

WESTERN AUSTRALIAN GOVERNMENT'S COMMITMENT TO TRAINING

Motion

Resumed from 5 April on the following motion moved by Hon Graham Giffard -

That this house congratulates the Western Australian government for its commitment to training and condemns the Australian government for its failure to address skills shortages.

HON PETER COLLIER (North Metropolitan) [2.04 pm]: I will continue my comments on the federal government's initiatives on training. As I said at the outset, the opposition will oppose the motion. It is a shame that we will oppose it because, as I said last week, we are very supportive of reforms and initiatives for the training sector in particular. We believe that this motion is a cheap shot on the part of the government to deal with something that is essentially a very serious matter. I have recognised the state government's education and training initiatives, which I have stated on several occasions. The part of the motion to condemn the federal government is without merit, and that is why we cannot support the motion.

I will continue my comments regarding the initiatives of the federal government. Last week I referred to the Commonwealth-State Agreement for Skilling Australia's Workforce. This includes the provision of 20 000 additional places for new apprenticeship commencements and 26 000 additional training places for mature age people. That is a tremendous federal government initiative. I mentioned also the establishment of 25 Australian technical colleges in 24 regions throughout Australia, which have been provided for in the 2005-06 budget. In addition, the federal government has provided \$28.7 million for toolkits to the value of \$800 for new apprentices starting a new apprenticeship from 1 July 2005 in a trade experiencing skills needs. The federal government will implement a trade learning scholarship of \$1 000 for new apprentices undertaking trades with strong skills needs. They will receive \$500 at the end of the first year and \$500 at the end of the second year of their new apprenticeship.

Hon Barbara Scott: A very good idea.

Hon PETER COLLIER: I agree. A further 4 500 prevocational training places in trades will be provided. An additional 7 000 school-based new apprentice positions will be provided through group training organisations. Group training arrangements assist in placing new apprentices in organisations and undertake employer responsibility for the quality and continuity of the new apprentices' training employment. An additional 20 000 places in the New Apprenticeship Access program will specifically target industries in regions experiencing skills needs. The living-away-from-home allowance will be extended and will be paid to new apprentices during the third year of their new apprenticeship. That is a great initiative. The federal government will provide \$22.9 million to establish the Institute for Trade Skills Excellence, which will provide industry, as a key client of the national training system, with the capacity to identify, acknowledge, reward and promote excellence in trade skills development and training. Another federal government initiative is the National Skills Shortages Strategy. The NSSS is a partnership between the Australian government and key industry groups working to develop solutions and models to address current and future industry skills needs in areas of critical skills shortages, particularly in the traditional trades. The strategy supports innovative and strategic lead projects to research and recommend vocational technical education strategies for attracting new employees or the upskilling of existing workers. Projects include streamlined approaches for the recognition of existing workers' skills, attracting new entrants to particular industries and enhancing their career paths.

I move to the area of skilled migration. The Australian government has an ongoing policy of encouraging skilled migration, which complements the Australian government's commitment to and substantial investment in vocational and technical education for Australians. The government's increase in the skilled migration program is a responsible way to meet industry's most pressing needs by providing skills growth in short time frames, thus facilitating Australia's continued economic growth. The trade skills training visa, which was introduced on 1 November 2005, is another responsible initiative to address skills shortages in rural and regional Australia. It enables regional employers to take on full fee-paying new apprentices from overseas who meet the skill requirements and occupations identified to have a skills shortage, but only when those vacancies cannot be filled by Australians.

It does not discriminate against Australians who are seeking employment through an apprenticeship. As far as the federal government is concerned, there is also the Council of Australian Governments initiatives. On 10 February 2006, COAG reached agreement on a package of measures designed to underpin a new genuinely national approach to apprenticeships, training and skills recognition and to alleviate skills shortages. They include, firstly, a commitment to quality training through a national outcomes-based auditing model; and, secondly, a more mobile work force to help meet skills needs, with new measures to enable people with trade qualifications to move freely around Australia without undergoing additional testing and registration processes. That is vital; it has definitely been called for by the appropriate industry sector in Western Australia. The third

measure is for a more flexible and responsible training system, and includes an agreement that, by December 2006, all governments will have put in place arrangements to allow apprentices and trainees to work as qualified tradesmen and tradeswomen as soon as they have demonstrated competency to industry standards rather than having to wait a set period. I acknowledge that the state government has provided initiatives in this regard. Also, legislative, regulatory and educational barriers will be removed so that school-based new apprenticeships are available nationally as a pathway for school students when there is industry demand. Better processes will be implemented to recognise the existing skills of all people entering training through improved recognition of prior learning. The fourth measure is a targeted response to skills shortages in regions through the establishment of a regional program to improve the supply of skilled labour in industries and regions of strategic economic importance. The fifth measure is the development of new labour market data sharing arrangements to help identify and understand skills shortages. That will help identify the most pressing needs for new apprentices and skills shortages.

It is evident from the facts I have isolated here that the suggestion that the federal government is not doing anything to assist apprentices and training is nothing short of ignorant. In fact, the federal government has been extremely proactive in this regard and deserves credit for its initiatives. It has also been suggested that Western Australia has been ignored by the federal government's policies on training. This is complete garbage. Under the commonwealth-state agreement for skilling Australia's work force and its predecessor, the Australian National Training Authority Agreement, the federal government has increased its contributions to Western Australia from \$71.5 million in 1996, when the Howard government took office, to a projected figure of \$448.5 million in 2008. That is an estimated increase of \$377 million. Even the most hardened critic or political opponent must concede that these are impressive figures.

In addition, Minister Ravlich commented in the chamber last week about federal government grants for new apprentices in response to a question I asked in this place about the subsidy provided by the Building and Construction Industry Training Fund. The minister suggested that, of the federal government's \$4 000 subsidy for new apprentices, \$3 900 would be taxed, leaving only \$100 for the employer. This is a seemingly effective political line that, yet again, does not stand the test of effective scrutiny. The minister's picture about the so-called \$100 - net contribution to employers - stemming from Australian government incentives of \$4 000 does not reflect the facts. Any balanced and transparent analysis of the net value after tax to employers of the Australian government incentives must take into account the full effects of the income received as grants or subsidies, the tax incurred on that income and the effect on allowable business deductions to employers generally. According to the Australian Taxation Office, the real figure is more like \$13 000 for each new apprentice employed because the increase in tax is fully offset by the increase in allowable deductions. The Australian government has rejected the view that the tax system is an appropriate vehicle for advancing the take-up of new apprenticeships and skills-needs occupations. All employer incentives from the Australian government or state governments have been subject to normal taxation treatment for many years. As far as the Department of Education, Science and Training is aware, no state or territory has ever criticised the taxation treatment of employer incentives. Of course, the minister was well aware of that fact prior to her ill-informed comments in this chamber last week.

At the end of August 2005, she received a response to her letter to the previous Minister for Education, Science and Training, Hon Brendan Nelson, about the federal government subsidy. The contents of that letter from Hon Mal Brough, MP, differ somewhat from the political tirade she presented last week. It reads -

Dear Ms Ravlich

Thank you for your letter of 28 April 2005, originally directed to the Minister for Vocational and Technical Education, concerning the taxation of employer subsidies. I apologise for the delay in responding to you.

The assessability for income tax purposes of business related government grants and other forms of assistance reflects a long-standing feature of the tax law based on the principle that a grant increases the net wealth of a taxpayer and thus ought to be taxed. However, while grants are assessable as income in the year the grant is received, offsetting this is provision in the income tax law for associated business expenditure to be deducted. Therefore, to the extent that allowable deductions offset the amount of the assessable grant, no tax will be payable on the grant as such.

The assessability of grants and the allowance of associated deductions avoids the potential for a double benefit. If grants were exempt from income tax and the associated expenditure was allowed to be deductible the recipient would not only receive the initial value of the grant but also the value of the deductions.

I note that the taxation treatment outlined above would apply to other recipients of business related government grants.

I trust this information will be of assistance to you. I have also copied my response to the Minister for Vocational and Technical Education.

Yours sincerely

MAL BROUGH

Hon Ljiljana Ravlich: Is the federal minister feeding you information?

Hon PETER COLLIER: Absolutely not.

Hon Ljiljana Ravlich: Where did you get that letter from?

Hon PETER COLLIER: I believe that the scoreboard with regard to this is zero from 10 against the state government. The minister had her say last week, and what she said was manifestly incorrect.

Hon Ljiljana Ravlich: You already have a reputation for forgery.

Several members interjected.

The PRESIDENT: Order, Minister for Education and Training and Hon Peter Collier! It is unruly to interject, although it is possible to interject on a member who is speaking. However, if the member does not want to take the interjection, which has been made more than once, that is the end of the matter.

Point of Order

Hon GRAHAM GIFFARD: I ask the member to identify the document he just quoted from.

The PRESIDENT: Yes.

Hon Ljiljana Ravlich: The only person who got a copy in the department was me.

Hon PETER COLLIER: I did not give it to you.

The PRESIDENT: Order! The member has been asked to identify the document. If he would do so, I would appreciate it.

Hon PETER COLLIER: It is a copy of a letter sent to the minister from Mal Brough.

Hon Ljiljana Ravlich: Who is he?

Hon PETER COLLIER: He is the Minister for Revenue and Assistant Treasurer.

Hon Ljiljana Ravlich interjected.

The PRESIDENT: Order, Minister for Education and Training. Hon Peter Collier has been asked to identify a document. He has done that and he is now addressing the Chair.

Debate Resumed

Hon PETER COLLIER: I refer again to the first aspect of the motion regarding the effectiveness of the state government's policy on training and apprenticeships. I am afraid that my judgment of the government's performance has deteriorated since I made my initial comments. As previously mentioned, I am delighted that the government has taken up the coalition's initiative and progressed the implementation of competency-based apprenticeships. That is something that the coalition has been advocating for some time. It presented it as a policy during the last state election campaign. However, it is becoming quite evident that this is the extent of the government's initiatives for the reform of the training sector. That concerns me. For example, in response to a question I asked of the education minister last week about incentives for employers, the minister expressed her amazement about my understanding of the BCITF and launched into yet another predictable and theatrical tirade against the federal government while ignoring the actual question.

I stand by my original question: what does the state government intend doing to provide incentives for employers to take up apprenticeships? The government cannot hide behind the BCITF. The government does not provide one cent towards the Building and Construction Industry Training Fund contributions of employers. If the government is serious about training reform, how will it assist the foundations of the industry; that is, the employers? Too many disincentives exist for employers to take on apprentices. The government must provide some financial incentives to this sector.

In addition, what is the government doing about introducing a more realistic ratio of tradesmen to apprentices? What is the government doing to ensure that technical and further education centres across the state are adequately resourced and equipped to cope with the increase in apprentices? What is the government doing to ensure that the shortage of trained lecturers in TAFEs is overcome? What is the government doing to overcome

the special problems confronting rural tradesmen and apprentices? What is the government doing to ensure that Western Australia is marketed on the east coast as a viable lifestyle option for apprentices and potential apprentices? What is the government doing within the secondary education sector to ensure that the courses of study with a vocational education training focus provide the flexibility that currently exists? What is the government doing to encourage private providers within the industry? These are not the ramblings of an alternative political viewpoint; these are the concerns of the people most affected. As mentioned previously in my comments, these concerns are not an attempt on my part to make a cheap political point. They are the result of arduous consultation and research.

Hon Ljiljana Ravlich interjected.

Hon PETER COLLIER: They are the result of arduous consultation and research, minister. I went out into the community over and over again and listened, and I wish the minister would.

Hon Ljiljana Ravlich: I think you might have gone to Julie Bishop.

Hon PETER COLLIER: I am talking about the initiatives in the state sector, not about the federal level. If the minister had been listening, she would know that. I have moved on from there.

More importantly, these are the concerns of people at the coalface of the building, construction and trades sectors. These views are readily available. All one need do is go to the State Training Board web site at www.stb.wa.gov.au, click on "Consultation Process" under "Skills Formation Taskforce" and then go to "What People said at the Forums". I guarantee to every member of this chamber that the issues I have highlighted in this place today and previously during this debate are reflected in those opinions. Why on earth would the government go to all the trouble of establishing a task force, consult broadly with the appropriate sectors and then ignore the recommendations it received? This process is precariously close to being labelled "cosmetic", which is a real shame. The skills shortage in Western Australia is a real problem. Any substantive attempt to overcome this problem will have the complete support of the Liberal Party. If the government is doing such a good job with training and if it is prepared to make the substantial reforms that are desperately needed, it will implement the recommendations that I have isolated in this place today and last week. To this end, I am yet to be convinced that the government intends to make these desperately needed reforms.

Several members interjected.

The PRESIDENT: Order, members! Just a moment, Hon Peter Collier. I understand that Hon Barbara Scott wants to speak in the debate and Hon Graham Giffard will have the right of reply in due course. However, I ask them to be quiet for a moment and allow Hon Peter Collier to carry on with his remarks.

Hon PETER COLLIER: Thank you, Mr President. To conclude, the points that I have raised about my concerns that there has been a lack of progress with some of the recommendations of the forums and the fact that the second part of the motion is entirely without foundation mean that the opposition will oppose the motion.

Point of Order

Hon LJILJANNA RAVLICH: I understand that the member will be tabling the document.

The PRESIDENT: Is the minister asking for the document to be tabled?

Hon LJILJANNA RAVLICH: Yes. While I am on my feet, I also ask that he explain where he got that document from.

The PRESIDENT: The document has been identified. The minister has asked that the document be tabled, and the document will be tabled.

Hon BARRY HOUSE: There is a difference between requesting that a document be identified and seeking leave to have that document tabled. The speaker identified the document when the minister requested him to, and I contend that he does not have to table it.

The PRESIDENT: I invite the honourable member to read standing order 48. The document is tabled.

[See paper 1438.]

Debate Resumed

Question put and passed.