

Chairman; Mr Fran Logan; Mrs Liza Harvey; Ms Janine Freeman; Ms Libby Mettam; Mr Murray Cowper; Mr David Templeman

Division 11: Training and Workforce Development, \$365 688 000 —

Mr N.W. Morton, Chairman.

Mrs L.M. Harvey, Minister for Training and Workforce Development.

Dr R. Shean, Director General.

Mr G. Thompson, Executive Director, Corporate.

Mr P. Torrisi, Director, Strategic Coordination, Communications and Organisational Reform.

Mr S. Sekhon, Chief Financial Officer.

Ms K. Ho, Executive Director, Service Delivery.

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

Mr K. Coombes, Acting Executive Director, Service Resource Management.

Mr A. Walker, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIRMAN: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

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 she 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 principal clerk by Friday, 3 June 2016. 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.

The member for Cockburn has the call.

Mr F.M. LOGAN: I refer to the appropriations, expenses and cash assets outlined on page 140 of the *Budget Statements*. Can the minister explain why there is a continuing decline in the total appropriation for the delivery of services? The minister can choose from 2014–15 to the 2019–20 out year in the budget papers.

Mrs L.M. HARVEY: The total appropriation?

Mr F.M. LOGAN: Yes, the total appropriation.

Mrs L.M. HARVEY: That is the result of a range of movements across the agency. There are some fluctuations. Which years would the member like me to compare?

Mr F.M. LOGAN: These are the years in the budget papers, so from 2014–15 through to the 2019–20 out year.

Mrs L.M. HARVEY: There has been a reduction from \$437 million for the 2014–15 actual to \$384 million for the 2015–16 budget. That is largely due to \$18 million reflecting changes in student fee subsidy levels under Future Skills WA; \$9 million reflecting changes in the levels of general industry training; \$20 million reflecting one-off funding for the targeted voluntary separation scheme from 2014–15; \$12 million from the agency expenditure review, with \$10 million from the existing worker traineeship program and \$2 million from the apprenticeship support program; and \$7 million from the public sector workforce renewal policy. Some of those changes are offset by \$13 million from indexation and other net funding adjustments. There is also a reduction of \$21 million from \$384 million to \$363 million largely from \$20 million in recurrent savings from the targeted voluntary separation scheme from 2015–16.

Mr F.M. LOGAN: How does the minister estimate getting to \$344 million in the out years?

Mrs L.M. HARVEY: For the estimate of \$344 million for the 2019–20 out year, I can speak to the reduction of \$12 million from \$363 million in 2015–16 to \$351 million in 2016–17. That is due to reductions of \$2 million reflecting changes in student fee subsidy levels under Future Skills WA, which includes the four per cent cap on student fee increases; \$14 million from the flow of funds from the commonwealth under the National Partnership Agreement on Skills Reform; \$7 million from the public sector workforce renewal policy; and \$2 million from

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the agency expenditure review of industry training advisory arrangements. Once again, those changes are offset in part by indexation and other net funding arrangements. I would expect that the 2019–20 forward estimate figure would change somewhat. Usually, the estimates for the out years fluctuate somewhat from the budget projection. I think 2019–20 is probably too far in the out years for us to be talking about that figure of \$344 418 000 being set in stone at this time, bearing in mind that the national partnership agreement, which still needs to be finalised and, no doubt, other initiatives that we announce as part of the election campaign will change that figure.

Mr F.M. LOGAN: However, this is called estimates. We are dealing with estimates, so give us an estimate.

Mrs L.M. HARVEY: The estimate is in the budget.

Mr F.M. LOGAN: But the minister has not explained it. I understand that it is not set in stone, but I am asking the question: how has the minister come up with the figure? That is the whole reason for this committee.

Mrs L.M. HARVEY: I am advised that the estimate of \$344 418 000 in 2019–20 is based on the spending changes detailed at the bottom of that page. That would be adjustments to commonwealth grants of \$5.26 million et cetera. I will not read out all the columns, but obviously there are some gaps there. My expectation is that some of those spaces may well be populated with figures that are yet to be determined given that 2019–20 is the furthest year in the out years of the budget estimates.

[4.50 pm]

Ms J.M. FREEMAN: I refer to page 140 and the line item “Targeted Voluntary Separation Scheme”, for which there is \$20 million in the estimated actual, \$20.7 million in 2016–17 and more than \$21 million in the forward estimates. Of these figures, which one represents the redundancies offered and accepted this year in 2016? I have two questions. Can the minister outline how many redundancies were accepted in 2016; and how many redundancies are estimated to be offered and accepted in the out years?

Mrs L.M. HARVEY: Under the targeted voluntary separation scheme, 200 staff from state training providers accepted voluntary severance, which resulted in 199 people leaving their position by 30 June 2015. The state training providers focused on areas in which there had been a demonstrated pattern of decline in demand for training and non-critical skills training. An estimated 95 per cent of the total cost of the scheme—about \$19.6 million—was funded in 2014–15 as an increased appropriation to the department. Subsequent savings of \$20 million per annum are reflected in the budget adjustment, because those people who voluntarily separated would not necessarily be replaced. Of those voluntary severances, there were 50 from Central Institute of Technology, 24 from Challenger Institute of Technology, three from C.Y. O’Connor Institute, nine from Great Southern Institute of Technology, 21 from Pilbara Institute, 51 from Polytechnic West, 21 from South West Institute of Technology and 20 from West Coast Institute, to a total of 199.

Ms J.M. FREEMAN: Are the 51 from Polytechnic West from Balga?

Mrs L.M. HARVEY: Polytechnic West has more than one campus. We do not have a further breakdown by campus, but Polytechnic West covers the Balga, Midland, Bentley and Thornlie campuses.

Ms J.M. FREEMAN: Can the minister provide a further breakdown by campus? Is that available as supplementary information?

Mrs L.M. HARVEY: I am advised no, because the employer is Polytechnic West and lecturers move from campus to campus. They are not employed specific to a campus; they are employed specific to Polytechnic West.

Mr F.M. LOGAN: The minister knows.

Mrs L.M. HARVEY: It would be problematic, because we would be doubling up, as some of them may operate at two campuses.

Ms J.M. FREEMAN: When the minister said that they took that as a voluntary severance, was that the enhanced voluntary severance package that meant that if they did not take it by a certain period they would lose an additional 20 or 10 weeks’ payment?

Mrs L.M. HARVEY: That was part of the state government targeted separation scheme for 1 500 public sector employees in 2014–15. It was not specifically targeted at TAFEs. It was targeted generally to all public sector employees.

Ms J.M. FREEMAN: By way of clarification, can the minister outline what they would have received in their redundancy package? Was it additional to the two weeks’ payment for every year of service, plus an additional amount? Were they offered the enhanced package; and, if they were offered the enhanced package and they did

not take it and separate by 30 June 2015, would they have reverted to the redundancy package under the Public Sector Management Act and lost out on the enhanced aspect of the package?

Mrs L.M. HARVEY: We would need to provide that by way of supplementary information.

Ms J.M. FREEMAN: I am happy to take it as supplementary.

Mrs L.M. HARVEY: The supplementary information I will provide is the breakdown of the 199 voluntary severances and the scheme under which they accepted the severance package.

[*Supplementary Information No B32.*]

Mr F.M. LOGAN: The minister indicated in her answer earlier that 199 redundancies were accepted by June 2015. Can I take it that the 230 positions that have been offered for redundancy at the beginning of this year are the figures that are shown in that line item? I assume that is the savings that the government will get from the abolition of those 230 positions. Can the minister inform me how many redundancies have already been taken as part of the targeted voluntary separation scheme?

Mrs L.M. HARVEY: They are two completely different schemes. That line item relates to the 2014–15 state government severance scheme for 1 500 employees. At this time there is not a line item in the *Budget Statements* for the TAFE reform project, but I can advise the member that seven employees have left as part of the 230 administrative positions that are superfluous to requirements as a result of that reform project. However, we have not harvested the savings from those separations in this year's budget.

Mr F.M. LOGAN: Of the 230 positions that the minister indicated would be abolished, seven so far —

Mrs L.M. HARVEY: So far, seven people have taken it. We were confident that with the TAFE reform project, the administrative positions and generally the movement of staff throughout the colleges that it was likely that some of those positions would be lost through attrition and natural processes, such as people seeking other employment, and obviously there may be a voluntary severance program into the future. So far, 103 employees have been offered a severance, and we are still in that process of giving them time to consider their options and determine whether they wish to take up that offer.

Mr F.M. LOGAN: How much has the department paid out under the targeted voluntary separation scheme?

Mrs L.M. HARVEY: Does the member mean from the 2014–15 scheme?

Mr F.M. LOGAN: Yes; how much did it cost?

Mrs L.M. HARVEY: The cost was covered by an allocation from Treasury in the 2014–15 financial year. It was approximately \$20 million. What the member sees reflected on the bottom line of page 140 is the savings that have been harvested from the agency as a result of the severance scheme.

[5.00 pm]

Ms L. METTAM: I refer to “Royalties for Regions” on page 140 of budget paper No 2. Can the minister tell us what progress has occurred to date to develop the Muresk Institute as a centre of excellence for agricultural education and training under royalties for regions funding?

Mrs L.M. HARVEY: The Muresk program has been very successful. It consists of two tranches. In July 2015, cabinet approved the release of \$10 million under the Seizing the Opportunity Agriculture initiative. That went into developing an agricultural skills development program at a cost of \$6.385 million and an agricultural degree program at a cost of \$3.615 million. The funding has assisted Muresk in developing strategic business and educational partnerships. It has developed a range of alliances to support education and training pathways through a nationally accredited certificate II through to a diploma and some higher education courses. A Bachelor of Agricultural Business Management will commence delivery at Muresk in 2014 under partnership arrangements with Charles Sturt University and Central Regional TAFE. An integrated diploma of agriculture commenced delivery in 2015 under a partnership arrangement with the University of Queensland Gatton Vocational Education Centre. We have very popular industry-driven short courses that have been developed with just-in-time-type training and industry skills shortages delivery. The client training statistics have moved from 44 students in 2013, to 155 in 2014 and 1 025 in 2015. It has been a very good investment in training. A number of public and privately registered training organisations are now utilising the site for the delivery of vocational education and training programs. That has risen from four private RTOs to 28 in 2015; a fall from 2014. The range of courses increased from five in 2014 to 16 in 2015. We are working on a range of initiatives with Aboriginal people and people with disabilities, assisting them to achieve some good, sound training outcomes that will lead to employment. The number of third parties leasing and accessing the facilities at the institute has increased. We had 38 partners using that facility for conferences, workshops and training

opportunities. All in all, the revitalisation of Muresk has been a significant success. It has been a good expenditure of public funds to get some opportunities in agricultural development and educational opportunities around agricultural business management happening in the regions.

Mr M.J. COWPER: I understand that Curtin University has been loitering around with respect to the space that was occupied by Charles Sturt University. Where is that at the moment?

Mrs L.M. HARVEY: I will ask Dr Ruth Shean to respond to the question on Curtin's involvement in Muresk.

Dr R. Shean: We have a range of tertiary institutions working with us. Charles Sturt University and the University of Queensland are offering different courses. We have been working actively with the universities in Western Australia too, so Curtin is doing some teaching there and Murdoch University has also expressed an interest to be involved in teaching. Given that we are a multitenanted, multifaceted education precinct, having as much involvement from other institutions as possible is beneficial. The other thing to remember, of course, is that five TAFEs are also actively involved. Most recently South Regional TAFE, which is in the Agricultural Region, has been working on some of the short courses that we have been delivering, and a diploma too.

Mr M.J. COWPER: I take it that a bit of competition in that space has been welcomed.

Mrs L.M. HARVEY: Absolutely. The student numbers speak for themselves, and certainly the short courses in particular have been a roaring success. It is very good and very heartening to see some agricultural degree programs running through Muresk.

Mr M.J. COWPER: Well done, minister.

Mrs L.M. HARVEY: Thank you.

Mr F.M. LOGAN: I take the minister to page 141 and the significant issues impacting the agency. The first dot point indicates how much fees will go up by, indicating that course fee increases will be capped at four per cent. Given that the consumer price index for Perth currently stands at 1.7 per cent, why are course fees increasing by four per cent?

Mrs L.M. HARVEY: The member might recall that a few years ago a strategy was put in place to try to increase the student contribution to course fees through the TAFE sector as part of the National Partnership Agreement on Skills Reform. We were required to introduce an entitlement model, which is what Future Skills WA was. There were increases in course fees over a number of years. This year we have held the increases in fees to a maximum of four per cent. It was proposed that they would be increased by up to 25 per cent. The vast majority of our courses are still publicly subsidised to between 85 per cent and 90 per cent. We had a zero to one per cent increase in course fees for foundation skills programs. We have tried to hold fee increases down. Yes, four per cent is higher than the CPI but it is significantly less than the 25 per cent that was proposed as part of the National Partnership Agreement on Skills Reform.

Mr F.M. LOGAN: I do not remember any commitment given as part of the national partnership agreement to increase fees by 25 per cent this year. If the minister can take me to that, that would be great. In fact, I do not remember any outcome being dictated to as part of that agreement for fees to be increased in the way that has been done.

The minister just made a statement about the public funding of training. I take her to "Procurement of Training" on page 146 of the *Budget Statements*. It states —

Procurement of training comprises the purchasing of training delivery services from TAFE Colleges and private training providers ...

In the chart on that page the total cost of service for the forthcoming budgeted year is \$16.17 million. The total cost of service, which is how much the government will be spending on the procurement of training, is \$476 million. Less the income that the government will be receiving for the payment, we assume, by either organisations or individual students of \$217 million, gives us a net cost of service of \$259 million. That \$259 million, as a percentage of the total cost of service, is 54.4 per cent. It is not the 90 per cent that the minister claimed just a minute ago that the state government is subsidising for training. Surely those figures clearly point out that the actual public funding when added to the costs to the students themselves is only 54 per cent.

Mrs L.M. HARVEY: The budget papers do not specifically show student fees. That income component is associated with commonwealth revenue relating to the National Agreement for Skills and Workforce Development and the income from the National Partnership Agreement on Skills Reform. There is an allocation of department overhead income, which is based on the organisational structure. It is not just fees; a range of

other forms of income and revenue streams that come into the agency are offset against the cost of delivering that training service.

Mr F.M. LOGAN: Where did the minister get the figure of 90 per cent then?

[5.10 pm]

Mrs L.M. HARVEY: As I said, the state government subsidises the cost of delivering training for our students from up to 85 to 90 per cent.

Mr F.M. LOGAN: Can the minister confirm that the government funds 90 per cent of all training delivered in Western Australia through her department? Is that right?

Mrs L.M. HARVEY: That is not what I am saying.

Mr F.M. LOGAN: What is she saying?

Mrs L.M. HARVEY: I am saying that when we drill down into the costs of an individual course a student might be undertaking, depending on where that course fits—whether it is in the priority skills list, whether it is an apprenticeship program, a traineeship or a general industry program—the state government funds and covers between 80 and 90 per cent of the cost of delivering that training program for the student, so students are paying between 10 and 20 per cent of the fee cost.

Mr F.M. LOGAN: The minister is talking about individual courses, but, overall, of all the funding it costs the state government, how much is subsidised by the state government compared with the payments made by the students, not for individual courses? What is the total subsidy?

Mrs L.M. HARVEY: It would depend on the course. The average is 85 per cent.

Mr F.M. LOGAN: So it is 95 per cent then?

Mrs L.M. HARVEY: No, the average is 85 per cent. Some courses are subsidised by the government by 80 per cent; some of them by up to 95 per cent—apprenticeships and traineeships, for example. It varies. On average the subsidisation by the state government comes in at 85 per cent of the fee cost for delivering the course or the training.

Ms J.M. FREEMAN: Last week, I visited a training provider to talk about course costs. The training provider told me that if a course costs \$3 500, it is expected to charge the student an \$800 fee and the Department of Training and Workforce Development pays it \$2 700 as a provider. As members were talking, I worked that out to be 22 per cent of the cost of the course. The minister has said that the government subsidises courses by 80 per cent. I might be quibbling over two per cent here, but my point is that the figures for one particular course—it is an example of a student who is certainly not receiving a subsidy of between 80 and 90 per cent—is just less than 80 per cent. The training provider said that that gap fee is growing and because students are not able to pay it, that has an absolute impact on their capacity to pay, particularly disadvantaged students. How can we justify a four per cent increase when I gave the minister this particular example? The training provider is concerned about that because it is difficult for the student to meet those costs, and that is not within the minister's 80 to 90 per cent subsidisation figure.

Mrs L.M. HARVEY: As I specified earlier, that was an average subsidisation.

Ms J.M. FREEMAN: The minister said it was between 80 and 90 per cent and that it hits at around 85 per cent. Admittedly it is only two per cent below 80 per cent, but it is below.

Mrs L.M. HARVEY: The member really has to give me the ability to give that particular course and those figures due consideration. That course obviously does not form part of the budget papers so I cannot give the member an appropriate response. I do not know which training provider it is or what the course is and I do not know the circumstances of the offer to the student. I ask that the member put that question on notice so I can give an appropriate and full response to her specific example.

Ms J.M. FREEMAN: If I did that, it would pose difficulties for the training provider and the department would know that that provider had spoken to an opposition member about its concerns that gap fees are growing. The minister began the conversation by saying it is reasonable and that the government subsidises by up to 80 per cent. That was the only example I had. The training provider did not give any other example, and it did not give that example because it said there was an 85 per cent subsidy or anything like that. We just started talking about it and I asked whether the provider could give me the figures. The provider gave me figures for one example. I am raising this about a random course. I reckon the minister could walk into one of the colleges in her electorate—maybe the member for Vasse could walk into one in her electorate—and randomly choose a course and it would show that the department is telling the minister about averages that are not actually averages. That is what I am telling the minister.

Mrs L.M. HARVEY: That is the member's assertion. However, with respect to that specific example, she really needs to —

Ms J.M. FREEMAN: I am not going to.

Mrs L.M. HARVEY: I would appreciate the information so that I understand what the member is saying. For example, as part of its skills initiative in childcare centres, the federal government was subsidising diploma in child care courses, which had a value of around \$10 000. Those courses were 100 per cent subsidised by the federal government. That is no longer the case.

Ms J.M. FREEMAN: But it is no longer doing that.

Mrs L.M. HARVEY: If we were to use that as the example, we would say that the fees in the training sector have gone from zero to \$10 000, and that is outrageous, but that is one course as a result of specific funding arrangements. I am not disputing that the example the member has given exists, but I dispute that it is typical of the fee structures students are experiencing across the TAFE and training sector.

Ms J.M. FREEMAN: It was given to me as a typical example.

I refer to the line item "Procurement of Training" at page 142. I understand from the notes I have here that this is an expense item not related to any commonwealth cuts. Why is there an 18 per cent reduction, or a \$96 million cut, to procurement of training expenses between 2014–15 and the out year figure in 2017–18? I have some other questions around this, but I will ask one question at a time.

Mrs L.M. HARVEY: Is the member looking at an estimated actual for 2015–16 of \$475 million against a budget estimate in 2016–17 of \$476 million?

Ms J.M. FREEMAN: I am going from the \$532 million figure.

Mrs L.M. HARVEY: I have it; it is from \$532 million down to \$475 million.

Ms J.M. FREEMAN: That is from 2014–15, to \$427 million in 2017–18. It is a difference of \$96 million between 2014–15 and 2017–18.

Mrs L.M. HARVEY: The variance from 2014–15 to 2015–16 reflects a change from \$533 million to \$475 million. I need to step this out because I have not done a comparison with a cumulative amount between every year and there are different variances from year to year. I ask the member to bear with me. From the 2014–15 actual to the 2015–16 estimated actual, there is a variance of \$58 million—from \$533 million to \$475 million. That is largely due to an \$18 million change in student fee subsidy levels under Future Skills WA, \$20 million that reflects one-off funding for a targeted voluntary separation scheme in 2014–15, \$10 million in the agency expenditure review existing worker traineeship program, \$6 million from the public sector workforce renewal policy, \$20 million in recurrent savings from the targeted voluntary separation scheme, and \$4 million from the commonwealth National Agreement for Skills and Workforce Development population share adjustments. That is offset by an additional \$5 million funding from royalties for regions, which is referred to in the spending changes table on page 140, and an additional \$4 million from other net funding adjustments. If we then go from the 2015–16 estimated actual to the 2016–17 budget target, there is a \$2 million increase from \$475 million to \$477 million, which is \$6 million from the public sector workforce renewal policy; \$2 million reflecting changes in student fee subsidy levels under Future Skills WA; \$2 million from the agency expenditure review industry training advisory arrangements; \$3 million reflecting the timing of royalties for regions programs; and \$2 million from the commonwealth National Agreement for Skills and Workforce Development population share adjustments, and then that is offset by a \$13 million indexation and net funding adjustment. We have not got the specific detail of each of those adjustments from 2016–17 through to 2017–18.

[5.20 pm]

Ms J.M. FREEMAN: Can I get them as supplementary information?

Mrs L.M. HARVEY: The estimate is based on the \$50 million decrease. Technically speaking, that is a reflection of the cessation of the commonwealth's National Partnership Agreement on Skills Reform, which is a \$50 million program. We are obviously in negotiation with the commonwealth government about the continuation of that national partnership, but at the moment the \$54 million finishes in 2016–17. It is not funded from 2017–18 onwards so it is not reflected in the budget. There is \$2 million from the commonwealth National Agreement for Skills and Workforce Development, which is that population share adjustment again, and \$6 million from the public sector workforce renewal policy, and that is then offset by \$4 million reflecting changes in the student fee subsidy level and \$8 million from indexation and other net funding adjustments. I certainly feel quite hopeful that that figure will move once we manage to settle the funding arrangement for the commonwealth National Partnership Agreement on Skills Reform. Until that has been decided upon and we have

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an agreement with the commonwealth, we cannot in good conscience reflect the continuation of that \$54 million funding program.

Mr F.M. LOGAN: Just on that national partnership agreement, was that \$54 million part of the overall national agreement that we signed up to earlier or was that funding for this year only? Was that money committed to; and, if so, why is the commonwealth not funding it?

Mrs L.M. HARVEY: My understanding is that that was a five-year funding agreement with the commonwealth. I will defer to the director general on the status of those negotiations with the commonwealth.

Dr R. Shean: The progress to date is that a review has been done by the commonwealth government of the current agreement and what has been achieved through it. Based on past experience, I do not anticipate that we will know until closer to the expiry of the current agreement what will happen with the next one. We signed the last one around 13 April prior to commencement on 1 July. I anticipate a similar practice for this next one in 2017.

Mr F.M. LOGAN: That money was committed to as part of the agreement. I was not asking about the future agreement but about the funding under the current agreement. Why is the commonwealth not paying \$54 million?

Mrs L.M. HARVEY: The \$54 million gap is a reflection of that funding agreement ceasing and a new funding agreement not being settled on. It was a five-year funding program. The \$54 million in the last year of the agreement ceases in the 2016–17 financial year. We have not negotiated or agreed on the next raft of funding. It might be \$50 million per annum over four or five years or it might be \$60 million; we do not know.

Mr F.M. LOGAN: I understand that if that \$54 million is not paid, there is a gap, but was it to be paid as part of the current agreement?

Mrs L.M. HARVEY: I understand that the current agreement takes us to 30 June 2017.

Mr F.M. LOGAN: Is that \$54 million still in there, supposedly—yes or no?

Mrs L.M. HARVEY: It is not part of 2017–18 forward estimates.

Mr F.M. LOGAN: Is it part of the national agreement that is currently in place? Has that money been committed to as part of the current agreement, not the future agreement?

Mrs L.M. HARVEY: The current agreement is being honoured and the expiry of that agreement is June 2017.

Mr F.M. LOGAN: Yes, but I am asking whether the \$54 million is part of the current agreement.

Mrs L.M. HARVEY: Yes.

Mr F.M. LOGAN: Why is the commonwealth not paying it?

Mrs L.M. HARVEY: Because that agreement expires in June 2017. We will be paid up until the end of June 2017, but we cannot reflect a new agreement from 1 July 2017 because we have not agreed on it.

Mr F.M. LOGAN: I am not suggesting that a new agreement should be reflected; I am saying that if the agreement does not run out until next year and the \$54 million is part of that, we can say that the commonwealth still owes us the \$54 million and it will pay it.

Mrs L.M. HARVEY: Yes, and that \$54 million is reflected in the 2016–17 budget estimate. The \$476 863 000 includes the \$54 million that is part of the national partnership agreement, and then there is a significant drop in 2017–18 because we have not agreed on what will happen from 1 July 2017.

Mr F.M. LOGAN: The way in which the last dot point on page 141 is worded is not clear about whether the commonwealth is paying the \$54 million. On the one hand the minister has said that it is included in the budget papers, and on the other she just told the member for Mirrabooka that the \$54 million has been taken out of the out years because we do not expect to get it. I am trying to find out from the minister whether the commonwealth is going to pay it. The minister has said in this house during the estimates committee that as part of future skills and the national agreement the fees have been increased and a whole series of changes have been made, many of which have had a significant impact on the ability of Western Australian students to go to TAFE, and that that was all part of the funding agreement with the Feds. The Feds are either paying that money or they are not.

Mrs L.M. HARVEY: Just to be clear, the final dot point on page 141 states —

The current National Partnership Agreement on Skills Reform is due to expire on 30 June 2017, with a final payment —

Mr F.M. LOGAN: In this financial year.

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Mrs L.M. HARVEY: That is right.

Mr F.M. LOGAN: So it is going to be paid.

Mrs L.M. HARVEY: Yes, we will be banking that \$53.8 million. This agreement came into force in 2012. It contributes \$182.3 million over five years and is the equivalent of around 18 000 training places per year, so it is a significant agreement. Part of the agreement was the introduction of a Unique Student Identifier, an extension of reporting on vocational education and training activity from publicly funded training to include privately financed accredited training, a student entitlement model and a whole range of things.

Mr F.M. LOGAN: If the minister is saying that it is going to be paid, that is all I need to know. That is fine.

Mrs L.M. HARVEY: We were talking about the 2017–18 financial year, and from 1 July onwards there is no new agreement.

Mr F.M. LOGAN: That is right. The minister does not know exactly.

Mrs L.M. HARVEY: So 2016–17 is an accurate —

Mr F.M. LOGAN: That is all right. I have got it.

Ms J.M. FREEMAN: In terms of procurement and training and the discussions around —

Mrs L.M. HARVEY: Sorry member, which page?

Ms J.M. FREEMAN: It is the same question and the same line item on page 142 “Procurement of Training”. Procurement of training is for government providers—for example TAFE—and private providers. Can the minister give me, by way of supplementary information, the names of the private providers and the number of students who have been contracted in 2014–15, 2015–16, 2016–17 and 2017–18? Will the private providers take the brunt of the reduction in the forward estimates for the delivery to students of procurement of training?

[5.30 pm]

Mrs L.M. HARVEY: To answer the last question first, no, that is not the intention. The breakdown of expenditure between public providers and private providers for 2015 is: \$359 million flowed to public providers and \$103 million to private providers, a total of \$462 million; in 2014, \$398 million flowed to public providers and \$95 million flowed to private providers, a total of \$493 million; and in 2013, \$441 million flowed to public providers and \$99 million flowed to private providers, a total of \$540 million.

Ms J.M. FREEMAN: Can the minister provide a list of private providers that were funded for the sums of \$120 million, \$95 million and \$99 million? I assume it would be via supplementary information.

Mrs L.M. HARVEY: I will check to make sure that I can access that information easily before I commit to it in the time frame. By way of supplementary information, Chair, I will provide a list of private training providers that form part of the 2013, 2014 and 2015 expenditure. I can also provide a list of private providers that have contracts for 2016. I cannot provide that for future years because those contracts have not been negotiated at this point.

Ms J.M. FREEMAN: Can the minister give me the amounts of the contracts or the number of students who have been contracted?

Mrs L.M. HARVEY: I can provide the student curriculum hours, but as to the individual amounts provided to individual training providers, I am unsure whether that is subject to commercial-in-confidence.

Ms J.M. FREEMAN: It would not be. It is public money, is it not?

Mrs L.M. HARVEY: That would be a very difficult breakdown to provide. The member would need to put that question on notice so we can have a bit more time to assimilate that information.

Ms J.M. FREEMAN: So, the minister can give me who they are and the student numbers?

Mrs L.M. HARVEY: I can give the member who they are and the student curriculum hours that they have been requested to provide.

[*Supplementary Information No B33.*]

Mr D.A. TEMPLEMAN: I refer to apprenticeships and traineeships on page 145 of the *Budget Statements*. There appears to be a decline of about \$2.3 million to \$2.5 million between the 2014–15 actual total cost of service and the net cost of service in the forthcoming 2016–17 financial year. Could the minister explain why there is a decline in the net cost of service? What is being proposed to cause that?

Mrs L.M. HARVEY: That total cost of service for “Apprenticeship and Traineeship Administration and Regulation” includes registration of training contracts, administration of contract variations, provision of advice

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to employers and apprentices and trainees, dispute resolution and support, and the monitoring of legislative compliance. I will ask Satvinder Sekhon or Karen Ho to articulate what the variance relates to.

Ms K. Ho: In July 2015 there was a change to the focus of the department's role with respect to apprenticeships and traineeships because the commonwealth government introduced some new services—the Australian Apprenticeship Support Network. At that point the state government decided to ensure that there was not any duplication with those commonwealth services and, through the apprenticeship office, refocused its service to its core legislative functions. There was some shedding of staff in that refocusing of the service.

Mr D.A. TEMPLEMAN: Does the minister know how many staff we saw a shedding of?

Mrs L.M. HARVEY: I will again refer to Ms Ho to provide the detail.

Ms K. Ho: There was a reduction of 20 full-time equivalents in that change.

Mr D.A. TEMPLEMAN: Does the minister have any up-to-date figures on the current number of apprenticeships underway in training in the state compared with last financial year and perhaps the financial year before that?

Mrs L.M. HARVEY: Yes, we keep track of apprentices over calendar years and the data —

Mr D.A. TEMPLEMAN: I am happy with calendar years—perhaps the last three calendar years, 2015, 2014 and 2013.

Mrs L.M. HARVEY: Certainly. As at 31 December 2015, there were 17 309 apprenticeships and 21 943 traineeships, a total of 39 252; and in 2014, there were 17 860 apprenticeships and 22 499 traineeships, a total of 40 359. There have been some changes in the uptake of apprenticeships and traineeships in that there has been a reduction. However, the reduction in Western Australia is significantly less than what has occurred in other states. There is a national trend at present with respect to the uptake of apprenticeships and traineeships, but the decline in the uptake of those is significantly less in Western Australia than in some of the other states, such as New South Wales.

Ms J.M. FREEMAN: Has the minister provided figures—I may have missed them—of the breakdown between apprenticeships and traineeships?

Mrs L.M. HARVEY: I just gave those breakdowns, yes.

Ms J.M. FREEMAN: I am sorry, I must have missed them. Did the minister give the number of apprentices who stay for the whole period of their apprenticeship; that is, complete it?

Mrs L.M. HARVEY: Simon Walker may have to hand information about apprenticeship completion.

Mr S. Walker: The completion rate for apprentices who started in 2010—we have to allow a certain amount of time to expect them to complete, so we used the 2010 cohort—was 64 per cent. The completion rate for trainees in the 2011 cohort was 55.6 per cent.

Ms J.M. FREEMAN: The completion rate for apprentices is concerning. It has been a concerning figure for some time, but the completion rate for trainees seems to be even more concerning—it is only 55 per cent. Does the department know why that is and are there strategies around ensuring greater completion rates for those students? If we are subsidising them—however much we are subsidising training—are we wasting that subsidisation if they are not able to complete their courses? What strategies does the department have in place to ensure that there is a greater completion rate in future years?

Mrs L.M. HARVEY: I will get Mr Walker to elaborate further. Apprentices fail to complete for a range of reasons. Sometimes they are offered employment midway through their apprenticeship and decide that they do not want to necessarily continue with the training component. There is a range of reasons that they do not complete their apprenticeships, and it is not necessarily that they have dropped completely out of the system and are unemployed. There can be other reasons for it.

Ms J.M. FREEMAN: They are if they live in Mirrabooka, but anyway.

Mrs L.M. HARVEY: I will ask Mr Walker to elaborate further about how they are represented with respect to non-completions.

[5.40 pm]

Mr S. Walker: The first thing I would say is that Western Australian completion rates for apprentices are considerably higher, and have been for some time, compared with national completion rates. That is one thing to point out straightaway. For most apprentices there is good research to suggest that being able to monitor their training, provide mentoring services, mediation services and those sorts of things assists people to complete.

With reference to the previous question: that responsibility now lies with the commonwealth's Australian Apprenticeship Support Network services; they are contracted to provide those very services for the purposes of assisting in completions and making sure apprentices stay in their training.

Ms J.M. FREEMAN: Is that a government or private organisation?

Mr S. Walker: They are private organisations, contracted by the commonwealth government.

Mr F.M. LOGAN: I refer to the fourth dot point under "Significant Issues Impacting the Agency" on page 141. The first indented paragraph relates to skills and needs being ascertained through consultation with industry. I wrote to the minister about the appalling practices of the College of Climate Change and the views of the whole refrigeration industry in WA. The minister will remember that. The minister flicked an investigation of this private registered training organisation to the Australian Skills Quality Authority and the national Electrical, Utilities and Public Administration Training Council for investigation. What is happening with that college, and why did the minister not direct her own department, which has the power to investigate and take action, to follow up on this company? Is the minister aware that this company does not even have a training authority number to deliver training? It is operating under a borrowed authority from a New South Wales company—does that not bother the minister?

Mrs L.M. HARVEY: It certainly does bother me, member for Cockburn. We have some delegated authority on ASQA with respect to some of these investigations, but Mr Walker can give the member further information on that organisation.

Mr S. Walker: We advised ASQA because under the current arrangements training providers can either be under ASQA's regulation environment or under the Western Australian Training Accreditation Council's environment. In this particular instance it fell under ASQA's jurisdiction. We wrote to it, advising it of the issue raised, and the latest response we had was that it had taken corrective action and that the provider is no longer offering that course.

Mr F.M. LOGAN: That is very good to hear, and I am sure the industry will be very, very pleased about that. What have the department and the minister done about the recommendations of the Auditor General's report of June 2015, which referred directly to examples such as the one I gave the minister? The Auditor General's recommendations were to, within 12 months, fully implement a revised approach to regulating RTOs, consider legislative policy change to enable it to check RTO compliance, consider and document the risk to students and industry of training provided by noncompliant RTOs, and find ways to reduce time frames before sanctioning RTOs. They were all recommendations to the minister and the department. Can the minister let me know what has been done?

Mrs L.M. HARVEY: That is the Department of Education Services' responsibility. The member needs to put that question on notice so I can get him an appropriate response.

Ms L. METTAM: I refer to "Spending Changes" on page 140 of budget paper No 2. Can the minister please tell us what the government is doing about improving outcomes for Aboriginal youth?

Mrs L.M. HARVEY: Yes, certainly. This is one of our priority areas. We have committed to trying to improve the Aboriginal participation rate in the workforce. That is part of our Closing the Gap initiatives on training and employment outcomes in WA. The Department of Training and Workforce Development has developed a policy paper titled "Training together — working together"—a strategy launched in 2010. The key aim of that strategy was to establish our network of Aboriginal workforce development centres. They have been very successful and operate in Perth, Bunbury, Geraldton, Broome and Kalgoorlie. Aboriginal training and employment providers have been contracted to provide a similar service in Albany, Mandurah, Northam and Port Hedland. Effectively, these centres try to connect Aboriginal jobseekers with employers and service providers. That is an attempt to try to get better employment outcomes as a direct result of those relationships being developed between the Aboriginal workforce development centres and employment providers. Since their inception, the five Aboriginal workforce development centres have assisted more than 1 200 Aboriginal people into employment. Over 500 people have gone into training that is closely linked to job opportunities. Eight hundred employers have been assisted to develop Aboriginal employment strategies, which is a really good step in the right direction. We updated that strategy in 2014 and identified where we need to go with the next steps. A lot of that is involved around more effective, if you like, case management, particularly with the Aboriginal youth, to try to get a more fulsome approach, particularly for students and school leavers and that younger cohort who might leave school earlier and end up being absent from employment opportunities for a long period. The Aboriginal training and employment service is now rolling out some new strategies to give that effect. We have some funding from royalties for region for the Aboriginal youth transition strategy to help engage Aboriginal high school students. That is assisting in career planning advice, with more coordinated and case managed post-school follow-up; that is really effective when dealing with marginalised groups. We are also working with employers. We obviously

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need employers to be a bit more proactive in taking on and providing workforce opportunities, particularly for Aboriginal youth and young people generally. I have to say that employers often need to be encouraged to take on younger people. Overall, we have a number of initiatives. We also have an online Aboriginal workforce development centre jobs board. That good, new tool will help employers recruit Aboriginal jobseekers, particularly the younger ones. All in all I think we have had over 200 vacancies posted on that site since December 2015, so the opportunities are certainly presenting themselves. Obviously, I am very pleased with the Aboriginal workforce development centres and the work they do, and also with the contractors we have operating some of the other premises that are not necessarily 100 per cent run by the agency.

Mr M.J. COWPER: Minister, how is the Fairbridge Bindjareb project going?

Mrs L.M. HARVEY: Bindjareb? Is that the one through Mandurah?

Mr M.J. COWPER: Fairbridge.

Mr D.A. TEMPLEMAN: I can answer that; I was there last week!

Mr F.M. LOGAN: Would the member for Mandurah like to answer it?

Mrs L.M. HARVEY: I think the member will have to put that question on notice.

Ms L. METTAM: I have another question.

Mrs L.M. HARVEY: I am sorry; I am advised that Mr Coombes can provide a response.

Mr K. Coombes: The project is still operating. I think as recently as maybe last week there was a graduation of the latest cohort of students through that program. To all intents and purposes it continues to operate very effectively. I was down there late last year, just before Christmas, when another group of students graduated. So, yes, that is linking particularly well into industry, particularly the resource sector. I think it is a very successful program.

Mr M.J. COWPER: Is Bis Industries still employing those people who graduate and leave Karnet Prison Farm?

Mr K. Coombes: I believe it is still involved, but there are other avenues for those students to be employed as well.

Ms J.M. FREEMAN: Is the Aboriginal youth transitions program available in the Mirrabooka area, where there is high youth employment and a greater percentage of Aboriginal people?

[5.50 pm]

Mrs L.M. HARVEY: I am advised yes.

Ms L. METTAM: How is the Department of Training and Workforce Development engaging with industry and the private sector to ensure that the outcomes for Aboriginal youth are positive in this area?

Mrs L.M. HARVEY: This is Ms Ho's area of responsibility so she can provide a response.

Ms K. Ho: Particularly with the Aboriginal youth transitions program, we have been working with the regional chambers of commerce and industry and forming very good partnerships with those regional CCIs that are committed to working with businesses in their region to create opportunities for young Aboriginal people, be it work experience, part-time casual work, apprenticeships or traineeships. Part of the youth transitions program is the employer engagement side, principally working through regional chambers of commerce and industry.

The CHAIRMAN: Before I give the call to the member for Cockburn, I remind members that we are nearly running out of time, so be sure your questions and answers are appropriate.

Mr F.M. LOGAN: I refer the minister to page 143, under the heading "Outcomes and Key Effectiveness Indicators". The second line item on that page, "Extent to which career and workforce development advice provided to clients results in employment or training outcomes", shows a jump between the budgeted outcome for 2015–16 of 30 per cent and the estimated actual of 60 per cent. That is a 30 per cent increase in the outcome. Why does that not align with the recent audit handed down by the Auditor General? In the audited results report, table 16 shows that the Auditor General's assessment of employability for exactly the same years declined for nine of the 11 state training providers.

Mrs L.M. HARVEY: To go into a bit more detail with this one, that change reflects the department's vision and mission statement as per its strategic plan for 2014–18. Ms Ho can provide a more fulsome response about the change.

Ms K. Ho: These figures do not at all relate to graduate employability. These are new outcome indicators for the department for career and workforce development services. We are talking about the career centre, the workforce development centres and the Aboriginal workforce development centres. We are measuring the outcomes for those clients who move into employment, education or training, or make a career decision, choice or plan as

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a result of receiving the service. These are new indicators. We estimated a 30 per cent outcome based on some international comparisons, but those international measures did not really capture well the career development outcomes, and our own data are saying that we actually achieved a 60 per cent outcome, so that is our estimated actual.

Mrs L.M. HARVEY: Further to that table, a correction needs to happen. The last line of that table, “Proportion of graduates satisfied with the overall quality of training”, shows the 2015–16 budget as 90 per cent, and the 2016–17 budget target is in fact 90 per cent, not 89 per cent. That is just an error. We have not dropped our expectations.

Mr F.M. LOGAN: With all due respect, that answer was like something out of *Utopia*. The budget papers have to be clear on what is actually being measured. To me, any member of the general public reading that would take it as the extent to which career and workforce development advice provided to clients results in employment. It went on to include training outcomes as well, but employment is mentioned, and a report from the Auditor General states the complete opposite of what is stated in that table. I cannot for the life of me see how the department can measure a success rate of 30 per cent more than what was actually budgeted for in 2015–16 when the Auditor General’s report is considered. I do not even know how that figure was arrived at. That answer was like it was out of *Utopia*.

Mrs L.M. HARVEY: With respect, I think that there has been an overlap between the Auditor General’s report and some of the development of these outcomes and key effectiveness indicators. The Auditor General has signed off on the outcomes and key effectiveness indicators that we see in the budget papers, so he will no doubt be assessing us against the criteria that he has said are acceptable achievements in the work that we are performing.

Ms J.M. FREEMAN: If we are targeting 60 per cent of career and workforce development advice and employment training, and given that I have raised with the minister before in the house the 24.3 per cent unemployment rate in the Mirrabooka–Balga area and 17 per cent youth unemployment, and that northern area being an unemployment hotspot of which Mirrabooka–Balga makes up the greatest percentage, what programs will the department deliver into the Mirrabooka–Balga area to ensure that it can meet those career and workforce development targets in the particularly vulnerable area of employment need, especially in youth unemployment?

Mrs L.M. HARVEY: I think we need to be clear that two different things are at play here. This table, I am advised, is about the effectiveness of the career and workforce development advice provided through our career centre, and it is separate from training outcomes.

Ms J.M. FREEMAN: I am asking about career and workforce development; I am asking how they are going to get jobs.

The CHAIRMAN: Member, let the minister respond, and then you can come back.

Mrs L.M. HARVEY: I will ask Ms Ho to go into more detail about some of the programs that would be available to unemployed youth in Mirrabooka.

Ms K. Ho: The department provides a range of services, some of which are directly provided and some of which are contracted. There are career and training advice services across the state. They are offered face-to-face in a variety of different modes, through online service delivery, telephone options and web chat. We have the career centre in Perth and the workforce development centres in the regions. We have two specialist workforce development centres in Perth for culturally and linguistically diverse groups and for ex-prisoners. We have five Aboriginal workforce development centres, in Perth, Broome, Bunbury, Geraldton and Kalgoorlie. Then we have some contracted Aboriginal employment services in the other regions—great southern, Peel, Pilbara and wheatbelt.

Ms J.M. FREEMAN: My question is: what is in Mirrabooka?

Mrs L.M. HARVEY: In addition to that, in Mirrabooka we have the culturally and linguistically diverse career centre.

Ms J.M. FREEMAN: Where is that based?

Mrs L.M. HARVEY: It is based at the Mirrabooka shopping centre. We contract MercyCare to provide that service, so that service is funded specifically —

Ms J.M. FREEMAN: MercyCare does not deliver the service out of Mirrabooka; it delivers it out of its North Perth office. It does not deliver that training out of Mirrabooka.

Mrs L.M. HARVEY: I am advised that —

Ms J.M. FREEMAN: I can tell the minister; I went and saw them only three weeks ago.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE B — Tuesday, 24 May 2016]

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Mrs L.M. HARVEY: My advice is that the CALD career centre is to be delivering advice at Mirrabooka, so I will have to take that on notice if MercyCare is not providing that service in Mirrabooka.

Ms J.M. FREEMAN: It is certainly there, and it offers good service, but not out of Mirrabooka.

Mr F.M. LOGAN: I refer to page 142. Under the heading “Service Summary”, the last line item is “Support Services to TAFE Colleges”. I notice that there is a continuing decline in the funding of support services to TAFE colleges. What expenses are being cut?

Mrs L.M. HARVEY: I will defer to Mr Sekhon to explain the change in that service summary.

Mr S. Sekhon: Which particular year are we talking about?

Mr F.M. LOGAN: From 2014 onwards. There has been a continuing decline. What are we seeing in the reduction?

The CHAIRMAN: We have only 30 seconds.

Mr S. Sekhon: The decline from 2014–15 to 2015–16 is about \$500 000, which is quite small in percentage terms. The trend shows that declining over a period of time, and that reflects the reform that is being conducted through the training sector reform project and the outflow of efficiencies.

The appropriation was recommended.

Meeting suspended from 6.00 to 7.00 pm