

Mr Fran Logan; Mr Terry Redman; Ms Mia Davies; Mr David Templeman; Mr Ian Blayney; Ms Lisa Baker; Mr
Dave Kelly

Division 41: Training and Workforce Development, \$465 927 000 —

Mr P. Abetz, Chairman.

Mr D.T. Redman, Minister for Training and Workforce Development.

Dr R. Shean, Director General.

Mr G. Thompson, Executive Director, Corporate.

Mr S. Walker, Executive Director, Policy Planning and Innovation.

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

Ms S. Lapham, Executive Director, Service Delivery.

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

Mr A.D. Kerr, Chief Finance Officer.

Miss J. Bevan, Principal Policy Officer.

[Witnesses introduced.]

The CHAIRMAN: The first question will be from the member for Cockburn.

Mr F.M. LOGAN: I refer to the first table on page 505 of the *Budget Statements*, “Appropriations, Expenses and Cash Assets”, and the first line item on the net amount appropriated to deliver services. I also refer to the table at the bottom of the page, “Spending Changes”. If we look at those figures, there appears to be total cuts of between \$22 million and \$26 million between the last financial year and the current financial year. On the appropriations table and the spending changes table—

Mr D.T. REDMAN: Is the member looking at the delivery of services and the 2012–13 estimated actual against the 2013–14 budget estimate?

Mr F.M. LOGAN: Yes. If we add up the negatives in the appropriations table and then in the spending changes table, there seems to be a total cut made between the estimated actual and the budget estimate for the current financial year of between \$22 million and \$26 million. Which training services will be affected by this reduction in expenditure?

Mr D.T. REDMAN: I will target a response to the members’ question by saying the difference between the 2012–13 estimated actual of \$470.5 million and the 2013–14 budget estimate of \$456.3 million is a decrease of \$14.2 million.

[11.30 am]

Mr F.M. LOGAN: That is the appropriated amount. Looking in conjunction with the total of the reductions in the table under “Spending Changes” at the bottom of the page, there is a total of between \$22 million and \$26 million, between an estimated actual of 2013 and the budget estimate. Could the minister advise which training services will be affected by that reduction?

Mr D.T. REDMAN: The heading there —

Mr F.M. LOGAN: There is a series of different headings for the cuts.

Mr D.T. REDMAN: Let me have a go at responding. The member can tell me if I have got to where he wants to be. On the first point about the difference between the estimated actual in 2013 and the budget for 2013–14, there is a \$14.2 million drop. The drop in the amount of \$15.7 million is because of public sector workforce reform, which is under “Spending Changes”. There is program rationalisation of \$5.8 million; private training provider additional training delivery of \$17.3 million, which is offset by the vocational education and training reform/entitlement model of \$22.8 million; and other minor funding adjustments of \$1.8 million. Those are the reasons for a shift in the estimated actual in 2013 to the budget figures in 2013–14, and some of these have been highlighted under “Spending Changes”. “Spending Changes” refers to something that is new to this budget; it does not refer to something that might have been in a previous budget that will impact on these figures. This is an important question that I asked when I was briefed on the budget papers. Spending changes, by definition, are new things brought to this budget because of changes in policy position or savings or whatever it might be. There may well be budget decisions in previous budgets that are in the forward estimates that are not considered to be spending changes simply because they have already been budgeted for. Have I given the member clarity on that?

Mr F.M. LOGAN: No, not really.

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Mr D.T. REDMAN: Can the member please be specific?

Mr F.M. LOGAN: I thought I was being specific. I was just asking a fairly straightforward question about which training services will be affected. I will put it this way: under “Spending Changes” the minister has highlighted public sector workforce reform as part of the reductions the government has highlighted, and that relates to FTE numbers, and then above that is “Program Rationalisation”. Could the minister provide a list of all programs, whether state or privately delivered, that will be affected by those substantial cuts? The minister can provide this by way of supplementary information if he cannot answer it right now because it may go into detail that only the department has.

Mr D.T. REDMAN: We have identified spending changes here. I can respond to any one of those points. The member has just brought up public sector workforce reforms and I am sure he knows my response here, which is the response I gave to questions about the Department of Water —

Mr F.M. LOGAN: I am not asking about those.

Mr D.T. REDMAN: The member is asking me about the impact of budget changes on training in Western Australia.

Mr F.M. LOGAN: Training services.

Mr D.T. REDMAN: Yes, training services. Bear in mind that the model of training delivery in Western Australia is managed by the Department of Training and Workforce Development with 500-odd staff, which plays a service support role and manages procurement of training into the training sector to provide those services. The large bulk of those services are provided by state training providers; that is, institutes such as the Great Southern Institute of Technology, the South West Institute of Technology and the like. About 20 per cent of services are provided by the private service sector. There are presently about 144 000 subsidised training places in Western Australia, and there will be some impact from the budget estimates that will reduce that by 6 000 over the forward estimates period—from 144 000 to 138 000 subsidised training places in Western Australia. The complexity of the question that the member asked is reflected in the introduction of the entitlement model, a reform to which Western Australia is a signatory and which will effectively have the resourcing of training going with the student. It will be a market-driven model that, whichever institution a student walks into, will be the institution that gets the resources to give training.

Mr F.M. LOGAN: I am aware of that, minister. That is not what I am asking.

Mr D.T. REDMAN: The “Public Sector Workforce Reform” figure refers to all the state training providers and the Department of Training and Workforce Development meeting the required salary caps that have been imposed on all agencies and organisations.

Mr F.M. LOGAN: But what about the figure above it?

Mr D.T. REDMAN: Pardon?

Mr F.M. LOGAN: But what about the figure in the line item above the one I was asking the minister about?

Mr D.T. REDMAN: “Program Rationalisation”?

Mr F.M. LOGAN: Correct.

Mr D.T. REDMAN: The member’s question is: what comes under “Program Rationalisation”?

Mr F.M. LOGAN: Which training services, if any, will be reduced as a result of that line item?

Mr D.T. REDMAN: I am going to go through some of the programs that are under the “Program Rationalisation” heading and the member can see the impact it will have on the forward estimates.

Mr F.M. LOGAN: The minister can provide the answer by supplementary information, if it is too long.

Mr D.T. REDMAN: Bear in mind that there is still work to be done in some of these areas; one is the knowledge of people in some of those organisations and the impacts of it. There will be the abolition of 16 full-time equivalent positions in the Department of Training and Workforce Development. There will also be a reduction in the equity development innovation grants program and four workforce development centres will be closed. Those are services contracted to the Department of Training and Workforce Development. This is a very unfortunate decision but, sadly, a consequence of meeting the budget challenges. I recently made some comments in the media regarding this. This is probably the biggest financial impact. Some \$360 000 that goes into group training resources will stop. Industry training councils have \$150 000 in research grants that will stop. A grants program that falls within the Aboriginal workforce development centres will stop. There are some others but the ones I have given are the ones that will offer up the lion’s share of resourcing that is booked as a saving in this budget. The 2013–14 impact of that amounts to \$5.842 million.

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Mr F.M. LOGAN: I thank the minister for that information. Further to that question, the 16 positions the minister talked about fall into that category as opposed to the “Public Sector Workforce Reform” of \$15.7 million that is below it.

Mr D.T. REDMAN: Yes. When I requested that the Department of Training and Workforce Development look at programs and at what the department could do across its organisation to support the budget process, we were able to identify the 16 FTE positions that will go as a consequence of trying to meet the budget challenge. I make no apology for trying to book those savings. I think the Department of Training and Workforce Development has done a very good job in trying to make its commitment to meet the broader budget challenge.

[11.40 am]

Mr F.M. LOGAN: On that point, is the amount for public sector workforce reform of \$15.7 million primarily wage freezes?

Mr D.T. REDMAN: That is a cap on —

Mr F.M. LOGAN: A cap on employment?

Mr D.T. REDMAN: That is a cap on salaries across all state training providers, as well as the Department of Training and Workforce Development. There is a cap on salaries across the board. Bear in mind that the cap on salaries has a 2.5 per cent CPI glide plane, and the voluntary severance program is the strategy for ensuring that we work within that cap —

Mr F.M. LOGAN: And voluntary redundancies.

Mr D.T. REDMAN: Voluntary redundancy and voluntary severance, yes. That is the strategy for ensuring that we work within that cap.

Ms M.J. DAVIES: I refer to the heading “Significant Issues Impacting the Agency” on page 506 of the *Budget Statements*. The minister has already launched the wheatbelt regional workforce plan. I am interested in what progress has been made to develop WA’s regional workforce to meet some of the ongoing challenges regarding the availability of suitable skills and labour.

Mr D.T. REDMAN: I thank the member for Central Wheatbelt for the question. A number of regional workforce development plans have been launched, including for goldfields–Esperance; the wheatbelt, as the member is well aware; the great southern; the south west; and the Pilbara region. The regional workforce development plans endeavour to bring on industry partners and what we call the alliance partners to inform us about the challenges in their regions to meet workforce skill needs going forward. What is really interesting is that it brings to the table emerging localised issues. I will give one stark example. It was one that was clearly identified in the Pilbara region. Our challenge, and Dr Ruth Shean’s challenge, is to put in place strategies that deploy government resources to provide Western Australia with a properly skilled workforce. The barrier in the Pilbara region was not the lack of resources deployed in training, or no subsidised training programs or courses, it was housing. In such areas they are saying that housing was the limitation. That is a very blatant example, but in all the other regional workforce development plans, which were done in conjunction with industries in those areas, we identified the specific issues that were seen as barriers. It meant that those charged with the task of actioning the priority recommendations made were not just officers from the Department of Training and Workforce Development; they might have been from industry itself, from the Department of Housing, from the Department of Regional Development, or they might have been from a range of other agencies that have a direct impact on the ability of employers and industries to get the skilled workforce they particularly need. That was a very strong engagement. The engagement does not stop. Just because those plans have been launched does not mean the alliance stops. It is their job to monitor progress. I see it as a dynamic process. They should be regularly informing us about the barriers to getting the skilled workforce they require.

In the last year or so there has been a significant shift in workforce behaviour in Western Australia. The resources sector is moving from construction to production. That means there is significantly less demand on employees directly related to that sector. It means different skills sets are required in the construction versus production sectors. It means that we have seen some migration back to traditional areas. We would like to see building and construction gathering a head of steam in Western Australia to offset some of the changes in the resources sector. Of course that will mean that skills sets will change. The dynamic nature of those regional workforce development plans is really important. It brings along the local issues. It means we can respond to the needs such that when we make the big decisions around the cabinet table, we deploy the resources in areas that make a difference.

Dr G.G. JACOBS: I refer the minister to the asset investment program on page 509 of the *Budget Statements*. Forgive me if this is a very local question. I have written to the minister—I thank him for his response—about

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ageing infrastructure at the Goldfields Institute of Technology's Esperance campus. I refer to the first paragraph commencing, "Construction on the following projects" and the third paragraph, which reads —

The Royalties for Regions ... Program has provided significant funding to improve and expand training infrastructure at major regional State Training Provider campuses ...

Is there any funding for the Esperance campus in my electorate in the immediate future? As the minister would know, a lot of our training programs are provided in what I consider to be donga-type accommodation. I am hoping that there is some funding in there somewhere to upgrade our Esperance campus of the Goldfields Institute of Technology.

Mr D.T. REDMAN: I thank the member for Eyre for the question. I am very aware of the Esperance campus of the Goldfields Institute of Technology. In fact I did my last two years of schooling at Esperance Senior High School, so I am very familiar with that patch. The TAFE bit was only just starting up next door at that time. I have had a number of representations around that. Unfortunately, member, there is no money in this budget around that. However, it has been highlighted to me. I have seen pictures of that site in recent times; I have not been to it. It is my intention to visit it at some stage, as I will do a number of regional locations. I have already been to a number of campuses around the state. As time goes on, I will try to get to all sites. Work has clearly been done by the Department of Training and Workforce Development around asset investment and trying to prioritise it. A number of regional facilities have some royalties for regions support under skills training initiatives. I might get a chance later to talk about that in a bit more depth. Unfortunately, there is nothing specifically for that project. I take on board the needs down there. We have to understand that unless we have reasonable facilities up to an industry standard, that in itself will deter participation in training in some of these regional communities. I certainly take it on board as one of my objectives, particularly in more isolated areas where access to some of the bigger institutions in Perth is not possible. If we can deal with the facilities in some regional areas, we will actually stimulate participation in training, particularly with some of the more under-represented groups in our community, to get a positive shift in workforce participation.

Mr D.A. TEMPLEMAN: I refer to "Spending Changes" on page 505 and the minister's earlier comment about workforce development centres under the line item "Program Rationalisation". I declare an interest in this matter. I understand the minister is rationalising the workforce development centres in the metropolitan area but continuing them in the regions. Is the minister aware that that rationalisation now includes the termination of a workforce development centre in Peel and in Mandurah, which is a regional centre in the Peel region? I declare an interest; I am on the board of Community Solutions Inc, which oversees the current contract. Firstly, is the minister aware of the anomaly that this centre is located in the Peel region? Secondly, given our high levels of unemployment, trade training deficiencies and the very high number of unemployed young people in desperate need of workplace training and workforce development, will the minister correct this anomaly so that the Peel region continues to have a workforce development centre in place; and, if not, why is the minister, by that anomaly, discriminating against one of the regions of Western Australia—the Peel region?

[11.50 am]

Mr D.T. REDMAN: I thank the member for the question. One of the unfortunate consequences of the budget challenge is that we have had to look at whatever we can across the budget to try to meet the broader budget aggregate figures. No-one needs to be told about the challenge of doing that. In the expenditure for the agency, including program expenditure, one of the areas identified was the workforce development centres. As the member knows, I think there was a total of about six in the city. They were contracted to achieve those services. Of the six, four will close. East Perth and Mirrabooka will remain open, plus in Murray Street there is the career centre and an Aboriginal workforce development centre alongside it. We have maintained services to the regional workforce development centres. One of the centres that closed down operated out of Fremantle. The member is quite right; it includes Fremantle, Mandurah and, broadly, Peel. I think there were four campuses from that particular service. They did some fantastic work. I think the workforce development centres as a whole did a good job. One of the reasons we have highlighted the city centres to close and not those in the regions is that the region does not have many alternatives. In the city there are two operating workforce development centres plus the career centre and the Aboriginal workforce development centre. Sadly, this is a consequence of the budget process. I cannot say it will not have an impact; it will, but the options for people to access those services in the city are far greater than they are for people in regional Western Australia.

Mr D.A. TEMPLEMAN: I reiterate that the workforce development centre serviced the Peel region of which Mandurah is only part. The other four local government authorities include the Shire of Murray, the Shire of Waroona, the Shire of Boddington and the Shire of Serpentine–Jarrahdale. Is the minister saying he will not look at this as an anomaly and reinstate it? Will he allow that to close given our very high youth unemployment? The Peel region continues to be one of the highest regions of unemployment across all demographics, particularly the

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young demographic. I cannot understand why he is closing that when the need is absolutely apparent in the region and is known in nearly every indicator throughout Western Australia. The Peel is a priority because of the nature of our demographic and the problem with unemployment and the low training base. I am pleading with the minister to reconsider the anomaly. He is saying to me that they will be catered for because they are close to the city. I am saying to the minister that the need should be delivered locally, and that the training centre in Mandurah services the wider Peel region and those shires I have mentioned.

Mr D.T. REDMAN: I thank the member for the follow-up to that question. I would have thought the member could equally drive an argument for somewhere like Midland, which is an area of higher than average unemployment, but it is one of the centres we have chosen to close. There is an Aboriginal workforce development centre in Bunbury as well as an ApprentiCentre, so there are other support services.

Mr D.A. TEMPLEMAN: They are 100 kays away.

Mr D.T. REDMAN: I am advised by my adviser that the Peel Development Commission is doing a little bit of work with training around servicing the Peel area and looking at options. We have made the decision that on a statewide basis the workforce development centres play a key role. We have looked at what we can do to help book some savings by reducing the level of service. And that is a reality; it is reducing the level of service, but those that are closer to the city have a far greater opportunity to access those services than do some in the regions. I take on board the member's point about the Peel region and the challenges there. However, we have had to work very hard to book savings through agencies to meet budget challenges and, unfortunately, four workforce development centres, one of which operates out of Fremantle, have been impacted on.

Mr D.A. TEMPLEMAN: It costs only \$170 000 a year. It is a real blow to us down there, I can tell the minister.

Mr I.C. BLAYNEY: I refer to "Significant Issues Impacting the Agency" on page 506 of budget paper No 2. How is the government addressing the skills shortage in practical terms?

Mr D.A. TEMPLEMAN: They are closing down the Peel centre, that is how they are doing it.

The CHAIRMAN: Member!

Mr D.T. REDMAN: I thank the member for the question. We are operating in a very dynamic market in Western Australia. Of course, there have been some shifts in some of that market in recent times. I reflected earlier on the impact of the resources sector and changes in behaviour and said, maybe slightly optimistically, that we hope the housing sector will replace some of that economic growth and be one of the economic drivers in the state. One thing in place that is obviously a very strong apprenticeship and traineeship process in Western Australia is what we call the ApprentiCentre. The state government supports apprentices and trainees and other stakeholders through the ApprentiCentre, which provides a range of support in services online and face-to-face as well as by phone. In 2012–13 the monthly average was 3 794 calls, with most queries relating to completion, certification and other training contract information, in addition to a total of 18 000 employer visits conducted to provide support for employers, apprentices and trainees. That is a very practical example of services provided to apprentices and trainees that largely operate in the workplace. Given the changing dynamic of industry, some of those industries are finding it more challenging to keep on apprentices. The ApprentiCentre can offer services to try to keep them in their training pathway to ensure we do not lose them from the system. Also, as part of our Skilling WA strategy, there is the career centre in Murray Street, which is worth visiting, where there are two centres. If anyone walked past it they would not know it was there. It is well supported by young people, particularly those seeking advice around career pathways. As we should have in the modern era, we have multiple communication fronts for that: face-to-face as well as telephone, email and web chats. Social media is being utilised. In the last financial year, more than 640 000 people contacted that career centre for career assistance. Whilst the story around workforce development centres in four of the city locations is not good, advice through the career centre is something that is well supported and, hopefully, will pick up any shortfalls that may eventuate around people seeking career advice.

Jobs growth also remains reasonably strong in Western Australia. Skilled migration is critical as part of that, particularly for vacancies that cannot be filled by local workers. The state government highlights the fact that in supporting a skilled migration strategy over and above positions we can fill with local workers, the State Migration Plan 2012–13 and the department's Skilled Migration WA branch processed 5 314 applications for state sponsorship, which resulted in 4 442 nominations under the state skilled migration strategy.

The CHAIRMAN: Minister, given the time can you wrap it up fairly quickly, please?

Mr D.T. REDMAN: Yes, I can.

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Also during 2012–13, under the regional sponsored migration scheme, the Department of Training and Workforce Development became a regional certifying body for all regions in Western Australia, except for goldfields–Esperance, and is playing a very direct role in supporting skilled migration to ensure we have a strong workforce going forward that can support growth and development for all Western Australia.

[12 noon]

Mr F.M. LOGAN: I take the minister to the table dealing with the outcomes and key effectiveness indicators for apprentices and trainees on page 507. In particular, I refer to the apprenticeship and traineeship completion rate. Is it true that state-owned training colleges have reduced training hours for apprentices from 864 to 700 and delivery of training from eight hours a day to seven hours a day? For example, in the case of Challenger Institute of Technology, it is 6.5 hours a day. If my claim is correct, does it not follow that those key indicators that I have just referred to about completion rates will be dramatically affected, given that many apprentices struggle with their studies at the moment under the existing contact hours?

Mr D.T. REDMAN: I seek clarification of the question. If the member is talking about apprentices and trainees —

Mr F.M. LOGAN: I am talking about the completion rate key performance indicators in the third line item under “Outcomes and Key Effectiveness Indicators” on page 507. There is a proposed reduction of delivery of training hours from 864 to 700, and in contact hours from eight to seven hours a day. At Challenger Institute of Technology, it is 6.5 hours a day. If that is correct and that is how it will be within the state training providers, will that KPI be dramatically affected, given that many apprentices struggle to complete their studies under the existing contact hours?

[Mr N.W. Morton took the chair.]

Mr D.T. REDMAN: The reason I asked for clarity is because I am a little confused about the question. I will say why and the member can clarify it if he thinks I have it wrong. Apprentices and trainees are largely in the workplace. They are training on the job. Hence, all their activities are on the job. They have a bond to either the employer or a group trainer. Therefore, as they progress through their training as an apprentice or trainee —

Mr F.M. LOGAN: They go to college.

Mr D.T. REDMAN: There is some off-the-job training. I am not aware of any reduction in hours that relates to apprentices and trainees, given that they are engaged in training.

Mr F.M. LOGAN: Having been an apprentice, I know how the apprenticeship system works.

Mr D.T. REDMAN: I am asking the member to give some clarity to his question.

Mr F.M. LOGAN: The line item is about performance indicators for apprentices. In the TAFE colleges, proposals have been put forward to the department’s employees that there will be a reduction in contact hours— from 864 to 700—and in face-to-face learning from eight hours a day to seven hours a day. For Challenger Institute of Technology, it is 6.5 hours a day. Given that apprentices struggle with their studies off the job at the moment, will that have an impact on KPIs? If what I am suggesting is not correct, the minister should just say that none of that is correct and there is no reduction in those training hours.

Mr D.T. REDMAN: I will ask Simon to respond to the question. I assume we are talking about the off-the-job component —

Mr F.M. LOGAN: Of course.

Mr D.T. REDMAN: It happens with state training providers and it also happens with group trainers.

Mr F.M. LOGAN: I am dealing with state-owned providers.

Mr D.T. REDMAN: I assume it also happens with private registered training organisations that —

Mr F.M. LOGAN: I do not know about them. I am not asking about them.

Mr D.T. REDMAN: We are also talking about competency-based training, which does not necessarily relate to hours.

Mr F.M. LOGAN: I know about competency-based training; I am talking about face-to-face hours.

Mr D.T. REDMAN: The member’s question is an industrial one.

Mr S. Walker: Perhaps I could answer in a couple of themes. The member talks about the completion rates. One overarching comment is that the completion rates for apprentices in Western Australia are well above the national average to begin with. In terms of the nominal hours of off-the-job training, all training programs have a

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set number of hours and it is nominal under a competency-based training scheme, which we fund providers for and for which fees are charged et cetera. There are certainly no systemic changes to those nominal hours that I am aware of. Whatever those nominal hours are for each qualification at the moment, there is no attempt to change them. In terms of the provider, being a competency-based system at any one time for any one cohort, there may be slight differences in those nominal hours because they are just nominal but I am not aware of any systemic change through any state training provider to pull those nominal hours down.

Mr D.T. REDMAN: I will just add to the response. I said, which the member seemed to be aware of anyway, that in moving to the entitlement model, we are moving to the model whereby trainees—

Mr F.M. LOGAN: That is not the issue. We will come back to entitlement models. The 864 nominal hours, which has gone up by another amount because there is a new national module that will be required to be completed, has gone up again. Is it correct or not that lecturers within state-owned training colleges will be expected to deliver those nominal hours in a shorter period? Their face-to-face contact hours are fewer than the eight hours; is it being reduced to seven a day?

Mr D.T. REDMAN: I am not aware of any systemic push to do what the member is saying.

The CHAIRMAN: Members, I draw your attention to the fact that we are into our final hour for this session. We are yet to vote on division 41. We still have divisions 61 and 62 to go. I ask that members be conscious of the time.

Ms L.L. BAKER: I would like to ask a question about the same table on page 507. I refer to the 62 per cent target for apprenticeship and traineeship completion rates. Could the minister please give me a breakdown of that 62 per cent; that is, who would be apprentices and who would be trainees?

Mr D.T. REDMAN: I thank the member for the question and welcome her to budget estimates. Simon might be able to expand on this but, clearly, we want to see improvement in the completion rates of apprenticeships and traineeships over time. There are a range of reasons why that changes. We only need a change in the marketplace where an employer is not in a position to maintain payment of an apprentice or in some cases apprentices drop out because they did not enjoy the job or whatever it might be. There is a difference in the completion rates for different sectors, which is really interesting. The electrical industry is an example, by virtue of the level of pastoral care that it puts into its employees with mentoring and a range of processes. It is a very organised and dynamic industry. I have met with a couple of groups in the electrical space. They have a very high completion rate.

Ms L.L. BAKER: I think the plumbers and gasfitters do too.

Mr D.T. REDMAN: Yes. As the member would appreciate, a couple of industries are very motivated to getting good outcomes and strong support from their prospective employers, and also put the effort in and probably a few dollars in some cases as well. Other areas are challenging. It remains our challenge to get that up across the board. I will let Simon comment on the aggregate figure that we are showing here. It is a good outcome for the state if we can keep people in an apprenticeship rather than trying to find a new one, which is the premise of what the member is saying.

Mr S. Walker: I do not have that information at hand. We can certainly give it to the member. The figures are not dissimilar.

Ms L.L. BAKER: Is it about 31 per cent each of that figure?

Mr S. Walker: No; each of them is around 60 per cent. There is a small difference but I am not entirely sure what it is.

Ms L.L. BAKER: Would that be further information you are prepared to provide?

Mr S. Walker: Yes.

Mr D.T. REDMAN: Can we get clarity of exactly what that is?

Mr S. Walker: The member wants the component completion rates of trainees and the component completion rates for apprentices.

[12.10 pm]

Ms L.L. BAKER: Yes, which make up that 62 per cent target.

The CHAIRMAN: Minister, do you agree to provide that supplementary information?

Mr D.T. REDMAN: Yes. In addition to the member's question, another point worth noting is that there is an improved methodology for calculating this completion rate that is more accurate, which of course raises the

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completion rate indicator slightly. We want improved methodologies because we want to improve our assessment of things, and that raises the response. Therefore, that is probably an artificial lift that we need to account for.

[Supplementary Information No B6.]

Mr D.J. KELLY: I refer to page 506 of the *Budget Statements* and the last dot point under “Significant Issues Impacting the Agency”, which specifically refers to the government’s attempts to close the gap in Indigenous employment opportunities. How does the government’s sentiments in that dot point marry with the quite significant cuts that have been made to private training providers listed on page 511, given that many of them provide equity-based training to groups such as Indigenous citizens? On one hand the government says that it wants to close that gap, but, given the quite significant cuts to private training providers, on the other hand the government seems to be acting quite contrary to what it says it is trying to do.

Mr D.T. REDMAN: I thank the member for Bassendean for the question. I will point out something that I think is important and will assist the member in the premise of his question. The member used the figures on page 511 to show that the difference between the estimated actual for 2012–13 and the budget estimate for 2013–14 is a drop in resource, and he made the judgement that the grants to private training providers are reducing over the forward estimates. The reason those figures are like that is that they are a notional allocation going forward. I will give the member an appreciation for how that happens.

Mr D.J. KELLY: Briefly!

Mr D.T. REDMAN: Yes, briefly. The Department of Training and Workforce Development has the resource to procure training; something like \$750 million sits with the department and it then procures that training. The normal process is that the department states which training is needed and the priority occupation areas in which it is needed. It then goes and buys the training from a range of providers, government as well as private sector. Until now, that has been a bums-on-seats process; the department basically funded a spot with a training provider to provide that service. We are now moving towards the entitlement model. About 40 per cent of our training delivery activity will come under the entitlement model, which means that the resources go with the student. Therefore, no longer will the funding mechanism for that 40 per cent provide a spot in a training organisation; the place where the funding goes will depend on which organisation that student walks into to get their training. That means the challenge for the people sitting behind me in procuring funding this year is that they do not know which training organisation the students will walk into. So we start with a process of expressions of interest, which tries to secure a bit of an idea of where that training will be. Then we wait and see what the behaviour of the 40 per cent under the entitlement model is going to be and adjust that as we go to ensure that the organisation doing the training gets the funding to support it.

Using eastern states’ examples where they have already moved to the entitlement model, there has been a net shift of market share from state training providers to private providers. Whilst that has been the market share shift, in the case of Victoria, the total amount of training offered by the state providers still increased; it just did not increase as much. The entitlement model is market driven, so we expect that the behaviour of private providers will be to identify areas of training that they will specialise in, which will support the priority occupation list that the state government puts out, because if they do that and do it well, they will have people walking in their door and they will get training support. These figures are nominal values, but I expect that as we move into the entitlement model, we will see private providers actually lift some of their market share. The premise of the member’s question is that it is not lifting; I am saying that the member should not believe the way in which the figures are written in the budget papers, because they are nominal values for good reason. The member might like to couch his question differently. I am happy to take another question if the member wants to mould it based on that response.

Mr F.M. LOGAN: I refer to page 511 under “Details of Controlled Grants and Subsidies” and the grants to private training providers that the minister was talking about. This is not only about the drop in the figure from last financial year to this financial year and then the out years referred to by the member for Bassendean. If the minister looks at the 2011–12 actual, he will see that funding to private training providers has dropped from \$127 million to \$97 million in the current financial year, so there has been a significant drop already, without the introduction of the new program initiated by the federal government. Is the minister saying that from this financial year compared with last financial year and into the out years there will be no further cuts, no reductions, to private training providers?

Mr D.T. REDMAN: The reason I put a little time into answering the member for Bassendean’s question is that I cannot say what the behavioural change is going to be. We are moving from a model of funding spots with a training provider, including private providers, so that it can offer the market, “If you need this training, come and get it from us.” We are moving 40 per cent of this share to the entitlement model in which the funding goes with

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the student. Two things will happen. Students will choose a training provider in a place of their choice to study something of their choice. We can anticipate only what their behaviour will be. Based on the history of other states, we will see a shift in private training provider delivery; they will ask themselves what they need to do to catch some of the market because their market share will no longer be determined by a decision of the Department of Training and Workforce Development and the minister. A private training provider's share of the market will be determined by students walking in the front door, so I expect that there will be some marketing campaigns and that providers will have a greater focus on delivering the services and training that people want to the level that they want and in the place that they want. We simply cannot predict that shift and for that reason I have requested the department to put in place some monitoring points so that we can keep a very close up-to-date handle on what the behavioural shift will be and whether there will be need for us to make some response.

Member, if I can put it on the table now, one of the areas will be those under-represented groups. By moving to this market approach model, the question is: will there be under-represented groups not picking up the training that they should get for whatever reason? So we are putting in place monitoring points to get timely feedback to see what will happen. But we are moving towards this market-based model and I think it is a good thing. By the way, we are not going to get into the trap of having things uncapped as they have in other states.

Mr F.M. LOGAN: Just on that marketplace model, on page 505 at the bottom of "Spending Changes", the entitlement reform model has funding for this year and the next financial year of \$22 million and \$24 million respectively, which is expenditure, but then it is reduced by \$2.6 million and \$24.6 million in 2015–16 and 2016–17 respectively. Can the minister explain why it is set up that way?

Mr D.T. REDMAN: Yes. We are funded in last year's budget for about 144 000 training places. That number of places basically finishes up at the end of the 2013 calendar year, so of course I am faced with two choices: either source more resources from the consolidated account to maintain the level of subsidised training places in the state or find revenue from other sources. As part of the entitlement model we looked at the fee structure of course fees, and there will be increases in course fees.

[12.20 pm]

Mr F.M. LOGAN: By what percentage?

Mr D.T. REDMAN: We are looking at increasing fees for general course areas; they will be less than those in the priority course areas—that is, general industry training versus priority training. From a state perspective, we have a priority occupation list; and priority training and priority skills set the need. The fee increases in that area will generally be less than in other areas, hence, there will be some recovery on fees across the state training system. As I said earlier in answer to a question from the member for Bassendean, we will drop the number of subsidised training places from about 144 500 to 138 000, which is a drop of 6 000, but we will also introduce some fee increases. These fee increases will reflect state priorities as the entitlement model rolls out. The member will see changes over time with a glide plane of introducing fees to reflect some increased fees on students undertaking training. I believe there is a strong argument for that: it is coming off a very low base, as some of the courses have a cap of \$1 250 a year. We will take away the cap, but training costs are regulated, so the government determines that regulation. We will ask that a bigger level of fee recovery be part of that shift. We will get some buy-in from students, which I think is important, hopefully, in driving a culture that sees training as important and therefore students will see that they are embarking upon a lifetime of upskilling.

Can I also say that along with monitoring the market share that I talked about between private providers and state training providers, we will also monitor very closely any impact on fee increases on under-represented groups—low socioeconomic groups and youth from 17 to 24 years of age—to ensure we are in a position to respond to the need for any adjustment that will assist those groups. I will make one more point, if I could. About one-third of all delivery is eligible for a 50 per cent concession. That will remain, but the concession will apply on a slightly higher fee level.

Ms M.J. DAVIES: I refer to the final dot point on page 506 of budget paper No 2 under "Significant Issues Impacting the Agency". I am particularly interested in how the government is improving educational outcomes for Aboriginal people.

Mr D.T. REDMAN: One of the high priorities in the department is to ensure we have strong engagement by the under-represented groups, and one of the first objectives of Skilling WA is to target Indigenous groups. The department will also implement the Training together — working together strategy, which aims to improve employment and training outcomes of Aboriginal people in WA. A key component of that is the network of Aboriginal workforce development centres, and no change has been made there, other than with some grants that they receive. Presently, these centres operate in Perth, Bunbury, Geraldton, Broome and Kalgoorlie. When I visited the Murray Street facility, I was most impressed with not only the services they provide and the model of

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delivery but also the people there. Since the centres were opened in 2010–11, over 1 150 Aboriginal job seekers have been assisted into employment or training and over 430 employers have been assisted with their Aboriginal employment strategies. Some examples of locally driven initiatives include the development of an online resource for employers to help support them to empower and retain Indigenous employees; community-based driver training programs in the south west and the Kwinana area to address an issue that is one of the key barriers to employment for Aboriginal people; and a youth leadership capacity building program to enhance mentoring in the west Kimberley region. The Indigenous workforce development centre network has been a critical component of the state government’s initiative in trying to build and support Aboriginal pathways through training and into employment.

What emerges in regional workforce development plans, which the member asked about before, is that in areas such as the Pilbara we have seen a strong drive to put in place practices and processes to improve the level of Indigenous employment. The figure for the Pilbara area is interesting. According to the Australian Bureau of Statistics’ 2011 census, the Pilbara Aboriginal population has a moderately lower rate of unemployment of 13.8 per cent compared with the state average of Aboriginal unemployment of 17.8 per cent. Given that the broader rate of unemployment across the Pilbara population sits at 2.5 per cent, we have a huge target to meet. The Pilbara area is ahead of the state average of Indigenous employment, but well behind the state average, so there is a long way to go. As the member knows, the challenges sit around not just training and employment, but also a range of social issues. It is important that we do not drop the ball here and that we implement some of those regional development plans that support a collective approach to achieving outcomes. We should not crow about those sorts of targets; it is not the target, but the outcome that is important. We have a long way to go and it is important that we keep challenging ourselves to meet those ends.

The CHAIRMAN: I am reliably informed this is the final question in this division.

Mr F.M. LOGAN: I do not need the answer from the minister now, but it would be good if he could provide it by way of supplementary information. I refer the minister to “State Training Providers” on page 515. Although this is a separate section on the assets of the colleges in Western Australia, it still falls under this division. I ask that the minister provide, by way of additional information, a breakdown of employment levels in the past two financial years, which he referred to earlier on in terms of a rationalisation. That is, the breakdown of employment levels in the last two financial years and proposed reduction in FTEs in contract and casual staff employed in each of those listed institutions in this financial year and in the out years. Could I have that by way of supplementary information, minister?

Mr D.T. REDMAN: The member has asked me to provide for each of the state training providers the FTE level —

Mr F.M. LOGAN: The FTE level for contract and casual staff over the last two financial years, this financial year and the out years.

Mr D.T. REDMAN: The member has asked for the figures for 2012–13 actual.

Mr F.M. LOGAN: Yes, for 2011–12, 2012–13—the current financial year that we are in at the moment—and the out years, if the minister has those.

Mr D.T. REDMAN: The figures for the current financial year will be a point in time and predicted.

Mr F.M. LOGAN: Yes.

Mr D.T. REDMAN: I will qualify that I do not have any advisers from the state training providers; this division relates to the Department of Training and Workforce Development. I will premise my response by saying that if I can get the information I will; but I do not know whether there are issues with either sorting data or other challenges.

Mr F.M. LOGAN: I am sure the minister will try, and I can ask that as a question on notice.

[Supplementary Information No B7.]

The appropriation was recommended.

[12.30 pm]