

## WESTERN AUSTRALIAN GROUP TRAINING SCHEME

### *Grievance*

**MRS C.L. EDWARDES** (Kingsley) [9.31 am]: I grieve to the Minister for Education and Training. An article appeared in the *Sunday Times* last Sunday about the West Australian Group Training Scheme. I will give members some background information on this issue. The group has existed since 1990. Bill Ethel, of the Construction, Forestry, Mining and Energy Union assisted in its establishment. It is a registered training organisation under the Australian National Training Authority. It was re-registered as a training organisation only last September. It operates from Balga TAFE. It is a not-for-profit scheme and has a board of which two Department of Education and Training representatives are ex officio members. It has 155 apprentices, 28 of whom could currently be placed in jobs, including 18 hairdressers and 10 apprentices involved in the construction industry. The Government has said it cannot employ those people. The group has a good, new board that wants to get on with the job under the chairmanship of Richard Kendall.

The group has had a fight or two with the CFMEU, and that was highlighted in the *Sunday Times* article. The CFMEU believes and acts as though the WAGTS is its training organisation. Kevin Reynolds of the CFMEU is also the Chairman of the Construction Skills Training Centre at Welshpool, which also operates under a board. Brian Burke - lobbyist extraordinaire - is a member of that board. The board has made a conscious decision to take over the WAGTS, and the Construction Skills Training Centre is the skills training centre that was the subject of comment in the Cole royal commission. It was mentioned in the commission because of the compulsory training levy and a \$1 million grant from ANTA, which was based on what is now known to be wrong information used in an application form for revenues to go to the skills training centre, but which instead go to the CFMEU. Less than a third of that money is loaned back to the CSTC. The CFMEU makes no secret of the fact that it wants the 155 apprentices at Welshpool. The report in the *Sunday Times* states -

The latest edition of the union's journal The Construction Worker reports in a review of 2002: "We also looked at expanding the training centre in Welshpool to accommodate the WA Group Training Scheme . . . While this was not achieved in 2002 we have not given up on the proposal entirely."

The WAGTS has rejected the advances of the CFMEU. Why is the Government pursuing this registered training organisation with a vengeance? The Government wants to evict the WAGTS from its premises at Balga TAFE and is auditing it only six months after the last audit was conducted. The Government has also threatened it with deregistration as an incorporated body through a technicality in its adoption of a new constitution, and is squeezing it financially by reneging on a written agreement to fund it. Is that happening because the WAGTS kicked two CFMEU members off its board because they were not elected but were appointed by Kevin Reynolds? The *Sunday Times* reports that Frank Allen smells a rat. I think it is because of the incestuous relationship between the CFMEU and the Government. The member for Peel is the best mate of Kevin Reynolds. Matt Keogh is an ex-Builders Labourers Federation member who now works for the office of the Minister for Education and Training. A number of people involved have close associations with the Government. Brian Burke is also a part of this. I wonder which government members he has been talking to about this matter.

There has been a hugely acrimonious dispute between the CFMEU and the WAGTS, which was also reported in the *Sunday Times*. Frank Allen's son Mark, who was employed by the CFMEU, died on a construction site. If someone challenges the CFMEU, it will respond viciously and this Government will aid and abet the CFMEU. Last Thursday the Government gave the WAGTS 21 days to get its constitution in order or it would be deregistered. That follows the registration of its new constitution last February, which the CFMEU challenged. It took the Government three months to find a technicality on which it could base a challenge. The Government claimed the motion for members to adopt a new constitution omitted the words "special resolution". The WAGTS went through the process again. It sent out a notification that included the two words. A meeting was held three weeks ago and the new constitution was passed. The representatives from the CFMEU voted against it and one person did not attend. Frank Allen lodged the constitution with the Department of Consumer and Employment Protection the next day. Can members guess what happened next? There was another objection. This time the objection came from Department of Education and Training on the basis that the board did not give approval for the notices of special resolution to be sent. The Department of Education and Training gave the WAGTS 21 days to get its constitution in order and then objected to it when it did. The Department of Education and Training has a conflict of interest. The minutes that authorised sending out the notices have been lodged with the Department of Consumer and Employment Protection and the WAGTS hopes that the department will do the right thing.

I refer to the notice given to the WAGTS to vacate its premises. It has been reaffirmed that the WAGTS is to vacate its premises by 30 June 2003. The TAFE directors asked for an extension of one year, which the Department of Education and Training knocked back. Why? Presumably because it needs the space for a child-

care centre. Previously, the Minister for Education and Training had told Frank Allen that there would not be a problem because the premises were not classrooms. Interestingly, the director of the college is not aware that the premises are to be used as a child-care centre.

In November last year the Department of Education and Training agreed to support the WAGTS and to work with the board. Larry Davies was the Department of Education and Training officer who dealt with the WAGTS. He has since been shifted from his position. The Department of Education and Training also agreed to advance funding from February 2003 and pay it in December. I asked a question of the then minister, who confirmed that agreement. A new contractual agreement supporting that arrangement was signed on 3 December. The agreement stated that \$60 000 was to be paid in December last year and another \$60 000 was to be paid in June this year. There has been a change of minister and the Government has reneged on the agreement. Various excuses have been given for not paying the \$60 000. No meetings were held and no financial records have been given to the WAGTS, yet two ex-officio representatives from the Department of Education and Training are on the board and they have been given the financial records. Further, the cost of apprentices increased. Enterprise bargaining agreements incorporated apprentices who were given back pay for six months, and that cannot be recouped.

There is also the issue of the Baulderstone Hornibrook Pty Ltd site. Warren Anderson of Anderson Formrite Pty Ltd owes \$52 000 but has been declared bankrupt. Westswan Formwork owes \$23 000 for wages and allowances for apprentices, but it too has been declared bankrupt. Kevin Reynolds told the WAGTS that Westswan would pay Warren Anderson's debt, but only after the royal commission handed down its decision. Why? Because of threats and intimidation. John Graham of Westswan told Eddy Campbell, a field officer with the WAGTS, that Kevin Reynolds had told Westswan Formwork not to give the money to the WAGTS because the Westswan would do the work at its training centre for apprentices in Welshpool. Why? The money is not owed to the CSTC or the CFMEU; it belongs to the WAGTS.

**MR A.J. CARPENTER** (Willagee - Minister for Education and Training) [9.39 am]: I thank the member for the grievance. This case is a personal tragedy that is being publicly played out in Western Australia. What has happened is very sad. I am not talking about it being sad in a political sense, but in a personal sense. Every time this matter is exposed, the tragedy gets deeper and deeper. It is a tragedy revolving around Mr Allen, and it goes back to the death of his son when he was a Construction, Forestry, Mining and Energy Union member. It is fair to say that the relationship between Mr Allen and the union movement has now soured. I knew nothing about this before. When I became the training minister Mr Allen sought a meeting with me. I met him in Parliament House; it was a good meeting. He is a very pleasant fellow. He raised a number of issues. Some concerned the way in which the group training scheme was reconstituted. In my mind, they raise questions of its legality. Subsequent to that, an issue came to light through some of the department's notices. The member for Kingsley has not mentioned that Mr Allen received a termination payment. When the old group training scheme was de-constituted, Mr Allen sought and was granted by one person on the board, a payout of \$35 000. Three days later he was back at work in essentially the same job. Given that the State Government had given considerable amounts of money to prop up what was a collapsing scheme, for that to occur raises very serious questions in my mind about the operations of the training scheme. What is happening is very sad. I know that the member for Kingsley has a good relationship with Mr Allen. I would suggest to her to treat this matter very carefully. I do not know how this will play out; I am fearful how it will play out for Mr Allen. Investigations will eventually occur. The situation is distressing; Mr Allen is a very pleasant man. He has had a lot of tragedy in his life. I feel sorry for him.

The Western Australian Group Training Scheme employs 295 apprentices and trainees. Its financial situation is a problem. The group training scheme has been experiencing financial problems since November 2001. It has had ongoing discussions with the Department of Training regarding its financial position. Payments were brought forward because it was on the verge of collapsing through massive debt. The scheme's financial position has arisen largely due to poor financial management.

Mrs C.L. Edwardes interjected.

Mr A.J. CARPENTER: This is the essence of the problem; the member knows it.

The scheme has failed to increase its charge-out rates in line with wage increases and has allowed a significant number of outstanding debts to accrue. The debts ended up being in the vicinity of \$700 000, 25 per cent of which were long-term and potentially bad debts. Assistance was sought and money was injected. Payments were brought forward by the previous minister to try to help. Since then WAGTS has been able to negotiate with a number of its creditors to defer monthly payments.

The WAGTS was originally established as a union-run group training scheme with a constitution that specified that membership of the management committee should comprise an elected chair and vice chair, two representatives from the Construction Contractors Association of Western Australia, two representatives from

the Construction, Forestry, Mining and Energy Union, one representative from the West Australian Solid Plastering Association, one from the housing industry, and one from the Department of Training. The CFMEU is understood to have expressed concern for some time about the management abilities of Mr Allen. This is what this comes down to: the financial management of the scheme and whether Mr Allen, for all his good intent - which no-one doubts - is capable of managing the scheme. As a consequence, relations between Mr Allen and the CFMEU have become extremely tense. We must remember the connection between Mark Allen, who was killed on a construction site and whose memorial is across the road from Parliament House, and Mr Frank Allen. This is a deeply personal issue that is being played out in a public away. The tensions culminated at an annual general meeting of the WAGTS that was held on 26 November 2002. Prior to the AGM, both the chair and vice chair resigned and the AGM was chaired by an outside person. At the meeting the CFMEU representatives were ejected. It is understood that a number of new employer members had been signed up in the week prior to the AGM. Following the election of a new committee, Mr Allen tabled the new constitution for approval by members. The new constitution was approved by the members present and subsequently forwarded to the Department of Consumer and Employment Protection, not my department. At the AGM, a new chair and vice chair were appointed. The new constitution effectively limits union representation on the management committee to only one person and removes the requirement that the chair and vice chair be representative of any organisation at all. This is where the question of the legality of the new constitution arises. Is the organisation now constituted legally? It is not a technical issue. It is fundamental whether it is legally constituted. It is a pretty big technicality.

Mrs C.L. Edwardes interjected.

Mr A.J. CARPENTER: I am advising the House of information we are working on supplied by the department. It is the view of the department, confirmed by the Department of Consumer and Employment Protection, that the process did not meet the requirements under the Associations Incorporation Act, which were included in the WAGTS constitution and which specify a number of requirements.

There is also the matter of the termination payment for Mr Allen. Am I, as the custodian of the finances of the department, really expected to keep pouring money into an organisation that has deep financial problems, about which serious questions have been raised as to the management capacity of the person running it, and which is determined by the Department of Education and Training and the Department of Consumer and Employment Protection to not be legally constituted? We must bear in mind that the CEO has received a \$35 000 payout from his previous position. He has flipped over and continued in the same job. I cannot condone support for the organisation. This matter must be dealt with correctly otherwise the government approach to the training industry will be completely blown away.

The notion that I, as the Minister for Education and Training, would be involved in, or part of, some conspiracy against Mr Allen is offensive. It is not conceivable. I am not, and never will be, a prisoner of, or directed by, undue influence from any group. I will treat people fairly.