

Division 10: Training and Workforce Development, \$424 830 000 —

Mr I.C. Blayney, Chairman.

Dr K.D. Hames, Minister for Training and Workforce Development.

Dr R. Shean, Director General.

Dr R. Kelly, Acting Executive Director, Policy, Planning and Innovation.

Mr R. Brown, Executive Director, Service Resource Management.

Ms K. Ho, Executive Director, Service Delivery.

Mr G. Thompson, Executive Director, Corporate.

Mr S. Kerr, Chief Finance Officer.

Mr P. Torrisi, Director, Strategic and Executive Services.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 30 May 2014. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

Can the minister introduce his advisers please.

[Witnesses introduced.]

The CHAIRMAN: The member for Cockburn.

Mr F.M. LOGAN: I refer to the appropriation figures under the heading "Delivery of Services" on page 156, particularly the difference in appropriation between the estimated actual for 2013–14 and the 2014–15 budget. Firstly, can the minister explain the reduction in the appropriation of \$45.8 million? Secondly, when we compare the 2012 actuals on the same line with the 2016–17 forward estimate, there is a reduction of \$65.2 million. Can he explain why that has occurred?

Dr K.D. HAMES: There is a big reduction, as we can see. It is replaced further down in the columns by income. As the member knows, it is part of the change in funding program whereby the state government is moving downwards from funding 90 per cent of services to 85 per cent and then to some 80 per cent. As a result of that, there is a significant reduction in costs because it will not cost us as much to provide that service. There is a significant reduction in the amount that Treasury will give us and that is to be replaced by funding that comes from income. I will hand over to Mr Thompson, who will provide more detail.

Mr G. Thompson: The reduction in the 2013–14 estimated actual to the 2014–15 budget is an estimated \$26 million for additional fee increases. There is a \$14 million flow from the National Partnership Agreement on Skills Reform and other net adjustments of approximately \$5 million.

Mr F.M. LOGAN: Obviously, the \$26 million in fee increases and \$14 million in federal grants have been referred to us, but can the minister say that the \$45.8 million reduction in appropriation from the government will ultimately equate to the same level of income over the forthcoming financial year?

Dr K.D. HAMES: I understand that as the forward plan on fees comes into place, there will be a commensurate income with that, so the requirement for appropriation of funding from Treasury will go down by similar amounts. We are in a state of flux at the moment because numbers are still coming through for this year. I am sure we will get to that at some stage.

Mr F.M. LOGAN: On the one hand, there is a \$45 million reduction. Is the minister assuring the chamber that that \$45.8 million reduction will be made up through a combination of fees and other sources of income in that

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same financial year or will there be a disparity whereby, ultimately, the department, and hence the colleges, will face a real reduction?

Mr G. Thompson: Of the \$45 million, \$26 million will be replaced through student fees and \$14 million from funding through the commonwealth national partnership.

Ms J.M. FREEMAN: I refer to “2014–15 Procurement Savings”, the third item under the heading “Spending Changes” on page 156. Can the minister provide a breakdown of the \$11.1 million worth of savings, and are the savings part of the delivery performance agreements? I am happy for that breakdown to be provided as supplementary information.

Dr K.D. HAMES: As the member knows, the \$11 million has been imposed on us by Treasury and across all government departments as a procurement saving. That is the percentage cut we have to have moving forward. That adds up to \$11 million overall. Each of the training providers that have procurement requirements and, of course, the department itself, has to reduce their procurement to find that. I will ask Dr Shean to make more comments.

Dr R. Shean: The best breakdown I can give the member is that, of the \$11 million, the department will take \$2.2 million and the remainder—the \$8.959 million—will be spread across the colleges.

Ms J.M. FREEMAN: I did not hear the director general.

Dr R. Shean: The acoustics in here are awful.

Mr R.H. COOK: Particularly when the minister is speaking; it never makes any sense at all!

Dr R. Shean: Of the \$11.61 million, the department’s share is \$2.2 million and the colleges’ share, to be shared among the colleges, is \$8.959 million.

Ms J.M. FREEMAN: Can the minister provide a breakdown of those reduced procurements? Will those savings come from the bottom line through fewer staff, from buying less paper or from not providing books?

Dr R. Shean: From our perspective, that is exactly what we are doing. We are cutting from those areas where we believe we can manage with less.

Dr K.D. HAMES: What percentage?

Dr R. Shean: It is a 15 per cent procurement saving. Yes, in some cases that is consultancies and in some cases it is stationery. It is just looking at everything that we buy and working out whether we can manage without it.

[2.10 pm]

Ms J.M. FREEMAN: Following on from that—the minister may have already answered this—are these savings part of the delivery and performance agreements?

Dr K.D. HAMES: I think the answer is yes. The reality is that we have agreements and budgets for each of our colleges. They will have a certain amount in their budget for procurement, and they are required to make that 15 per cent saving. I guess the reality is that, at the end of the day, there is 85 per cent, so whatever that amount is is multiplied by the relevant percentage. They still have large amounts to spend on procurement. It does not mean that it will be easy. It is a difficult measure, but, as the member has heard, on that procurement line item, the department and each of those colleges have to go through and work out how they can make a 15 per cent saving.

Mr F.M. LOGAN: Last year, there was a \$5.8 million reduction in the appropriation under the title “Program Rationalisation”.

Dr K.D. HAMES: I am not sure where the member is.

Mr F.M. LOGAN: I am sorry; this is last year’s budget.

Dr K.D. HAMES: Okay.

Mr F.M. LOGAN: Last year’s budget showed that there was a \$5.8 million reduction under the title “Program Rationalisation”, and below that was a \$15.7 million reduction under the title “Public Sector Workforce Reform” in the out years. In this out year, there was expected to be a reduction of \$16.5 million. There is no reference to that reduction in this year’s budget, and it does not relate to the \$11 million in procurement savings that the minister has just referred to. Could the minister explain why?

Dr K.D. HAMES: Mr Kerr needs to answer that question, we think.

Mr S. Kerr: The spending changes table in this year’s budget reflects only the decisions of the current budget process, so that is already factored into the base appropriation we take forward for this year. That is why it is not

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referred to in this budget cycle. The voluntary separation scheme payments for 2013–14 were another one of those reforms, and that is linked to achieving that target across both the state training providers and the department.

Mr F.M. LOGAN: Further to that question, last year's budget had out-year figures in it, including this year's figure. None of it makes any sense whatsoever, given the fact that the ground rules have changed in the current budget papers. All those figures that were in last year's budget papers are meaningless and have been replaced with the figures in this one; is that correct?

Dr K.D. HAMES: Last year's budgets are always things that have been, and new budgets put the new situation as it is. The member will notice in this budget, under those spending changes, comments around 2013–14 for procurement savings and the voluntary separation scheme. But, as a new measure, this time the government has introduced this additional procurement saving; hence that is recorded in the budget.

The CHAIRMAN: I remind members that questions need to be clearly related to a page number, item program or amount within the volumes. I understand that this was a follow-on question, but this came up before lunch and I said that I did not really think we could take any questions directly related back to last year's budget because we are talking about this year's budget.

Dr G.G. JACOBS: Minister, my question relates to the fourth dot point on page 158 in and around Aboriginal workforce development. I was privileged to have a recent visit to northern Saskatchewan in Canada. The First Nation employment rates at the Cameco McArthur River mine were up to 50 per cent employment participation. What are the average participation rates in our workforce; what is our best example; and what do we do tangibly to optimise Aboriginal participation in employment?

Dr K.D. HAMES: That is a very good question. We have had discussions also in health about Indigenous employment. Recently, we have been talking about the lack of Aboriginal employment within the health system. We have very strong employment in some areas, but overall it is only about one-point-something per cent employment. Before the member became the Chairman of the Education and Health Standing Committee, I think, the committee did a study of Aboriginal employment across a whole range of areas. A huge amount of work needs to be done. We are doing two things in particular with Aboriginal employment now. We have five committees across the state that look after Aboriginal employment, but we are linking in with GenerationOne, which is the employment covenant that "Twiggy" Forrest initiated. They have been able to secure some federal funding for the training of Aboriginal people. Our job is to link those people to jobs. So, the Aboriginal workforce development units will be working with GenerationOne and the employers, which includes the Department of Health, because we signed up to that covenant to provide additional employment and to ensure that we have a smooth transition of Aboriginal people from school into the workforce. But I will hand over to Dr Shean to provide further information.

Dr R. Shean: The member has asked specifically about our own employment levels. As at November 2013, out of 529 full-time equivalents, our Aboriginal employment level was 2.8 per cent. A lot of our employment of Aboriginal people is in the section 50D positions in our Aboriginal workforce development centres. Just to follow on a little from the minister, I think the Canadian delegation to which the member referred returned to Western Australia when we had the Saskatchewan team visit us at the Aboriginal Workforce Development Centre in Perth. I am able to run through some of our statistics there. Since our operations commenced in 2010–11, we have had over 1 350 Aboriginal jobseekers who have been assisted into either employment or training linked to employment. We have also built working relationships with some 700 employers across the state with whom we have a recognised arrangement, and they are prepared to look at special work placements for us. The "Training together — working together" strategy coordinates all this. The minister has already mentioned the Aboriginal workforce development centres in Broome, Geraldton, Bunbury and Kalgoorlie, and there is the larger one in Perth. As the minister has mentioned, our Aboriginal advisory committees in each of the areas look at providing local knowledge and information. One of the issues for us is that we do not have centres in all our regions, so we have our Aboriginal training and employment program, which operates elsewhere, to do similar sorts of initiatives, if not with quite the same focus.

Mr R.H. COOK: I refer to the spending changes on page 156. In the fifth line is an item called "Adjustment to Salaries Cap". I wonder whether the minister could provide some commentary about what essentially this line item is for and, in particular, if a funding formula is linked to fees paid, why there needs to be an additional salaries cap. How and why is this money allocated?

Dr K.D. HAMES: Dr Shean will answer.

Dr R. Shean: The member may recall that in previous times we were restricted with the number of FTEs we could employ. That was obviously to keep an eye on government spending. About 12 or 18 months ago, state

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Treasury decided, instead of restricting the number of individuals we could employ, to institute a salaries cap. That is what that line refers to.

[2.20 pm]

Dr K.D. HAMES: No, it is additional funding.

Dr R. Shean: The additional funding in there, or any changes to that, would be in line with any Treasury initiatives.

Mr F.M. LOGAN: Is it an expenditure, and is it an adjustment upwards from a salary cap?

Dr K.D. HAMES: Yes.

Mr F.M. LOGAN: So who is getting the money, minister? It is not a reduction.

Dr K.D. HAMES: The answer is that it comes to us and then it is put through to the state training providers in providing services. There is a salary cap—we are allowed only a certain number of full-time equivalents—and now it is an amount, and the amount gives us an extra \$4 million. It allows us to expand marginally the total number of FTEs.

Mr F.M. LOGAN: I see.

Mr R.H. COOK: Because this is under “Spending Changes”, it has been subsequent to the previous budget in relation to salary caps; is that correct?

Dr K.D. HAMES: I notice it is in last year’s budget as well, but I presume it is changes initiated last year.

Mr G. Thompson: That adjustment reflects an additional increase in expenditure to take into account own-source revenue from the state training provider, so that does provide additional capacity to spend on salaries. It was subsequent to the previous decision on salary capping.

Dr K.D. HAMES: The question the member is asking, really, is: if there has just been a change, why is it in here and not just the normal budget, because I notice it was there last year as well?

Mr R.H. COOK: That is right. Is it a spending change or is it an ongoing budget item? This goes back to the question that the member for Cockburn asked of Mr Kerr earlier; that is all.

Dr K.D. HAMES: Mr Kerr, I am told, might be able to answer this thorny question. I think I agree with the member for Kwinana.

Mr S. Kerr: Yes, there were public sector reforms last year, and an unintended consequence, if you like, was that that captured the salaries that were funded by their own-source revenue such as student fees, commercial revenue and things like that. We were able to successfully demonstrate to Treasury that that salary cap should not have been adjusted down by those amounts equivalent to the \$4 million, and we received a correction to revise the cap back upwards.

Mr R.H. COOK: So is that a correction?

Mr S. Kerr: Yes.

Dr K.D. HAMES: I think I get it; that is why it is an estimated actual for 2013-14. It would not have been in the 2013-14 budget, so that is why it is a change.

Ms J.M. FREEMAN: I refer to the sixth, seventh and eighth line items under “Spending Changes” on page 156 of the *Budget Statements*, which relate to capped annual course fees. I note there is no money to continue the cap on fees beyond the forthcoming budget. Does that mean fee caps will not continue beyond this financial year; and, if not, why is there nothing in the out years?

Dr K.D. HAMES: That is a very good question; I will get Dr Shean to answer it.

Dr R. Shean: As the member would be aware, Future Skills WA was introduced on 1 January 2014. Although we had done comprehensive modelling, we were not too sure how the new approach to subsidy would change enrolment patterns; even now we are still just seeing initial data coming through. We have a request from the state government, through the Economic and Expenditure Reform Committee, to report back at midyear review. Once we report back at midyear review, there will be an opportunity to look at what has happened to those areas that have had caps, and if caps still need to be applied we would ask to keep those in place. But the intent was always just to provide for the first calendar year, which will take us through until the end of 2014, before we had a greater consideration of longer term introduction.

Ms J.M. FREEMAN: Will this be amended in the midyear review? Will this not be the final budget outline for this; is it expected that it will be changed at midyear review?

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Dr K.D. HAMES: The advice I have is that it will be considered at the midyear review, and determination made there as to whether or not it needs to be changed. But presumably it will—presumably the member is right—but that determination will be made at midyear review.

Ms J.M. FREEMAN: What happens if it does not get changed? What will the implications be?

Dr R. Shean: If there was no change and we felt the policy setting should remain as it was, we would go and argue for the setting as it currently stands. But as the member would appreciate, Future Skills had so many policy settings that we are currently analysing data to work out just what needs to be changed and what does not need to be changed. This is just one of many settings.

Ms J.M. FREEMAN: I do not understand that answer. If it is not changed at midyear review, is the expectation that students will pay full fees?

Dr R. Shean: There is no expectation at all at this stage. For students to continue to receive a cap, however, would require us to go back to the Economic and Expenditure Reform Committee and ask for that to be reinstated into our forward estimates.

Ms J.M. FREEMAN: If the EERC says no and there are no caps, even though the department has taken it back, at the present moment if it stays as it is in this budget, does that show that there will be full fees into the future?

Dr K.D. HAMES: The question is hypothetical, and we are dealing with the here and now and what is in the budget.

Ms J.M. FREEMAN: Yes, that is what I am asking: is it in the budget?

Dr K.D. HAMES: I understand what the member is asking, but Dr Shean has given an answer that we would push to have those caps continued. Whatever decision is made at midyear review is a decision that will be argued at midyear review, or in fact in the next budget—not this one. It is not our expectation that that will occur.

Dr G.G. JACOBS: I refer the minister to the third dot point on page 160 of the *Budget Statements*, which refers to the revitalisation of Muresk Institute. It was good to attend the awards evening for the new agribusiness course that is being run at the resurrected Muresk with your good self, Mr Chairman (Mr I.C. Blayney). I would just like to recognise Hon Jim Chown for establishing a range of awards for that course, the funding of which members contributed to.

I refer the minister to the \$4.9 million shown under “Asset Investment Program” for accommodation refurbishment at Muresk. I wondered whether the minister could itemise that work with time lines, and also describe for me—because I was not able to quite get it on the night—the business model between the Department of Training and Workforce Development and Curtin University, which runs the agribusiness course? I believe Curtin runs the course, and the Department of Training and Workforce Development is the landlord. How much did the government contribute to that process? Obviously the \$4.9 million is for asset investment and refurbishment; what about ongoing costs? How will that business model work, minister?

Dr K.D. HAMES: This government has given Muresk a very high degree of support, and the hope for the future is that we can expand the services provided out there. I have not been able to go there in the six months I have been minister, but I am hoping to go in the next couple of months. The works to the accommodation block, south power supply and office accommodation have been completed. I gather the accommodation is dormitory-style accommodation; that was the best of the accommodation that was there. It has been significantly upgraded out of royalties for regions funds. We are very happy to see that progression. As we upgrade the standard of training provided there and those students move into second years, there is a significant component of accommodation on that site that is actually single residences and those are mostly leased out. We are looking at taking those back in and providing them for the students who are there now as they move on, and then the next lot of students can come in and move into the dormitory-style accommodation. To answer the other components of the member’s question, including the linkage between Curtin University and what we do, I will hand over to Dr Shean.

[2.30 pm]

Dr R. Shean: The specific answer to the member’s question is that it is not Curtin. The member may recall that stage 1 involved the transfer of Muresk from Curtin University to the Department of Training and Workforce Development; that was in July 2012. We are doing the agribusiness work through Charles Sturt University, and in specific answer to the member’s question, that has been allocated \$2.2 million over three years. To give the member some details about where the remainder of the \$10 million we were allocated has gone, there has been a refurbishment of the three halls of residence, resulting in a total of 114 single rooms and four double rooms. I was there last week and a lot of it is completed; it is looking very well turned out. For that sort of accommodation, it is very nicely presented. Hughes Hall and the cafe have been refurbished and are now regularly used by students and community groups. The conference centre has also been refurbished, which

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includes some state-of-the-art audiovisual technology, breakout rooms and a business centre. There is now also a very, very good single-storey workshop room that is being used very widely. The member is also probably aware that the University of Western Australia's medical school is now placing its regional students there, and they are making a lot of use of those facilities. The centre has the capacity to hold 220 people and is regularly booked for conferences and workshops. We have upgraded the reception of the building meeting room; we have completed the building management system; we have converted the staff tearoom into a meeting room; we have upgraded the power supply; we have upgraded the sewerage system; we have upgraded the campus hydraulic services—if they are not yet completed, they are currently underway; we have rectified various issues to ensure occupational safety and health compliance; and, one of the things that my colleague is most happy about, we have purchased farm equipment and machinery, including the purchase of a specialised truck, which has created a lot of enthusiasm, probably for the minister also!

There are a range of other refurbishment projects to be completed by June 2015, including the refurbishment of Southern Hall, which we anticipate will commence within a couple of months and will provide accommodation for a further 28 students; the partial upgrade of Dempster Hall, which is the old homestead building; further refurbishment of Dempster Hall, including a commercial upgrade for the kitchen; refurbishment of the Settlement houses, which provide group accommodation; and refurbishment of the residential houses, which are used for conference accommodation.

It is very widespread; as the member will appreciate, each time we upgrade one thing, we need to upgrade something else, and I think there are still quite a few things we would like to do in the fullness of time.

Dr G.G. JACOBS: There was just a little bit of pushback because there are adult students, and it is a dry campus. What is the minister's view about lifting that moratorium and allowing adult students on the campus to partake of alcohol in a controlled way?

Dr K.D. HAMES: I can tell the member that if I were a student there, I would be pushing to be able to have a drink at the end of the day, but I think Dr Shean may have an alternative view!

Dr R. Shean: I do have an alternative view because I am the responsible officer, should anything go wrong with a student under the influence of alcohol. Some of them are very young indeed; some of them are not yet 18 and not of legal drinking age. I have discussed this at some length with Celia Hammond, the vice chancellor of the University of Notre Dame, and she has a very similar view. Admittedly, it is easier in Fremantle to get a drink from somewhere else, but her view is that trying to run an alcohol-serving establishment is fraught with risk when young people are involved. I have, however, had special representation on this, and I said that for special events I would be happy to consider an extraordinary arrangement; but for the most part, no. For a learning institution, in exactly the same way as for a government department, I do not support regular use of alcohol on the premises. That is a personal position; if the minister would like to influence me otherwise, I would be happy to listen!

Dr K.D. HAMES: No, as the member may well understand, I am not likely to go contrary to such a passionate point of view, so the answer is no. If they are over 18 they will have a car and they can go down to the local pub.

Mr R.H. COOK: I refer to "Spending Changes" on page 156 and the line item "Royalties for Regions Funding Adjustments". Could the minister provide us with an outline of what was reduced as a result of the reduction in funding of \$739 000 in this year's budget, with an increase of \$1 173 000 for 2014–15, and then a reduction of more than \$7.3 million in the following two out years?

Dr K.D. HAMES: I have the answer here, but I am sure Dr Shean can give the answer for me.

Dr R. Shean: The adjustments reflect the recashflowing of royalties for regions projects. There was a net reduction in regional workers' incentive payments, a movement of some \$7 million, between 2014–15 and 2017–18; and an extension of the funding for the Aboriginal workforce development centres of \$1 million in 2014–15.

Mr F.M. LOGAN: Under the same heading of "Spending Changes", I take the minister to the last line item. Firstly, why does the department have to find effectively \$2 million across the out years to collect costs from child school fees of 457 visa holders? What does that have to do with the Department of Training and Workforce Development? Secondly, could the minister advise us how many children of 457 visa holders are currently undertaking a TAFE course, and which courses they are undertaking? Thirdly, are there any 457 visa holders currently undertaking training at a WA TAFE college; and, if so, how many, and which courses?

Dr K.D. HAMES: This is for visa holders in schools. It is, I agree, an anomaly for us to be managing that; one would think it would be managed by the Department of Education, but somehow it has ended up being our responsibility. I will hand over to Dr Shean to explain why we have that, and the funding attached to it.

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Dr R. Shean: One of our service delivery responsibilities is Education and Training International, and because we have a fee collection capacity on behalf of international students, it was thought that we were the government department in the best position to collect fees, so we can use existing systems without additional costs. All policy decisions and data relating to this, however, is the responsibility of the Department of Education. Minister, I would suggest that this question needs to be directed to the Department of Education, because it will have the answers to those questions.

Mr F.M. LOGAN: Well, that might be the recommendation from this department, but the reality is that it is still a line item in the budget, so we have the right to question it. I have heard Dr Shean's explanation, but how come the Department of Training and Workforce Development has ended up with the task of collecting the money?

Dr K.D. HAMES: As was just said, it is because we had the facilities to do it. The Department of Education does not have information around visa holders and locations or the capacity to collect fees, so that is why we have been given that task.

Ms J.M. FREEMAN: Has the department been given extra resources to do that?

Dr K.D. HAMES: It is \$2 million over the forward estimates.

Ms J.M. FREEMAN: How many FTEs is that? How many extra people will the department employ to do that?

Dr K.D. HAMES: Two.

[2.40 pm]

Ms J.M. FREEMAN: Two extra people?

Dr K.D. HAMES: At \$250 000 each. Some IT costs are included in that, so two FTEs and some IT costs.

Ms J.M. FREEMAN: Is the government getting an income source from that—an administrative income—or is the government doing it all for gratis?

Dr K.D. HAMES: The income we get is, as the member sees in the line item in the budget, \$500 000 a year.

Ms J.M. FREEMAN: No, I understand that.

Dr K.D. HAMES: Treasury gets the funds that are being charged. We get paid \$500 000 a year from Treasury for doing the job.

Ms J.M. FREEMAN: Will that cover costs or will the government's costs exceed the amount it is getting; or does the Department of Training and Workforce Development get an additional amount of money for the fact that it has that intellectual property and the capacity, and it takes the risk in terms of being able to deliver that?

Dr K.D. HAMES: I do not know what the member means about risk. We have a job to do on behalf of the Department of Education and Treasury, I presume. I know that budget covers the cost of providing the service.

Mr F.M. LOGAN: I have a final question to the minister. Are any 457 visa holders currently undertaking training in TAFE? The answer can be provided by way of supplementary information.

Dr K.D. HAMES: No, we will not do it as a supplementary, because we do not know whether we can do it. I ask the member to put that question on notice, because we need to go to the colleges to see whether they have the data-collection capacity to provide that information. I do not know what great relevance it is.

Mr F.M. LOGAN: It is the government's funding.

Dr K.D. HAMES: But this is in schools, children's school fees, so that is all. This has nothing to do with the question the member is asking, which is how many 457 visa holders are in our colleges.

Mr F.M. LOGAN: I have a follow-on question to the minister. I understand what he is saying, but it goes to the point that we did not know that when we were reading the line item; it simply related to 457 visa holders. Consequently, it could have been about people going to college.

Dr K.D. HAMES: No, I understand that.

Mr F.M. LOGAN: That is why I asked the question.

Dr K.D. HAMES: The answer is no; this is just about that line item.

Mr F.M. LOGAN: I will put it by way of question on notice to the minister.

Dr K.D. HAMES: Sure.

Mr F.M. LOGAN: Ruth can get ready for it!

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Mr V.A. CATANIA: I refer to page 157 of budget paper No 2 under the heading, “Relationship to Government Goals”. The minister is aware that my electorate covers a part of the Pilbara, being Paraburdoo and Tom Price, but it also has some very hard towns to staff with its public sector. Often we see quite a lot of employment flowing from people working in government agencies to the resource sector. How are the services being delivered by the department assisting the outcomes of skilling the workforce to meet the needs of government and Western Australia?

Dr K.D. HAMES: Dr Shean.

Dr R. Shean: I have a couple of responses to this question. First, we have our own state training provider network right throughout the state; we fund 11 state training providers. We also have our own services, such as the ApprentiCentre, and I have already mentioned the four Aboriginal workforce development centres. We have ApprentiCentres in every region. I think of greater relevance to the question the member asked is our fully coordinated workforce development plans for each of the state’s nine regions, half of which are now complete and being implemented, some of which are still being developed. The purpose of these is that they aim to build, attract and retain a skilled workforce to meet local economic needs. All the regional development commissions have established local regional workforce development alliances, and they use local knowledge to determine need and then work with us across other government departments in addressing whatever that need might be.

So far, we have made pretty significant progress in the implementation of these. We have released the plans in goldfields–Esperance, wheatbelt, great southern and south west. The Pilbara plan that the member mentioned has 40 priority actions; we released that last year. Those actions target Aboriginal workforce development, supporting small business, affordable housing and childcare places. The Kimberley plan, similarly, includes 43 priority actions, and that is, once again, Aboriginal people, business opportunities, apprenticeships, traineeships and locally delivered training. During the next financial year, we anticipate releasing the Gascoyne, Peel and mid west regional plans; those three are yet to be concluded.

Dr K.D. HAMES: One of the challenges in the member’s area and further north is the huge change that we have seen from exploration and development to consolidation and production. That will mean a huge turnaround in our workforce. Part of that turnaround is for people getting into different areas of employment. We will see a huge expansion of employment, particularly in the oil and gas sector. The figures I have been given are that over the next three years an additional 2 000 to 3 000 employees will be required; hence our increase in funding for the Australian Centre for Energy Process Training to provide training in oil and gas management. That will be a huge step forward in providing more training. Also, other areas such as hospitality will see huge increases in employment. We have to look at these people working in those regions now. As we know, it is harder to get into an oil and mining job now, but those people need to be retrained and redirected; hence our \$15 million to fund the doubling in size of the ACEPT facility to cater for that sort of development. That was an excellent question!

Mr D.A. TEMPLEMAN: I refer the minister to the second dot point on page 158, “Skilling WA—A workforce development plan for Western Australia”. As the minister is aware, his predecessor closed the workforce development centre in Mandurah—the only one of the regional workforce development centres to be closed. Is his department considering the re-establishment of a workforce development centre in the Peel region; and, if not, why not?

Dr K.D. HAMES: Quite clearly I need to declare an interest in this question because my electorate is affected. Yes, as the member knows, the one that was closed was part of a Fremantle workforce development centre. The area in the member’s electorate was subcontracted by that Fremantle–Peel group to provide that service. I was disappointed to see that it had closed. Coincidentally, the member for Mandurah had the former chair or chief executive in here today for lunch. I wonder whether he is up in the gallery listening.

No, I am not happy with that closure. We are the only region in the state that does not have a workforce development centre. If people read the recent statistics looking at the unemployment rate for youth in Australia, the Peel region represented 17 per cent, which is equal to the highest, and it has been higher in the past. I remember when the Labor Party was in government, youth unemployment got up to 25 per cent at one stage, but 17 per cent is still a significant number and represents about 2 000 to 3 000 young people out of work.

As recently as yesterday, I was discussing this matter with the Minister for Regional Development. When I first became minister, I asked our department to look at the requirements for that region, because, of course, it is not just our electorates that are impacted; it covers electorates of the members for Murray–Wellington and Wagin, and out to Boddington as well. All of that area has a need, in my view, for support in assisting young people getting jobs. There are other centres that assist. The Billy Dower Youth Centre has some capacity and is a commonwealth program as well, although in my view, it is nowhere near enough.

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I have asked the department to put a business case together for me to take to the Minister for Regional Development to see whether we can reinstate this centre because we should remember he already funds all of the other regional centres.

Mr D.A. TEMPLEMAN: I reminded him yesterday.

Dr K.D. HAMES: I am not going for him specifically as the minister responsible for royalties for regions, but clearly that would be the source of funding, if we are able to get it. He funds every other workforce development centre in the region, so in my view it would be a simple expansion of his budget to reinstate one more centre for the Peel region.

[2.50 pm]

Mr F.M. LOGAN: I refer to the fourth dot point in “Significant Issues Impacting the Agency” on page 157 of budget paper No 2 about the revised student fees implemented under Future Skills WA. Can the minister inform the committee of the percentage increase in course fees likely in January of the forthcoming financial year—especially as the final expected student fee contribution has already been determined by the minister’s predecessor and, again, as the minister said in his opening remarks, will climb to 17 per cent of the total cost of delivery of the service? We know where the end point is, but what can students expect in January next year?

Dr K.D. HAMES: I will go through the proposed forward plan for the changes in contributions in that sector in order. For the current year of 2014, the state government funds 70 per cent of diplomas and above, and there is 30 per cent from students. The student contribution is 12.5 per cent for apprenticeships and traineeships, which means that the state funds 85 per cent; 12.5 per cent for priority industry training; 17.5 per cent for general industry training, so the state government still funds 82.5 per cent; and the government funds 99 per cent for foundation skills. I go through those changes for the future. Diplomas and above will stay at 30 per cent in the forward estimates, because now that we have reached that level, we will continue to fund 70 per cent of those costs. It is proposed that the contribution from students for apprenticeships and traineeships will build from 12.5 per cent, as it is now—a 2.5 per cent increase from last year—by a further 2.5 per cent the following year in 2015 to 15 per cent, a further 2.5 per cent in 2016, and a further 2.5 per cent in 2017. The state government will then fund apprenticeships and traineeships at 80 per cent by 2017, instead of the 90 per cent it currently funds, and the student will fund 20 per cent instead of 10 per cent. We must, of course, remember that there is now a HECS-equivalent loan available and a significant proportion of those funds are, in fact, paid by the employer.

I will do priority industry training from beginning to end to make it easier, but again, it is 2.5 per cent growth. For priority industry training, it again goes from 12.5 per cent now to 20 per cent by 2017. General industry training now starts at 17.5 per cent and builds to 25 per cent. The government will fund 75 per cent of the cost of that area, and 25 per cent will be funded by the people undertaking the course.

That is the proposed direction. I have to say that that is not locked in concrete because we will look at total numbers of enrolments and at areas of strength and weaknesses; for example, wherever we already are with diplomas above that fixed spot, and providing those numbers stay up, then we do not need to do anything with that. For apprenticeships and traineeships, again we need to see how that goes. There may be some areas in which there is a drop-off in enrolments, in an area we think is particularly important to have students, so we may need to look at how we rollout those changes moving forward and whether we believe people have the capacity to do that. There are two ways to address that. The first is to look at changing our path with Treasury into the future. The second is to see what funding capacity we have with changing enrolments to use funds released through reduced enrolment to put into particular areas where we think we need extra work to get people to enrol.

Ms J.M. FREEMAN: I refer to the second dot point on page 158 —

Dr K.D. HAMES: I cannot hear the member.

Ms J.M. FREEMAN: I am sorry. Page 158, second dot point —

Dr K.D. HAMES: The member does not need to yell.

Ms J.M. FREEMAN: I am not yelling; I am using my big voice.

Mr R.H. COOK: Remember that the minister is about to retire, member.

Dr K.D. HAMES: From one extreme to the other.

Ms J.M. FREEMAN: I am using my big voice. I use the big voice because I have a childcare background.

I note that the department is revising Skilling WA. Can the minister advise whether this is as a result of the announcement on 15 October 2013 by the former Minister for Training and Workforce Development of the

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independent review of Western Australia's vocational education and training sector? If not, can the minister advise where this review has got to, given that there is no mention of it in the budget papers?

Dr K.D. HAMES: The review has just completed its passage through the draft stage, and my understanding is that it will be available in the very near future for public release. Dr Shean might have some additional comments.

Dr R. Shean: My only comment is that the revision of Skilling WA is because the document was released in December 2010 and we felt that after two years as a significant policy initiative it needed revision. It is completely unrelated.

Dr K.D. HAMES: There you go—two answers in one.

Ms J.M. FREEMAN: Is a document about to be released?

Dr K.D. HAMES: Yes, there is. That does not relate to this. The member had two components to her question. One was that revision that is currently underway and to be released in the near future. It does not relate to this particular item or the first part of the question that the member asked.

Mr R.H. COOK: My question relates to the “Outcomes and Key Effectiveness Indicators” table on page 158 of budget paper No 2. Minister, I notice that there was a drop in the apprenticeship and traineeship training rate of 0.2 per cent from the 2013–14 budgeted amount and the estimated actual compared to 2012–13, and a target of only 3.2 per cent, which is 0.1 per cent higher than was achieved this year. As a member of an electorate that has a lot of young people relying on a healthy stream of apprenticeships, particularly along the Kwinana industrial strip, why is there such a low trajectory of apprenticeship and traineeship rates? Does the minister anticipate the rate increasing in future?

Dr K.D. HAMES: I thank the member. We had some discussion through the member for Cockburn recently about total training rates and what happened before. In fact, for the member for Cockburn's information, I did some exploration of his comments and had the department do a complete review of his statement to the house.

Mr F.M. LOGAN: That is good.

Dr K.D. HAMES: We talked about why apprenticeship rates were higher in the past and during the boom when lots of workers were putting on apprentices, and how subsequent to the global financial crisis we had a collapse in apprenticeship rates. My aim as minister is, once again, to grow those. Regarding these specific figures, I think the member will see that the figure of 3.1 per cent reflects the fact that the economy has not surged forward, particularly in terms of the number of apprenticeships, but I will ask Dr Shean to answer the specifics of the question.

Dr R. Shean: Further down page 158 is an “Explanation of Significant Movements”, which gives some detail. I point out that this is a percentage of the proportion of the labour force in Western Australia that is in training in either an apprenticeship or a traineeship. The vast proportion of the labour force is actually working, and that is why this figure is not just a proportion of young people training who are in apprenticeships. It needs to be put into context. The other point made here is that the reduction in the training rate compared to the actual is due in part to the spike in trainee numbers for the 2012–13 period brought about by a change in commonwealth government incentives for existing workers. Be careful when reading this overall, as the denominator is in fact the total labour force.

[3.00 pm]

Mr F.M. LOGAN: That is correct, but it does not explain the apprenticeship and traineeship completion rates dropping as well. Given that it has dropped from a budget of 62 per cent to an estimated actual in the current financial year of 59 per cent, the target is being set lower than that of the budget.

The CHAIRMAN: Members, I am afraid we have come to the end of this division. We have been dealing with division 10.

Mr F.M. LOGAN: I will ask later on.

The appropriation was recommended.