exactly those points of shortfall are or predicted—workforce projections, when you look at population projections, whether you're looking at aged care, whether you're looking at a whole range of industries. The other part I would say on the training side, the training packages and things that we do in the VET qualifications and thinking through how we may support—

Senator PRATT: None of those—

Dr Bruniges: They're not more people.

Senator PRATT: They're not really levers that the Commonwealth is pulling to create a greater supply of early childhood teachers, are they?

Dr Bruniges: I think states and territories are pleased when they come to the meeting that we can get a national picture. That's the advantage of working in collaboration with states and territories. If we leave them then we don't have a national sense, so coming together and seeing if we can access some of their future workforce projections, where they have them, is helpful—looking at ABS data and the data we have through the census that Ms Wilson talked about. All of those pieces should come together to help us paint that landscape and work out what incentives are at state and territory or provider level to encourage the workforce. That's the point we're at.

Senator PRATT: In those meetings between states and territories, are wages discussed as one of the driving factors of people not staying in the profession?

Ms Wilson: It's not the dominant factor being discussed. There are a lot of issues around the content of qualifications at the moment and the fact that early childhood qualifications used to be zero to six or zero to eight and have now moved to zero to 12. There are concerns that that means people who have that qualification can then go straight into a school and many are opting to go to school, not to early childhood. There are a range of different conversations happening which involve ASQA, ACECQA and a whole bunch of other regulatory bodies.

Senator PRATT: The last early education workforce strategy expired in 2016. It doesn't sound like you have any plans for a new strategy at this point or a plan to fix this problem.

Ms Wilson: If I go back to what I said earlier—that officials are doing work on it and there has been a piece of work tasked to be done by officials in the course of this 12 months to bring together a picture on workforce for all jurisdictions to consider—that's on our work plan and we're actively progressing it.

Senator PRATT: Will that be in the form of a new strategy and have obligations for the Commonwealth?

Ms Wilson: The decision about what form it will take is yet to be agreed and any of this decision-making will need to go through education council.
Senator PRATT: Has the department commenced negotiations with states and territories on a new preschool funding agreement for 2020?

CHAIR: That is the last question before the break.

Senator PRATT: We might as well come back to it, because it's a new topic.

CHAIR: We will suspend for 15 minutes and resume still on outcome 1: early learning.

Proceedings suspended from 15:29 to 15:47

CHAIR: We will resume this hearing. We are still in outcome 1, early learning. Senator O'Neill.

Senator O'NEILL: I'm just about to finish off. I'm got a last set of questions on early childhood. My questions are about preschools. The first one is: has the department commenced negotiations with the states and the territories on new preschool funding agreements for 2020?

Ms Wilson: As you're no doubt aware, the current funding arrangements that the government has committed to are for the 2019 year. Any decisions beyond that are a matter for government.

Senator O'NEILL: So nothing is negotiated?

Ms Wilson: The government is yet to make an announcement about any decisions going forward beyond 2019.

Senator O'NEILL: How many children are actually in preschools?

Ms Wilson: About 350,000.

Senator O'NEILL: That's a pretty significant number of Australians in limbo. That's a large number of people. And there's nothing past 2020? The minister has previously justified delays in committing to a new agreement for 2020 because of his concern about attendance rates in some states and territories. How have the states responded?

Ms Wilson: I think at the last Senate estimates we explained the work we were doing with the states and territories. There's concern that actual attendance when you look at the national preschool collection is at about 70 per cent, and there were worries about improving that rate. I think we talked at length at the last estimates committee about the work we were doing to get better and more improved data, and that work has been progressing. We've had really good outcomes with some states, and other states we're still waiting for data from.

Senator O'NEILL: Do you want to give us a bit of a report card on how the states are going?

Ms Wilson: I'm happy to get colleagues to the table who can help. The other point I would make is that, in terms of the latest data, there's some preliminary ROGS data which got released a week or so ago, but the final report card on how performance went in 2018 doesn't happen till March. The ABS releases its full set of data on preschool enrolment and attendance, so we're waiting to see what the data in that report card will look like as well.

Senator O'NEILL: Okay. Can we go state by state with how the responses are going?

Ms Wilson: Yes. Let me just see if we've got that level of detail.

Ms Bloor: Are you asking for the responses from states and territories as a result of the work that we commenced last year?
Senator O'NEILL: Yes. The original question was about the minister previously justifying delays in committing to a new agreement for 2020 because of concern about the attendance rates in some states and territories. We've had a response from Ms Wilson to say that there are some efforts around the data about what's going on. My question is: how have the states responded?

Ms Bloor: The conversations have been held through a variety of forms, including bilaterally, through the early childhood policy group. All states and territories have participated in the conversation. Some states and territories did engage in bilateral conversations with us and not others. Some states and territories did provide additional data from their stand-alone preschool sector. But it varied across states and territories.

Senator O'NEILL: Do you have a mud-map of that—a lay of the land? That's in terms of their engagement with us, not in terms of what they have actually said about the attendance rate in their states and territories.

Ms Wilson: If you want a bit more detail, we can take it on notice and tell you what our discussions have revealed.

Senator O'NEILL: Exactly.

Ms Wilson: I guess the worry that the minister points out is the proportion of children enrolled in preschool for 600 hours or more per year. When we look at a subset of the ABS collection, 70 per cent of all children in the 2017 data were actually attending for 600 hours or more per year. And the other worry—I think the minister might have said this in parliament earlier this week—is that, when you break it down further for Indigenous, that's only 59 per cent, and for vulnerable and disadvantaged it's only 65 per cent. So the conversation we're having is: 'Why? What can we do to improve attendance, not just enrolment?' As Ms Bloor said, some states have been much more engaging with us than others. This also reflects the history of some states providing preschool in their long-day-care sector as a greater proportion than they do in stand-alone preschools. So what their balance is also affects how actively they're participating in our processes.

Senator O'NEILL: Could you provide an answer that sort a little brief-like, in terms of the status per state and what's going on if there's a historical context?

Ms Wilson: We can do that.

Senator O'NEILL: I haven't really been very much involved in this, and that would really help me get the historical lie to read it more appropriately.

Ms Wilson: Yes.

Senator O'NEILL: Thank you. Can the department please provide the breakdown of the $440 million funding to the states and territories for 2019?

Ms Pearce: My figures are actually across the financial years.

Senator O'NEILL: Okay, so the best figures you have—

Ms Pearce: I'm just checking. I don't have one that actually breaks down just the latest. I can give you the 2018-19 breakdown.

Senator O'NEILL: How does that relate to the $440 million? That's the critical question for me.
**Ms Pearce:** It includes the $440 million, but it also includes the $428 million from 2018. What we've done is extend the 2018 national partnership to 2019, so what I have here is a combination of those. But just let me run through the figures. So the breakdown of the allocation for 2019 is: for New South Wales, $128.9 million; for Victoria, $123.9 million; for Queensland, $88.4 million; for WA, $47.1 million; for South Australia, $28.4 million; for Tasmania, $9.2 million; for the ACT, $9.3 million; and for the Northern Territory, $4.9 million; and that adds up to $440.1 million.

**Senator O'NEILL:** What was the $448 million? What was happening with the $448 million? Just help me understand what you did there with the extension you mentioned.

**Ms Pearce:** $428 million.

**Senator O'NEILL:** $428 million, sorry.

**Ms Pearce:** That's the amount for the previous calendar year, for 2018—it was $428 million.

**Senator O'NEILL:** Can you provide on notice the amounts by state as well?

**Ms Pearce:** Yes, we can do that.

**Senator O'NEILL:** How much has the government budgeted for preschools after the 2019 school year?

**Ms Wilson:** As we said, that's a matter for government decision.

**Senator O'NEILL:** Earlier today we had discussions—sorry; it was a different day; the days blur. One of the concerns that we've had in the health portfolio is the extension of contracts and the loss of workforce capacity and the impact in the health department of short-term contracts and not knowing what you're doing and being able to keep staff. We've had conversations here about staffing. So there is a critical role for government to play in providing security of funding for a sector as large as the preschool sector involving 350,000 children and almost as many families, I'd say. To be clear: there is no government budget allocation for preschools after 2019?

**Senator Birmingham:** Those matters will be decided in the budget. And I would note, to be very clear, for anybody who perhaps doesn't understand: the government only provides funding to states and territories; states and territories provide funding to preschools.

**Senator O'NEILL:** Yes, that's how the money gets there, but there is, no doubt, a reliance in the sector on the $428 million that was there in 2018 and the $440 million that's there in 2019. My question to you is: how can preschools plan for the future when they don't have any funding certainty?

**Senator Birmingham:** Preschools, in terms of the funding they receive, should obviously liaise with their state and territory government about the funding they're receiving from those state and territory governments. The Commonwealth will make funding decisions in the budget, as we've done through successive budgets. Our commitment in terms of preschool is, I think, beyond question, having continuously renewed and updated the agreements that have been in place. When we first came to office there was an expiring agreement. We have acted to renew those agreements. Obviously, we've just gone through some of the issues that the minister is looking at in terms of what future agreements could look like, to better capture and address issues such as attendance.
Senator O'NEILL: Do you acknowledge, Minister Birmingham, and anyone from the department, that the capacity for the preschool sector to recruit and retain preschool teachers, to sign leases and ensure security of tenure of properties and to conduct and plan for capital works is severely compromised by this funding uncertainty?

Senator Birmingham: No; I would urge states and territories to make sure preschools have confidence that the states and territories will continue to fund those preschools.

Senator PRATT: You can't just pass the buck to the states and territories. The funding uncertainty comes from a Commonwealth level.

Senator Birmingham: States and territories fund preschools.

Senator PRATT: You provide—

Senator Birmingham: But the Commonwealth provides some funding—

Senator O'NEILL: That's right.

Senator Birmingham: a very small proportion of it—to the states and territories.

Senator O'NEILL: It's still a high degree of uncertainty in an area where there is already a high degree of volatility, particularly in the workforce.

Senator Birmingham: No more uncertainty than when we came to office and had to deal with an exactly identical type of 'funding cliff', if they're the words you're going to use, created by an expiring agreement at that time. We renewed the agreement. Our commitment is there, in terms of our ongoing support, as we've shown time and time and time again over the last five years. Obviously matters will be dealt with in the budget cycle. And the minister is gathering the evidence to ensure that we have an effective preschool agreement in place in the future.

Senator O'NEILL: Will it be an agreement sent with a letter like the one by Mr Tehan with, 'You must sign by this date'? Are we going to have something like that?

Senator Birmingham: Matters will be dealt with in the budget cycle, and then I trust and hope that states and territories will be enthusiastic about wanting to sign on to a future agreement that is more focused on ensuring the most vulnerable children are actually attending preschool rather than states just being paid for whether or not children are enrolled in preschool. There's a distinct difference.

Senator O'NEILL: Are you guaranteeing to the preschool sector now that there will money in the budget for their sector?

Senator Birmingham: Matters will be dealt with in the budget cycle.

Senator O'NEILL: Are you guaranteeing it?

Senator Birmingham: I stand on our track record—

Senator O'NEILL: No guarantee.

Senator Birmingham: I stand on our track record of having renewed this agreement on multiple occasions, including shortly after coming to government and finding that it was expiring at that time. Having been left with an expiring agreement by the previous Labor government, we renewed it. We've got a track record of doing so. I think people can look at our track record.
Senator PRATT: You're just trying to artificially inflate the surplus by not having it on the books.

Senator Birmingham: I don't know, Senator Pratt. What was Treasurer Swan doing before the 2013 budget?

CHAIR: She just told us. She was commenting on him, clearly.

Senator O'NEILL: Chair, that's not helpful.

Senator PRATT: No, I'm not.

Senator O'NEILL: Has the department prepared advice for the government on what the impact will be on the sector—

Senator Birmingham: Sorry, it was Treasurer Bowen—no, it was Swannie still. I don't think Bowen ever delivered a budget.

CHAIR: Senator O'Neill has the call. Let's try to get back to questions.

Senator O'NEILL: Has the department prepared advice to the government on what the impact will be on the sector if funding is not continued?

Dr Bruniges: As a matter of course, we would always provide the minister and the government of the day with advice.

Senator O'NEILL: Do you provide the government with advice about why they should fund it if they choose to? If they don't, do you have a contingency plan?

Dr Bruniges: We would provide a range of advice to government in the lead-up to budget cycles. That's normal practice for a department to do.

Senator O'NEILL: What preparations has the department made if the funding isn't renewed in the budget in April?

Senator Birmingham: You're now asking hypothetical questions on matters that will be decided in the budget cycle, and I would simply point to my previous answer about the confidence people should have based on the track record of the government.

Senator O'NEILL: So essentially you're saying, 'Trust us.' I think that's a big ask with this government.

Senator Birmingham: I'm saying the matters will be resolved in the budget cycle. I simply point to the fact that in 2013 we came to government inheriting an expiring agreement. We have renewed that agreement on multiple occasions. In doing so, I think, we demonstrated our commitment to preschool

Senator PRATT: Can you guaranteeing there won't be a scramble by the state education departments to patch this up?

CHAIR: Let the minister finish, Senator Pratt. I will also point out that we are around two hours behind our schedule, and we have not yet moved to outcome 2.

Senator O'NEILL: We're nearly there.

CHAIR: Minister, have you finished?

Senator Birmingham: Yes, I have. I don't know if Senator Pratt asked a question. I couldn't hear it over—

CHAIR: No I don't think so.
Senator O'NEILL: One of the concerns that are very live in the education sector that looks after the youngest in our community is the apparent difference in treatment between the different sectors that are interacting with families and children and their education. So my question is seeking an explanation as to why the government seems happy to give funding certainty to non-government primary schools but is applying a very different standard to preschools.

Senator Birmingham: Why are you singling out non-government primary schools as distinct from government primary schools?

Senator O'NEILL: Well, do they have certainty of funding?

Senator Birmingham: Government primary schools?

Senator O'NEILL: Yes.

Senator Birmingham: Commonwealth funding is very clear. The only area of uncertainty, as we canvassed earlier, is the fact that the Victorian Labor government, unlike every other state and territory government, has refused to sign a long-term funding agreement in relation to schools. But those funding agreements apply to both government and non-government primary schools, or secondary schools for that matter.

Senator O'NEILL: But you're putting on the record that you've gone out in an effort to make sure that that sector understands what's on offer from the government, yet you're kind of saying to preschools, 'Wait for Father Christmas to deliver a package to you in April.'

Senator Birmingham: Minister Tehan has signed long-term funding agreements in the school sector.

Senator O'NEILL: But not in the preschool sector.

CHAIR: Senator O'Neill, allow the minister to finish.

Senator Birmingham: I've just addressed it. We have, as I say, renewed funding on multiple occasions for preschools, and this year's preschool funding or future years' preschool funding will be resolved in the budget cycle.

Senator O'NEILL: Minister, doesn't your action with regard to this funding difference reveal that some students in some sectors are more deserving of government funding, in your view, than others? Are preschools worth less—

Senator Birmingham: Than schools?

Senator O'NEILL: than other sources of support for young growing children?

Senator Birmingham: Preschool is a different sector. It's a very different sector across different states in terms of the way in which preschool is delivered across different states and territories. Preschool is incredibly valuable, and I highlight the government's track record in relation to continuing to support preschool. Again I'll point out that we had near identical circumstances when we came to office, but we have a budget to come. People should, I believe, look at our track record in relation to our continued support.

Senator O'NEILL: Does it surprise you that people from the sector really think that this government thinks that preschools are less deserving?

CHAIR: I don't think the minister has to accept your characterisation of what people in the sector think. Minister?
Senator Birmingham: It does not surprise me that you would seek to cause alarm and fear and run a scare campaign, because that's consistent with the rest of the members of the parliamentary Labor Party.

Senator O'NEILL: It does not surprise me that you don't seem to care about—

CHAIR: Senator O'Neill!

Senator O'NEILL: the challenge of managing the balance of family, children and children's education.

Senator Birmingham: Is this your new 'Mediscare', Senator O'Neill?

CHAIR: This isn't a forum for debating across the table.

Senator O'NEILL: People are very afraid of the organisational chaos that characterises this government.

Senator Birmingham: You'll lie your way through the next election campaign too, will you?

Senator O'NEILL: Sorry?

Senator Birmingham: You'll lie your way through the next election campaign too, will you?

CHAIR: Minister!

Senator O'NEILL: That's a bit rude.

Senator Birmingham: That's what you did last time.

Senator O'NEILL: Goodness me!

CHAIR: Let's get back to order, please. Senator Pratt, are we finished with outcome 1?

Senator PRATT: Yes, we're onto universities now.

Ms Wilson: Chair, could I correct the record. I answered a question from you on in-home care earlier.

CHAIR: Yes.

Ms Wilson: You asked me about the redistribution of places. It is based on redistribution of age, and I said zero to 12, but it's actually the zero to five age group. I just wanted to correct the record for your benefit, because you were interested in that.

[16:06]

CHAIR: Thank you very much. In that case, we can release outcome 1 entirely, insofar as they're not required later on. We will move on to outcome 2, Higher education.

Senator PRATT: I've got some questions in relation to the funding freeze. Last estimates, we discussed the caps on places. Universities Australia have said that 10,000 places would be underfunded in 2018 and predict more in 2019. What is the department's assessment of how many places, based on growth projected by the universities themselves, are underfunded in 2018-19?

Mr Learmonth: I think we canvassed this last time. We are not aware of the provenance of the figures used by Universities Australia. All we can do is go on the projections that they tell us in terms of what their admission pattern is likely to be for current and future years.

Senator PRATT: So you would take at face value 10,000 places?
Mr Learmonth: No, I wouldn't. I have no idea how that was derived. I think it's being used clearly for a purpose. All we have to go on is what they tell us their forthcoming admissions will look like.

Senator PRATT: What does the department itself, therefore, do to predict demand and unmet demand for 2018-19?

Mr Learmonth: Again, I think we covered this last time. We defined demand as what the universities tell us from time to time they will admit.

Senator PRATT: Have you asked them explicitly who their unmet demand is?

Mr Learmonth: We haven't. We rely on them to tell us what their intentions are.

Senator PRATT: You rely on them to tell you what their intentions are, but you don't actually ask them what the unmet demand is. So you ask them how many students they would like to admit, but you're not actually asking them that; you're telling them already how many places they have got?

Mr Learmonth: And they are at liberty to admit more or fewer than the funded places. Inevitably, across the system, they choose to admit more; their aspirations for growth and so on are separate to their plans as to how many students they'll admit in the current period.

Senator PRATT: So the Commonwealth itself doesn't make any assessment of future demand for university places?

Mr Learmonth: There is no benchmark as to what appropriate demand is, having regard to population or anything else. We obviously track enrolments and growth in the sector from year to year. But the only reliance is on what the universities tell us and what they indeed admit. We have their forward projections as to how many they intend to admit over this year and the next three years, so we can tell you that, but not beyond that.

Senator PRATT: Do you do an assessment for benchmarking participation rates then?

Mr Learmonth: We don't do benchmarking so far as there is a benchmark to measure current level of attainment against some arbitrary goal, no, but obviously we do understand the extent of attainment within the population and how that changes over time.

Senator PRATT: So you'd be aware, for example, that participation rates were boosted including among low SES cohorts, English as a second language groups and other groups as a result of the uncapping of places?

Mr Learmonth: Absolutely. There was a very substantial growth in places under the demand-driven system. If I may, you're right: there was disproportionate gain for some of those disadvantaged groups.

Senator PRATT: Thank you. The department has stopped projecting what that growth otherwise would have had the system—

Mr Learmonth: We haven't projected it. There was never a goal; it's not an arbitrary benchmark. What we did was track the trajectory and track the intentions of universities, and we have not stopped that at all. We do it now the way we've always done it.

Senator PRATT: I understand what you're saying: because it was an uncapped system, you tracked that; now you are tracking the capped system. What has happened to per-student funding for undergraduate places because of the caps?
**Mr Learmonth:** I couldn't tell you off-hand. We'd probably have to derive that, so I'll take that on notice. I'm sorry. I can tell you what happens in terms of enrolment levels and so on, but not per student.

**Senator PRATT:** You haven't done any assessment of what happens to per-student funding if a university has, in response to the cap, sought to meet local demand by enrolling more than they otherwise would have in previous years?

**Mr Learmonth:** When you say assessment, we're obviously aware of the numbers enrolled versus the number of CGS places, but can I say that this is not a new phenomenon. The over-enrolment goes back into the depths of time. It predates demand-driven; it goes back to the previous cap system. They are individual choices. They are, from the work we have done, unrelated to almost anything we can figure out. In fact, I think the university pre-demand-driven—

**Senator PRATT:** I'm not saying it's a new phenomenon. I'm wondering over time whether as a result of that over-enrolling or under-enrolling the per-student funding on average has changed?

**Mr English:** We can derive the average student cost per place at the aggregate level, by university level, by state or whatever you like. That will change for several reasons; the cap is one of them, and if they maintain their same pattern of enrolments but grow, then obviously with the cap, that will have an impact on the average cost. But as they do change their profile of students to favour more expensive students—say, in the sciences or engineering—then that would take the average course per student up in that division automatically irrespective of any other policy change, and vice versa.

**Senator PRATT:** So the department does recognise that the cap is one impact on how much funding an institution might allocate proportionately to each undergraduate?

**Mr English:** I think I have been verballed. I think what I said was that the choices the university makes about the way they manage their enrolment patterns will determine the average funding per student, and it is quite within their capacity to achieve a consistent average funding per student if that is their priority.

**Senator PRATT:** But it would mean that they might, for example, have to limit further the number of students that they enrol in order to do that.

**Mr English:** Or change the profile or respond to different market priorities.

**Senator PRATT:** No, but the answer would be different if the system was entirely demand-driven, wouldn't it?

**Mr English:** The funding system would respond to their choices differently, yes. But effectively once they hit the maximum amount we will pay to them under their funding agreement, they are effectively receiving a block grant, and it is entirely at the discretion of university management as to how they manage their profile once they achieve that point, and how they use those dollars.

**Senator PRATT:** Yes, I'm very aware of that. So you have not assessed the manner in which per-student funding has been impacted by caps?

**Mr Learmonth:** No.
Senator PRATT: How many universities are now in deficit or assessed as at risk of going into deficit?

Mr Learmonth: I think at risk is rather subjective, and I'm not sure I could answer that. I can give you a picture of the financial health of the industry overall. We do actually now have available the latest financial information, which is 2017. It has only just become available. Let me give you a couple of overall statistics, and I'll take you through the picture in relation to the universities that did not make a positive margin in that year. The net result across universities for 2017 was a surplus of $2 billion. That was a 27.8 per cent increase on 2016, which had an operating $1.6 billion. So it is a significant increase in profit or operating margin. All of the relevant measures of financial results have improved. So the total revenue is up, the net result is up, total government funding is up, international income is up, their total net assets are up, their cash and investments are up, their external borrowings are up slightly but well outweighed by the increase in cash and investments. So overall the sector is, I think, in even better financial health and viability in 2017 than 2016.

In relation to your question about how many had a negative net result—there were seven in 2017. They were for a variety of reasons, as is usual. I have been over this before. Some of them are only net negative because they're dual sector and their higher ed operation makes a surplus but their TAFE sector drags them below the line. There are some others which have had—

Senator PRATT: So there are seven universities in deficit?

Mr Learmonth: That ran a net negative result in 2017.

Senator PRATT: Doesn't mean they're necessarily in overall deficit, but they—

Mr Learmonth: No. As I say, some of them are for TAFE, some of them were doing significant restructuring, so they had one-off large voluntary redundancies which would have affected their results. So there are always some particularities about the results.

Senator PRATT: How many universities are at risk of going into deficit?

Mr Learmonth: I don't think that's necessarily a judgement we could make. It presupposes knowledge of their forward plans. It also is not necessarily—

Senator PRATT: I beg to differ. You were able to tell me how well many universities were doing overall.

Mr Learmonth: That's a historical—

Senator PRATT: You were able to tell me how many are in deficit, so you must be able to tell me how many are on the edge.

Mr Learmonth: Not really. That is an observable historical fact, and it is simply reflecting what happened in 2017. There is always some circularity in terms of the expenditure of these institutions. Their income is predictable and their expenses are largely predictable. One of the reasons we certainly can't predict where they will end up is that we don't know what they're intentions are with regard to things like forward restructuring. Are they going to incur a lot of voluntary redundancy expenses? Some have here. Are there going to be capital plans where they will draw on their retained earnings? There are future plans. They will make conscious decisions as to whether they run deficits or what they do in relation
to their objectives going forward. We don't know what they look like, so we can only make a historical appraisal.

Senator PRATT: Okay. I know they've got fairly perverse objectives. The caps didn't apply until 2018. You've painted a pretty rosy picture for the sector, but what has changed between 2017-18 and this year? You gave me some figures earlier that talked about the surplus. Can you remind me what you that applied to?

Mr Learmonth: I gave you the 2017 surplus, which was $2 billion. The 2016 surplus was $1.6 billion. That is across the sector.

Senator PRATT: What's the 2018 surplus?

Mr Learmonth: We are nearly a year off knowing what that is. The 2017 has only just become available.

Senator PRATT: You can't actually tell me the impact of the cap or whether it has had an impact? My question was about deficit and risk of deficit, but we can't tell you what the impact of the cap is?

Mr Learmonth: It seems to me intrinsically unlikely that there would be any impact insofar as the parameters of their revenue and expenses are utterly predictable to them. They know what their maximum grant from the Commonwealth Grant Scheme is going to be. Their enrolment of students, over or under that notional cap, and the revenue they attract from student charges, is utterly predictable and at their discretion. Their cost base is within their discretion. They control every aspect of their revenue and cost base. They can predict. In that context, I cannot imagine that you can attribute a change in financial outcome to the freeze. Yes, it might change people's plans for expansion—

Senator PRATT: But you are partway through and you—

Mr Learmonth: but they will manage their costs and revenue in anticipation of what is a known and predictable forward set of parameters.

CHAIR: Senator Stoker.

Senator STOKER: I've got some questions about registered higher education providers and how they are categorised. is it within the minister's powers to change the provider category in which a registered higher education provider is registered—that is, to award them either university or university college status?

Mr English: The categories are defined in the legislation.

Senator STOKER: I understand that—but to move between those categories?

Mr English: That is managed by TEQSA.

Senator STOKER: Presumably on application by that educational institution.

Mr English: Yes, by assessing universities or higher education providers against their compliance with the requirements of the act.

Senator STOKER: Okay, but is it something that is affected by the minister on a recommendation from TEQSA or is it something that is affected by some other means?

Mr English: I will confirm this with TEQSA at the next break, but my understanding is that's the power they hold under the act; not a matter that the minister takes on advice.
Senator STOKER: Thank you. Can you provide, to the extent that you're able—it may be something better for TEQSA—

Mr English: We are starting to get into the territory where it would be better to ask TEQSA.

Senator STOKER: That's okay, and if that's your answer I completely understand. Are you able to provide some detail on the nature of the differing responsibilities between state and federal governments in relation to the awarding of university or university college status? Are there different roles between the state and the federal agencies?

Mr English: There's no state regulatory function in relation to the awarding of higher education categories or provider categories.

Senator STOKER: Good. Does that mean it's a historical quirk that most universities are established by state legislation?

Mr English: Yes, that would be the polite way of putting it. Universities are established, as you say, under state legislation, usually in history to serve state purposes in terms of workforce need, but, for at least 20 or 30 years, it's been a national regulatory system to govern their arrangements. In doing so, a state decides to establish a public university and then it decides to push an institution through the process that leads to it being accredited as a public university. Outside of that decision, it's usually really a matter for a private provider to decide whether they enter as a non-university or a private university provider in the system.

Mr Learmonth: Just for completeness, the ANU is the only exception established under federal law.

Senator STOKER: Excellent. That's helpful. Does that mean that, if you wanted to establish a university, presumably from the upgrade of an existing institution that's currently a registered higher education provider, you wouldn't necessarily need a statute to do that; it could be effected through TEQSA's processes?

Mr English: That's correct.

Senator STOKER: Thank you. That's all.

Senator PRATT: We were talking about university deficits. I want to ask about enrolment changes, including offers made by unis in recent years. What assessments of enrolment changes has the department undertaken?

Mr Learmonth: It depends on what you mean by 'assessments', Senator. Obviously we track, from year to year, offers and acceptances and we track enrolments. I can give you, for example, the current year-on-year changes for enrolments, if that would help?

Senator PRATT: No, I understand that you—

Mr Learmonth: Is there something more specific that you're after?

Senator PRATT: You could tell me what the enrolment changes look like.

Mr Learmonth: Sure.

Senator PRATT: But have you assessed what they mean? Is there any significance in those changes?

Mr Learmonth: I'm not quite sure what you mean: assess what they mean. We know what they are. For example, the increase between 2017 and 2018 was 0.6 per cent in
enrolments and, between 2018 and 2021, on the university's own projections, we're expecting enrolments to increase by 4 1/2 per cent. Those are undergraduate places.

Senator PRATT: Have you done an assessment of which institutions, for example, as a result of the cap, aren't able to meet their earlier plans for growth of particular campuses, growth of particular courses, projects of particular equity groups? Have you done an assessment of that?

Mr Learmonth: It's not possible to actually do an assessment of that because I don't think the benchmark to which you compare it exists in a valid form. They've all had plans one way or another, whether or not they come to fruition in terms of their financing or whether or not they come to fruition in terms of the market they might acquire. They don't always work out. Their plans are not necessarily something we capture unless they seek something specific from us, like funding. So we'd have no way of identifying what that gap would be.

Senator PRATT: You would if the university told you. I've spoken to university campuses, for example, where they've built new facilities in regional areas with a plan to grow enrolments, but, because of the cap, they've said, 'Oh, look, we think we'll probably have to fill that campus with international students.'

Mr Learmonth: Sure, Senator, but their plans today don't always translate tomorrow. A couple of things: one is that the government did award additional places to some of those universities in the budget last year and in MYEFO last year. Equally, some of those plans don't come off. I can give examples where there have been plans for expansion that have not been met with realisation in terms of the expected numbers of students that have been enrolled. It's a bit imprecise.

Senator PRATT: Okay. So a demand-driven system enables the universities to make those plans and to succeed or fail as the market or as, you know—

Mr Learmonth: Yes.

Senator PRATT: But how is the department interacting with those institutions now that you've got a cap in place?

Mr Learmonth: Well, we're telling them what their maximum grant amount is and we are identifying how many enrolments we have so that we know how much to pay them. We are equally identifying from them their forward enrolment intentions.

Senator PRATT: Yes, but how does that deal with a need in a particular region for more graduates in a particular area or the fact that certain communities are under-represented in their higher-education participation and universities might otherwise have chosen to expand and grow there? Are you having those conversations with the sector currently?

Mr Learmonth: A couple of things, Senator. Some of that we track all the time and have always done, in terms of representation of, for example, different groups in university enrolment and attainment. None of that has changed. Whether or not we talk with individual universities about their plans and whether they've been realised or not largely is a matter for them. They know the system and understand the system. Some of them have chosen to say, 'Can we have a discussion about our plans?' We've had a number of those. The government has provided additional places to some of those universities. We do have those discussions with them, yes.
Senator PRATT: Okay. Have you told universities how many allocated places they will have over the next two years? How are they supposed to make plans if they haven't been told—

Mr Learmonth: We don't allocate places, Senator. We allocate a maximum basic grant amount. As Mr English was explaining before, how many places that translates to depends on the internal mix they choose, because the subsidy rates for each field of study are very different.

Senator PRATT: Over what period of time have you told universities what their funding will be?

Mr English: We have funding agreements in place with universities that applied for a three-year period. That covered 2018, 2019 and 2020. The funding agreements, when they were written, specified that 2018 would equal the final outcome they achieved for 2017. From there on, their cap in 2019 would be the same figure as it was in 2018, and then the figure in 2020 would be that figure multiplied by an adjustment for population growth. They know until the end of 2020—once they got to the end of 2017 they knew exactly what that would be.

Senator PRATT: So you're advising universities that, if they need to expand in a particular area or address a local issue in relation to demand for more places, they've got to work out how to do it within that funding envelope?

Mr Learmonth: Senator, I think they've all understood their flexibility around overenrolling by choice in a variety of different areas—sub-bachelor, bachelor and so on—since time immemorial. I think they well understand their flexibility. They understand what their finances are going forward. Yes, some of them choose to engage with us, and we welcome that to understand what their intentions are about future growth and aspiration, but I think their parameters are very transparent and they very well understand the flexibility they have within the system. They make their own plans accordingly within the system as it currently stands.

Senator PRATT: Okay. So, essentially, you're saying universities are bringing to you their other plans, where they might want more places?

Mr Learmonth: Some of them, yes, Senator.

Senator PRATT: But you've got no process for assessing whether there is a need beyond the funding envelope that's already committed to?

Mr Learmonth: Senator, how we might characterise 'need' is separate to the issue. There is no process, per se, for them to pursue under current arrangements to acquire those additional places. We can certainly form a view as to the relative merits in terms of local attainment and aspiration—no question—but there is not a process for universities to apply for or acquire new places.

Senator PRATT: Nevertheless, are you making ad hoc decisions to give out new places in certain areas?

Mr Learmonth: Decisions to give out places are decisions made by government from time to time. They were made most recently in MYEFO last year and, before that, budget last year.
Senator PRATT: Okay. Once those places are given, they become the new cap, if you like?

Mr Learmonth: Yes, they'd be factored into the new maximum basic grant amount, and a revision to their funding agreement would be made accordingly.

Senator PRATT: Okay.

Mr Learmonth: If I may: technically, some of them involved sub-bachelor places as well. They're separate to the caps in relation to undergraduate places—the so-called 'non-designated'.

Senator PRATT: So the top-up funding is not like a capital place mix; it's just funding for a place? When universities have sought extra funding because they want to grow beyond the cap, what is the mix of that funding?

Mr Learmonth: It can be a variety of things. They can ask for, and do ask for any number of things between capital funding, transitional sort of funding, additional Commonwealth grant scheme places or sub-bachelor post-grad places. They can and do ask for almost anything. It's really up to them. How that translates mechanically, in terms of the system, is a subsequent issue.

Senator PRATT: Okay. So they'd be better off asking for the substantive places rather than mixing around with their capital, because otherwise their places won't grow with that extra funding. Is legislation being prepared to enact the ongoing cap on growth on places?

Mr Learmonth: The funding freeze wasn't instituted by way of legislation. It was a power within the existing legislation to set a maximum basic grant amount within the funding agreements. It needed no legislative authority. It needs no renewal. It's a matter for the government from time to time about how that will change, whether it will change and when it will change.

Senator PRATT: Previously, the government did attempt to legislate on it—

Mr Learmonth: Sorry, Senator?

Senator PRATT: Previously, the government did attempt to legislate on it—

Mr Learmonth: No, Senator. There was no legislation in relation to the cap. It was unnecessary. It was a decision enabled by existing legislation in the way the funding agreements are struck with universities.

Senator PRATT: Okay.

Mr Learmonth: It relies on a longstanding power. Nothing new.

Senator PRATT: How many universities have written to the department about a risk to the sustainability of their programs?

Mr Learmonth: I'm not sure it's answerable, Senator. I can't recall anyone that has written about the sustainability—in other words, our universities financially at risk. Certainly, knowing we've talked about this before, a number of universities have said our future plans are now in question in terms of where we want to expand. As you said before, the parameters have changed. They've had to rethink, in some cases, their plans.

Senator PRATT: How many universities have written to the government in relation to the impact of the cap?
**Mr Learmonth:** Can you be more specific, Senator, insofar as—have they asked for more places or they don't like the cap? I'm trying to get at what you're after. One's a campaign; one's a request for something.

**Senator PRATT:** Yes, it is. How many have written in the context of a campaign and how many have written identifying concerns about the impact to their institution?

**Mr Learmonth:** Again, it depends what you mean. Certainly, the representative bodies of higher education have not been warmly embracing the cap and have written accordingly. There have been a number—and I think we've provided on notice before how many institutions have written to us and said, 'The cap affected the plans we have, and we'd like some exemption or some addition,' some of whom have now had those additions.

**Senator PRATT:** But the impact of that isn't just on the plans that they have, surely. In some cases, it's about—they might be plans, but they're more subtle plans than that. It might be about the mix of courses, the balance of people's teaching loads and a whole range of things that have become part of the mix of the issues in place, surely?

**Mr Learmonth:** It's possible. It's hard to know. I don't recall any correspondence of that nature. These are not hugely significant changes to an individual university. It is over a two-year period, so I'm not sure that it would be hugely disruptive to their current operations. Certainly the enrolment figures suggest that it hasn't. Enrolments continue to increase. It seems to me that it's not been a particular disruption. I think it is a separate issue, though, where there have been plans to materially increase, whether through a new campus or capital works or so on—that's a step change, and that absolutely could be affected. But, in terms of their ongoing day-to-day operations, it's not borne out in what we can see.

**Senator PRATT:** Is the department concerned that the caps will lead to a decline in key fields like STEM?

**Mr Learmonth:** It doesn't appear to be, on the face of it. Indeed, the universities' forward plans for things like nursing and STEM are still seeing significant increases over the next four years.

**Senator PRATT:** So, there's a cap, but if the balance of places inside the system needs to change—for example, there's a greater need for courses that are more expensive to run like medicine, dentistry or engineering—how will you adjust the system to deal with the cost base within the places?

**Mr Learmonth:** The system won't be adjusted for that reason. It's up to universities to choose the student mix, having regard to what they wish to do. The system essentially places a ceiling on the maximum grant allowance they can be paid. Within that ceiling, they can do what they will. Bearing in mind they've got a variety of sources of revenue, including the grants, student contributions and other sources, they will plan their business as they will.

**Senator PRATT:** Could you take on notice the details around whether there's an impact on key fields like STEM.

**Mr Learmonth:** If you look at STEM or nursing, universities are telling us now that, under the current system, they continue to plan to grow those enrolments. If I can find them, I can tell you what they are. So, for example, if you look at the growth for 2017 to 2021, STEM, cluster 7, will grow by about 4.5 per cent on the universities' own estimations.
7—engineering, science—is running at 4½ per cent; cluster 3—maths, stats, behavioural science et cetera—will have a 9.2 per cent increase; nursing, a six per cent increase.

**Senator PRATT:** Over what years?

**Mr Learmonth:** From 2017 to 2021. They're the universities' own projections under the current system. If you look at those critical areas of nursing and STEM, they're not going backwards.

**Senator PRATT:** What about the more expensive courses?

**Mr Learmonth:** The most expensive ones are dentistry, medicine and veterinary science, and they're going to grow by 6.4 per cent on the unis' own projections. Clearly they're not seeing this as a problem insofar as their intended mix.

**Senator PRATT:** They've told me it's a problem, but—

**Mr Learmonth:** I'm sure they'd prefer it to be uncapped, but, in terms of their actual plans for admission, they're not showing declines; they're showing growth in most areas.

**Senator O'NEILL:** Could we get on notice a fuller picture of the STEM growth? You've given us an indication there. Could you also provide us with details on growth in teaching places.

**Mr Learmonth:** Yes, absolutely. I don't know if we'll be able to go much beyond that granularity—we've only got it for field of study, so it's reasonably aggregated—but we'll give you what we've got.

**Senator O'NEILL:** As much detail as you can will be helpful.

**Mr Learmonth:** Sure. We'll be give it to you year on year.

**Senator PRATT:** In 2017, they had a set of projections going forward—

**Mr Learmonth:** Actuals—we know what their actuals were.

**Senator PRATT:** But they also had projections going forward into 2020 et cetera from 2017. Is that correct?

**Mr Learmonth:** I would imagine so.

**Senator PRATT:** So what were the going-forward projections in 2017?

**Mr Learmonth:** I couldn't tell you; I'm sorry.

**Senator PRATT:** If you could go back and have a look at what those were—

**Mr Learmonth:** We'll provide them on notice.

**Senator PRATT:** and tell us what they were in 2018 once the cap came into place—

**Mr Learmonth:** Yes.

**Senator PRATT:** so that I can compare whether the projections of the institution have changed as a result of the cap coming into place.

**Mr Learmonth:** Sure.

**Mr English:** But whatever analysis we do with that will not be able to determine causality.

**Senator PRATT:** I just want to see the difference in projections. We had a discussion earlier in estimates about early childhood workforce planning and that there's a projected
shortfall of 36,000 teaching places in early childhood teaching education. What preparation is the department making when those workforce issues come up, in terms of a discussion about the cap, and where and how growth in demand for particular professions is accommodated?

Mr Learmonth: Again, what we can do, as we did in relation to the question on notice, is give you an indication of what the numbers are in relation to people graduating and the trends there. My recollection is they've increased from last year to this year in terms of graduations. Beyond that, I'm not in a position to add to what my colleague provided to you before.

Senator PRATT: Does the department do any planning with higher education institutions for the growth of any particular professions?

Mr Learmonth: They are autonomous institutions that respond to demands of the marketplace.

Senator PRATT: They are autonomous institutions that respond to the demands of the marketplace, which they're much better able to do if there's a demand-driven system. What guarantee can you give us that those 36,000 early childhood education teachers will be available to schools and kindergartens?

Mr Learmonth: I can't add to what my colleague said earlier.

Dr Bruniges: I have another piece of data that might help a little bit. In 2017, the Department of Jobs and Small Business showed us that the labour market has indeed eased significantly in the last five years compared with the earlier part of the decade. In 2017, we had 82 per cent of vacancies filled. That compared with 46 per cent of vacancies filled in the early childhood area. The point that my colleague was making earlier is borne out by this. There are certainly some location or geographic spots, like regional and remote areas, where you see shortfalls, particularly in early childhood teachers. The numbers at one level look to be improving, but when you look down on the ground you're going to get a different figure.

Senator PRATT: I have certainly spoken to universities who've committed to regional campuses so they could do teaching in those places that have been impacted by the cap.

Dr Bruniges: The other thing we've seen is that our colleagues in states and territories are working through that committee I talked about before to try and get a landscape and a picture of the workforce, particularly in the early years—getting their projections forward. That is convened through the COAG Education Council.

Mr Learmonth: If I may, it's more than a theory. If you look at enrolment patterns over time, tracking against changes in the economy, you can see the sector is following. You can see, for example, a reduction in enrolments in things like mining engineering, as the mining boom's come off—

Senator PRATT: Yes, the mining industry is quite worried about that.

Mr Learmonth: You can see very substantial growth in health, given what's happened there. So you can look at a couple of trends in the economy, in terms of demand for workforce, and see them reflected in admission patterns. So, it's more than theory: the universities observably do respond to demand patterns.

Senator PRATT: The public might respond, but the mining industry's quite worried about that decline. I want to ask some questions about research block grants. The 2018-19 MYEFO has measured the impact statement for cuts to research block grants. That totalled $191
million. The budget papers also show, as I understand it, that the measure is supposed to say $328.5 million and that $131.4 million was already provided for by the government. When it said that $131 million is already provided for by the government, where was that? I can't find the impact of where that was provided for in any of the government's budget documentation.

**Mr Learmonth:** There were two measures that were both announced in MYEFO last year. I'm not sure whether we've got precisely the same numbers that you have. There were two separate measures. There was the pause on indexation for 2018, and that was $131.4 million over four years. Then, from 2019 onwards—so after that 2018 year—there was the removal of growth from that. That was $197.1 million, to add to $328.5 million. Both of those were announced in MYEFO.

**Senator PRATT:** So the $197 million was the growth?

**Mr Learmonth:** Yes.

**Senator PRATT:** I can understand that. What was the other $131 million?

**Mr Learmonth:** It was an indexation pause in 2018. So, essentially, what they got in 2018 was what they had in 2017. It was flatlined at that point.

**Senator PRATT:** When they say they'd already provided it, it was because it's the indexation pause on the block grants as well—is that right?

**Mr Learmonth:** Yes, those two measures. Just to confuse, there are different figures if you go calendar year versus financial year.

**Senator PRATT:** Okay. So, when I'm looking to measure the impact, I can find it in the indexation pause. What was the existing rate of indexation?

**Mr Learmonth:** I'm not sure. We'll take that on notice.

**Senator PRATT:** Okay. That's $131 million over that period?

**Mr Learmonth:** $131.4 million, yes.

**Senator PRATT:** If you can tell us what the rate of indexation was and what the per-annum loss through the indexation was, that would be useful. The full impact of the measure is supposed to be identified on one of the budget documents. So I will be able to go back and find that $131 million in a pause to indexation, will I?

**Mr Learmonth:** Yes. Both were announced in MYEFO, yes.

**Senator PRATT:** Please provide the forward estimates for both the Research Training Program and the Research Support Program.

**Mr Learmonth:** The funding or the save?

**Senator PRATT:** With that save removed from it.

**Mr Learmonth:** Yes.

**Senator PRATT:** Is that not something you're able to do now?

**Mr Learmonth:** We can do that now, if that helps.

**Senator PRATT:** That would be great.

**Mr English:** These are numbers on a calendar-year basis, because that's how we manage the program. The RSP, the Research Support Program, in 2018 had $894 million. Given the
freeze, it had $894 million again in 2019. In 2020, the allocation is $912 million. In 2021, the allocation is $933 million. In 2022, the allocation is $952 million.

Senator PRATT: So I should be able to go back and compare that to the original budget before the MYEFO measure?

Mr English: Yes, the budget papers from last year.

Mr Learmonth: We can do you a reconciliation on those, if that helps.

Senator PRATT: Okay. And I should be able to compare that to the loss of indexation and the previous budget before that, where the forward estimates had the indexation in it?

Mr Learmonth: We can set it out for you. Did you want the Research Training Program—the other bit?

Senator PRATT: Yes, that's right—the Research Support Program?

Mr Learmonth: We can give you the Research Training Program.

Mr English: It is $1.0727 billion, or $1,072,000, and the same again for 2019. It is $1,048,000 for 2020, $1,072,000 for 2021 and $1,093,000 for 2022.

Senator PRATT: So, they are the figures with both the indexation and the—

Mr English: They are the allocations currently in the budget for those two programs.

Senator PRATT: After taking into account MYEFO.

Mr English: That's correct.

CHAIR: I have just one question, and you may have covered this with Senator Pratt. I was distracted by some administrative details. Does anyone keep track of the operating surplus for the universities sector?

Mr Learmonth: Absolutely.

CHAIR: Who does that?

Mr Learmonth: We do that. For example, the figures I related to Senator Pratt earlier—the aggregate operating margin for the universities sector as a whole—was $1.6 billion in 2016. It was $2 billion in 2017, so an increase of 27-odd per cent.

CHAIR: In surplus?

Mr Learmonth: That's operating surplus, yes.

CHAIR: So, there is capacity there for the universities to—

Mr Learmonth: By and large they're in very good financial shape. They're characterised by entirely reasonable margins, very low borrowings, low debt and substantial retained assets and cash.

Senator PRATT: I will move off the research grants, because I think Senator Carr will have questions later tonight as well. I'm going to ask about how many universities have received an additional load above the cap since the 2017 MYEFO and which electorates those universities are in.

Mr English: I believe we've actually answered the electorate one on notice before, so I'll need to try to find that.

Mr Learmonth: It's not something we would capture as a matter of course.
Senator PRATT: Did you capture it previously when you were asked?

Mr Learmonth: I don't think we did. We'll have to check.

Senator PRATT: Okay. Perhaps you can tell us which universities have received placements above the cap, and whether any of those places are tied to particular campuses or particular courses.

Mr Learmonth: Certainly. We'll just go one through the other. We'll take you through each.

Mr English: The additional places announced on 12 November 2018 provided Federation University Australia with $40.7 million over four years for additional places at Berwick campus.

Senator PRATT: Sorry, which campus?

Mr English: Berwick. The University of the Sunshine Coast received $30 million for additional places at Caboolture and Fraser Coast campuses. The University of Newcastle received $3.3 million for its Central Coast Medical School and Research Institute.

Senator PRATT: Are they for places?

Mr English: Yes, they are places. Central Queensland University received additional places across its operations not defined by campus.

Mr Learmonth: If it helps, we can put this on notice and show the number of places as well, because there are some bach, some sub-bach, at present.

Senator PRATT: Yes, that would be great.

Mr English: James Cook University received $9.1 million over four years—again, not specific to a campus. The announcements made in the 2018-19 budget provided the University of Tasmania with $41.1 million. That wasn't locked to a campus, but it's primarily focused on its Northern Transformation project over in Launceston. The University of the Sunshine Coast received $69.4 million, over the three years starting from 2019-20, for the Moreton Bay regional precinct. And the Southern Cross University received $13 million for the four years, from 2018-19, for Coffs Harbour.

Senator PRATT: That's really helpful. It would be great if, on notice, you could give us what places were attached to that.

Mr Learmonth: Yes.

Senator PRATT: What process was used for determining which unis received an additional load? I think we've covered that, in part.

Mr English: Senator, can I just clarify? I mentioned that I thought there was a question on notice, but we addressed the electorate question. SQ 1882 covers that.

Senator PRATT: Thank you. How do you go about ensuring that that additional load is delivered at particular campuses, and what process did you use for assessing that?

Mr Learmonth: Assessing what, sorry?

Senator PRATT: Which institutions received places.

Mr Learmonth: I'll deal with the latter. They were in each tranche of decisions. In the budget last year and MYEFO last year they were decisions of government. They related,
usually, in some way to some sort of capital expansion that the government had supported or, in some cases, where there'd been a takeover of a campus or an expansion prior to the freeze coming in and so the anticipated ability to fill that particular campus had been interrupted, and so there were some additional places.

Senator PRATT: You answered a question on notice in relation to electorates and places. What requests have been made by institutions for extra places that the government has not yet agreed to?

Mr Learmonth: We can provide that on notice.

Senator PRATT: And which campuses? How many—

Mr Learmonth: I think there are 14 of them. We'll provide the details on notice.

Senator PRATT: You might let us know what electorates they are as well. We can go away and do that, but you might probably already know.

Mr Learmonth: We might not be able to answer. These are places that might not be specific to a campus and, therefore, an electorate.

Senator PRATT: That makes perfect sense, because if they're across the whole institution it's likely to be multiple electorates, and in cities, of course, people move right around. I was asking how you work out whether the places are actually delivered at a particular campus.

Mr English: The adjustments to the funding agreements have specified that those places are to be delivered to those campus.

Senator PRATT: Do the funding agreements, generally, specify places or is this something that has to be done because of these particular announcements?

Mr English: For these announcements and for these funding agreements we have included greater specificity about those places. It is usually a requirement that the funding agreements identify which campuses are allowed to operate with Commonwealth supported places, and that's as far as we go. We normally don't have allocations against those. It's a matter for the institution, for these commitments.

Senator PRATT: All right. That way you know that the cap is being maintained in other places.

Dr Bruniges: It gives us the line of sight to them being true additional places on top of the cap.

Senator PRATT: The minister's press release in November said he's funding regional unis. Can I ask how a campus in Berwick in metropolitan Melbourne for Federation University—

Senator PATTERSON: It's not 'burr-wick'; it's 'berrick'.

Senator PRATT: It's 'berrick', is it? It's like when people over here call Cockburn 'cock-burn'. To me it looks like 'burr-wick', and that's how we pronounce it in Perth. How it is considered regional?

Mr English: The minister's announcement was clear in that it was committing a range of places to regionally focused universities. The Berwick campus is operated by the Federation University, which is very clearly a regionally focused campus and a regionally focused
university, and its catchment area is certainly inclusive of the regional areas to the west of Melbourne as its natural catchment.

Senator PRATT: But you didn't tie these places, as you did in other cases, to their regional campuses.

Mr English: No, those places were specifically allocated for the purposes of the Berwick campus, which was in a growth trajectory as Federation had just taken over the campus and needed to have more cover for places.

Senator PRATT: But Berwick is not in any maps. I wouldn't imagine it's assessed within the National Party's definitions of city versus metro. It's definitely in a metropolitan area.

Mr English: I don't believe the minister claimed that it was a regional campus.

Senator PRATT: Except that the press release itself says he's funding regional universities.

Mr English: Regionally focused universities.

Senator PRATT: So the press release should have said, 'regionally focused universities'.

Mr English: That's what it says.

Senator PRATT: Is the whole $328 million from research going to come back to regional universities? If so, which ones?

Mr English: The utilisation of savings taken through the budget is a matter for the expenditure review committee. We have had other announcements made that provided additional resourcing to regional universities and other purposes at the same time as the savings were taken. But the allocation of savings is a matter for government.

Senator PRATT: How much of the $328 million has already been allocated?

Mr English: That is not accounted for in that fashion, to be honest.

Senator PRATT: But are the announcements that have already been made out of that $328 million, or is that new?

Mr Learmonth: Sorry, are you asking for the funding for the announcement as to the additional places made? We'll have to take it on notice. It's two different tranches, I'm sorry.

Senator PRATT: Okay.

Mr English: But, at the end of the day, the government makes a decision to increase spending in line with its priorities and decisions, and it makes decisions to reallocate or to take funding away from particular issues, again as a question of priorities and issues. There is no particular connection between those things. The money isn't painted blue and passed from one hand to the other to give back to a particular institution. It's part of the broader budget settling process by the government.

Senator PRATT: What I'm trying to work out is whether the $328 million that was taken out of research is staying in the portfolio.

Mr Learmonth: Again, as Mr English said, it's very difficult to hypothecate. We can't actually hypothecate what the government chooses to save and chooses to spend. What we can give you is the impact of various savings and the extent of various spends.
Senator PRATT: Is there a budget yet for how much of this money is going to be given out to universities in these side deals because of the cap? There are little announcements that have been made—we’ve heard about some of them—with the extra places. Are you expecting more announcements along those lines?

Mr Learmonth: Any decision is a matter for government from time to time in the budget or other cycle.

Senator PRATT: So there is no budget line that will tell us where the funding is coming from?

Mr Learmonth: The re will be a budget line for any announcement that's been made. You wouldn't expect to see a budget line for announcements that have not yet been made, decisions not taken.

Senator PRATT: Yes. Apart from the fact that there's a cap.

Mr Learmonth: Yes.

Senator PRATT: There's now a policy for these side deals but there's no budget line item for those side deals currently, is there?

Mr Learmonth: I'm not sure there was anything you could ever characterise as a budget for those things. Government has made decisions from time to time and the government has announced them in two tranches—in the budget last year and in MYEFO last year—and, when it has made those decisions, there been provision in the budget for the relevant expenditure.

Senator PRATT: That I understand. So where in the budget is the money for the side deals to bypass the cap? If you can point that out to me, that would great.

Mr Learmonth: You can see that in the MYEFO paper.

Senator PRATT: If there are further announcements between now and the election, are they accommodated in that MYEFO statement or not? It depends which year they kick in at, but—?

Mr English: The forward estimates of funding for universities reflects decisions taken by the government to date.

Senator PRATT: Okay.

Dr Bruniges: That would mean more decisions of government later on then that would appear in the next budget paper or the relevant MYEFO at the point in time they took the decision.

Senator PRATT: So there are 14 universities, as I understand it, that have asked for additional funding that have not as yet received it.

Mr Learmonth: We can provide that on notice but I think it is about right.

Senator PRATT: I'm just trying to contextualise. Some of those might not be regional campuses. Is the current focus on regional announcements part of the regional deal that Minister McKenzie and others have talked about?

Mr Learmonth: Sorry, I'm not familiar with that. I'm not sure it would be a matter for the department.
Senator PRATT: Was there a deal to ensure that any extra side deals above the cap were focused on regional universities?

Mr Learmonth: You're talking about the internal decision-making of government. It's not something we can address.

Senator PRATT: Minister Tehan, in his press release, announced more support for regional students and announced some of those extra places that we have been through. Are these special deals that are coming forward limited to regional campuses? What's the policy setting around that?

Mr Learmonth: As I said before, there have been a couple of different tranches of decisions from government. They reflected different priorities, whether it's support for regions or addressing institutions that had growth plans in terms of campus transfers and so on materially affected by the funding freeze or circumstances where there's been capital and so on contributed to some support from government. Those are essentially the reasons for the decision each time but, as I say, these are matters for government from time to time.

Senator PRATT: So there's no policy around this. We're not sure who is going to miss out in their requests yet. Is there an update, please, on the regional hub rollout? Which sites were successful in the first round?

Mr English: The minister has announced the first tranche of regional hubs. There were 16 successful proponents. My colleague can work through the detail of that list.

Mr Latta: A total of 16 regional study hubs have been funded by the minister in an announcement prior to Christmas. Conditions of grant have been completed and payment milestones have been commenced. Initial payments were made prior to Christmas.

Senator PRATT: The original policy had $16 million for eight hubs, and now the Minister says there's an additional $7.5 million for 12 hubs. What's the change in costs there?

Mr Latta: The change in cost was $7.5 million. The original budget proposal was $16.7 million. We weren't certain what the proposals would total when we called for applications. The estimate was that we thought eight regional study hubs could be funded, but, in fact, given the proposals and the variations in budgets proposed, a total of 16 hubs were able to be funded.

Mr English: It's important to remember, Senator, that this is responding to propositions and models being developed at the community level and we are trying to be as flexible and as engaging as we can with those community based proposals. So there isn't an average cost that you could—

Mr Learmonth: It's the first time we've done this on this scale, so we've got no real history to draw on as to what might come forward.

Senator PRATT: So the funding for the courses is allocated above the cap. Will students have choice of provider at the hubs or will they be locked in?

Mr Learmonth: The hubs are auspiced by a particular provider in each case. We can provide for you a list of where they are, what the services and so on will be and who the relevant providers are, if that helps.

Mr English: Again, Senator, you need to not conceptualise them as campuses. They are not limited to a particular provider or particular sorts of students. They're meant to serve the
needs of any student in their region who is studying remotely, but they have partners through
the universities to make sure there's some support, connection to academic expertise and the
like.

Senator PRATT: So, in general, the courses will be delivered within the existing caps
with institutions?

Mr English: Yes, and there were some additional places offered to encourage expansion
of the system to respond to these hubs.

Senator PRATT: You said that a number of these hubs have already been announced, but
I don't have the details of the announcement. Was there a press release or an actual
announcement? Where do I find the details that you've given me about where they are, how
many students are in each hub et cetera?

Mr Latta: Senator, there was an announcement, but we're happy to provide you with the
detail of the hubs and locations and budget.

Senator PRATT: Was it a press release or—

Mr Latta: It was mentioned in the minister’s media release in November.

Mr English: 12 November.

Senator PRATT: Thank you. I should be able to go back.

Dr Bruniges: And, Senator, if I could just add, I was just looking here at some of the
objectives of the program—to help students who wish to stay in the community to study and
to encourage strong links with other organisations in the area and support services. And
they're meant to complement rather than replace the existing and planned university
investments and activities in regional areas.

Senator PRATT: How will the discipline and type of course be determined if there's an
assessment of local labour market need at the hubs or if, in some cases, they're going to be by
remote delivery and there's a great diversity of courses?

Mr English: There will be a great diversity of courses. They're meant to support whatever
the students are choosing to study remotely in those locations and increase their chances of
success. I think it's fairly unremarkable to say that a student who works with others, either in a
supporting role academically or pastorally, as well as being a member of a student group, is
much more likely to stay the course and succeed. So the existing hubs in Cooma and
Geraldton that we built this model from service students from universities, as you’d expect—
primarily, ANU, in the case of Cooma—but any student studying any course from any
university in Australia is able to go and participate in the Cooma centre.

Senator PRATT: We've got a similar model in Western Australia in Geraldton.

Mr English: Yes, Geraldton is the success story, along with Cooma, that we're trying to
build from here.

Senator PRATT: Great! What assessment has been made of regional and remote access
to higher education and TAFE in regional and remote Australia?

Dr Bruniges: In what way, Senator?

Senator PRATT: You've announced this policy. What's the analysis behind the locations
and the demand?
Dr Bruniges: This was run on an application process. The regional study hub was an application process where anyone could apply, and that ran between 30 May 2018 to 27 July 2018.

Senator PRATT: So you've just taken it at face value that there's demand. We know, of course, there's demand, but you didn't do an actual assessment?

Dr Bruniges: There would have been an assessment of applications.

Mr English: Yes. Senator, there's a sequence of work and logic that leads us to this point. The most proximate of those would be the Halsey report, which focused on regional education needs, and, in responding to that, the government took up the hubs idea. There was a Senate inquiry that was quite favourably disposed towards the hubs. We've commissioned work that looks at the relative distribution of higher ed and vocational providers geographically across the country, but all of that is, if you say, the bedrock for what we've tried to propose in this model where we are not going to put hubs into places where they compete with existing campus provision. And then the next condition is that they actually have community engagement and support and leadership, so that they can be successful where they are, because that's what defines Geraldton and Cooma. So we're not putting these down by fiat; they're responding to community ambitions.

Senator PRATT: Have consulting firms been involved in the assessment of these issues?

Mr English: No. This was assessed in house by officials of the department.

Senator PRATT: So you don't have anyone external undertaking assessments of regional higher education?

Mr English: We have had other work commissioned to continue to provide input to our work around regional education issues. The work done to map where VET and higher ed currently overlap was undertaken by a commercial firm. I think it was—

Mr Latta: KPMG.

Mr English: KPMG. We use a range of consultants to pick up work in a range of areas that we need additional support for. And, of course, that's all now feeding into and part of the regional strategy that the minister's commissioned, led by Denis Napthine.

Senator PRATT: That's the one being chaired by Denis Naphthine?

Mr English: That's correct.

Senator PRATT: How much is he being paid to undertake the review, how much is KPMG's work in this area costing and are there any other consulting firms involved in that review?

Mr English: The payments to the members undertaking the review reflect the Remuneration Tribunal rates for holders of part-time public office set in 2018, which is a rate of $545 per day for chairs and $409 per day for members, and they attract tier 2 travel entitlements to cover their costs in participating as well, including a daily allowance for accommodation, meals and incidental expenses.

Senator PRATT: Is that the only remuneration for it, including for Denis Naphthine?

Mr English: That's correct.

Senator PRATT: And when does the government anticipate releasing the strategy?
Mr English: Release will be a matter for the minister, but the review has been given two reporting dates to government: end of March for an interim report and end of June for a final report.

Senator PRATT: Is the review independent, as an expert regional advisory group?

Mr English: The review is being supported by the department, but the four panel members are independent and bring a range of expertise to the panel. The panel members are Denis Napthine, a former Victorian premier; Emeritus Professor Peter Lee, who was the former vice-chancellor of Southern Cross University and a very noted participant in regional education discussions over many years; Caroline Graham, the Chief Executive Officer of Regional Skills Training, a private provider; and Meredith Wills, the former director of—

Senator PRATT: They sound like they'll have their own views. If they were to say that lifting caps were a good thing, would they be able to make that recommendation?

Mr Learmonth: The panel's report would be a matter for the panel.

Senator PRATT: Okay. Will we know if they made such a recommendation?

Mr English: Sorry?

Senator PRATT: If they made such a recommendation, will we know, or will it be edited out of the report by the government?

Mr English: I can hardly answer that question, Senator. I think that's—

Senator PRATT: Okay.

Mr Learmonth: Senator, their report will be their report. What government chooses to do with it will be a matter for government.

Senator PRATT: We'll have to ask when it's released whether the report was amended or not. Can you outline how many reviews, discussion papers and non-legislative inquiries have been undertaken by the government in higher education and VET since the 2013 election?

Mr Learmonth: I'll take that on notice, Senator.

Senator PRATT: We've counted more than 30. Do you not have a general sense, tracking on the table here in front of you, of how many—

CHAIR: They have taken it on notice.

Mr Learmonth: It rather depends how you define 'review', and I certainly couldn't answer for VET, Senator, so we'll take it on notice.

Senator PRATT: Has the department paid for any advertising associated with these reviews?

Mr English: All the reviews since 2013, or one in particular?

Senator PRATT: I've got a bunch of reviews in front of me, and I'd like to know the cost of each of these reviews. The VET inquiry submissions were due on 25 January.

Mr Learmonth: Not us, Senator. That would be our Skills colleagues, who are on next.

Dr Bruniges: Or Prime Minister and Cabinet.

Senator PRATT: The Migration Program public consultation?

Mr Learmonth: Not us, Senator.
Senator PRATT: The regional higher education strategy framing paper? That's one we were just discussing.

Mr Learmonth: That's what we just talked about—the KPMG one.

Senator PRATT: Performance funding?

Mr English: Senator, that was a paper written within the department. There's a panel of independent people advising the department on that who are largely donating their time, with one exception—the individual we're paying for their sitting times. We can specify that on notice.

Senator PRATT: Allocation of designated CSPs?

Mr English: That's being run internally.

Senator PRATT: Provider category standards?

Mr Learmonth: Peter Coaldrake?

Mr English: Sorry, Peter Coaldrake is the panel one—

Senator PRATT: The AQF Review?

Mr Learmonth: That's being run internally.

Senator PRATT: And the review of nursing?

Mr Learmonth: Not us, Senator.

Senator PRATT: Even though it's not you—

CHAIR: That didn't seem like 30 to me, but continue, Senator.

Senator PRATT: how do they all fit together holistically? Are they independent? Are they separate reviews? What's your strategy here?

Mr Learmonth: Senator, I'm not entirely sure how to answer that, given the breadth.

CHAIR: Given that a fair few of them weren't even for this particular area of the department or even this portfolio, Senator, I think that's a very—

Senator PRATT: But the Migration Program clearly—

Mr Learmonth: Not ours, Senator.

Senator PRATT: deals with a range of higher ed—

CHAIR: It's a pretty difficult question to answer, Senator Pratt.

Mr Learmonth: It's not ours. Some of them have a life of their own. For example, the Australian Qualifications Framework has been a longstanding commitment to review. That had a life of its own. Provider category standards I think is similar. They have a sort of life of their own. Where they fit into the broader policy landscape in terms of any potential government response will be something that we'll no doubt advise on at the time. As Mr English said before, the regional education strategy being led by Dr Napthine comes off the back of Halsey. They've each got their own genesis, and where they fit together will be a matter for the department to advise the government.

Senator PRATT: Have you paid for any advertising associated with these reviews?
Mr Learmonth: I cannot imagine where there would be advertising in relation to these reviews. There is communication with the sector and with others in relation to consultations. There will be some communication, I expect, about consultation arrangements and submissions, but it would be mostly websites or direct contact with individuals concerned. Advertising per se doesn't ring a bell.

Senator PRATT: Have you considered the impact of these reviews on universities and other institutions in terms of their own workload in responding to these reviews?

Mr English: I think it would be fair to say that most of these reviews have been eagerly responded to by the sector, who are always keen to engage on issues of public policy with us. And, yes, they are prepared to put in the work for that.

Senator PRATT: Are you able to take on notice for me, please, what other reviews have been held in the last 10 years and what action was taken as a result of those reviews? What I'm concerned about is new reviews taking place before substantive action has been taken on previous reviews.

Mr Learmonth: Senator, I'm not sure what the scope is. You brought skills into it. You brought migration into it. This is starting to look like a very, very substantial diversion of resources.

Senator PRATT: Can you give me the answer for what reviews have taken place in the last decade within this department?

Mr Learmonth: This department didn't exist in this form 10 years ago. We are talking about child care; we are talking about industry. Sorry, I am trying to comply with what you want, but I'm identifying this as a problem.

Senator PRATT: Okay. You tell me: are you reviewing things that, frankly, have been the subject of previous reviews that weren't actioned?

Mr Learmonth: In short, no. Let's take a few examples. The review of regional education follows from Halsey. Halsey made no particular recommendations about higher education but indeed effectively suggested that there ought to be a review and a strategy developed, so indeed there is a direct consequence with what's happening now. For the provider category standards and the Australian Qualifications Framework, there's a general desire on the part of all jurisdictions and all stakeholders for them to be reviewed from time to time because the world changes in how education is delivered, what the sector looks like et cetera. It has been probably more than five years since either of those were done. So the short answer is no, Senator.

Senator PRATT: I will move on then so that I can get to some questions on performance funding and allocation of places. I believe the department has prepared a paper on performance funding. Is that right?

Dr Bruniges: That's correct, Senator.

Mr English: That's correct, Senator, yes.

Senator PRATT: When was the paper developed?

Dr Bruniges: When was it developed?

Mr English: Over the last year. Since the government announced their policy, I think as far back as 2016, they have had performance funding as an element of the system.
Senator PRATT: When is the proposed performance funding going to come into effect?

Mr Learmonth: It's designed to provide a basis for allocating growth in 2020.

Senator PRATT: The total performance funding pool is $70 million. Where's that money coming from? Is it new funding?

Mr Learmonth: It's in the forward estimates. It's a consequence of the government's decision to cap funding for a couple of years and then to apply a growth parameter from there, so it reflects that particular decision.

Senator PRATT: So $70 million is the projected growth in the year 2020, according to population measures?

Mr English: That's correct. In fact, it's now closer to $80 million in our current estimates, but it is subject to the prevailing population permanent growth rate.

Senator PRATT: So the $70 million or the $80 million is the growth, and any new growth beyond when growth kicks into the system in 2020 has got to be all based on performance measures. What are the major performance parameters proposed, and who will make the final decision about performance?

Mr Learmonth: There are no parameters proposed as yet. The government will make the decision in due course about how the system will work. There've been a range of suggestions made in the discussion paper that will go to things like attrition or student outcomes and so on, and I'm sure they'll be the subject and have been already of vigorous debate with the sector. The minister announced on 18 December last year that there'd be an expert panel that will advise the government on this. That will be chaired by Professor Paul Wellings, the Vice-Chancellor of the University of Wollongong. There'll be substantial consultation. There'll be an expert panel that will be able to provide advice to the government, and in due course there'll be a decision made about how this system will operate.

Senator PRATT: So, you're not yet able to give us an overview of how performance funding will be slotted into the current funding arrangements?

Mr Learmonth: What I can tell you is that the anticipated growth is defined by certain parameters, like population growth and so on, that that funding is in the forward estimates, and that it might change from time to time as that population parameter changes. What we're talking about here is how that will be allocated across the sector.

Senator PRATT: What happens if you say that our performance parameters are, let's say, quality STEM teaching, and that's what you want as your performance parameter, but in terms of growth and population growth what you've actually got is a shortage of early childhood teachers in a regional area? I don't really understand how you can have a population measure if your performance measures don't also address where your population needs to grow?

Mr Learmonth: They are two distinct things. The population measure is about defining how much growth there will be.

Senator PRATT: I understand that.

Mr Learmonth: The performance measure is about how you choose to allocate that growth across the sector. They are distinct.

Senator PRATT: I understand that—that's abundantly clear—but the problem is that rewarding outstanding performance might not at all match where the sector needs to grow?
Mr Learmonth: But the whole point of this consultation is to raise different ideas about how it might work. I'm sure there will be different views about what kind of metrics are more relevant and more policy relevant and more robust and viable than others. That would be a very active conversation with the sector. There is the expert panel there, who will conduct consultations with the sector, and I've got no doubt there will be very strong engagement from the universities and from the organisations, and there will be expert advice provided to the government of the day.

Senator PRATT: Is it going to be performance based? You could be performing in an adequate and reliable way, but in a really high-demand area where the places are needed, will the model reflect that?

Mr Learmonth: We can't really add anything. It is sort of all at the moment speculation as to what it might be. There are many different views about what you might take into account and for what different reason. This is the whole point of having the consultation with the sector and the expert panel to help work through that.

Senator PRATT: In terms of consultation, will the opposition be consulted in relation to these proposals?

Mr Learmonth: That's a matter for the government of the day. The expert panel is not due to report until the end of June this year. I'm sure it will be a matter to be addressed at that time.

Senator PRATT: Will changes to legislation be required to introduce the performance funding framework?

Mr Learmonth: No.

Senator PRATT: Will regional universities be exempt from some of these measures, like attrition?

Mr Learmonth: There are no parameters, there are no details of this scheme that are yet locked down or have been the subject of any decision. This is entirely going to be developed off the back of the expert panel, and substantial consultation with the sector. There will be no surprises, I think.

Senator PRATT: Just releasing a paper in the middle of 2019, how are you going to be ready in 2020? There has been a delay of 12 months already?

Mr Learmonth: Yes, and I think in terms of plans and how this will roll out, that will be ample. It is not going to be a very large impact in the first year. It involves—

Senator PRATT: Yes, not a lot of money in the first year, but it will start to become more important if you get the parameters wrong—

Mr Learmonth: a cost of several billion, and I dare say that, as with most things, there will be a decision as to how it will work on day 1 and there will no doubt be a review by the sector as well as the department of how it's working in practice, and potentially some fine-tuning in the future.

Senator PRATT: Have the 3,000 postgraduate CSPs cut in the May higher education package occurred yet?

Mr English: Funding agreements have been adjusted for that change.
Senator PRATT: They have?

Mr English: Yes.

Senator PRATT: Do current funding agreements outline all of the allocated places for 2018 to 2020?

Mr Learmonth: Funding agreements don't outline places. For non-designated, they are on a funding cap.

Senator PRATT: Will the current funding agreements be amended to factor in the new system?

Mr Learmonth: That would be the intention—the expectation.

Senator PRATT: How will you know whether an institution has delivered on new places if you don't actually calculate what number of places that are attributed to the existing agreements? I guess the growth in places won't be—sorry, I think I'm correcting myself—the growth in the system in the future is not just places; it will be the mix of capital grants and places?

Mr Learmonth: Not capital.

Mr English: We don't [inaudible]. It's important to prise apart the funding agreements, because they're not a sort of single approach across the categories. We fund the non-designated places in effect as a dollar cap—that's bachelor places—at table A universities. Then we allocate specific funding arrangements, which the universities advise us of the places that they propose to put into, on the postgraduate CSPs, and on the sub-bachelor CSPs. So, in some areas we do control for places, but only to the extent that we need to know those places to resolve whether they fit within the total funding allocation. In other places in the funding agreements we don't control for places. The example really that we've currently gone further than that on is for these additional allocations in the last 12 months. It's probably also important to highlight that the performance funding model for 2020 is already reflected, in terms of the funding side of it, in the funding agreement for 2020. That's because it says that the total amount of performance funding a university may receive is their population growth on top of their base, unless there is a surplus from a university that doesn't earn that, to be distributed.

Senator PRATT: Can you take on notice how you might and whether you will use labour market testing in any of these proposals?

Mr Learmonth: We can answer that now. The answer is that, along with a dozen other things, that will be the subject of consultation. We'll see where the sector's views and the expert panel and, ultimately, the government's decision lies, but that, along with a range of other things, is potentially a measure.

Senator PRATT: Cool. I want to ask now some questions about international education and the sustainability of international student revenue. From reports last year, and some of my own discussions, there is apparently significant concern about the risk slowing down of student numbers from China. What's the department's view on this?

Mr Learmonth: I'm not sure that we're saying a slowdown. The latest data we've got is to November 2018 and enrolments from China are up 14 per cent over the previous relevant 12-month period.
Senator PRATT: Are there projections for the following year?

Mr Learmonth: No, there aren't really projections. These are things that the sector does without too much assistance from us in that—

Senator PRATT: So, is the perception of a slowdown unfounded? What's your analysis of that?

Mr Learmonth: Concerns about a slowdown are less driven by what is apparent in the trends, because there seems to be a continued reasonably sustained growth, but more a reflection of the awareness that some people have got a lot of eggs in one basket and that there is a concentration of students in some sectors, in some universities, which make it more vulnerable.

Senator PRATT: It heightens the risk attached to being dependent?

Mr Learmonth: It does, Senator. China has 63 per cent of the international enrolments of the Group of Eight and most of them are concentrated in four universities.

Senator O'NEILL: What are those?

Mr Learmonth: Sydney, Melbourne, UNSW and Monash. So those are quite exposed. It is an artefact of that sense of exposure rather than what's actually happening in the aggregate demand.

Senator PRATT: Yes, there is that high reliance in some universities. Has that come up during the compact discussions? What happens now? Are you worried about this risk yourselves?

Mr Learmonth: We don't have compact discussions, but, certainly, it's a topic of interest in a number of ways. The Council for International Education is very focused on that and the department is doing a lot of work—short-, medium- and long-term things that were canvased last time—to both shore up existing demand and to help create new markets to allow the universities to diversify.

Senator PRATT: Has the department mapped the increase in international enrolments compared to the cuts to domestic load and research?

Mr Learmonth: They're unrelated.

Senator PRATT: Well, they may or may not be unrelated. If you are a student who wants to study engineering at Melbourne University, and you're an Australian student, I know you've got plenty of options, but, if you really wanted to study at Melbourne and 65 per cent of your class are international students—what assessment have you done as to whether local students have actually been displaced from those institutions, or is that not something you're worried about?

Mr Learmonth: I think there are some things being drawn there that can't be drawn. Firstly, there's no drop in the amount of research money that institutions are getting. The growth has been removed but it's not a drop. Mr English read out the numbers before. You can see the amounts are continuing to increase, so there is no reason to assume that, for example, university rankings might change in terms of research, which is a drawcard for some but not all students; they come for a variety of reasons. I don't think there's any question of displacement or substitution between domestic or otherwise. These institutions make their own business plans, having regard to the bits of the market they want to take on.
Senator PRATT: Okay. So the department would be entirely agnostic if the Group of Eight were to decide to stop enrolling Australian students and only enrol international students? What are your policy parameters here?

Mr Learmonth: That is a hypothetical and I don't think the Group of Eight are about to stop enrolling domestic students.

Senator PRATT: No, but do you have a policy parameter for this relationship about the mix of international versus domestic Australian students?

Mr Learmonth: We don’t. We are aware of what the mix is in every university, both international and domestic, and the mix within the international sphere. So, we can isolate the groups. We share the awareness of some of these universities that they are particularly beholden to certain source countries. That reflects the decisions of those universities, and our job—with the help of the Council for International Education—is to try and sustain existing markets as best we can so that the risk doesn't materialise, but also to create, as best we can, new opportunities in new and emerging markets for those sectors to diversify. I know that some are already doing that. They've already decided. We were talking to the VC late last year who had decided, at the university, to limit students from a certain source country and actively pursue new and emerging markets in order to spread their risk.

Senator PRATT: Do you rely on that assessment being made by the institutions themselves?

Mr Learmonth: Well, these are autonomous, private businesses. They'll pursue the business opportunities—

Senator PRATT: So, the department doesn't issue warnings to universities about their enrolment numbers or anything like that?

Mr Learmonth: It wouldn't be for us to issue warnings. They're in charge of their finance and their projections. What we do is try and create the most advantageous business environment for them.

Senator PRATT: If you were worried about that risk, what would you do about it?

Mr Learmonth: Exactly what we're doing now: trying to underpin the existing markets and create new markets.

Senator PRATT: Does the department prepare briefings to the minister on fluctuations in international enrolments?

Mr Learmonth: Absolutely. We publish as well. It's a regular dataset.


Ms Sandercock: Just recently, the council released its 2018 report. It's an annual report that sets out its activities and its advice to government, if you like, on international education. That report is on the department's website, and that sets out challenges, opportunities and what needs to be done to deliver on the National Strategy for International Education 2025. It talks about the year ahead in terms of what the council's focus will be and provides advice to government on its activities. I can step through that, if you like?

Senator PRATT: No, I can go and have a look at that. How many times has the council met and who are the current members?
Mr Learmonth: Just to be clear, Senator, there is the full council, which involves a number of ministers, and then there is the so-called expert members, who meet much more regularly.

Ms Sandercock: The full council, with ministers, meets annually. It has a meeting once a year at the end of the year, so there have been three full meetings of council. The expert members—the 11 members appointed to the council—met five times in 2017 and in 2018 they met six times. They've also got a number of working groups, which have met on a variety of occasions.

Senator PRATT: Okay, could you give me a list of the meetings that the working groups have held and also who the members of the working groups are?

Ms Sandercock: Yes. The working group membership is much broader, so we'll have to provide that on notice. And did you also ask for other members?

Senator PRATT: Yes, the members of the expert group would be great too.

Ms Sandercock: We can either run through that now or give it on notice.

Senator PRATT: On notice will be fine, I think. Are there representatives from the university and TAFE sectors on the council?

Ms Sandercock: There are representatives from all education sectors on the council, or people who have expertise relevant to those sectors. There are several university representatives, there are representatives from the VET sector and those with previous experience of the VET sector. Likewise for the schooling sector, and the international students are also represented.

Mr Learmonth: And English language—

Ms Sandercock: And English language.

Senator PRATT: What's the status of the international strategy, and is the council working with the states and territories?

Ms Sandercock: When you ask what the status is, it's a national strategy that was endorsed from 2015 to 2025. So it's an active document, if you like, with goals that are being progressed by the council, just as they are by other government agencies. Part of that effort, of course, involves working between the Commonwealth and the states and territories, which we do in a number of fora.

Senator PRATT: Okay. Can you tell me a little about what the department has done to respond to the recommendations and suggestions of the council, if it's an ongoing strategy?

Ms Sandercock: The department is generally progressing those through working groups. But to give you a concrete example, at the last full council meeting, at the end of last year, there were commitments made around workplace exploitation and development of a package of actions to assist international students avoid workplace exploitation. That work is being taken forward now in terms of materials being prepared to assist students, providers and agents in how we might get better information to students. Those are the kinds of practical things that are being taken forward. Other work is longer term, around the market diversification, as Mr Learmonth said, through various other working groups.

Senator PRATT: Is it possible to get on notice a list of the kinds of actions and recommendations, other than the strategy, that are being implemented?
Ms Sandercock: It is, and you can also find those in the report that I referred to that's on the department's website.

Senator PRATT: All right.

Mr Learmonth: We'll provide that.

Senator PRATT: Is the report the same as the international strategy, or is that something else?

Ms Sandercock: No, it's a progress report, if you like, from the council, but it does talk about how the national strategy is being taken forward.

Senator PRATT: Okay. What's the status of that strategy? Is it still formally adopted as the strategy from 2020 to 2025?

Ms Sandercock: That's correct.

Senator PRATT: How much are council members paid? Has the council produced any other publications? You've got that report. Are there any other reports?

Ms Sandercock: There's a report for previous years. Council members are not paid, but they are reimbursed for the cost of their travel and accommodation and for other out-of-pocket expenses. They're unremunerated positions.

Senator PRATT: Thank you. I chaired a Senate inquiry into incidences of dowry abuse in Australia, and the evidence showed me that there were quite a number of students on international student visas in Australia who'd suffered this kind of abuse and exploitation. Is this something that the department is aware of in the context of workplace exploitation and other welfare issues confronting people on student visas?

Ms Sandercock: It isn't something that has been raised with us.

Senator PRATT: I might suggest you have a look at that.

Dr Bruniges: Yes, we might have a look. Is there a report from that inquiry?

Senator PRATT: Yes, it was just tabled in the Senate last week. It included not only students in abusive situations but spouses of students. There were particular examples of students sometimes marrying overseas and bringing a spouse in to Australia, but they're here on a spousal visa as a student and large amounts of dowry are being extracted from the spouse under the guise of some kind of future migration outcome for the spouse.

Mr Learmonth: We'll have a look at that and see if there's anything we can usefully do. We could share it with the Council for International Education and give them a look. They may have views as well.

Senator PRATT: Yes. There aren't a huge number of student-specific examples in there, but there were certainly enough people I met et cetera to see this as an issue. Thank you.

CHAIR: Does anyone have further higher education questions?

Senator O'NEILL: I have questions, but, given the time, I'll put them on notice.

CHAIR: Okay. We are formally releasing Higher Education. We also note that Dr Bruniges will be absent for this evening's section and will be replaced by Mr Markovic. Thank you for your work today.

Dr Bruniges: Thank you.
CHAIR: We will come back after the break at 7 pm with outcome 2, Skills and training, when I can formally welcome you, Senator Cash, as the minister.

Proceedings suspended from 17:59 to 19:01

CHAIR: We will resume this hearing of the additional estimates for education and training. We are now moving to outcome 2, skills and training. I formally welcome to the table the Minister for Small and Family Business, Skills and Vocational Education, Senator the Hon. Michaelia Cash. You have been here in a representative capacity until now but you're now here formally in your capacity. So I welcome you and ask if you wish to make an opening statement.

Senator Cash: No, Chair; that's fine, except to say that the secretary has had permission from the committee to leave and we have excellent officials in her place.

CHAIR: Senator Cameron, you have the call.

Senator CAMERON: I'm unhappy that the secretary is not here. The secretary should be here.

CHAIR: The secretary informed the committee a long time ago, and the committee agreed, including Labor members.

Senator CAMERON: I just think it's a mistake for the committee to be allowing secretaries to not be here for Senate estimates. That's all I am saying.

CHAIR: Well, talk to your colleagues about that.

Senator CAMERON: I want to talk about the student builder pilot.

Senator Cash: Student builder?

Senator CAMERON: I can't blame you for this one, Senator Cash.

Senator Cash: You'd try.

Senator CAMERON: As much as I'd like to, I can't.

Senator MOLAN: Senator, what was the subject?

Senator CAMERON: The student builder program. Do you know it?

Senator MOLAN: Of course I do.

Senator CAMERON: This is the funding that went to Senator Bob Day for one of his pet projects, the North East Vocational College. According to SQ180001027, 10 participants have left since the training program began. Do you know why there's been such a high drop-out rate?

Ms Lynch-Magor: There were originally 20 participants in the program, Senator, as you're aware. There was some churn in the programs. Some of the students left for personal reasons but they were replaced. We currently have 17 students who are completing the program. So the students left for a range of different personal reasons.

Senator CAMERON: 'Some churn'—50 per cent?

Ms Lynch-Magor: I was aware that there had been in the vicinity of eight students, I thought, who churned over. But some left quite early in the program, and you would expect to have some students who left. I'm aware a couple of students left for personal reasons, for
family reasons. Those students were replaced and there are currently 17 students in the program.

Senator CAMERON: Were exit interviews undertaken with each of the 10?

Ms Lynch-Magor: I'm not sure that we would call them exit interviews, but I know NEVC had conversations with those students to find out the reasons and find out where the students were going—or find out the reasons for their leaving the pilot.

Senator CAMERON: Did they advise you?

Ms Lynch-Magor: Yes, they did.

Senator CAMERON: How did they advise you? By correspondence?

Ms Lynch-Magor: I think it was by email, but I could confirm that on—

Senator CAMERON: Could you provide copies of those emails?

Ms Lynch-Magor: I could provide copies of those emails on notice.

Senator CAMERON: Provide copies of all emails.

Ms Lynch-Magor: All emails that pertain to students leaving the program?

Senator CAMERON: Yes.

Ms Lynch-Magor: We can do that on notice.

Senator CAMERON: So there are currently 17 enrolled, are there?

Ms Lynch-Magor: That's right.

Senator CAMERON: Are you expecting all the students to finish by March 2020?

Ms Lynch-Magor: Yes. Some students may finish earlier than that.

Senator CAMERON: Why is that?

Ms Lynch-Magor: Some students are moving more quickly through the competencies.

Senator CAMERON: The answer on notice to SQ18-001027 breaks down the budget and expenditure by the North East Vocational College. How many teaching staff are working with the student builders?

Ms Lynch-Magor: I would have to take that on notice.

Senator CAMERON: So I suppose you need to take on notice whether they're full time or part time?

Ms Lynch-Magor: The teaching staff?

Senator CAMERON: Yes.

Ms Lynch-Magor: Yes, I would.

Senator CAMERON: Let me know whether they're full time, part time or permanent. Are they performing other duties at the college or are they exclusively working on the project?

Ms Lynch-Magor: I'll advise on notice.

Senator CAMERON: I see that there is an equipment allocation in the budget of $212,184.

Ms Lynch-Magor: Yes.
Senator CAMERON: I see $150,000 has already been spent, and there's another 60,000 to be spent. What has the $150,000 been spent on?

Ms Lynch-Magor: I'll come back on notice with detail around that. But I can confirm it will have been spent on supply—on equipment that would be used in the student builder pilot.

Senator CAMERON: It's not very helpful.

Ms Lynch-Magor: No, but I'm not able to advise you in detail what that expenditure was. But I can come back on notice—

Senator CAMERON: Should I just put everything on notice? Is it worth asking you anything?

Senator Cash: Ask the question, Senator Cameron, and the official will respond to the extent that she can.

Senator CAMERON: Okay. By the end of the pilot, there will have been $225,600 spent on 'consumables'. What are those consumables?

Ms Lynch-Magor: I actually visited the pilot on a number of occasions, and part of the work that the students do is very practical. So consumables are the things that they need to prepare roof trusses, to prepare houses, to build the current project that they're working on—nails, wood and all of the things you would need to learn to be a student builder.

Senator CAMERON: So overheads are like costs for teachers and training, correct?

Ms Lynch-Magor: Yes.

Senator CAMERON: Equipment?

Ms Lynch-Magor: Yes.

Senator CAMERON: Consumables?

Ms Lynch-Magor: Yes.

Senator CAMERON: Administration?

Ms Lynch-Magor: Yes.

Senator CAMERON: Then there's a line item of $485,485 for 'other overheads'. What are 'other overheads'?

Ms Lynch-Magor: I'll need to come back to you on notice.

Senator CAMERON: You've got to be kidding. This is half a million dollars.

Ms Lynch-Magor: Yes, but I wouldn't like to mislead you and I'll come back to you on notice.

Senator CAMERON: Is there anyone here in the department that knows anything about this project? Mr Markovic, do you know anything about it?

Mr Markovic: We've brought the relevant officer. I think she has asked to take the questions on notice to provide you with accurate information.

Senator CAMERON: But you must have authorised a figure of $485,485 for other overheads. Who developed this?

Mr Markovic: I didn't allocate that amount of money.

Senator CAMERON: Who did?
Ms Lynch-Magor: The amount of money was allocated under the budget. I would just like to make sure absolutely of the facts before I provide you with what I think to be—

Senator CAMERON: Sure. Can you give me any—

Ms Lynch-Magor: I would rather not speculate. I'd rather come back to you on notice with factual information.

Senator CAMERON: Do you know any facts? I don't want you to speculate and I'm happy to hear from you on the basis of your knowledge of this project and, if it's not accurate, I'm happy for you to correct that, but I'd just like to get some understanding of what's going on here.

Ms Lynch-Magor: Yes. I'm afraid I don't have that information with me but I can bring it back to you on notice.

Senator CAMERON: I always thought this was a crock, and it just looks as if it's getting worse. So who can I talk to you about the bush wage?

Senator Cash: Do we have the relevant officials here?

Ms Williams: I think we have the officers here.

Senator CAMERON: Minister, prior to the bush wage being announced, did you have discussions with One Nation in relation to it?

Senator Cash: No, I did not.

Senator CAMERON: Did One Nation propose this funding?

Senator Cash: I'm not aware of that.

Senator CAMERON: Do you want to take it on notice?

Senator Cash: My understanding is that it was a policy that the government adopted.

Senator CAMERON: One Nation have claimed it's theirs and you've adopted their policy.

Senator Cash: No, the government has looked at wage subsidies on a regular basis.

Senator CAMERON: That's even better. So there's $60 million for the project?

Senator Cash: I'll get the officials to—

Senator CAMERON: Who's handling it?

Ms White: There's $59.3 million across the forward estimates.

Senator CAMERON: Okay. Is the bush wage scheme fully subscribed?

Ms White: The scheme's pilot started on 1 January 2019, and it was for sign-ups from that date. It is almost subscribed, and I can give you some figures by state if you're interested in those.

Senator CAMERON: I'd be more interested in the companies who are getting government funding.

Ms White: The organisations, who are still being assessed by the department, have not yet been notified as to whether they've been successful or unsuccessful. We're not expecting that will happen till next week. But, of the applications that we have assessed, I do have a breakdown of things like how many are small employers, how many are GTOs—those sort of things.
Senator CAMERON: So you have allocated funding to some companies?

Ms White: We have notionally allocated to potentially eligible employers. We've been through an assessment process for lots of applications and we're almost in the final stage of that before employers are notified.

Senator CAMERON: Has anyone been notified?

Ms White: No-one has been notified as yet.

Senator CAMERON: On notice, provide me a list of all companies who are—

Ms White: Who have been successful?

Senator CAMERON: Yes, all companies who have been successful. How many apprentices in each company?

Ms White: Employers are only allowed to have one Australian apprentice on the pilot.

Senator CAMERON: Yes, but they could have other apprentices. I want to know how many apprentices the companies employ.

Ms White: Thirty-two of the organisations are medium and large. The criterion for them is that they have never had an apprentice before or not in the last three years. For small businesses, which are the majority of the applicants, if they have full-time equivalent staff of less than 20 they are allowed to have one apprentice, and we regard that as additional to normal business practice. But we will be able to look up those things for you and get them to you on notice.

Senator CAMERON: What about the large to medium ones? Are they restricted to one apprentice as well?

Ms White: One apprentice as well.

Senator CAMERON: How many applications have you had?

Ms White: My figures are a bit broken up, but my understanding is that we have had 1,863 applications. I may need to correct some of this. That's the figure I have in front of me.

Senator CAMERON: Can you come back with a correct figure?

Ms White: I can confirm that on notice, but I do have quite a lot of information.

Senator CAMERON: I'm not trying to catch you out. How many by state?

Ms White: There was an allocation for each state of group training places as well as non-group training places. For New South Wales—

Senator CAMERON: Before you go on—group training were not included first up, were they?

Ms White: We didn't include group training in the original announcement, but in the consultations for the grant guidelines, the consultation piece, there was a decision after consultation with some major stakeholders that we would allocate 10 per cent of places to Group Training Organisations within the state allocation. And for Group Training Organisations the host employer had to be a small business with less than 20 FTE. It could either be an existing small business who were hosting apprentices through a Group Training Organisation or a Group Training Organisation who took on a new small business as part of their apprenticeship intakes.
Senator CAMERON: Take me through quickly how many companies by state.

Ms White: New South Wales had an allocation of 559 apprentices. So that would be 559 employers. Victoria, 331. Queensland, 421. South Australia, 108. Western Australia, 134. Tasmania, 124. Northern Territory, 55. And the ACT, zero, because they're all in rural and regional Australia, and ACT is not regarded as a location in rural and regional Australia. In total there were 1,632 places.

Senator CAMERON: Who made that decision, that ACT shouldn't have any access?

Ms White: The pilot is sitting in the Australian Apprenticeships Incentives Program, which has an existing postcode list of rural and regional postcodes. So it was consistent with the other criteria that were in that program.

Senator CAMERON: That's the number of allocations.

Ms White: We've had more applicants than that, but that's how many will be allocated.

Senator CAMERON: You'll provide details of the applications, the applicants and the successful—

Ms White: The unsuccessful and the successful?

Senator CAMERON: Yes. Just remind me—how many are small businesses?

Ms White: The figures in front of me are that we had 1,533 small businesses who applied. Of those, 168 were regarded as ineligible. So we've done a lot of due diligence on these.

Senator CAMERON: Why were they ineligible?

Ms White: The reasons they might be ineligible would be because the postcode isn't in rural and regional Australia; they were doing the wrong qualification; the business, when we looked at them, had more than 20 FTE—those sorts of things. Medium and large employers, 32 combined. We haven't separated them because the criteria were the same for both those cohorts. We still have seven that are undetermined because we are still doing due diligence into what the actual size of that organisation is.

Senator CAMERON: What is the range of industries that are applying?

Ms White: I have a list of the qualifications that the applications came from, which will give you an idea of that. 292 of the applications are around the carpentry trade, so in the building industry. 273 technology electricians. I've grouped these up, so they're not actually specific qualifications. 141 in plumbing qualifications; 90 in light vehicle mechanical technology in the automotive industry; 74 engineering mechanical trade, which is welders and those sorts of occupations; 78 hairdressing; 47 commercial cookery. When you get down below there the numbers are getting smaller. There are around 64 different qualifications that came through in the application. They're just the main ones: I could break that down for you and give that on notice.

Senator CAMERON: That's terrific. Could you break them into states as well?

Ms White: I haven't got that with me, but we would be able to do that. I'm quite happy to do that on notice.

Senator CAMERON: How many of these companies have never employed an apprentice before?
Ms White: Certainly the 32 medium and large ones never have, because the department will have done due diligence on that. For the small employers I would have to take it on notice. As I said previously, we have looked them up to see if they've got an existing apprentice. There will be a number of those small businesses, particularly the ones through group training, who will have hosted or already had an apprentice or may have a current apprentice.

Senator CAMERON: Why did you consult after announcing and not before?

Ms White: I'm responsible for the finalisation of the guidelines for this program. It's not unusual that we would do some consultations with stakeholders in the period leading up to when we put the guidelines through to the Department of Finance and PM&C and so on for approval. So we did some consultations through November. We also had a public consultation. We had a notice on our website inviting feedback from stakeholders. So it was in the public domain that we were going through this process to finalise the guidelines.

Senator CAMERON: When they make the application, are they asked why they have never employed an apprentice before?

Ms White: That's certainly not in the script that we gave our Australian Apprenticeship Support Network providers when they were going out to do the sign-ups. I could check whether any of our providers did ask that question.

Senator CAMERON: It's been raised with me by some companies who have employed apprentices through thick and thin. They have said to me that they were concerned that such largess to companies that have never shown any commitment to apprentice training is outrageous. Have you had that feedback?

Ms White: When we were doing the consultations, certainly some industry stakeholders raised those sorts of issues. That was one of the reasons why the decision was taken to limit it—this is a pilot rather than the main part of the program—to only one apprentice per employer that came through, no matter what their size. So I certainly heard those when I spoke to some of the major stakeholders. I didn't speak to any individual employers. But certainly I heard that from some of the stakeholders.

Senator CAMERON: Senator Cash, I wrote to you on 6 December 2018 expressing my concerns about the bush wage scheme. I still haven't received an acknowledgment that I wrote to you and I haven't received a reply. I understand that you've had other things on your mind.

Senator Cash: I will follow that up for you. I'll have the department follow that up tomorrow.

Senator CAMERON: I was concerned about inexperienced apprentice employers, particularly those in small business, not being adequately equipped for apprentice employment. Are the new employers receiving any additional assistance to ensure that they're employing and training apprentices properly?

Senator Cash: I'll get the official to take you through that.

Ms White: I am the officer responsible for the delivery of this pilot and the program. We've talked in previous estimates about the contracts and so on. We are putting in some additional monitoring for the pilot. Not only would there be a formal evaluation, which wouldn't happen until about 2023, but I am working on a strategy where not only do our ASN
providers, who under their contract have to make very regular contact with businesses that they're looking after, but in the department we will also do some monitoring of this—sample phone calls, talk to apprentices, those sorts of things. We're developing that strategy at the moment. I haven't done it yet.

Senator CAMERON: When that strategy is developed, can you provide the committee with details of how that is being done?

Ms White: I'd be more than happy to provide that.

Senator CAMERON: Does this include a visit to the workshop?

Ms White: The department wasn't planning to visit workshops, but certainly in the sign-up process with the Australian Apprenticeship Support Network provider, which would have already happened for all of these, those sign-ups are done at the business itself. It may not be on a work site, though, because it may be at the office of the business rather than on a building site for instance.

Senator CAMERON: How many apprentices are going to be engaged in this?

Ms White: There will be around 1,630.

Senator CAMERON: 1,630. That's at a cost of $59.3 million—correct?

Ms White: Yes. That includes some departmental funding.

Senator CAMERON: So this is a pilot?

Ms White: That's correct.

Senator CAMERON: Minister, if the pilot's successful, which I doubt, what—

CHAIR: Don't be pessimistic, Senator Cameron.

Senator CAMERON: I've actually been in some of these small workshops in the bush.

CHAIR: As I have.

Senator CAMERON: Given it's a pilot, are we assuming, if it's successful, that this will be spread further?

Senator Cash: The purpose of a pilot is to test something. This is the first time wage subsidies have actually been tested in the context of apprentices. As it is a pilot it will be monitored. I understand that in 2023 the department will engage a third-party contractor to evaluate the trial. So at this point in time, given that successful applicants have not yet been notified, I think we're a long way from the final evaluation.

Senator CAMERON: Is the government actually considering providing—if this works out—$37,000 to employers across the country to employ apprentices?

Senator Cash: Are you talking about post the evaluation in 2023? It's 2019. We've just had the applications come in, and they've been assessed. The officials' evidence was that in the next few weeks the successful applicants will be notified. At this point in time it is a pilot, which will be monitored, and in approximately 2023 the pilot itself will be evaluated and the government will then obviously be able to assess the evaluation. But we are a little way from that yet.

Senator CAMERON: But it would be a very expensive program, Minister. Have you done the sums on expanding the program and the costs?
Senator Cash: I refer to the previous answers I've just given. At this point in time it is a pilot and the pilot is yet to commence. It is about to commence. It will be monitored over the next few years and formally evaluated. It's at the evaluation stage that you would normally have a look at what the evaluation says and then make a decision, but that's not until 2023.

Senator CAMERON: Minister, does the coalition have an Expenditure Review Committee?

Senator Cash: Yes.

Senator CAMERON: I know if I took this proposition to Chris Bowen and our Expenditure Review Committee, I would be asked about the implications—if this works and costs the government? Have you been asked the same thing?

Senator Cash: As you'd understand, the Expenditure Review Committee is a subcommittee of cabinet, and any discussions that are had in there are cabinet in confidence.

Senator CAMERON: I'm not asking for any confidential issues. I'm just saying I would be asked what the cost to government would be, ongoing, if this is successful.

Senator Cash: Again, Senator Cameron, I'm not going to comment on anything that is discussed throughout the cabinet process, but I do refer to my previous evidence. Quite literally, it commenced on 1 January 2019. The applications have now been received. They've been assessed by the department. The department is yet to notify the successful employers. The trial will then start. It will be monitored. In 2023 the department will undertake, or the department will engage a third party contractor to undertake, to evaluate the trial that we're referring to. At that point in time the government will then consider what the evaluation says.

Senator CAMERON: If you're still in government.

Senator Cash: The government at the time will consider what the evaluation says.

Senator CAMERON: Given this is a trial and the employers are inexperienced in employing apprentices, what specific steps are being taken to ensure the safety and wellbeing of apprentices in the scheme?

Ms White: As I said, the department is going to put in some additional monitoring for this. It is for the reason that you have stated: that there will be employers here who are first-time users of apprenticeships. The training contracts for the apprentices actually protect the apprentices. They are the legal, binding—

Senator CAMERON: No, they don't. You know they don't.

Ms White: They're the legal, binding documents.

Senator Cash: You know what protects—

CHAIR: Senator Cameron.

Senator CAMERON: Take it as a comment.

Senator CAMERON: What protects apprentices are a good employers, so the contract means nothing, does it?

Senator Cash: Take it. With all due respect, the official has given her evidence that this is a legally binding—

Senator CAMERON: Senator Cash, I'm asking a legitimate question.
CHAIR: I'm not sure the official had completed their answer. Ms White, did you—

Ms White: As you're aware, there are legally binding contracts in place between apprentices and employers that go through a state government process. The obligations of employers in those legally binding contracts are very clear, and they include occupational health and safety, payment of the correct wages and so on. Employers at the sign-up, through our Australian Apprenticeship Support Network providers, are advised of those obligations. They are also handed a document called the National Code of Good Practice for Australian Apprenticeships.

Senator CAMERON: A document.

Ms White: It's a public document that goes through those same sorts of obligations.

Senator CAMERON: Yes.

Ms White: For this pilot, as I've already stated, we are intending on doing some extra looking, because it is a pilot and there are many small businesses participating in the pilot.

Senator CAMERON: What's the allocation of funding within the department for this extra looking?

Ms White: Now that's something I'm not aware of.

Senator CAMERON: You've been pretty good so far. You've been really good.

Ms White: I'm the deliverer of the program, rather than the person who would have done the costings.

Senator Cash: You've done excellent work. You can take it on notice.

Ms White: I'm on the delivery end.

Senator CAMERON: Ms White, I don't like the program you're administering, but you've been very professional—I must say that.

Senator Cash: Do you need to take it on notice?

Ms White: I'm not exactly sure. We can take it on notice, but there are departmental funds.

Senator CAMERON: Take that on notice.

Ms White: It would fall to my team to do it.

Senator CAMERON: You've indicated that extra stuff is going to be done. That means extra funding.

Ms White: Yes.

Senator CAMERON: I want to know what the extra funding is.

Ms White: There is departmental funding.

Senator CAMERON: Can you also then provide exactly what monitoring is being undertaken?

Ms White: Yes. We're going to do a plan, and I'm more than happy to send it to the committee.

Senator CAMERON: Will the department be informed of any outcomes, or just the support network?
Ms White: We will be monitoring the outcomes of the program. Certainly we have already put a flag in our system so we can actually track these apprentices as they move through with their employers. The department will be able to run reports on whether apprentices are still there and whether they've dropped out, that sort of thing.

Senator CAMERON: Yes. How are you ensuring apprentices are receiving structured on-the-job and off-the-job training?

Ms White: Before any employer gets a payment for an apprentice who's on this program—and the first payments to an employer do not start until after six months, so they have to have had the employee as an apprentice for six months—there are a number of other checks that happen at that time. They are done by our service provider. They have to, of course, have an approved training contract from the relevant state government but they also have to have a training plan in place, and the training has to have commenced. That is the case for all apprentices, not just the ones on this job.

Senator CAMERON: I understand that, but there are many reports about poor training.

Ms White: If reports came to the department around poor training, we would absolutely follow those up with the state government. In fact, our contracts with our own service providers specify that they must report those instances to their state contract manager, who is in the department, and to the state government.

Senator CAMERON: So you say there is an evaluation taking place at the end of the trial.

Ms White: That's correct.

Senator CAMERON: Are you saying that there is ongoing, continuous monitoring during—

Ms White: That is my plan.

Senator CAMERON: That's your plan. You don't have it yet?

Ms White: The people have only just started, and employers haven't been notified, but we will be putting that in place relatively quickly.

Senator CAMERON: When you say that people have just started, are you talking about—

Ms White: They've started their apprenticeship, but the employers have not yet been told they have been successful. When an employer is told—

Senator CAMERON: So this money is going to employers who are already employing apprentices?

Ms White: They had to have started them from 1 January.

Senator CAMERON: So basically all you're doing is subsidising, in some cases, existing apprentices?

Ms White: I'd be surprised, because I think employers have taken them on specifically around this initiative. But the payments don't start for some—

Senator CAMERON: Just let me be clear. There are no contracts signed—
Ms White: Yes, the contracts are signed. The apprentices have actually started, but the employers who've taken them haven't been notified whether they've been successful, because we're doing the due diligence.

Senator CAMERON: Just let me be clear. You're saying the apprentices have been engaged by employers on the basis of your notification that this funding may be available?

Ms White: Most of the apprentices will have started. Whether you're successful or not in getting through our due diligence process does not extinguish the contract of training, the legally binding contract, that the employer and the apprentice have signed between them for the apprenticeship.

Senator CAMERON: How do you know that these companies would not have put these apprentices on anyway?

Ms White: We will be monitoring that. That is certainly something that we will be looking at.

Senator CAMERON: That's not for forward monitoring. There would have been an intake of apprentices anyway. These apprentices would be employed and paid for by employers.

Ms White: They're being paid, yes.

Senator CAMERON: If they're successful, you are then going to subsidise them by about $37,000, even though they've already employed apprentices. Is that correct?

Ms White: The apprentice themselves that is attached to that employer is also part of the trial. In the application process, not only has the employer been identified but they've got their apprentice identified as well.

Senator CAMERON: How could all this happen without a contract?

Ms White: When the sign-up is done, that is when the contract of training is signed. The contracts were in place with the employers. It's our program funding hasn't been attached to them yet.

Senator CAMERON: This is bizarre. So these young people are employed on the basis that the employer may get access to $37,000 in wage subsidy—correct?

Ms White: That's correct.

Senator CAMERON: What happens to those apprentices if they don't get access?

Ms White: That would mean the employer has breached their formal contract of training. This is consistent with the rest of the program.

Senator CAMERON: This is a crock, this thing. You know, then, what employers have engaged these apprentices, don't you?

Ms White: We will know, yes.

Senator CAMERON: What do you mean by 'you will know'? You've said that the apprentices have started.

Ms White: Most of the apprentices will have started, because you have to start within so many days of the signing.
Senator CAMERON: Okay. I want to know exactly the names of those companies that have taken apprentices on—everyone, as I've asked previously.

Ms White: Yes, successful and unsuccessful.

Senator CAMERON: I want to know the successful and unsuccessful ones. Have these companies committed that they will continue that apprentice in training even if they don't get the subsidy?

Ms White: By signing that contract of training, they have committed to take that apprentice, yes.

Senator CAMERON: But you know that doesn't mean a lot. They can just drop out.

Ms White: It is a formal contract of training.

Senator CAMERON: But what's the sanction on employers if they drop out?

Ms White: Each state and territory has different rules about discharging apprentices once they've signed up to a contract of training.

Senator CAMERON: This gets more bizarre by the day. Are the Apprenticeship Support Network providers getting additional payments?

Ms White: Yes, they are.

Senator CAMERON: How much?

Ms White: Two hundred dollars per apprentice.

Senator CAMERON: So there's an incentive for them to place them?

Ms White: Yes, they're getting $200 extra to administer them and do the extra monitoring.

Senator CAMERON: Where is the funding for the additional payments to the support network providers coming from?

Ms White: It's included in that $59.3 million.

Senator CAMERON: How much is that allocation within that?

Ms White: It would be 1,630 times $200. Sorry, Senator. We can break that down when we break the budget down for you.

Senator CAMERON: Okay. Where is the funding for the bush wage scheme coming from?

Ms White: The pilot is sitting within the Australian Apprenticeships Incentives Program.

Senator CAMERON: There's been an underspend in the program, hasn't there?

Ms White: Last financial year there was an underspend.

Senator CAMERON: How much?

Ms White: I've got that. I'll look that up for you.

Senator CAMERON: Ms White, I can't catch you out at all. I'm not very happy! I'm only joking. For the Hansard, it was a joke.

CHAIR: Yes, he's joking. He's always happy!

Ms White: I know we answered a question on notice on it, so I know I have that here somewhere. I think it was around $50 million.
Senator CAMERON: So basically the underspend in the program goes a long way to funding this program?

Ms White: Yes.

Senator CAMERON: So there was funding there.

Ms White: We had an underspend. It's a demand-driven program. Based on demand, the estimates go up and down each year.

Senator CAMERON: So really there is very little net increase in funding for apprentice programs even with this program? It comes from existing funding?

Ms White: My understanding is that in the PAES it's an estimates variation.

Senator CAMERON: Yes, an estimates variation, but that's just a fancy way of saying it's coming from the existing program, isn't it?

Ms White: That's correct.

Senator CAMERON: Correct, yes. Is that a budget for evaluating the trial?

Ms White: As I said, I have seen the costings. When we break those budget numbers down for you, we will get those figures: how much for the network, how much for the evaluation and how much for staff.

Ms Williams: That's the sort of thing that we would generally find funding for within departmental. We have money set aside for evaluation in a range of areas, but Ms White can provide some details on that on notice.

Senator CAMERON: So it's not coming from the $59.3 million?

Ms Williams: We will look into that, but generally we would find a way to fund that from departmental.

Senator CAMERON: Okay. Are employers eligible for the bush wage if their employees are employed under an enterprise bargaining agreement?

Ms White: No, they're not.

Senator CAMERON: Why?

Ms White: The policy is that they must be on a modern award.

Senator CAMERON: Why is that the case? If you've got an employer in the bush paying a modest over-award payment through an enterprise agreement to the workers and the apprentices, why are they being excluded from this scheme?

Ms White: Someone being paid over the award is not an issue. It's just that the 75 percent, 50 per cent and so on is taken on the minimum award wage. The only problem with being paid over—

Senator CAMERON: Yes, but why can't you provide that subsidy on those levels to a company that's got an enterprise bargaining agreement?

Ms White: That would have been a government decision. I've been asked to implement it against the awards.

Senator CAMERON: Senator Cash, why are companies in the regions who have done the right thing by their employees being excluded?
Senator Cash: I would need to take that on notice, but there are clear criteria for the employers to be eligible for the wage subsidy, and one of the criteria is that the particular Australian apprentice must be employed under the relevant modern award for their particular occupation.

Senator CAMERON: Sure. That was, as Ms White said, a political decision by government. Why did you exclude companies that are doing the right thing by workers and their apprentices?

Senator Cash: Again, I said I'd take it on notice to have a look at that.

Senator CAMERON: But you're the minister. Didn't you develop this?

Senator Cash: And I said I'd take that on notice and have a look at it for you.

Senator CAMERON: You're not conning us again, are you?

CHAIR: Senator Cameron, we've been doing so well!

Senator CAMERON: That's all I can get from you—'take it on notice'. This is outrageous. This is the minister who actually implements the scheme, who put this scheme in place, and she can't tell me a basic fact. That's the problem. So, you don't know; you have to take it on notice?

Senator Cash: I said I'd take it on notice.

Senator CAMERON: Because you don't know?

Senator Cash: I said I'd take it on notice.

Senator CAMERON: Yeah! So, one of the problems I had was the exploitation of apprentices, and some of these areas like hairdressing. I was with the Fair Work Ombudsman—well, some of you guys were here—and there's been massive exploitation. In a recent survey by AMWU of apprentices in workplaces, there were 336 respondents. In that survey 29 percent said that apprentices were considering leaving their apprenticeship because of low wages. And what you've done here is set out on the lowest wage that can be paid to an apprentice, and 29 per cent of the kids are leaving because of that. Was that considered in the planning for this?

Ms White: I'm not familiar with the AMWU's survey, but the actual amount of wage the apprentice gets under this, if they're on their modern award—if they're over the award, it does not matter. The subsidy itself is based on the minimum award.

Senator CAMERON: Yes, as long as the company has not negotiated a collective agreement with its workforce they can access it. Is that correct?

Ms White: That's my understanding.

Senator CAMERON: But if they've negotiated a collective agreement with their workforce they are barred from this—

Ms White: They're not eligible under the current guidelines.

Senator CAMERON: Well, Minister, I'd be really keen to see the reasoning for that.

Senator Cash: I'll take it on notice.

Senator CAMERON: I know what the reason is: the anti-union, anti collective agreement position this government takes.
Senator Cash: Senator, we will take it on notice.

Senator CAMERON: So, in this survey 20 per cent said they were considering leaving because of poor working conditions, 20 per cent said lack of proper mentoring, 17 per cent said it was in relation to low-quality training, 13 per cent said bullying and harassment and 13 per cent said cost of tools. These figures accord with the results of academic research published by NCVER. Have you seen that?

Ms White: No, I haven't.

Senator CAMERON: You should have a look at that.

Ms White: I will.

Senator CAMERON: It just demonstrates that these are the reasons.

Ms White: Yes, I would be interested.

Senator CAMERON: So, the industry specialist mentoring program is costing $40 million, right?

Ms White: Yes.

I look after that as well.

Senator CAMERON: That's good. I'll get answers, then—terrific! That's directed at assisting apprentices?

Ms White: That's correct, Senator.

Senator CAMERON: And the objective of the program is to increase retention rates and apprentice completions by providing intensive support for apprentices—correct?

Ms White: Yes, Senator.

Senator CAMERON: How does mentoring support to apprentices deal with the kinds of issues that've been raised in the NCVER collation of academic research and the AMWU survey?

Ms White: Senator, notwithstanding that I haven't seen that research, in terms of the ISMAA program, part of the monitoring of that program requires our 24 providers to send in samples of the mentoring plans of the apprentices. I can let you know that I have read quite a lot of those plans, and some of the issues that you're talking about apprentices have raised with our mentors—concerns about working conditions, training and so on.

One of the main things that I have seen in those plans is that our industry mentors have had to intervene in the training in particular. That was one of the things that we thought would be important in the program, and the sorts of things I've seen are: an apprentice might be at the provider learning how to swing doors, for instance, but they can't quite get it, so the industry specialist mentor has been able to, outside of that training environment, stand with them, practise and show them some of the old techniques. Or I've seen in the aged-care industry, or the personal care industry, where apprentices are struggling with how to deal with grief and grieving families, and you can see that the specialists in those fields have been able to help the apprentices. Our providers are also asked to refer on so, if issues of wages were brought to their attention, they would refer those to the Fair Work Ombudsman or refer the apprentice through that pathway. Poor working conditions, no doubt, come back to us in the department, and we would take that up with the relevant authority, but those are the sorts of things that they have seen.
Senator CAMERON: So what authority do your mentors have to intervene in these issues?

Ms White: They work collaboratively with—

Senator CAMERON: Is the answer 'none'?

Ms White: We don't give them any specific authority to intervene.

Senator CAMERON: That's fine.

Ms White: I have seen evidence that they are doing this.

Senator CAMERON: That's what I asked, Ms White; that's exactly what I asked. They've got no authority—that's all I want to know. Have you any intelligence from the mentors about whether apprentices are raising these issues; and how then are they addressing the questions when they are raised?

Ms White: I can see from the reports that I've read—my staff would have a much better idea than I do. You can see the conversations they've had with the apprentices, because they're detailed in a plan, so when they talk to apprentices notes are taken in these plans—they are quite personal, and very sensitive information is contained in those plans. I can see a number of apprentices have been referred to beyondblue, for instance.

Senator CAMERON: Could the committee have redacted copies—

Ms White: Yes, I'd have to seriously redact names of apprentices—

Senator CAMERON: I don't want to know the names of the apprentices.

Ms White: and some of the issues. We could provide a sample of some plans, Senator.

Senator CAMERON: How many plans are there?

Ms White: We have 14,000 or more participants in the program. We don't look at all the plans, of course; we ask for a sample of plans.

Senator CAMERON: So, how many are included in the sample you get?

Ms White: I may have that information, Senator.

Senator CAMERON: Just roughly, and you can correct that.

Ms White: They're up to the round 3 of sampling, so we have quite a lot.

CHAIR: You've set the bar very high for yourself now, Ms White.

Ms White: We do have this information in the department.

Senator CAMERON: So, if all the plans are there, they're in electronic form, are they?

Ms White: No, They're sent to us electronically, but they're pretty much handwritten plans—many of the mentors are older industry people.

Senator CAMERON: Yes, I forgot: this is because all that money was spent on a new system and got nowhere. That's part of the problem, isn't it?

Ms White: This is being administered in a different way. But I could provide a sample of some plans—perhaps I can go through them myself and pick out a sample so you can see the sorts of things.

Senator CAMERON: Yes, that would be helpful. Does the department have guidelines on what a mentor should do if an apprentice raises an issue of bullying or harassment?
Ms White: I did have the guidelines here. I took them out of my folder. They are a public document, but, yes, I can provide those on notice.

Senator CAMERON: Okay.

CHAIR: Senator Cameron, I'll just check with my colleagues. Questions Senator Molan or Senator Stoker?

Senator MOLAN: No, I have no questions.

Senator STOKER: No.

CHAIR: Senator Cameron, you still have the call.

Senator CAMERON: Thank you. Isn't it well established that expecting the subject of bullying and harassment to be dealt with through a mentor is going to be pretty difficult?

Ms White: Senator, I agree with you. I think bullying and harassment would be a very difficult thing for a mentor.

Senator CAMERON: Yes.

Ms White: Nevertheless, with the tenders that came in from the organisations they had to demonstrate the experience of their mentors. That was part of the process of the tender. I haven't seen any plans where bullying and harassment have been mentioned specifically, but I do agree that would be difficult. But they are experienced and they would be working with the apprentice and referring them to suitable agencies. There was never an intention that the people have to be qualified counsellors or anything like that, so it is our expectation that they would refer them off to a relevant person.

Senator CAMERON: I accept that. So if an employer is underpaying what does the department expect the mentor to do?

Ms White: We would expect the mentor to refer the apprentice, or make the referral themselves, to the Fair Work Ombudsman.

Senator CAMERON: Are you aware—

Ms White: We would expect our providers to do so as well.

Senator CAMERON: How many referrals have been made?

Ms White: We don't collect that information.

Senator CAMERON: Have you discussed the matter with the Fair Work Ombudsman?

Ms White: I haven't discussed the mentoring program with the—

Senator CAMERON: Has anyone in the department?

Ms White: We have quarterly meetings with Fair Work Ombudsman and Ms Lynch-Magor's staff go to those meetings.

Senator CAMERON: Are file notes and minutes of those meetings kept?

Ms Lynch-Magor: Yes, they are.

Senator CAMERON: Can you provide them, say, for the last—how many meetings take place?

Ms Lynch-Magor: They are quarterly and they have been underway since last quarter last year, so I think we've had at least two or three. I know there was one in January. We can certainly provide—
Senator CAMERON: Can you provide minutes and any outcomes and decisions from those meetings? You are aware that the Fair Work Ombudsman has done some work with apprentices in various areas are you?

Ms White: Yes, we are.

Senator CAMERON: They were pretty disgusting outcomes weren't they?

Ms White: They certainly have been looking at hairdressers most recently.

Senator CAMERON: They also did work in the building and construction industry?

Ms White: Yes. We did see some of those outcomes.

Senator CAMERON: There was massive exploitation of apprentices, correct?

Ms White: Yes, we saw those reports.

Senator CAMERON: Did you factor those reports into the bush wage program?

Ms Lynch-Magor: In providing advice about the apprentice wage subsidy we looked at a range of factors, and exploitation of an apprentice is obviously something we take really seriously as well. We are in constant contact with the Fair Work Ombudsman, so, of course, we would think about those issues in preparing the program and on advice to government—

Senator CAMERON: Has the department ever referred any exploitation to the Fair Work Ombudsman?

Ms White: I haven't personally. As you know, our programs are delivered from our state office network. We have a network of departmental state offices. It's more likely that those referrals would have come from there rather than from us in Canberra.

Senator CAMERON: Your state networks may—you can't tell me if they have—have referred exploitation issues to the Fair Work Ombudsman?

Ms White: Yes, that's correct.

Senator CAMERON: Would you not expect them to refer it back to you, so you understand what's going on?

Ms White: I will check with my staff whether we get those reports but certainly I haven't seen them.

Senator CAMERON: Isn't this a weakness in how the departments operate?

Ms Williams: Senator, I think Ms White is suggesting that this does occur but she doesn't necessarily have knowledge of it at this stage. It's something we are happy to take on notice and look into for you.

Senator CAMERON: So are there no protocols, no management system for the department in Canberra—

Ms White: It is not collected in our management systems, Senator—

Senator CAMERON: Can you just let me finish: so there is no formal notification process from your state back to Canberra?

Ms Williams: Two things: certainly, I think we would have the expectation that our officers in the state network would escalate and raise matters of that nature through the usual chains that we have within the bureaucracy. But as I said, Ms White doesn't have knowledge of specific instances, and we will take that on notice and we will look into it for you.
Senator CAMERON: I'd like to know: what protocols are in place; how the states refer back to Canberra—if we can put it that way—to the national office; and, if it's not happening, why it's not happening. If there has been exploitation and it hasn't been reported back, why is that the case? Can you take that on notice?

Ms Williams: We'll certainly take that on notice. We'll look into the protocols we have in place to ensure that our staff are reporting regularly back to Canberra on these matters. And I think Ms White also noted that she would look into specific instances of where we'd referred matters to the Fair Work Ombudsman.

Senator CAMERON: How many providers do you have?

Ms White: I have 11 Australian apprenticeship providers, or ISMAA providers.

Senator CAMERON: Do you have a copy of portfolio question SQ18-000626, which is a response to a question on notice. There's a table in that response. Do you have it?

Ms Williams: No, I don't.

Senator CAMERON: This is a breakdown of provider performance against benchmarks.

Ms White: Is this for the ISMAA program or the AASN program?

Senator CAMERON: It's for the industry specialist mentoring.

Mr Markovic: We're just having a copy printed, Senator.

Senator CAMERON: While you're looking for it—and you don't need to go rushing around to find it—there were some benchmark results—

Ms White: I've found it.

Senator CAMERON: I expected nothing less, Ms White! There are 24 providers here. Why is there a difference between the numbers here and the numbers you've just advised me?

Ms White: I thought you were talking about the Australian Apprenticeships Support Network, Senator, which I also look after.

Senator CAMERON: Good. For three providers in the specialist mentoring providers, the benchmark result is less than 20 per cent—for three of them?

Ms White: That's correct.

Senator CAMERON: Less than 20 per cent.

Ms White: Yes, that's right.

Senator CAMERON: It's between 20 per cent and 40 per cent for one, between 40 per cent and 60 per cent for five, between 60 per cent and 80 per cent for six, and between 80 per cent and 100 per cent for one. And there are eight providers who have done better than 100 per cent. What's the problem with these providers down in the bottom of this group?

Ms White: Senator, that table there refers to—when organisations put a tender to us, they tender a service-level benchmark of how many apprentices they would service under their contract. This is what that result is. We have moved on a little bit from there, and I probably have some more recent data. It doesn't go to the quality of the mentoring. It's more to do with how many apprentices they're actually mentoring, so it's not around quality, it's around quantity of—

Senator CAMERON: Is there an allocation of a number of apprentices to each one?
Ms White: Yes. When they came through with their tender they would have said, for instance, 'we're going to do 400 apprentices in this industry'. It may be that they were only up to 60 per cent of that, for instance, when this report was written.

Senator CAMERON: Okay. Can you provide be an updated report on this?

Ms White: I certainly can.

Senator CAMERON: Thanks. Can I now move to the Joyce review? Thanks, Ms White. You've been very helpful.

Ms White: My pleasure, Senator.

Senator CAMERON: Dr Hart, are you taking questions on this?

Dr Hart: Yes, Senator.

Senator CAMERON: How many department staff members have been seconded to work on the task force for the review?

Ms Williams: Senator, we have three members of staff seconded to the task force.

Senator CAMERON: What are the classification levels?

Ms Williams: We have two executive level 1 staff and one SES band 1 staff. So that's the three we have seconded.

Senator CAMERON: Is the SES one band staffer here?

Ms Williams: No, not tonight. He's been seconded to the task force; essentially, while those staff are seconded to the task force, they are working to the Department of the Prime Minister and Cabinet.

Senator CAMERON: Okay. When did the department first know this review of VET was being undertaken?

Dr Hart: It was first advised by the Department of the Prime Minister and Cabinet on 20 November of last year.

Senator CAMERON: How were you informed that the review was being undertaken?

Dr Hart: I believe the secretary, Dr Bruniges, received an email from a senior officer in the Department of the Prime Minister and Cabinet.

Senator CAMERON: Can you provide a copy of that email?

Dr Hart: I'll have to take that on notice.

Senator CAMERON: Did the proposition for the VET review originally come from you?

Senator Cash: Again, Senator Cameron, it was through discussions through the cabinet process, and we obviously don't comment on discussions that are through the cabinet process.

Senator CAMERON: So you can't tell me whether it was your idea or the—

Senator Cash: They were discussions through the cabinet process.

Senator CAMERON: You should just get a little tape recorder and hit the button. Who set the time frame?

Senator Cash: The Department of the Prime Minister and Cabinet. I thought you understood that. It's being run through the Department of the Prime Minister and Cabinet.

Ms Williams: Correct.
Senator CAMERON: Did you have an input, Minister?

Senator Cash: The department consulted on the terms of reference. The department reviewed the terms of reference and provided feedback on them.

Senator CAMERON: Did the department change any of the terms of reference—seek to change it?

Ms Williams: We did provide some input on the scope of the review and we provided some suggestions to that effect.

Senator CAMERON: Did the department change any of the terms of reference—seek to change it?

Ms Williams: Were the changes made?

Senator CAMERON: Were the changes made?

Ms Williams: I understand that our comments were taken into consideration in the drafting of the terms of reference; that's correct.

Senator CAMERON: Is there correspondence between your department and the PM's department in relation to this?

Ms Williams: I'd have to look into that.

Senator CAMERON: Could you provide all correspondence on this?

Ms Williams: Yes. We can certainly do that.

Dr Hart: We'll take it on notice, Senator.

Senator CAMERON: Any file notes and details of telephone calls in relation to telephone conferences. So the terms of reference were set at Prime Minister and Cabinet, and you provided input?

Ms Williams: The terms of reference were developed by the Department of the Prime Minister and Cabinet, yes.

Senator CAMERON: Yes. So it wasn't Senator Cash. Have you met with the Prime Minister about the review, Senator Cash?

Senator Cash: Yes, I have.

Senator CAMERON: How many times have you met about the review?

Senator Cash: I'd need to take it on notice to consider whether they were formal or informal meetings.

Senator CAMERON: Were any or all of these meetings called to explicitly discuss the review?

Senator Cash: Again, I would need to take that on notice.

Senator CAMERON: When was the first meeting?

Senator Cash: The first meeting of what?

Senator CAMERON: Between yourself and the Prime Minister on this?

Senator Cash: Again, I would need to take that on notice, because it coincided, I believe, with the Christmas—so I'll take that on notice to make sure I give you the right information.

Senator CAMERON: When the world was collapsing around you, Minister.

Senator Cash: At Christmas time? The world never collapses at Christmas.

Senator CAMERON: It doesn't?

Senator Cash: No. The world is a happy place at Christmas.
Senator CAMERON: I thought it had been collapsing around you for a long time.
Senator Cash: No.
Senator CAMERON: Can you provide dates for all of these meetings?
Senator Cash: We can take that on notice for you.
Senator CAMERON: Including their duration, where they were and who was present?
Senator Cash: I will take everything on notice.
Senator CAMERON: Okay. We heard in estimates yesterday that the head of the review, former New Zealand minister Steven Joyce, has written to the Prime Minister, updating him on his consultations. Has Mr Joyce written to you about his consultations, Minister?
Senator Cash: I'd need to take on notice whether he has written, but I have met with Mr Joyce.
Senator CAMERON: So when did you meet him?
Senator Cash: Again, I don't have my diary. I'll take that on notice for you.
Senator CAMERON: Was this a verbal update or has there been an update in writing?
Senator Cash: I would need to check with the department as to whether or not we received an update in writing, but at the meeting it was obviously a verbal update, because ultimately he hasn't yet provided his report to the government.
Senator CAMERON: I met with Mr Joyce a couple of weeks ago, and he had just got back from New Zealand. Are you aware whether Mr Joyce is commuting regularly from New Zealand or is he based in Australia, during the period he is being paid to conduct the review?
Ms Williams: We wouldn't be aware of that. Mr Joyce is working with the secretariat formed from the Department of the Prime Minister and Cabinet.
Senator CAMERON: So I would need to put those questions on notice?
Senator Cash: Yes. If you could put them on notice.
Ms Williams: Any questions around that sort of matter, yes.
Senator CAMERON: Are you aware if Mr Joyce is working on any other consultancy contracts during the four months set aside for this review?
Ms Williams: We're not aware of Mr Joyce's consultancy arrangements, but again—
Senator Cash: Put it to PM&C, yes.
Senator CAMERON: Can I move to the Skilling Australians Fund? Who is the officer handling this?
Ms Williams: Mr Hart and Mr Alach will be able to answer questions on this.
Senator CAMERON: Is it correct that $243 million of the 2019-20 budget for the Skilling Australians Fund is reliant on revenue collected in the preceding year, 2018-19?
Dr Hart: That is correct: $243.4 million.
Senator CAMERON: SE18/243 from Home Affairs states that revenue from the levy was $13.4 million in the first quarter of 2018-19. Are you aware of that figure?
Dr Hart: We have discussions regularly with Home Affairs. I'm not familiar with that exact figure. I think it's important to note that the amount of revenue raised in 2018-19 would
be for the full financial year—that would be committed to the next year. So I'm not personally aware of that figure.

Senator CAMERON:  If revenue collection remains at the same level over all four quarters, you're looking at a shortfall for the Skilling Australians Fund of about $189.8 million for the 2018-19 year, if it stays as it is. Is that correct?

Dr Hart:  We've said before, I guess we can reiterate, it is a hypothecated revenue stream so it is dependent upon what revenue is actually raised in the preceding financial year, but it will be for that full financial year, depending on what that figure ends up being at 30 June.

Senator CAMERON:  Is there a potential, if revenue stays the same, that you could be $190 million in shortfall?

Dr Hart:  Based on those figures that you're presenting; but we're not aware of those figures.

Senator CAMERON:  Why aren't you aware of the figures? You've got to administer this.

Dr Hart:  We do administer this but don't collect the revenue.

Senator CAMERON:  Yes, but you must know. You can only administer to the funding you've got.

Dr Hart:  That's right. And we're administering for 2018-19 at the moment.

Senator Cash:  Correct.

Dr Hart:  I think that's the key thing. Most states will have a number of milestones fall due in the month of April. We will consider what the full revenue figure is for 18-19, and if there are variations around that, then we would engage with the states and territories as part of the bilateral.

Senator CAMERON:  So are you preparing for a shortfall?

Dr Hart:  We're just waiting to see what that figure will be and, based on what that figure is, then we'll have those further negotiations. The majority of the states are on one-year bilateral agreements. I think those agreements are all available on the FFR website. So whatever information we have would be part of those negotiations.

Senator CAMERON:  How many states have still not signed up?

Senator Cash:  Just Queensland and Victoria.

Dr Hart:  That's unchanged.

Senator CAMERON:  That's two of the biggest states.

Senator Cash:  And they are Labor states.

Senator CAMERON:  Yes, because they're concerned, as I am, that they'd be signing up for something when they don't know if the money is coming through. Has the department had discussions with Home Affairs about any potential shortfall?

Dr Hart:  I'm not aware, but I'm happy to take that on notice.

Senator CAMERON:  Deputy Secretary, are you aware?

Mr Markovic:  I'm not aware of any discussions that have occurred with the Department of Home Affairs.
**Senator CAMERON:** What has the department been advised about the revenue collection by Home Affairs?

**Ms Williams:** I think it's fair to say that Mr Hart has taken that question on notice. I am sure we have had informal conversations between us and the Department of Home Affairs. We do have regular contact. However, the Department of Home Affairs will advise us at the end of the financial year as to where the levy has landed and at that point we will commence conversations with the states and territories around the next year of funding.

**Senator CAMERON:** Have you briefed Minister Cash on any potential shortfall?

**Senator Cash:** Again, I think the department's evidence is very, very clear that they are awaiting the information from the Department of Home Affairs.

**Senator CAMERON:** Sure, but there could be a shortfall.

**Senator Cash:** Again, we're awaiting that information from the Department of Home Affairs. I think the evidence of Mr Hart was that, in that event—and, again, we don't know—there is a process that would be put in place.

**Dr Hart:** That's correct.

**Senator CAMERON:** No wonder the big states won't sign up. Minister, have you sought a briefing from the relevant government minister or from the Department of Home Affairs in relation to the funding on this?

**Senator Cash:** Again, I think the evidence of Mr Hart is very, very clear. Actual revenues from the Skilling Australians Fund levy will be known at the end of the financial year. At that time, the department will then enter into the bilateral discussions with the relevant states.

**Senator CAMERON:** Are you expecting a significant increase in funding through the Department of Home Affairs? Has anyone discussed that with you, Mr Hart?

**Dr Hart:** No. As I said before, we always expected that we would go through the process of administering this first year of the Skilling Australians Fund. This is the first full financial year where the levy is being collected. We'll make those determinations. We wouldn't actually engage in any negotiations or views ahead of having the evidence base before us.

**Senator CAMERON:** But you have to administer this. Have you, Mr Hart or Mr Alach, given you've got to administer this, had any discussions with Home Affairs about any potential shortfalls?

**Dr Hart:** No, I haven't specifically. I said we would take on notice any discussions that we have had with Home Affairs about it.

**Senator CAMERON:** Have any of your officers had—

**Dr Hart:** That's what we're taking on notice—

**Senator Cash:** They're taking that on notice for you.

**Dr Hart:** To get those views from within the department of other officers who may have had discussions.

**Senator CAMERON:** No wonder these two big states wouldn't sign up. Do you know what revenue has been collected in the October-to-December quarter?

**Dr Hart:** No, we don't.
Senator CAMERON: Have you asked?

Dr Hart: I haven't specifically asked. As I said, we will have that conversation once we have the full-year revenue available, because it's only when we have that information that we can make an informed decision about the bilateral negotiations that would occur from there.

Senator CAMERON: When you make an informed decision, it could mean you have to go back to the states and say, 'We don't have the funding that we initially thought'—

Dr Hart: The discussions we would have would be based on what that revenue amount was. Most of the states have signed up to just one-year agreements. So there was always an expectation that we would go through a renegotiation process after that first year.

Mr Alach: There is a clause in the national partnership agreement, clause 21, that allows for changes to apprenticeship targets, up or down, on a pro rata basis, depending on changes—

Senator CAMERON: I know this. And that's why the states won't sign up—the two big states. Thanks for reminding me of that, but I did know that. In the national partnership, are you aware of clause 14 on the role of the Commonwealth? Clause 14 says you've got to publish estimates of the levy revenue and you've got to notify the states of any matters of which the becomes aware that may affect fund revenue, correct?

Ms Williams: Yes, and we will notify the states when we're aware of a change to a levy.

Senator CAMERON: But you're supposed to publish estimates of the levy revenue.

Dr Hart: I think we have published those estimates.

Senator CAMERON: Where are they published?

Dr Hart: I believe in the previous budget papers. As we talked about in the beginning, the 2019-20 was reliant on $243.4 million from the previous financial year. So we will update those figures if and as we need to at the end of the preceding financial year.

Senator CAMERON: So that will be this year?

Dr Hart: 30 June this year will be the end. That is based on information that will come from Home Affairs and the Department of Treasury.

Senator CAMERON: Can you provide that figure to the committee as soon as it is available?

Dr Hart: The full-year figure? Yes, absolutely.

Ms Williams: Of course.

Senator CAMERON: So we don't have to wait between estimates.

Dr Hart: I understand.

Senator CAMERON: Probably by that time, if we're lucky—

CHAIR: Don't get ahead of yourself, Senator.

Senator CAMERON: No, I'm not. If we're lucky, if the Australian community have a look at the rabble that you lot have been, there's a big chance.

CHAIR: Don't get ahead of yourself, Senator Cameron.

Senator CAMERON: Have the states been notified or are they waiting as well? Have the states been notified about any projections or estimates of the levy revenue?
Dr Hart: I'm not aware the states have been, because the negotiations around those agreements would be between the states and our department, and obviously we don't have the information to go through any discussions or negotiations with them.

Senator CAMERON: What department is it?

Dr Hart: We're the Department of Education and Training, but with relevant states and territories who we've signed up to the bilateral agreements with.

Senator CAMERON: But you have to publish estimates of the levy revenue, which you're saying will be 30 June?

Dr Hart: If there are changes to the previous estimates, then they will be updated at the end of that financial year.

Senator CAMERON: Given that you've only had $13.4 million in the first quarter, and there is a potential $190 million shortfall if the funding continues the way it is, has there been no discussion with the states about what might be a problem?

Dr Hart: No. The vast majority of the states will be working on delivering what they've signed up to by way of projects and milestones during 2018-19. A lot of that will come to fruition in April, of which we'll make assessments and then payments accordingly. After that milestone, and we have the information on the full-year levy, there's an opportunity to go through that process. There have been no discussions ahead of that, and probably the next discussions we will have will be based on their milestone payments for 2018-19.

Senator CAMERON: So you have no contingencies if the revenue falls; there is just the automatic reduction in the funds that are available. Is that correct?

Dr Hart: I think we've been clear about what is the guaranteed revenue and the $50 million per year, and then the remaining amount, which is contingent on levy from the previous financial year.

Senator CAMERON: When this was announced, what was the expectation of how much funding would be available? It was over a billion, wasn't it?

Dr Hart: It's $1.5 billion over I think five years.

Senator CAMERON: What was the previous figure that you reported?

Mr Alach: It was $1.47 billion over four years.

Senator CAMERON: So there's been a reduction already, because you've spaced the figures out. You've spaced the funding out over—

Dr Hart: There was no partnership agreement signed for 2017-18. That was part of a separate budget announcement, and then you had the four-year national partnership arrangement that we're in.

Senator CAMERON: I think Queensland and Victoria have done the right thing here. I see that none of the bilateral agreements except Western Australia include projects after 2018-19. Is that correct?

Mr Alach: Yes, that's correct.

Senator CAMERON: Have any further projects been agreed?

Mr Alach: No. Only those in the published financial schedules.
Dr Hart: I think as I indicated previously, the states other than Western Australia signed up to a one-year agreement and so we'll go through the process of assessing the performance on that first year, and then there will be a negotiation process, and that was always anticipated.

Senator CAMERON: Can you provide a list of where projects have been submitted and agreed and where they've been rejected in the amounts allocated to the projects?

Dr Hart: We need to take that on notice.

Senator CAMERON: I note the Western Australian agreement already includes funding figures over four years, correct? Can WA access any more funding under the NPSAF or has it had been budgeted in the bilateral agreement?

Dr Hart: In each jurisdiction there was a particular allocated amount of funding. So there's no scope for additional funding to be allocated at this time.

Senator CAMERON: It's a mess. I want to talk about the bilateral agreements that have been made with the states. I want to go to New South Wales and the baseline targets and benchmarks for apprentice and trainee commencements. Have you got details on that? Paragraph 6(c) in the New South Wales agreement states that the New South Wales project is to contribute an additional 17,740 apprentice and trainee commencements in 2018-19, correct?

Dr Hart: That's correct.

Senator CAMERON: And that's an addition on the baseline figure; is that correct?

Dr Hart: That's correct.

Senator CAMERON: To calculate the target for the apprentice and trainee sign-ups for New South Wales in 2018-19, we would add the baseline to what's called the additional apprenticeships, correct?

Mr Alach: That's correct, in clause 4.

Senator CAMERON: And that equates to a target of 47,565 apprentice and trainee commencements?

Mr Alach: Yes, that looks about right.

Senator CAMERON: According to the NCVER's apprentice and training data, in the year ending 30 June 2018, there were 47,840 apprentice and trainee commencements in New South Wales. Is that correct?

Dr Hart: I'm not sure if we have those figures with us here.

Senator CAMERON: I'm reading from the NCVER apprentice and trainee figures for the New South Wales June quarter of 2018. So do you take it that's the figure or are you challenging the figure?

Dr Hart: Not at all, Senator. I was just saying we didn't have it before us at the moment.

Senator CAMERON: Okay. Given that that's how the commencements are tracking, doesn't the New South Wales target simply reflect existing levels of commencement?

Dr Hart: In terms of those figures and in terms of the agreements that were entered into on the bilateral, there were variations and negotiations that occurred in terms of the actual figures and where the baselines et cetera were set. So I can't make that sort of calculation
immediately here, but, obviously, in terms of the agreement that was set for New South Wales and the others, there was additionality from the baseline that was set. As at 30 June 2018 they were close to having signed up anyway. So the information we had available would have been on a preceding set of information from the NCVER and based on negotiations with each jurisdiction. I don't think that information was available at the time that we were doing those negotiations. It was based on a previous year or a previous set of years. I think we were looking at windows of years as well to see what the pattern was within those jurisdictions.

Senator CAMERON: But basically the target simply reflects the existing level; is that correct?

Dr Hart: I don't know that that's necessarily the case. I'm happy to take that on notice and provide a more fulsome response. In terms of New South Wales, the baseline figure would have been based on previous information. Obviously, if that figure has increased, it means they have taken the effort and put additional into the system to set them on that trajectory.

Senator CAMERON: Are you aware of what the previous five-year average was in New South Wales?

Dr Hart: We don't have that figure with us.

Senator CAMERON: I can say it was 49,000, so we're now going backwards under this.

Senator Cash: Chair, to be fair, I think officials do need to have the full suite of information in front of them to be able to properly give responses to any questions Senator Cameron is putting.

Dr Hart: Because there are multiple components to this as well, as you appreciate—there are pre-apprenticeships, apprenticeships and higher apprenticeships as well.

Senator CAMERON: I'll come to that, don't worry. I'm getting there. So, based on the performance benchmark for apprentices and trainees, New South Wales will receive a performance payment if 30,441 apprentices and trainees commence between 1 July 2018 and the end of April 2019. Is that correct?

Mr Alach: Yes.

Senator CAMERON: So, even allowing for the fact that the performance benchmark is measured over 10 months, this actually is lower than the current rate of commencements in New South Wales, isn't it?

Mr Alach: Also over the page—performance benchmark 5—is fee-free apprenticeship places: 18,339.

Senator CAMERON: So you're saying that that is in addition?

Mr Alach: In addition.

Dr Hart: That's correct.

Senator CAMERON: We'll have a look at that. The stated objective of the National Partnership on the Skilling Australians Fund is to increase the uptake of apprenticeships and trainees; correct?

Dr Hart: That's correct.

Senator CAMERON: So are the targets for New South Wales set at a level to increase the uptake of apprenticeships and trainees?
Dr Hart: That is the plan. We agree a baseline with each jurisdiction. We would have agreed a baseline with New South Wales. In order to receive the payments for the additionality they would have to meet those benchmarks and those milestones throughout the course of the agreement.

Senator CAMERON: You indicated earlier that there were some fee-free positions?

Dr Hart: Mr Alach did, yes.

Senator CAMERON: Do they add to the commencement of apprentices and trainees? How do they add to that?

Mr Alach: Is your question: how do the fee-free places increase the supply of apprenticeships?

Senator CAMERON: Yes.

Mr Alach: New South Wales, in their negotiations, came forward with a proposal. There is a $2,000 up-front fee for apprentices in New South Wales. They said, as part of the negotiations, that if they went halves with the Commonwealth through the national partnership to waive that $2,000 that would lead to more apprentices.

Senator CAMERON: But that's not showing that, is it? The figures have been fairly static. The average over the last five years is 49,000 commencements. You're saying that the $2,000 reduction in the fee will increase the number of apprentices by how many?

Mr Alach: So 18,000 in the first year and 71,000 over the four years.

Senator CAMERON: Are the targets for New South Wales set at a level to increase the uptake of apprenticeships and traineeships?

Dr Hart: Is that the purpose of the agreement?

Senator CAMERON: No, are the targets set at a level to increase the uptake?

Dr Hart: From an agreed baseline, yes, they are. It's also worth noting that while the ambition of the national partnership agreement is to increase apprenticeships and traineeships, I think, in the first instance, in some jurisdictions, it is to arrest the decline in apprenticeships and traineeships.

Senator CAMERON: But your performance benchmark is not for 12 months, is it?

Dr Hart: The performance benchmark?

Mr Alach: Yes, that's correct. It's to 30 April, to allow us, the Commonwealth, to—

Dr Hart: Yes, that's correct.

Senator CAMERON: And the target is still much lower than the current rate of commencements. Correct?

Mr Alach: The target?

Senator CAMERON: Yes. It's lower than the current rate of commencements.

Mr Alach: That's, as Dr Hart was saying, because the baseline has had adjustments, which I think we were going to take on notice and provide more information on.

Senator CAMERON: Yes. So who adjusted the baseline?
Dr Hart: As part of all of the negotiations with all the jurisdictions, there were negotiations around what the baseline will be in each of the categories. There were a number of factors that went into these—

Senator CAMERON: Can you provide details of the baseline, how you negotiated that with New South Wales?

Dr Hart: Just for New South Wales?

Senator CAMERON: For New South Wales, at this stage—do it for all of those states that have gone into this for political reasons.

Senator Cash: Including the Labor states—the ACT, the NT, WA!

CHAIR: You could have got away with this—

Senator CAMERON: We know who they are for political reasons: New South Wales and South Australia, because they were trying to pull you out of a hole.

CHAIR: Senator Cameron!

Senator CAMERON: Can I go to this issue of apprentice-like activity? In each of the bilateral agreements, except New South Wales—that's a little different—the definition of apprentice and trainee includes training with similar characteristics where there is 'no contract of training required'. The qualification is at Certificate III or Certificate IV level and there is some work training placement. Does this mean that training with similar characteristics can be counted towards the targets and performance benchmarks that are set for apprenticeships and traineeships in those states?

Mr Alach: Yes, that's correct.

Dr Hart: That's correct. It is a smaller component that is allocated to—

Senator CAMERON: This is the shonk coming in; this is where—

Dr Hart: what you would call the 'like' activity.

Senator CAMERON: How have the apprentice and trainee baselines in the bilateral agreements been set? Does it rely on historic apprentice and trainee commencement dates for each of the states and not training with similar characteristics?

Mr Alach: That's correct, yes.

Senator CAMERON: So, to be clear, apprentice and trainee commencement figures have been used to set the baselines and targets and performance measures.

Mr Alach: Yes.

Senator CAMERON: But non-apprentice training can be counted towards achieving those targets and performance measures?

Mr Alach: That's right. The way we've managed that—it's different for different states.

Senator CAMERON: That's right. Why—

Mr Alach: But we've put caps, we've put limits, on each through the bilateral—

Dr Hart: The like activity cannot dominate the performance against which your measure—

Senator CAMERON: But it doesn't matter whether it dominates or not; it's not an apprenticeship, is it? A like activity is not an apprenticeship, is it?
Dr Hart: No.

Senator CAMERON: So what we're doing is a bit of a fiddle. What we're doing is using oranges as the target but the target can be met with oranges and apples. You can get the target number of oranges by adding apples. Why? Can you explain it to me? These are not apprentices, are they?

Dr Hart: No.

Senator CAMERON: So why are we including them in these numbers?

Dr Hart: It was always envisaged in the agreement that there would be an opportunity to consider what you would say is a like activity, an opportunity for jurisdictions to come up with innovations, solutions, to the issues that they're confronting within their jurisdiction. Of course, the core is about mainstream apprenticeships and traineeships, but we have given these jurisdictions an opportunity to come up with solutions that are outside the mainstream approaches, absolutely.

Senator CAMERON: So, outside the mainstream approaches, you fix the issue of the declining numbers of apprenticeship commencements by adding apprentice-like activity?

Dr Hart: What we would call like activity in a very small—

Senator CAMERON: So they're not apprentices, are they?

Dr Hart: They are not apprenticeships as defined in the—

Senator CAMERON: It's a fiddle, isn't it?

Dr Hart: No.

Senator CAMERON: You will publish figures that say 'the apprenticeships are these', but you'll include in those figures apprentice-like activities which are not apprenticeships; is that correct?

Dr Hart: I think we'd be fairly clear about what we would be publishing in terms of the definition of—

Senator CAMERON: Would you?

Dr Hart: Yes.

Senator CAMERON: You will be if we are in government.

Dr Hart: We'll be very clear about what the basis of the figures that are published is.

CHAIR: Getting ahead of yourself, Senator Cameron!

Senator CAMERON: No, I'm not getting ahead of myself; I said 'if we are'. The performance of the government this week is all very helpful. So does this open the gate? A state like South Australia that doesn't have a cap on training with similar characteristics—they don't have the cap, do they?

Mr Alach: They do.

Senator CAMERON: Where is that?

Mr Alach: I will have to find it. It changes each year from, I think, 20 per cent down to 10 per cent. I will see if I can find where it's actually specified.

Senator CAMERON: Can they meet their—
Mr Alach: It's here, under clause No. 6: capped at 20 per cent in 2018-19, 15 per cent in 2019-20 and 10 per cent in the remaining two years.

Dr Hart: And, I think, as Mr Alach indicated there, it can't exceed 20 per cent in any situation.

Senator CAMERON: Well, that's really good, isn't it? Twenty per cent of the numbers you're counting towards apprentices could be non-apprentices; correct?

Dr Hart: They can be from like activities.

Senator CAMERON: So they're not apprentices. So 20 per cent of the numbers that you count in this South Australian agreement could be non-apprentices; correct?

Dr Hart: Yes; correct.

Senator CAMERON: So, in the second year, 15 per cent of apprentice numbers could be non-apprentices?

Dr Hart: Yes.

Senator CAMERON: And, in the third year, 10 per cent of apprentice numbers could be non-apprentices. Minister, where's the logic in this?

Senator Cash: I think Dr Hart has articulated the logic behind it.

Professor CAMERON: No, he hasn't.

Senator Cash: In fact, you might want an explanation from Dr Hart as to what a like activity actually is. Senator Cameron, each of the states, regardless of whether they are Liberal states or Labor states, have entered into extensive negotiations with the department. Those states who have signed up to the Skilling Australians Fund are committed to increasing the opportunities for relevant people in their states to undertake apprenticeships. I think Dr Hart has done an outstanding job in explaining this to you. Would you like—

Senator CAMERON: I'm not criticising Dr Hart.

CHAIR: Sorry; I know it's late in the evening, but I would actually like to know what a like activity actually looks like. As quickly as you can, Dr Hart: what is a like activity?

Dr Hart: I will ask Mr Alach to chime in on this as well. In the case of, for example, South Australia, part of the reason that they have been attracted to going down that path is to provide the support they need for workforces, such as the NDIS and aged care and some of the health care, where you wouldn't necessarily need an apprenticeship or a traineeship in the traditional sense but you might need some other skills or what we would define as like activities.

Senator CAMERON: How is an aged-care employee like an apprentice?

Mr Alach: It's the workplace component. What states and territories wanted to do was add flexibility to say their areas of strong employment need in their jurisdiction—

Senator CAMERON: But why didn't the department say, 'What we're going to do is benchmark the apprentice numbers,' because 'apprentice' has got a legal terminology; correct?

Dr Hart: It does.

Senator CAMERON: Apprentice-like activity is not an apprenticeship?

Dr Hart: Yes.
Senator CAMERON: So why are you then conflating the two?

Dr Hart: We are not trying to conflate the two. We are not saying that one is the other. Certainly in the case of South Australia, but also in other jurisdictions, they wanted and needed to have that flexibility to meet their employment needs were within their jurisdictions. They had particular needs that weren't actually going to be met by the traditional apprenticeship and traineeship pathways.

Senator CAMERON: I would have thought South Australia, with the projects that are going on in South Australia, would have been keen to make sure they had the tradespeople to do the work there. These are not tradespeople. These people, when they finish their training, will not be tradespeople, will they?

Dr Hart: They won't have an apprenticeship, as you—

Senator Cash: Priority industries.

Dr Hart: But they are priority industries for that jurisdiction and it was really up to the jurisdictions to come to—

Senator CAMERON: Are you trying to expand or diminish what an apprenticeship is?

Dr Hart: Not at all. I think we have been clear within the agreements about what is an apprenticeship and what is a like activity. I think the fact that we have defined that there is an element of like activity is quite transparent within the agreement. It is to give the states the flexibility. The states actually came to us with the projects that they wanted to put forward for consideration as part of the Skilling Australians Fund. That is a component to assist them meet their employment needs outside of the traditional trades pathways.

Senator CAMERON: So it is basically about a diminution of the focus on traditional trades into this training with similar characteristics—that's correct, isn't it?

Dr Hart: I wouldn't say that. There is scope within the agreement to deal with the traditional trades. There is scope within the agreement to deal with what you would say are non-traditional pathways—we're not calling them apprenticeships—that the states felt were very important to have to meet their employment needs.

Senator CAMERON: I'll bet they did. Can you provide details of the South Australian projects on the NDIS, on aged care, on health care and on any other area where this training will similar characteristics will be used.

Dr Hart: We will take that on notice.

Senator CAMERON: And how many people have engaged in it?

Dr Hart: Yes, we will take that on notice.

Senator CAMERON: Now I want to come to the New South Wales agreement. I want to get back to this issue of the waiving of the $2,000 apprentice training fee. Has the department assessed the proportion of apprenticeships and traineeships where the employer pays for or reimburses the cost of training?

Dr Hart: Sorry, can you repeat the question?

Senator CAMERON: Just before I go on, can I go back. Why don't you benchmark them separately in South Australia as you have in New South Wales? This is an inconsistent approach.
Mr Alach: For New South Wales we've done it slightly differently. All bilaterals, by definition, are slightly different. So like activity for New South Wales is a separate performance benchmark rather than a capped amount within the apprenticeship benchmark, but they both have different mechanisms of controlling the amount of like activity.

Senator CAMERON: So these are basically traineeships, aren't they?

Mr Alach: They're at certificate III and IV level. So they are at a higher level than—

Senator CAMERON: Certificate III doesn't tell you it's not a higher level, does it? Certificate IV doesn't tell you it's a higher level. It depends what the competency standards are. For instance, you can get cert III in some areas with some online training, but if you are an apprentice you'd get four years of structured on- and off-the-job training; is that correct?

Mr Alach: Again, as we've said, like activity has to have a work placement component.

Senator CAMERON: Yes, but an apprenticeship also has to have off-the-job training as well; correct?

Mr Alach: Correct.

Senator CAMERON: So will this training with similar characteristics have any off-the-job training?

Dr Hart: We might have to take that on notice.

Senator CAMERON: You don't know?

Dr Hart: Not off the top of my head.

Senator CAMERON: Minister, do you know?

Senator Cash: Senator Cameron, for the last half an hour, Dr Hart has been at pains trying to tell you what the Skilling Australians Fund is setting out to achieve. The objective of the fund is to increase the number of apprentices, trainees and other employment related training places for skills needed by employers. Again, Dr Hart has been at pains to take you through the differences between the apprentices, the trainees and other employment related training places for skills needed by employers. That is determined by—as Dr Hart has been at pains to tell you—the relevant negotiations with the particular jurisdictions, who are best placed to determine what their skills need is for their particular state. You appear to be focused completely on apprentices.

Senator CAMERON: That's traditionally what the focus has been on.

Senator Cash: I think what Dr Hart has been trying to explain to you is, quite literally, what the actual objective of the Skilling Australians Fund is, which is spread over an increase in the number of apprentices, trainees and other employment related training skills, but specifically looking at what the particular skills needs are for employers in the different states. When you start highlighting, for example, the differences between the agreement that has been signed with South Australia and the agreement that has been signed with New South Wales, there are differences because they are different states with different skills needs.

Senator CAMERON: No wonder you're in trouble.

Senator Cash: If you then looked at Tasmania, Western Australia, the Northern Territory or Australian Capital Territory, again, Dr Hart would probably take you through differences in each of those agreements but that are within the bounds of the Skilling Australians Fund.
Senator MOLAN: But we're not replacing the traditional—

Senator Cash: No. Again, as Dr Hart has been at pains to articulate, and I think he has articulated it incredibly well, it is for each jurisdiction, in negotiation with the Commonwealth—this is a negotiation—to determine what the particular requirement is for that state, based on that state's needs.

Senator CAMERON: I want to move to the advertising campaign for the $20,500 in employer incentives.

Ms Williams: I can take some questions on that, if necessary.

Senator CAMERON: I did make the point that, because the targets are set below the historic commencement rates, there won't be an increase—correct?

Dr Hart: We've negotiated the baseline and—

Senator CAMERON: Yes, you've negotiated a baseline to try and suit the position where there won't be an increase.

CHAIR: That was a comment, Senator Cameron.

Senator CAMERON: No; that's what's happened. You should be worried about it. How many employers are likely to be eligible for the $20,500 in the advert?

Ms Williams: The $20,000 that is referenced in the advert, is—

Senator CAMERON: So you don't know how many are likely to be eligible for the full amount?

Ms Williams: No.

Senator CAMERON: You're advertising it.

Ms Williams: There will be a range of employers that would be available for the full amount. But, as I said, it's a combination of the incentives that we pay under our own programs and wage subsidies that are available under the programs of the Department of Jobs and Small Business.

Senator CAMERON: According to NCVER, there were 161,720 apprentices and trainee commencements in the 2017-18 financial year. So you don't know how many of those apprentices attracted the $20,500 level of incentive in that period, do you?

Ms Williams: I don't have that on me, no.

Senator CAMERON: You don't have it with you. Do you know? Can you get that figure?

Ms Williams: I'm sure we could look into that for you.

Senator CAMERON: Okay, can you?

Ms Williams: Yes.

Senator CAMERON: You are advertising it, and you don't even know how many are going to get it. So can you take that on notice?

CHAIR: The advertising campaign says 'up to $20,500'.

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE
Ms Williams: I would also note that it is in fact a Department of Jobs and Small Business campaign. It is not a campaign being run by this department.

Senator CAMERON: Yes, but what they told us yesterday was that you guys are part of it.

Ms Williams: It is not a departmental campaign.

Senator CAMERON: No, but you are participating.

Ms Williams: No.

Senator Cash: No, I think the evidence was that the department provided advice, or input, but that this is run by the Department of Jobs and Small Business. It's a jobs campaign.

Senator GALLACHER: I was told yesterday that the Department of Education and Training developed the content for the ad campaign. Is that correct?

Ms Williams: We did provide advice to our counterparts in the Department of Jobs and Small Business on the incentives that are available for employers with respect to apprenticeships—the types of incentives available, the quantum available, et cetera. So we did provide that input to assist them in that matter.

Senator CAMERON: They told me, unless they are telling fibs, that you provided the content for the ad campaign—not you personally, but the department.

Ms Williams: I think that's entirely consistent with the evidence I just gave you there. We did provide that input and assisted them with that input.

Senator CAMERON: So you provided the input to say that there was up to $20,500 to hire an eligible apprentice?

Ms Williams: The $20,500—

Senator CAMERON: Can you answer my question.

Ms Williams: It needs to be clarified—

Senator Cash: It's not a yes or no answer.

Ms Williams: It's not a yes or no answer, in the sense that the $20,500 refers to the full amount that is available, not simply the apprenticeship incentives that I was referring to. Remember, I mentioned earlier that the full amount there relates also to wage subsidies that are administered through the other department.

Senator CAMERON: It's quite clear. I've got the ad here, and it is: up to $20,500.

Ms Williams: That's correct.

Senator CAMERON: And $20,500 is the only figure that's there. Can you work with the Department of Jobs and Small Business and find out how many apprentices and trainees would actually attract the full amount.

Senator MOLAN: We got that yesterday.

Senator CAMERON: No, we didn't.

Senator MOLAN: Yes we did. That was asked yesterday. It was taken on notice.

Senator CAMERON: I'm asking this department.

Ms Williams: We will equally take that on notice, to work that through.
Senator CAMERON: See, that's what happens, Senator Molan: they 'equally' take it on notice. That's how these things work.

Senator MOLAN: Thank you very much, Senator.

Senator CAMERON: If you get back next time—

Senator MOLAN: Thanks, Senator.

Senator CAMERON: after being pushed down the list, you might like to do—

Senator Cash: Senator Cameron, at least Jim's on the list.

CHAIR: Get back to it. It's nearly nine o'clock.

Senator CAMERON: What's the most common level of incentive that an employer receives for employing an apprentice under the government's current incentive program?

Ms Williams: There are a range of incentives, as you would be aware, that employers are able to receive.

Senator CAMERON: I'm asking you what's the most common amount that's paid?

Ms Williams: Ms Lynch-Magor is just having a look to see if she has the data on that for you. I'm happy to take other questions, if you would like to move on while Ms Lynch-Magor looks into that.

Senator CAMERON: Was the department consulted on the messaging in the ads?

Ms Williams: We provided input into it, and we did look at the final text with respect to it, yes. So we did provide that advice.

Senator CAMERON: Were you made aware of the ad content before it went live?

Ms Williams: I understand that we were, yes.

Senator CAMERON: What do you mean by you 'understand'? Were you or were you not?

Ms Williams: I wasn't personally, but I am aware that the department was contacted with respect to it.

Senator CAMERON: Did anyone in the department express concern that $20,500 is a gross exaggeration for the vast majority of employers?

Ms Williams: Again, I'm not aware of the jobs and small business component of that figure, but I am confident that the amount of that figure that related to our incentive payments is a reflection of the current apprenticeship program.

Senator CAMERON: The message in the campaign is encouraging this culture amongst employers that training is a cost and should be subsidised by government. Shouldn't the government be sending a message that apprenticeships are a valuable investment for employers?

Ms Williams: I think the intention of the campaign was to encourage businesses, particularly small businesses, to consider taking on an apprentice.

Senator CAMERON: So you subsidise them?

Ms Williams: I think the purpose of the campaign was to draw businesses' attention to the current incentives and subsidies that are available under existing government programs. It was an awareness-raising campaign.
Senator CAMERON: Have we got that figure yet?
Ms Lynch-Magor: No, I'm sorry; I just can't seem to find it.
Senator CAMERON: Can I tell you that your own record is saying that you've estimated that the average apprentice cost to government is $9,800 for the SAF. Does that ring a bell?
Ms Williams: That sounds right, yes.
Senator CAMERON: Why couldn't you have told me that then?
CHAIR: Officials need to be accurate.
Senator Cash: Correct.
Ms Williams: Indeed, and—
Senator CAMERON: But that's previous evidence you've given, so you could have just told me that. So the average cost is $9,800 to government, and you're advertising $20,500 that will go to a small number.
Senator Cash: I think the point, Senator Cameron, just—
CHAIR: Very quickly, minister, we are at the break.
Senator Cash: It say that it is 'up to'; the ad is quite clear, from what Senator Cameron himself has articulated.
Senator CAMERON: Yes, you'll be giving steak knives out with it as well—
CHAIR: Senator Cameron!
Senator CAMERON: and putting little asterisks on the bottom: 'read the detail'.
CHAIR: The magic words are 'up to', Senator Cameron. We are going to suspend briefly. Outcome 2, skills and training, is over.

Proceedings suspended from 21:01 to 21:15

Australian Curriculum, Assessment and Reporting Authority
CHAIR: I welcome representatives from ACARA; I'm not going to say it all out at this hour of the evening! I welcome Ms Janet Davy, who is the Acting Chief Executive Officer at ACARA, and I acknowledge the service of Mr Robert Randall. Ms Davy, I understand that a new CEO has been appointed; perhaps you'd like to fill the committee in on that. And do you have an opening statement?
Ms Davy: No, I don't have an opening statement, but I'd be happy to update the committee on the CEO position and explain why I'm here in this acting role. So I might start with that—
CHAIR: Please.
Ms Davy: and then we can get into it. As you said, I'm Acting CEO, ACARA. Mr Randall had his last estimates here in October last year, and he finished his contract on 9 February. An appointment process has been completed and a new CEO has been appointed. That is Mr David de Carvalho, and he commences in the role on 4 March. In the interim three-week period I'm acting in the CEO position. My normal role at ACARA is Director of Curriculum—so I'm happy to answer any curriculum questions if you have them, but I'm sure I'm not going to get those!
CHAIR: Welcome. See if you think you want to come back or if you're glad it's only once, once we get to the end of it! Senator O'Neill, you've got the call.
**Senator O'NEILL:** Can I also take the opportunity to acknowledge Mr Randall and his contribution to the development of ACARA over that period of time. Doing work at a national level is always a great honour and a privilege, and I know that he felt very happy and passionate about the work that he undertook.

**Ms Davy:** Yes, he did.

**Senator O'NEILL:** Ms Davy, we're going to run out of time, and I want to indicate that there are a number of questions that I have here but which I'll put on notice because of the pressure of other senators who have questions to ask. But this morning, as you may be aware, a series of questions and answers were exchanged between me and the department around NAPLAN online. Is it correct that the 2018 NAPLAN data will not be published on the My School website?

**Ms Davy:** No, that's not correct. We're proceeding, as we normally do in the first quarter of each year, to get data ready for an upload and an upgrade of the My School website. That's proceeding as scheduled, for all non-NAPLAN data at the moment. In terms of NAPLAN 2018: yes, ministers are taking some time to consider how they want the 2018 NAPLAN data presented. That's, at the moment, in deliberations with ministers. Once we get a preference from them then we'll be ready to go and we'll start uploading that 2018 NAPLAN data.

**Senator O'NEILL:** So, if I hear you correctly, it's business as usual for you, in all but the NAPLAN data on My School, which you still await direction from the government with regard to?

**Ms Davy:** Yes. We're getting on and preparing and doing the work behind the scenes about how there might be different presentations around the NAPLAN data on My School. But ministers have asked to take some time to consider different representations. If you recall, when we released the individual student reports last year, there was a lot of discussion about how we might present those reports so that it was clear to parents and students that a child did the NAPLAN, whether it was paper and pen or online. There are quite a number of screenshots, as you can imagine, on the My School website, which includes NAPLAN data, and there are a number of different options and ways that you could present that, to ensure that it's clear to the public going onto My School that a school either did paper and pen—

**Senator O'NEILL:** There was a comparability issue, too, about the pen and paper tests and the validity of that, by comparison to online. So it was all a little messy, and I'm not surprised that the Education Council has requested further advice from ACARA about reporting the 2018 NAPLAN data on My School. What's the nature of the advice that you're preparing for the Education Council?

**Ms Davy:** The nature of the advice is not around the comparability of data. It was confirmed in August last year, before we made the decision to go out with the individual student reports and the school summary reports and the summary national report, that the data was comparable. Since then, the technical review has confirmed that as well. The nature of the current advice—and the nature of the current conversations that ministers are having at the moment—is around the presentation of the NAPLAN results on My School and how that presentation can best reflect whether a school did NAPLAN by paper and pen or whether it did it online.

**Senator O'NEILL:** Sorry, whether a school—

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**EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE**
Ms Davy: Whether it did it on paper and pen or whether it did it online—how best to show on the My School website the representation of the mode of assessment that each school did in 2018.

Senator O'NEILL: In terms of the longitudinal management of data, what's the scope of longitudinal data processing within ACARA?

Ms Davy: Do you mean; are we continuing with trend data for NAPLAN?

Senator O'NEILL: Yes.

Ms Davy: Yes. It's the same as for trend data. Paper and pen and online have been found to be comparable—they're on the same measurement scale; they're on the same NAPLAN scale—so the trend data will remain.

Senator O'NEILL: What's the plan for 2019 NAPLAN?

Ms Davy: 2019 NAPLAN is well on track. In terms of ACARA's main work in that space, the test items have pretty much been finalised and we're just doing the final verification of those, in terms of states and territories. Schools have gone through their readiness testing, and states and territories have confirmed and identified the schools that are going online. We expect there are about 50 per cent of schools around the country going online in 2019. In terms of the work of ESA and the national platform, that's also undergone platform readiness testing, and there are no issues. As far as 2019 NAPLAN is going, we're well on track and ready to go, with about 50 per cent of schools across the country undertaking the online assessment.

Senator O'NEILL: I appreciate your confidence in the system, but I have heard that tone in Mr Randall's comments in previous years, and then we had that mess in 2018. We're talking retrospectively about the confidence you have in it now, but, at the time, it was just an all-out mess, and it was very distressing for parents and schools and everybody who had a particular positive impression of NAPLAN. Can you guarantee that the 2019 NAPLAN online test will be robust and that the mess of 2018 will be avoided?

Ms Davy: I wouldn't classify 2018 as a mess. What we can guarantee is that we will do everything we can, in all of our equating processes and processes that we've put in place, to ensure, as I said, that the online platform, is ready to go, schools are ready to go, the test items are ready to go and we have in place stronger equating processes than we did last year. We have agreements with states and territories that we will formally embed them into the process of analysing results once we see them. So we're confident that we have got strong processes in place for 2019 NAPLAN.

Senator O'NEILL: Could you give an indication, as quickly as you can, about the independent technical review of NAPLAN? What's the status? When will the report be made public, and can it be provided to the committee?

Ms Davy: The technical report has been finished. It was an AESOC commissioned report. It was delivered to AESOC in November last year. AESOC have directed ACARA to implement the recommendations. The recommendations, in the main, supported all of the processes and approaches and methodology that ACARA applied in 2018 and recommended that we should continue with those same approaches in 2019.

Senator O'NEILL: Is this report available publicly?
Ms Davy: No, it's an AESOC commissioned report and it's an AESOC in-confidence report, so it would be up to the AESOC secretariat to determine whether it could be made public. I'm not sure.

Senator O'NEILL: Minister, would we be able to get that tabled?

Senator McKenzie: I'll have a look at it.

Ms Davy: It's a matter for the secretariat of AESOC, so it's not a decision I can make, I'm afraid.

Senator McKenzie: Would you like to take that on notice then, Ms Davy, and consult with them?

Ms Davy: Yes, I'll take it on notice.

Senator O'NEILL: And we'll have other questions on notice. Thank you very much for staying so late.

Australian Research Council

CHAIR: I welcome representative from the Australian Research Council. Do you wish to make an opening statement, Professor Thomas?

Prof. Thomas: No. Thank you, Chair.

CHAIR: Senator Carr.

Senator KIM CARR: Professor Thomas, at the last round, we were talking about the Centres of Excellence program. Where are we in terms of the finalisation of the round?

Prof. Thomas: It's still in process. We've gone through the first part of a two-stage process with expressions of interest now down-selected to full applications, which are under assessment.

Senator KIM CARR: You've shortlisted people, have you?

Prof. Thomas: Yes, a small number of expressions of interest were successful and some were unsuccessful.

Senator KIM CARR: How many bids have been shortlisted?

Ms Emery: That's been shortlisted down to 20—which is the same position as we were at the previous estimates.

Senator KIM CARR: So it hasn't moved since we discussed this matter in October?

Ms Emery: No.

Senator KIM CARR: I mentioned the one up at James Cook University last time around—the reef centre of excellence—and we weren't quite able to get to the bottom of why that wasn't listed and didn't even get an interview. That was a world-leading research group with the strongest concentration of reef researchers in the country. I am interested in the centre down at Wollongong headed up by Professor Gordon Wallace, who is a global specialist and leading scientist in the field of electromaterials. This is the nanobiometrics centre down in Wollongong. Do you know the one? Ms Emery, are you aware of that?

Ms Emery: I am not aware of the centre.
Senator KIM CARR: They didn't get an interview either, did they? They weren't shortlisted?

Ms Emery: A number of expressions of interest last year didn't make it through to the second stage, the full applications.

Senator KIM CARR: Why weren't they even given an interview?

Ms Emery: It is not that they haven't been given an interview. There is a two-stage process for centres of excellence. There is an expression of interest stage, out of which the selection advisory committee has narrowed it down to 20 applications to go through to full bid. Those people were notified and full applications have now been put in.

Senator KIM CARR: This is a world-leading centre. How long have they been funded for?

Ms Emery: Under the last round, they would have been funded for seven years.

Senator KIM CARR: There are no criteria under the guidelines in terms of longevity, are there? We discussed this last time.

Ms Emery: That's correct.

Senator KIM CARR: The funding criteria are all about excellence?

Ms Emery: There are two selection criteria at the expression of interest stage. One relates to the project team and one relates to the quality of the project and the research proposed.

Senator KIM CARR: My description of it being centred on excellence is not too far from the truth?

Prof. Thomas: No, and certainly we are not contesting that those groups are excellent. They are excellent. That demonstrates the highly competitive nature of the process, the peer review.

Senator KIM CARR: So a centre of this quality can't even get shortlisted? That's what I'm trying to come to grips with. On what criteria would the selection committee act when a body of this calibre can't even get short-listed?

Prof. Thomas: It's highly competitive. It's a peer reviewed process. The selection advisory panel has a number of academic experts, plus other assessments—standard ARC process—and lots of excellent groups apply.

Senator KIM CARR: In this case, how many peer reviewed assessments were there?

Prof. Thomas: For any particular one, I couldn't tell you off the top of my head. We seek a redundant number in all of our programs and we will get variable numbers coming back, according to how many are accepted.

Senator KIM CARR: In the case of the reef centre of excellence, there was one, if I recall rightly, and it said it was 'outstanding'—one of the strongest submissions ever seen by the external reviewers. I've actually read that review. It couldn't get short-listed. I wouldn't be surprised if a similar recommendation is made in regard to this centre.

Ms Emery: I don't have the details with me, and I—

Senator KIM CARR: Can you take that on notice? What did the peer reviewers say about the quality of this centre?
Ms Emery: As you would know, we would not normally release that information.

Senator KIM CARR: I'll have to get it from somewhere else, won't I? Who was on the selection committee? Can you tell me that?

Ms Emery: No, at this stage it would be inappropriate for us to release the details of the selection advisory committee, and that is our standard process, as you would be aware.

Senator KIM CARR: That's a secret as well, is it?

Ms Emery: It will be released after the selection exercise has been finalised.

Senator KIM CARR: How many people are on the selection committee?

Prof. Thomas: We can certainly take that on notice and give you that information, but it is a group of experts plus external assessments. So it's never the case that you rely on a single assessment to make a judgement on a centre.

Senator KIM CARR: Have you given any thought to extending this round, given the extraordinary impact that this is having? Have you actually thought about extending the 2013 round of centres?

Ms Emery: The 2020 round, Senator?

Senator KIM CARR: No, the ones that are currently under review.

Ms Emery: 2014, I think it might have been.

Senator KIM CARR: 2014—whenever the last round was.

Ms Emery: We wouldn't normally extend it because they have a limited life. It is a seven-year funding cycle for centres of excellence.

Senator KIM CARR: When are you going to make a decision about the next round, then?

Ms Emery: They're currently about to go into peer assessment and we would anticipate we'll probably have an announcement around the same time that we did in previous rounds, which I think is around September.

Senator KIM CARR: Refresh my memory; when will that be?

Ms Emery: I think the last round was announced in September 2016.

Senator KIM CARR: And there'll be no consideration of extending the current round? Is that legally possible?

Prof. Thomas: It's not something we've considered, but it's a seven-year funding process with a new competition each time at the moment.

Senator KIM CARR: Is it legally possible to extend the current round?

Prof. Thomas: I couldn't say.

Senator KIM CARR: Would you take that on notice?

Prof. Thomas: We'll certainly take that on notice.

Senator KIM CARR: Thank you. Regarding the national interest test, has the minister issued any directions to the ARC or to you, Professor Thomas?

Prof. Thomas: The ARC was asked to introduce the national interest test to all of its programs as they open, past the date of the minister's original press release.

Senator KIM CARR: When you say 'asked', was that a direction?
Ms Emery: I don't believe it was, no.

Senator KIM CARR: So it's voluntary, is it?

Ms Emery: No. The minister made the decision and the ARC has been implementing that decision.

Senator KIM CARR: So it was a direction—is that right?

Ms Emery: I wouldn't have considered it a direction, because it wasn't in the form of—

Senator KIM CARR: You were just implementing the minister's suggestion—is that how it works?

Ms Emery: We are implementing the minister's decision.

Senator KIM CARR: Decision.

Ms Emery: Yes.

Senator KIM CARR: I'd call that a direction then. You're saying that it applies to all programs, so it will apply to Future Fellowships?

Prof. Thomas: Everything in the—

Senator KIM CARR: Laureates?

Prof. Thomas: Yes.

Senator KIM CARR: DECRAs? Linkage?

Prof. Thomas: Yes.

Ms Emery: Yes.

Senator KIM CARR: Industrial transformation projects within the Linkage program?

Prof. Thomas: Yes.

Ms Emery: Yes.

Senator KIM CARR: So there are no exceptions.

Ms Emery: Just be aware, though, that a number of those schemes had already been opened at the time the minister made his decision on 31 October.

Senator KIM CARR: Okay. So does it apply to those?

Ms Emery: It will go into the next round of documentation.

Senator KIM CARR: So it's not retrospective.

Ms Emery: No, it's not. It applies to the Discovery projects, the Discovery Indigenous, the Linkage infrastructure equipment and facilities and Linkage project schemes at this time.

Senator KIM CARR: I'm just trying to work out how this is going to work, because, if there's a change of government, this will change; I just make that clear to you. So let's see how you're interpreting it. You're saying the definition the minister has issued is 'the extent to which the research contributes to Australia's national interest through its potential to have economic, commercial, environmental, social or cultural benefits to the Australian community'. Is that right?

Prof. Thomas: Yes.

Senator KIM CARR: How is that different than previously defined?
Prof. Thomas: In our previous form, benefit appeared at two places on the form. The first section was a small text section only used internally by the ARC, which was about benefit and impact. And then there is another part of benefit which sits in the academic part of the form, and that remains unchanged.

Senator KIM CARR: I see. So the word 'commercial' is effectively the difference here; is that right?

Ms Emery: I'm not sure. I'm just trying to check that for you.

Prof. Thomas: Sorry, Senator, we won't be a moment.

Ms Emery: So under 'benefit', under the Discovery projects, the selection criterion says 'the significant new knowledge and/or innovative, economic, commercial, environmental, social and/or cultural benefits'.

Senator KIM CARR: Sure, but the significant change is the word 'commercial'.

Ms Emery: No. That appears in both forms of the words, I think.

Senator KIM CARR: In all respects. So the Future Fellows in the past would have had the application of commercial to them, would they?

Ms Emery: It is one of the ways in which benefits can be shown, yes. I think that's the case.

Senator KIM CARR: And the Laureates? Would they have had a commercial application?

Ms Emery: I'm not sure, but I can check that.

Senator KIM CARR: The current funding rules require these processes to be assessed by panels of experts, advisory committees and the like. That's correct, isn't it?

Prof. Thomas: The criteria for the peer review part of grants assessment is unchanged.

Senator KIM CARR: So how has the national interest test process affected that peer review process?

Prof. Thomas: That sits separate to the peer review process. The minister requested the ARC administer the test and the ARC CEO recommend to the minister those applications that had been highly ranked and which met the national interest test.

Senator KIM CARR: I see. So there's a separate criterion for the national interest test, is there?

Ms Emery: There's a separate consideration.

Senator KIM CARR: Who makes that judgement?

Prof. Thomas: The minister remains the decision-maker in the grant process. The ARC CEO has a role in putting recommendations to the minister.

Senator KIM CARR: I see. So, Professor Thomas, you've got to determine whether or not there's a commercial element here—the national interest test.

Prof. Thomas: The CEO will recommend projects to the minister which are highly ranked and which meet the national interest test.

Senator KIM CARR: Yes. But the national interest test is not determined by peer review; it's determined by you.
Prof. Thomas: It sits separately, as Ms Emery has said.

Senator KIM CARR: I just want to know who makes the call, and from what you've just said it's you.

Prof. Thomas: The CEO sits in the process before it goes to the minister for his decision.

Senator KIM CARR: Yes, we've got that. But it's surely not the peer review panels that make the determination.

Prof. Thomas: No.

Senator KIM CARR: So who else is involved in the process, apart from you?

Prof. Thomas: What we have said in our process is that, in taking highly ranked proposals, the ARC CEO will look at the national interest test text and, where there is any concern, will contact the administering organisation and, from there, seek any clarifications required.

Senator KIM CARR: Professor Thomas, that surely means you have to make the recommendation to the minister.

Prof. Thomas: As I've said to the sector in numerous discussions on this recently, I'm not a disciplinary expert across all of the areas that the ARC covers.

Senator KIM CARR: That's certainly true. That's not the issue. This is crap from beginning to the end. The point is that the minister has put you in a position where you have to make the recommendation to him as to whether or not a project meets the national interest test. It's not the peer review group; it's you as the CEO. You are in a unique position here. That is surely the impact of this direction. Who else does it?

Prof. Thomas: The CEO is the person named in the process.

Senator KIM CARR: That's right. What qualifications do you have, Professor Thomas—or any CEO; I don't mean to personalise it—to make such a judgement?

Prof. Thomas: I have been clear with the sector that I'm not a disciplinary expert and that I will be looking at whether the text that is provided—firstly there is text, as a compulsory field, that it is in plain English, as the minister has requested, and that it seems to apply to the project.

Senator KIM CARR: So it is a matter of plain English now, is it?

Prof. Thomas: The minister has asked for it to be in plain English.

Senator KIM CARR: Do you determine that as well?

Prof. Thomas: Where I have concerns, I will contact an institution.

Ms Emery: You asked some questions about whether the word 'commercial' appears in the other selection criteria. In the Discovery Early Career Research Award, it does refer to 'commercial' in the benefit selection criteria. In relation to Future Fellowships, it is also included in that selection criterion.

Senator KIM CARR: It is not at the core, at this test would put it, though, is it?

Ms Emery: It is one of the aspects that needs to be considered under benefits and aspirations.

Senator KIM CARR: It's not at the core, as this definition would have it?
Ms Emery: It is one of the considerations that needs to be considered under that selection criteria. For the sake of completeness, it does not appear in the selection criteria for Laureate Fellowships.

Senator KIM CARR: Professor Thomas, at what point do you have to act as a political censor on grant applications?

CHAIR: That is not a reasonable question.

Senator KIM CARR: It is a very reasonable question, because it has to meet the national interest test on whether the minister should sign off on something. You are making a recommendation to the minister essentially on political grounds, surely.

Prof. Thomas: If I can put it differently, the ARC in this process is trying to ensure that highly ranked research is best represented to the minister through this possess.

Senator KIM CARR: Yes, but it's not the peer review committee that make a recommendation on the national interest test—it's you.

Prof. Thomas: That's correct.

Senator KIM CARR: You determine what is in the national interest as the basis of your recommendation to the minister. Ultimately it is the minister that makes the political decision whether he will fund it or not fund it. But the recommendation comes from you.

Ms Emery: As is required under the act.

Senator KIM CARR: It's an inherently political process that you've become part of.

CHAIR: Senator Carr, can you ask a question.

Senator KIM CARR: I have asked the question. Is it not the case that it is an inherently political process that you are now at the centre of?

Senator McKenzie: I think you are asking the officers to give an opinion on a process of government.

Senator KIM CARR: So there is no concern that you have, Professor Thomas, that you are a political censor?

Prof. Thomas: My view is immaterial.

Senator KIM CARR: It will be. Your view would be central to the recommendation. We've just established that. It's no good saying that your view is immaterial here, because it's not. It's absolutely critical after this government's direction to you. I'm wondering whether the national interest test can also encompass international questions around science and research. Would you be required to examine those issues of international dimensions of science and research?

Prof. Thomas: I'm not sure in what sense—

Senator KIM CARR: Given that science is inherently international, will you be required to make judgements about where we fit within a national interest test for international projects?

Prof. Thomas: All of the applicants in previous iterations have addressed benefit and impact through the previous text box that was there.

Senator KIM CARR: So why change it?
Prof. Thomas: That is a decision of government.

Senator KIM CARR: Exactly—a political decision of government which puts you at the centre. And I'm asking you what the criteria are and how it's going to work?

Ms Emery: We've already explained what's contained in the national interest test.

Senator KIM CARR: We will look forward to this. Do you intend to be making any recommendations over the next three months?

Ms Emery: I suspect there will be one round of linkage projects which I will need to go to the minister.

Senator KIM CARR: Just the one?

Ms Emery: I think so.

Senator KIM CARR: That's before caretaker, is it?

Ms Emery: I could be corrected.

Senator KIM CARR: You don't make recommendations after caretaker, do you?

CHAIR: Senator Carr, if we know such things, you certainly know more the rest of us.

Senator KIM CARR: I know, I'm asking the question.

CHAIR: It's not reasonable question.

Senator KIM CARR: Is it the case that you intend to make any grants during the caretaker period?

Prof. Thomas: We would follow the caretaker period. We can't come to a decision in the caretaker period.

Senator KIM CARR: Yes, that's right. So how many applications will you be processing between now and the caretaker period?

CHAIR: The officials don't know where that is, so they can't answer the question.

Senator KIM CARR: They know exactly when that is.

Senator McKenzie: I think the chair makes a good point, Senator Carr. You are asking the officials to comment on when the Prime Minister may determine to call an election.

Senator PRATT: How many are on the books before 30 June this year?

Senator McKenzie: That's a nice factual question. Thank you, Senator.

Ms Emery: There are some schemes currently going through assessment at this time, Senator Carr, but I think it is only the Linkage Projects which will—

Senator KIM CARR: What date are they due for processing?

Ms Emery: I don't have that on me. I can take that on notice.

Senator KIM CARR: What month?

Senator McKenzie: The officer has taken it on notice.

Senator KIM CARR: She knows better than that, Minister.

Senator McKenzie: She may know better, but she has taken it on notice, which is her right.

CHAIR: The officer has taken it on notice. Let's move on.
Senator McKenzie: She has taken it on notice.

Ms Emery: I don't have date—

Senator KIM CARR: I don't want a date. Which month?

Ms Emery: I could only hazard a guess that it might be March, but I could be very wrong on that, so I have to take it on notice.

Senator KIM CARR: How long have you been doing this now?

Ms Emery: 3½ years.

Senator KIM CARR: Professor Thomas, when did you find out about the review of the national science and research priorities?

Ms Emery: Are you talking about the review that is being undertaken by the ARC?

Senator KIM CARR: Yes. Reviewing yourself, actually—your review of the ARC by the ARC, undertaken by your advisory group.

Prof. Thomas: That was announced on 31 October. We met with the minister the day before.

Senator KIM CARR: So on the 30th? That's when you found out?

Prof. Thomas: I believe so.

Ms Emery: Can I add, it is not a review of the science and research priorities; it is a review of how the science and research priorities apply to the ARC.

Senator KIM CARR: I know what it is. You are actually undertaking a review into the ARC itself, aren't you?

Ms Emery: What do you mean by that?

Senator KIM CARR: Into how you apply the national research priorities. It is a review into the ARC's application of the research priorities?

Ms Emery: Yes.

Senator KIM CARR: So it's a review into yourself?

Ms Emery: No. It's a review into how we apply the research priorities.

Senator KIM CARR: Well, it's not a review into anyone else, is it? What is the point of the review then?

Ms Emery: It's about trying to identify whether the science and research priorities are appropriate in the context of the ARC grants and whether there are other priorities that also should be applied.

Senator KIM CARR: So you do have a remit to look at the review into the priorities themselves?

Ms Emery: Not into the priorities themselves. It is about how they apply and whether there should be additional priorities over and above those in the science and research priorities.

Senator KIM CARR: Additional science priorities?

Ms Emery: As you would appreciate, the science and research priorities are limited to mainly in the science area—
Senator KIM CARR: Surprising, isn't it?

Ms Emery: It's about making sure that the full range of disciplines with are covered by the ARC are covered by the science priorities.

Senator KIM CARR: So you are actually looking at the priority scope, are you?

Ms Emery: We would not be coming up with a set of priorities as a result of this exercise.

Senator KIM CARR: I'm wondering how you can do that, since it is not within the administrative orders for the ARC?

Ms Emery: Precisely. That's why we are not reviewing the science and research priorities.

Senator KIM CARR: Yes, exactly. So you're not actually looking at the scope at all. You're looking at what the ARC does with existing priorities?

Ms Emery: Yes.

Senator KIM CARR: Isn't that what the terms of reference say?

Ms Emery: Yes, Senator.

Senator KIM CARR: I just couldn't quite follow your answer then.

Prof. Thomas: And we'll look at the ARC data on how they've been applied and what our national evaluations tell us about priorities.

Senator KIM CARR: Is there any suggestion that you're ignoring the priorities at the moment?

Ms Emery: No, Senator.

Prof. Thomas: No, Senator.

Senator KIM CARR: So what's the point of the review again?

Ms Emery: Senator, I think that's well and truly set out in the minister's press release on—

Senator KIM CARR: If you are conducting a review into yourself, surely you'd know.

Unidentified speaker: When was the press release?

Ms Emery: I can go through the press release, if that would help.

Senator KIM CARR: Yes, you can read out the press release if you like.

Senator McKenzie: People might be interested, while listening to your line of questioning, Senator Carr, in what the minister's intent was.

Senator KIM CARR: That would be interesting, yes. Yes. Well, what was the minister's intent?

Senator McKenzie: I'm sure it's important that we always review our research priorities to make sure they're up to date and in focus.

Senator KIM CARR: That's not the point of the review, Minister. You've got it dead wrong.

Senator McKenzie: It is actually the implementation, through the ARC. I think the officers have been incredibly clear and you're just simply using tedious repetition right now.

Senator KIM CARR: I see, so is this actually—

CHAIR: We've heard a lot of that over the last couple of days.
**Senator McKenzie:** I had forgotten.

**Senator KIM CARR:** Is the intent of this review to have another crack at the humanities and social sciences?

**Prof. Thomas:** The ARC’s remit is to fund research in all disciplines beyond clinical medicine. It's a decision of government, and it is what it is.

**Senator KIM CARR:** What is the current funding for humanities and social science projects?

**Prof. Thomas:** For the last five years, on average—we do have some exact figures here—approximately 80 per cent of our funding has gone into STEM and about 20 per cent into HASS.

**Senator KIM CARR:** But if we take history and archaeology, where does it sit?

**Prof. Thomas:** Just a moment, Senator; I've got that here somewhere.

**Ms Emery:** History and archaeology in this calendar year, so what has been decided for funding commencing in 2019, sits at 2.5 per cent.

**Senator KIM CARR:** And where was it let's say three years ago?

**Ms Emery:** I have a 2017 figure, if that helps.

**Senator KIM CARR:** What does it say?

**Ms Emery:** It was 6.9 per cent.

**Senator KIM CARR:** How do you account for a fall of that dimension?

**Prof. Thomas:** Certainly, in individual programs there are fluctuations. Success rates between HASS and STEM are roughly similar, which tells us we get many fewer applications from HASS than we do from the STEM sector.

**Ms Emery:** And, Senator, I also suspect that in 2017 there was a centre of excellence announced that had a primary focus on history and archaeology, which would have inflated that figure for that year.

**Senator KIM CARR:** So it's a distortion, is it?

**Ms Emery:** It's just a fact of what has been funded in a particular year. There was a centre of excellence that year, which I suspect is what has increased that number.

**Senator KIM CARR:** So this review, you're just looking at your own administrative structures or are you actually looking at talking to the various discipline groups? How is it going to work?

**Prof. Thomas:** That would be a matter for the panel to consider, but we would envisage consultation with the sector, absolutely.

**Senator KIM CARR:** And when's it due to report?

**Prof. Thomas:** The middle of the year.

**Ms Emery:** By the end of July.

**Senator KIM CARR:** What was the consultation with the department of industry, which actually has responsibility for science policy?

**Ms Emery:** As we weren't actually reviewing the science and research priorities, there was—

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**EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE**
Senator KIM CARR: No, but they are responsible for the priorities, aren't they?

Ms Emery: Yes, they are.

Senator KIM CARR: They've got their own little review going, haven't they?

Ms Emery: Senator, you would need to take that up with the department of industry.

Senator KIM CARR: I know; I already have. The minister's press release talks about various reviews, in plural. What are the other reviews that have been consulted?

Ms Emery: Senator, as you can appreciate, when you put together terms of reference it's really about making sure that, if there are any other reviews, they can be taken into account.

Senator KIM CARR: Just in case there were a few more?

Ms Emery: It was just to make sure that we covered them off.

Senator KIM CARR: That's a hell of a way to run a government, isn't it—'We'll just put the 's' on the end in case there are a few more out there that we don't know about'?

CHAIR: Try to keep the commentary to a minimum, Senator Carr.

Senator KIM CARR: Tell me about the code of responsible conduct for research. It's obviously not in the minister's office! What's happening with the development of the new code?

Ms Emery: The new code has been developed, Senator. It was released on 14 June last year.

Senator KIM CARR: I see. When will it come into effect?

Ms Emery: It comes into effect on 1 July this year.

Senator KIM CARR: Refresh my memory, then: what does it refer to in terms of definitions of research misconduct?

Ms Emery: It refers to research integrity as the principal issue that is covered. It talks about research integrity and promoting good research conduct—

Senator KIM CARR: Is the word 'research misconduct' referred to in the new code?

Ms Emery: It's not in the code, from memory; it is in the guide.

Senator KIM CARR: In the guide? Why is it not in the code?

Ms Emery: As we went through in estimates a couple of years ago, we had a code review committee overseeing the development of the revised code and they came to a view that we should be concentrating on research integrity, which covers a full range of activities, rather than looking at research misconduct. As you would have also appreciated, we went out to consultation in relation to the revised code. To try and come to, I suppose, a middle ground,
we agreed with the code review committee that we would include a definition of 'research misconduct' in the guide.

Senator KIM CARR: I see. So there is an institution. Are they now required to run external investigations of research misconduct?

Ms Emery: It is a question for the institution to determine the best form of a committee or a panel to undertake an investigation.

Senator KIM CARR: There is no requirement to run external reviews, is there?

Ms Emery: As I just mentioned, Senator—

Senator KIM CARR: That's right: there is no requirement?

Ms Emery: They don't have to do an external committee.

Senator KIM CARR: Was it the case in the previous code?

Ms Emery: I'm not sure. I'd need to take that on notice.

Senator KIM CARR: There was also a departmental process. What's happened to that?

Ms Emery: Sorry, Senator, I'm not sure I know what you're talking about.

Senator KIM CARR: I actually had an interest in this matter some time ago to make sure that there was an external process. So, having exhausted the internal processes involving claims of research misconduct, there was an appeal mechanism by which the department took an interest, given there's Commonwealth money involved. What's happened to all of that process?

Ms Emery: Senator, are you talking about the Australian Research Integrity Committee?

Senator KIM CARR: Yes—there was a research—

Ms Emery: That still exists. It's still there.

Senator KIM CARR: Is that the only external review mechanism?

Ms Emery: It's the only one that would apply across all institutions. Each institution, as you would appreciate, being state bodies, would have their own mechanisms within a state. So, for example, in New South Wales, that might be the Independent Commission Against Corruption. In other states, it might be the Ombudsman—

Senator KIM CARR: This is Commonwealth money. What is the Commonwealth means by which they can ensure research integrity?

Ms Emery: The ARC has, as has the NHMRC, issued a research integrity and research misconduct policy which requires the allegations of breaches of research integrity to be reported to it and notification to the ARC of what those investigations are.

Senator KIM CARR: So, other than the courts, what process is there at the Commonwealth level to deal with research integrity?

Ms Emery: Senator, I was just talking about the Australian Research Integrity Committee, which—

Senator KIM CARR: Yes, the committee.

Ms Emery: So it looks at it. If there's a complaint made to the ARC, the ARC can ask an institution to undertake an investigation and then require reporting back on how that investigation is being undertaken.
Senator KIM CARR: That's it?
Ms Emery: They're the couple of mechanisms that I can think of at the moment.
Senator KIM CARR: Finally, in terms of the vetoing of grants that we discussed at the last round, were there any further vetos of grants in the last round of discovery in DECRA?
Prof. Thomas: There has been no more vetos since we last were at estimates.
Senator KIM CARR: The grant round was quite late though, wasn't it?
Ms Emery: It was announced at the end of November, from memory.
Senator KIM CARR: Is that late?
Prof. Thomas: The actual date of announcement, as you will know, has varied across years. That was a bit later than the norm.
Senator KIM CARR: What was the reason for the delay?
Ms Emery: It's a question for the minister to determine when to announce grants.
Senator KIM CARR: I see. But you completed all of your processes in the normal routine?
Ms Emery: Yes.
Prof. Thomas: Yes.
Senator KIM CARR: I'll put the rest of my questions on notice. Thank you very much.
CHAIR: Does anybody else have questions for ARC? There being none, you go with our thanks.
Prof. Thomas: Thank you very much, Senators.

Tertiary Education Quality and Standards Agency

[22:01]
CHAIR: Welcome, TEQSA. Do you wish to make an opening statement, Professor Saunders?
Prof. Saunders: No. I have no opening statement.
CHAIR: In that case, we'll go straight to Senator Pratt.
Senator PRATT: Thank you very much. Good evening. You'll be aware that in February last year leading advocates on university sexual violence called on the federal government to establish an independent expert task force to look at and report on universities and university residents in relation to improving responses to sexual violence. We understand that it was on the public record that the former minister was on the verge of announcing the establishment of the task force. This was apparently the case at the time of the coalition leadership change in 2018. However, the new minister, Minister Tehan, has not, to date, committed the government to taking the task force forward. What discussions have been taking place with the incoming minister's office regarding the proposed task force?
Prof. Saunders: That's a matter for government. It's not a matter for TEQSA.
Senator PRATT: But you did tell us—perhaps it was the department and not TEQSA—that discussions with the minister's office about the idea of the task force had been taking place.
**Prof. Saunders:** I have to ask you to refer that to the department.

**Senator PRATT:** TEQSA's website provides information for students about making complaints. It says, 'If you consider that your complaint is relevant to your provider's compliance with the standards, you can forward your complaint.' It says that such complaints will be kept in writing. Your website says that TEQSA will continue to take any complaint received regarding sexual assault and harassment seriously. It says:

Any complaint received is thoroughly investigated by the agency who will work with the complainant and higher education provider to resolve the complaint through the consistent and fair application of policies and procedures.

We know in estimates in May 2018 there was a question from Senator O'Neill about sexual violence and what might constitute an extreme case warranting the cancellation of a provider's registration. It was said at the time by you, I think, Professor Saunders, that 'failure to investigate such a complaint, dismissing it out of hand … would cause us very, very grave concern.' You made that statement, didn't you?

**Prof. Saunders:** I did.

**Senator PRATT:** End Rape on Campus Australia, acting on behalf of a student, submitted a complaint to TEQSA via then Minister Birmingham's office in June of last year. This was after the university had admitted that it had dismissed a sexual assault, stalking and harassment report filed by a student without any investigation taking place. Can I ask what action TEQSA has taken to follow this issue up with the University of Queensland?

**Prof. Saunders:** I'll pass to our CEO, Mr McClaran, who would have the details of that.

**Mr McClaran:** We are continuing to investigate that complaint. We have received a considerable amount of additional information from the university concerned. We're assessing that at the moment.

**Senator PRATT:** How can the university provide additional information if they didn't investigate it?

**Mr McClaran:** Well, that's what we're assessing. We're assessing the evidence that has been provided in relation to the case. We haven't reached a conclusion of that assessment yet.

**Senator PRATT:** So they could be providing evidence about the alleged event itself. Is that the case?

**Mr McClaran:** Evidence includes evidence about the event and the treatment.

**Senator PRATT:** It would strike me that, irrespective of whether the event had taken place, any evidence that they'd failed to follow it up would fit with what Professor Saunders has described as being a very grave concern. Is that not correct?

**Mr McClaran:** At the moment we're assessing the evidence. We'll assess the evidence and then reach a view about what that evidence tells us.

**Senator PRATT:** I understand you can't tell us what potential findings might be, but can you describe the action you've taken in relation to following this issue up?

**Mr McClaran:** The action we've taken is to take the allegations to the provider concerned and to ask for information which we believe will help us assess the way in which that incident was dealt with.

**Senator PRATT:** Did you just write to the institution? Have you interviewed them?
Mr McClaran: We've contacted them in a number of ways.

Senator PRATT: Can you describe the nature of the contact you've had?

Mr McClaran: I can take that question on notice and give you a fuller description of all the various contacts we've had over the period of time we've been investigating.

Senator PRATT: Letters, phone calls?

Mr McClaran: It would almost certainly include letters and phone calls.

Senator PRATT: Have you been going through a single point in the university or have you been seeking to ensure that you're able to judge the issue from various points of view and make sure that you're not just getting one voice?

Mr McClaran: It would never be the case that we would investigate any incident or any question by only talking to a single source.

Senator PRATT: When are you expecting to resolve this issue?

Mr McClaran: It's not possible for me to say that at the moment. Again, I'll be happy to take that question from you on notice and give you some indication when we have completed the assessment of the material.

Senator PRATT: Have you followed up with the student who made this complaint?

Mr McClaran: We always have discussion and dialogue with the students who make the complaints, not least because almost the first thing we need to do in any investigation like this is check that we have the student's permission to raise the case. It is the case sometimes that students don't wish the matter to be raised.

Senator PRATT: They might wish that the matter not be raised in terms of their own profile within it, but if what a student was telling you suggested there was some kind of risk on campus, surely you would have an obligation to follow that up?

Mr McClaran: That's correct. We would regard that as regulatory intelligence and we would need to follow that up in such a way that it didn't disclose the identity of the person who wished their identity not to be disclosed.

Senator PRATT: In this case, how have you sought to ensure that there's no-one at risk in the university or the campus environment?

Mr McClaran: Part of what we look at when we consider an individual case is what lessons it tells us about the way in which the provider concerned addresses cases generally. So particular cases and particular complaints are often hard instances of the way that processes are operating. The principal concern will be to make sure that any concerns from an individual are investigated thoroughly and that, where necessary, restitution is sought. But we would also draw lessons for changes that might need to be made to particular policies or procedures.

Senator PRATT: Okay. Say, perhaps, that a crime had been committed—and I'm not necessarily saying that it has, because you would know more about that than I do—that a sexual assault, stalking or harassment had taken place, and that the university had taken no action at that time. Let's say it had been perpetrated by someone on campus—it could be a student, it could be a lecturer or it could be a staff person. Surely, someone needs to act quickly to make sure that everybody is safe and that these offences aren't occurring?
Mr McClaran: It's the case that we would never confuse our role with that of the police. If a crime has been committed, then in such circumstances—and, like you, I'm not saying whether they apply in this case—we would liaise with the responsible authorities.

Senator PRATT: In the case of the University of Queensland, have you assured yourself that action has been taken already in relation to this incident—that they have, at least, taken preventative action at this point in time, to make sure that nothing will happen?

Prof. Saunders: Mr McClaran said that we'll provide you with a detailed response on that, on notice, once Mr McClaran has had the opportunity to talk with the officers inside TEQSA who have been dealing with this matter themselves.

Senator PRATT: Okay.

Prof. Saunders: We will do that, and we will do that promptly for you and the senators. Would you be interested to hear about a reasonably positive outcome when EROC brought to our attention an incident at another university?

Senator PRATT: Yes.

Prof. Saunders: We took action. We made sure that the university fixed its policies, acknowledged the deficiencies in how they'd acted previously and issued an apology to the person concerned. I believe that matter has been resolved satisfactorily in the eyes of the person who made the complaint and sought EROC's help. I also believe that it's been resolved satisfactorily in the eyes of EROC as well. So that's a positive outcome of the very few matters that have been brought to our attention since this issue has been highlighted.

Senator PRATT: In relation to the Guidance note on wellbeing and safety, how many universities have reported material changes relating to sexual assault and harassment to TEQSA since it was issued?

Mr McClaran: In terms of the current complaints that we're dealing with in relation to sexual assault, those are complaints that have been brought by students or by advocacy groups on their behalf.

Senator PRATT: Yes.

Mr McClaran: That's where the focus of our attention has been. Four of those cases have been resolved—Professor Saunders referred to one of them—and four of them remain under further investigation.

Senator PRATT: Okay. So would you say that the material change is that you've received four complaints and that in the past you would have received—what?—none in this area?

Mr McClaran: The complaints that we received over the last year or so were, to the best of my knowledge, the first complaints of this kind the agency had received. In terms of notification of material change, that is something that would be done by the providers themselves.

Senator PRATT: Are they reporting to you about whether they've had a material change?

Prof. Saunders: They are required to. Providers are required to. In that particular instance we have not, to my knowledge, received any notifications by providers at this time.

Senator PRATT: Of a material change?
Prof. Saunders: Of an assault or a serious episode of harassment that they feel needs to be brought to our attention.

Senator PRATT: What of their own reporting internally? Have you seen any changes there? A greater awareness on campus might simply mean there's more reporting. It doesn't necessarily mean there's greater prevalence. However, you might still pick up material changes in the reporting that would enable you to work out what to do about that.

Prof. Saunders: We do not routinely require reporting of these sorts of incidents by higher education providers.

Senator PRATT: Why not?

Mr McClaran: May I just add to that—and I think this does respond to your question. The focus of our engagement with providers in the recent past generally, as opposed to the specific complaints that we've investigated, has been the very comprehensive survey of provider responses to the challenges of sexual assault and sexual harassment that we published at the end of January and is on our website. That report uncovered, revealed in the responses from the providers, a great deal of activity, particularly from university providers—

Senator PRATT: I'm aware of that.

Mr McClaran: in terms of reviews, new policies and new groups, often led at a very senior level. So, there's been a great deal of activity.

Senator PRATT: There's been a lot of activity.

Mr McClaran: There has indeed—and that's what the report was recording.

Senator PRATT: Are you aware of any other incidents that should have been reported by universities under TEQSA's material change policy but have not been?

Mr McClaran: I think I'm correct in saying we haven't.

Senator PRATT: But you did receive those four complaints.

Mr McClaran: We received eight complaints altogether, and we also separately—on our own behalf, so to speak—initiated dialogue with five providers about cases that were reported in the media.

Senator PRATT: What are the consequences for universities who fail to report such incidents? We've got the example of Queensland, on which you're yet to make a finding. You've told me about eight other complaints. Have you found in any of those cases that universities have breached their obligations under threshold standards?

Mr McClaran: I think it's true to say that in the cases we've investigated we have not found situations where there is an ongoing fundamental breach of the standards. There have been a number of outcomes. In some cases those outcomes have been an improvement in the processes used to deal with allegations of sexual assault and sexual harassment. Also—I'd say this is quite frequently the case—they have prompted further dialogue and action between the provider and the individual student, often in a way that enables a students to feel that they are safe in the particular university environment.

Senator PRATT: So you've found—

CHAIR: Senator Pratt, I will interpose. Senator Paterson—
Senator PRATT: That's fine. I probably do have a couple more minutes, so I'm very happy to give the call to someone else.

CHAIR: If you've only got a couple more minutes—

Senator PRATT: I realise I indicated I'd only have five minutes. I'm just trying to work out the difference between an actual breach and you working with the university to improve what happened. How does that relate to the standard?

Prof. Saunders: In general terms, if we find a breach, we'll go in and we will investigate that. A number of remedies may be possible. The provider may well have made the corrective action themselves. If they haven't, they may agree to undertake change, in which case we will monitor that. If we feel that they're either not willing or capable of making a change then we'll impose conditions on their registration.

Senator PRATT: Okay, but it did sound to you that therefore there was a breach of the threshold standard in the management of certain cases. It might not be that they systematically stuff up all kinds of cases that come before them; they might have just erred in some. But how are students and other interested parties made aware of whether the standard wasn't met?

Prof. Saunders: If it requires regulatory action, it's on the national register and, if it doesn't require formal regulatory action, that would be a matter of, I guess, a case-by-case analysis of who should be informed.

Senator PRATT: But you haven't raised the visibility of any of those issues.

Prof. Saunders: We have not imposed conditions on any provider because of sexual assault or sexual harassment on campus.

Senator PRATT: Is there any public visibility of where those complaints are and how they were resolved?

Mr McClaran: No, not public visibility, in the sense that we're often dealing with cases where we're needing to be sensitive to the wishes of the complainant. Publicity is not often, or ever, what they're seeking.

Senator PRATT: I do understand.

Mr McClaran: What they are often seeking is a structured communication from their provider to address the concerns that they believed weren't originally met.

Senator PRATT: I know people want privacy, but equally on campus, if an incident like this happens—and I remember it myself—the rumours go around and people start to talk about it and they feel unsafe. You are looking for something from the university to tell you that the issue has been resolved or that they're taking action.

Mr McClaran: We are, and in that case we've been very encouraged by the very significant increase in the number of providers putting very full information on their websites and on their internal sites about where you can get support, what to do if you have a complaint or what to do if you're the subject of an assault. There is a very significant amount of that material. Much of it we think is actually very good practice. So the visibility of the issues and the ways in which providers are dealing with them, we think, is being significantly raised.

Senator PRATT: Good. What discussions did Minister Tehan's office have with TEQSA about the independent, expert-led task force?
Mr McClaran: I believe we gave an answer to that question.

Senator PRATT: That it was none; it was the department.

Mr McClaran: We understand the task force is a matter for government.

Senator PRATT: I know that's the case, but were there any discussions with TEQSA about it?

Mr McClaran: The focus of the discussions has been the report that we presented to the minister and which is now published on our website.

Senator PRATT: What advice did TEQSA provide to the new minister's office regarding the proposed task force?

Prof. Saunders: We haven't provided any advice to the new minister.

Senator PRATT: I thought that would be the answer but I just needed to clarify that I hadn't missed a gap in what I was asking. Finally, I have a question in relation to TEQSA's guidance note on grievance and complaint handling. TEQSA released a consultative draft of its guidance note in October 2017. Why has the consultative draft not been finalised, despite the consultation period closing more than a year ago?

Prof. Saunders: It has been finalised. If it still says 'for consultation' or 'consultation draft' on the material that's up on our website, that's an error of ours, and we'll get it fixed tomorrow.

Senator PRATT: When was it finalised?

Prof. Saunders: Our process is: we consult; we write a consultation draft; we put it up on our website; three months go; if we don't get any feedback after three months, it then becomes the formal thing. I'll have to take it on notice.

Senator PRATT: If you can tell me how long it's been there as a consultation draft—

Prof. Saunders: We'll take that on notice.

Senator PRATT: If it's sitting there as a consultation draft, then that doesn't send a very good signal that you're providing proper advice to the sector.

Prof. Saunders: The people who gave us the advice and had feedback to us would recognise that it's been incorporated. If it's not incorporated, we'd be courteous enough to get back to the people and explain why.

Senator PRATT: I may be wrong. It might well be correct on the website.

Senator PATTERSON: Professor Saunders, there are two quick matters I want to raise with you tonight. One of them is to follow up a conversation you might recall you had with my colleague Senator Amanda Stoker in the last round of estimates, about freedom of speech on campus. You might recall that Senator Stoker quoted from a lot of university guidelines, handbooks and policies about free speech. She and I both thought those were quite restrictive and, I think, you expressed some concerns about it too. If I recall correctly, you said it was something you'd be happy to look into. Have you had any progress on that since?

Prof. Saunders: We have not initiated a sector-wide review of freedom of speech, simply because the minister, within a week or two of our conversation at last Senate estimates, engaged the Honourable Robert French to undertake such a review. We felt that it would be
an incredible burden and, indeed, unnecessary for us to also conduct our review. So we actually let providers know that we would not be undertaking that review.

**Senator PATerson:** That's entirely fair enough. There's no need to duplicate work that's going to be done and I'm sure former Justice French will do a very good job. Do you have any involvement in that process at all? Will you make a submission to the process? Will you meet with Justice French?

**Prof. Saunders:** Justice French originally contacted us and asked for some advice about the Higher Education Standards Framework and how that would intersect with the issue of freedom of speech. We've responded to that. We also offered to him access to our international networks and we put him in contact with a number of international higher education quality agencies, and those have been followed up, I understand.

**Senator PATerson:** I know you certainly can't anticipate what he might say in his report, but do you anticipate that you'll have any role working, I guess, with the sector in implementing any recommendations that he might make in his report?

**Prof. Saunders:** If we are asked to do that, obviously, that would be something that we'd be happy to do. Recently, the Honourable Robert French released for internal consultation the draft code, and we have provided some input on that, and higher education providers more generally have been given the opportunity to have input into that.

**Senator PATerson:** When you say a draft code, do you mean a free speech code—like a University of Chicago charter or something else?

**Prof. Saunders:** Yes, I mean a free speech code. So progress is moving.

**Senator PATerson:** I'll very much look forward to that in due course and I'm sure we'll pursue that at subsequent rounds of estimates. The second issue I just wanted to briefly pursue with you is the issue of new universities seeking accreditation. Refresh my memory; when was the current set of regulations brought in that governs how a new university should seek and be granted accreditation?

**Prof. Saunders:** You'll find that in the TEQSA Act, which was formulated in 2011—and there have been some amendments to the TEQSA Act since then—and you'll also find that within the Higher Education Standards Framework.

**Senator PATerson:** Is my recollection correct that, that was the first time it was formalised in that way at a national level; previously, it had been a bit ad hoc and some states had a role—is that right?

**Prof. Saunders:** Back in the mid-2000s, I think it would have been, perhaps even a little earlier than that, there were national protocols developed that were an effort to try and regularise and harmonise approaches to higher education in terms of categories of providers and the sorts of governance arrangements that one would expect. I think that was actually signed off by the ministerial council for education. So there have been national guidelines, national protocols, around, but not legislation, I think, until 2011 when the TEQSA Act—

**Senator PATerson:** Yes. That was my understanding. Have any universities been admitted since that law passed in 2011?

**Prof. Saunders:** No, we inherited 42 universities, together with Torrens University, which actually had been legislated in the South Australian parliament, but hadn't yet actually joined
in to the recognised Australian universities. We have had a process early on, before my time at TEQSA, where Torrens—having been state legislation—was then accepted into the national register as a university. But, apart from that, there have been no new universities enter and there have been no university colleges.

**Senator PATERSON:** What do you think of the fact that in eight years since that law was brought in no new universities have been accredited? Is that something government should be concerned about?

**Prof. Saunders:** No. Under the current policies, a university is required to undertake research. The standards required in terms of both one's teaching research, community engagement, community service—all those things that are in the standards—set a very high bar.

**Senator PATERSON:** I'm being careful not to ask you to express a policy opinion even though you are an independent agency, but, if we want to have a competitive and vibrant and diverse higher education sector, wouldn't we want to see the entrance of new universities perhaps offering to do things in a different way to the existing cohort?

**Prof. Saunders:** First of all, we do have a vibrant and diverse higher education sector. Second, there's a review going on at the moment of the provider category standards, which is looking specifically at issues around the categories of providers—universities, university colleges, higher-education providers. That review is under way. It's being led by Professor Peter Coaldrake, who was the vice-chancellor of Queensland University of Technology. Public consultation, I think, is about to start; it's happening in March. These are matters in which the sector as a whole and people in the community can have a voice—that is, whether or not the current rules around being a university are in fact fit for purpose looking to the future.

**Senator PATERSON:** I certainly accept your view that we have a diverse and vibrant sector, and I know that the university sector cannot easily be compared to any other sector; it's not a perfect analogy of any other sector. But I think, if we looked at any other sector in a commercial market and saw, in a modern changing economy, in a changing world, exactly the same major providers for an eight-year period with no new entrants at all, the ACCC would be very troubled. They would think: 'Why aren't there more exits and entries in this market? Why isn't there more competition?' Do you think that's in any way a reasonable analogy to draw or do you think universities are just different?

**Prof. Saunders:** There are about 125 or 130 independent higher education providers, those that sit outside the university sector. There's been an egress and influx of about 35, so there has been a significant change in the private higher education sector.

**Senator PATERSON:** But only in that non-regulated space

**Prof. Saunders:** No, they're regulated.

**Senator PATERSON:** Sorry.

**Prof. Saunders:** They're regulated by TEQSA just like everybody else.

**Senator PATERSON:** Indeed, but not to the same legislated standard as universities.
Prof. Saunders: No. That is because of the policy decision that has been taken about what a university in the Australian context is, and, as I say, there's a review going on at the moment. Everybody will have a chance to contribute to that.

Senator MOLAN: Is that second group you mentioned the foreign students? Are the majority of students in the larger group that you just mentioned foreign students?

Prof. Saunders: There are some independent higher education providers that have very high proportions of international students.

Senator MOLAN: Only some?

Prof. Saunders: Yes, only some. There are many independent higher education providers that, in fact, have very low numbers or, indeed, no international students.

Senator PATERSON: Finally, to wrap this up, if you were an independent higher education provider and it was your aspiration to be accredited as a university, how long would that process take?

Prof. Saunders: I think it would depend upon really how good your research is, how positive your student outcomes are, the strength of your—

Senator PATERSON: Let's assume all of those things are positive. How long would it take?

Prof. Saunders: You mean how long for us to do the assessment after an application lands on our desk?

Senator PATERSON: How long does it take them to go through all of the process from start to end? They're up and running, they're well regarded, they're high-performing and they've decided to become a university. How long from that point of decision to the successful tick off?

Prof. Saunders: Eighty-five per cent of their courses have to have been self-accredited by them for five years, so there's a five-year journey from the time they get self-accrediting authority. On top of that, they have to be doing research and research training in at least three broad fields of education. If they start off with research in just one field, they've got to then build it up to three. So it's a journey that takes five to 10 years.

Senator PATERSON: That's exactly what I was trying to get to. Last question: should policymakers be concerned? Five to 10 years sounds like quite a long period of time.

Prof. Saunders: In the life of a university, five to 10 years is not a long period of time at all.

Senator PATERSON: It is for a student.

Prof. Saunders: If you are trying to protect and indeed enhance the quality and the reputation of quality higher education in Australia, for somebody who was able to move from a newish higher education provider to becoming a university in 10 years, is a fantastically quick journey, I would say.

CHAIR: But, with all due respect, Professor Saunders, you had the case in Western Australia where the Western Australian Institute of Technology, I think in the eighties—but I will stand corrected on that—became Curtin University. It certainly didn't take a 10-year period.
Senator PRATT: But it was already an institution that existed.

Senator PATERSON: Absolutely, but we're not talking about an institution that appears out of mid-air.

Senator PRATT: So which institution are you talking about?

Senator PATERSON: I'm not talking about any one in particular. There are many in that category of higher education that aspire to university status.

CHAIR: So what was the downside there? Curtin University has been extraordinarily successful. I think it's the largest institution in Western Australia now.

Senator PRATT: It was big before.

Prof. Saunders: First of all, there were no higher education standards, category standards and the like. I'm talking to you now about the rules that exist today. When they amalgamated various institutes of technology and colleges of higher education, during the Dawkins initiatives, to become universities, Curtin was formed. But, if you look at the journey of Curtin from that day in the late eighties and early nineties through to now you will see that it took Curtin a considerable period of time to get itself up to speed in terms of its research performance, its research students, its industry engagement and those sorts of things in terms of quality research, then you will see now its trajectories like this. So it does take time to actually get up to speed.

CHAIR: But they got up to speed as a university. We will continue this discussion at a future point. As there are no further questions, we release you with our thanks.

Prof. Saunders: Thank you very much.

CHAIR: There being no further questions, this concludes the committee's examination of the Education and Training portfolio. I thank Minister Birmingham, Minister Cash and Minister McKenzie, officers of the department and the agencies—in fact, all witnesses who have given evidence to the committee today. I would also like to sincerely thank Hansard and Broadcasting and of course the secretariat.

Committee adjourned at 22:37