

# **STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**2017–18 BUDGET ESTIMATES HEARINGS**



**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
TUESDAY, 17 OCTOBER 2017**

**SESSION TWO  
DEPARTMENT OF TRAINING AND WORKFORCE DEVELOPMENT**

## **Members**

**Hon Alanna Clohesy (Chair)  
Hon Tjorn Sibma (Deputy Chair)  
Hon Diane Evers  
Hon Aaron Stonehouse  
Hon Colin Tincknell**

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**Hearing commenced at 11.47 am**

**Hon SUE ELLERY**

**Minister for Education and Training, examined:**

**Ms ANNE DRISCOLL**

**Acting Director General, examined:**

**Mr GRAHAM THOMPSON**

**Executive Director, Corporate, examined:**

**Mr RUSSELL BROWN**

**Executive Director, Service Resource Management, examined:**

**Mr SIMON WALKER**

**Executive Director, Policy Planning and Innovation, examined:**

**Ms KAREN HO**

**Executive Director, Service Delivery, examined:**

**Mr GREGORY HILL**

**Manager, Budget and Funding, examined:**

**The CHAIR:** This is the Legislative Council Standing Committee on Estimates and Financial Operations 2017–18 budget estimates hearing for the Department of Training and Workforce Development. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you here to today's hearings. Can the witnesses confirm that they have read, understood and signed the document headed "Information for Witnesses"?

**The WITNESSES:** Yes.

**The CHAIR:** All of the witnesses have indicated that they have. It is essential that your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If, for some reason, you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Agencies and department have an important role and duty in assisting the committee to scrutinise the budget papers and the committee values your assistance with this.

Would the minister like to make a make a brief opening statement?

**Hon SUE ELLERY:** No, I am good to go with questions, Madam Chair.

**Hon DIANE EVERS:** I refer to the asset investment program on page 186. I am interested in the South Regional TAFE. It seems like it has been almost overlooked, with the exception of the Esperance campus and a plan for Collie. Having recently amalgamated 12 campuses for the South Regional TAFE, I am concerned that they might have been overlooked, and I am just wondering if you can

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detail, of the \$68.9 million for remedial works, how much of that will be spent for the South Regional TAFE?

[11.50 am]

**Hon SUE ELLERY:** If the member is aware of any particular problems that she would like to draw to my attention in respect to the assets of South Metro TAFE, I am happy to entertain that.

**Hon DIANE EVERS:** It is the South Regional TAFE—12 campuses in the south west.

**Hon SUE ELLERY:** Sure. I can advise you that \$14.9 million has been allocated for across-campus refurbishments and upgrades. Of that, \$7.9 million is allocated to the new Esperance campus project, but I might refer you to Russell in respect of a bit more detail about asset investment in South Regional TAFE.

**Mr BROWN:** In South Regional TAFE, additional to the Esperance campus replacement—I have not got the exact figures in front of me—but there is works being undertaken through the remedial works program, which is \$69.8 million of remedial works, plus South Regional TAFE also has its own asset investment plan, which is elsewhere in the budget papers, in addition to that. If the member wants more detail we can take those on notice, I am assuming, minister.

**The CHAIR:** Do you want to take that on notice?

**Hon DIANE EVERS:** Yes, I will take that on notice, for more detail.

**The CHAIR:** So more detail about the asset investment program for South Regional TAFE.

**Hon SUE ELLERY:** I am happy to provide that, but I wonder, member, if there was something specific you were looking for.

**Hon DIANE EVERS:** No, it is just that it is 12 campuses, and it has only been a recent amalgamation of all of them and I just wanted to make sure that they were being looked after.

**Hon SUE ELLERY:** They are all being looked after. All of them have been amalgamated recently, and they are all being looked after, but we will get you the additional information.

*[Supplementary Information No B1.]*

**Hon COLIN TINCKNELL:** My questions are reasonably detailed, so I am happy to take the answers on notice. Can the minister provide a detailed report on the budgeted amount of provision of teaching FTEs for TAFE colleges, to date, for as far back as you know? I did have 10 years in there, but as far back as you know.

**Hon SUE ELLERY:** Exactly what number are you looking for? The teaching FTEs?

**Hon COLIN TINCKNELL:** I am looking at a detailed report on the budgeted amount for the provision of teaching FTEs of TAFE colleges.

**Hon SUE ELLERY:** I might have to explore that a bit further with the acting director general, so I will ask her a question in a minute. Structurally, I am not sure what might be available, because there have been a number of structural changes to TAFE over recent years, so I am not sure if we would necessarily be comparing apples with apples, depending on how far we went back. I might have a quick conversation with the acting director general and see what is possible. We will take it on notice and I put this caveat on it: we will make best endeavours to get you as much information as we can. If we are not able to within the required time that we have to get it back to the committee, I will give you my undertaking that I will get back to you and we might need to work out some understanding of taking additional time to get it. I have to say, if it does look like it is going to take too much human resource to go back too far, I might stop it myself—but we give the best endeavour to see what we can find for you.

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**Hon COLIN TINCKNELL:** Thank you.

*[Supplementary Information No B2.]*

**Hon SUE ELLERY:** Can I just for the record clarify? Do you effectively want budget allocation—so, dollar amount—spent on lecturers? Is that what you are looking for?

**Hon COLIN TINCKNELL:** Yes, thank you.

**Hon SUE ELLERY:** Okay, we will give that our best endeavour.

**Hon COLIN TINCKNELL:** Can the minister advise on whether the number of FTE of teachers and trainers budgeted for and employed by TAFE is likely to rise or fall in 2018? If so, by how much?

**Hon SUE ELLERY:** I cannot give you projections just yet, but I can say this. There is a hole in the budget as a consequence of the commonwealth's decision. We had a national partnership arrangement in place with the commonwealth which finished on 30 June this year. It has been replaced. You might recall the debate that happened in the federal Parliament with the Skilling Australians Fund. Up until that change, we received money from the commonwealth to assist us to pay for training places. The new arrangement is \$54 million less than we were funded for those training places by the commonwealth last year. Not only is it less money, there are conditions with it: it is to be spend on a much narrower frame of training places. What is now not included in the funding provided by the commonwealth is funding for general training places. They will only fund pre-apprentices, apprentices and trainees. Instead of getting \$54 million, we are now getting \$38 million—a drop of \$16 million. We are now getting \$38 million, and that \$38 million we must spend on those three categories. If you think about in fact where the growth is in jobs, it is in places where you want trained staff, like aged care and disability services; but the qualifications there are not apprentices or trainees. The area where we know the state needs to be training people, the commonwealth has walked away from its commitment to fund. It has given us a lesser amount of money, and we can only spend it on a narrower amount. The state now—we are literally in the process of doing this now—has to work out what is it that we can do within our resources to make sure that we train for those areas where we know we are going to need it. But the commonwealth has walked away from it and we are still in the process of negotiating with the commonwealth about exactly what else the requirements are that they need us to meet in order just to access that lesser amount of the \$38 million. It is a work in progress, member. I cannot give you the projections now, because we are working on it now, but I have to say I am worried about the policy change that the federal government has made because it leaves us in a position where we are going to have to pick up the tab for where we know the growth in training requirement is going to be.

**Hon AARON STONEHOUSE:** Referring to budget paper No 2, page 178, how is existing agency spending reprioritised to fund the apprenticeships and craft industry spending change?

**Hon SUE ELLERY:** It is quite a small amount. If what you are looking for is, "Did we have to cut program X to fund this?", the answer is no. The department was able to find the funding within its normal pool of funding that it was able to use for training places. It is an important election commitment because prior to this arrangement, we were in a situation in which students were having to consider courses that were being delivered in other jurisdictions across Australia—so it is important and it is an important one that we honour. But if what you are looking for is, "Did we cut X to meet it?", no, we did not have to.

[12 noon]

**Hon AARON STONEHOUSE:** It is just that it is a \$1 million increase, but it does not appear in the "Spending Changes" table, that is all.

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**Hon SUE ELLERY:** Because it came out of the general pool of funds that we have available, so there is a reasonable amount of flexibility. You would understand that in this portfolio, you are constantly having to adjust to what the priority industries are at a particular time, for example. A million dollars is a lot of money, but in the grand scheme of this budget, it is not a lot.

**Hon AARON STONEHOUSE:** Sure. Staying on that table, which measures in the “Spending Changes” table will be subject to project evaluation, and when will that evaluation occur?

**Hon SUE ELLERY:** I might ask Simon Walker to make some comments about the general evaluation that is done in respect of training programs, but I am just trying to understand exactly what you are asking.

**Hon AARON STONEHOUSE:** Sure. It was my understanding that the Expenditure Review Committee—a subcommittee of cabinet, if I have this right—requires agencies to prepare a program evaluation plan for measures that have a \$5 million or more impact on the net operating balance in any one year. I just note that there is at least one line item, “Adjustment to Training Delivery Forecast”, with \$26 900 000. I am just wondering if that would be subject to a program evaluation plan.

**Hon SUE ELLERY:** I think your question about the criteria that ERC applies is probably best directed to Treasury. I can tell you that I am a member of the ERC, and I am not entirely sure what criteria you are talking about. I can say that in respect of this budget, ERC went over every single line. For example, if we think about capital works programs, we need to put up project design plans to satisfy ERC. There are other report-back mechanisms that the subcommittee will ask agencies to do from time to time. In other cases, there are other criteria that it asks agencies to do, but I am not sure that ERC has applied to anything in here the particular criteria of the project evaluation language you are using.

**Hon AARON STONEHOUSE:** Okay; I will clarify that with Treasury when it comes up.

I have one last question. Looking at page 189 of budget paper No 2, why does funding from the regional community services fund increase between 2018–19 and 2019–20? If you look at that, there is quite a large increase; it decreases over time—\$3 million, \$2 million, and \$1 million—and then in 2019–20, it jumps up to \$45 million and is around the same figure for 2020–21. That is quite a substantial increase and I am just wondering if you could give us a rundown on why that is.

**Hon SUE ELLERY:** This is a redirection from royalties for regions, in 2019–20 and 2020–21, to \$45 million each year from \$1 million the preceding year. It is just which account it is coming from; this is instead of consolidated funding. The fund will provide subsidies associated with purchasing regional training from both public and private training providers, including class size, to all of the criteria you would normally meet—salary award conditions, housing costs and goods purchasing loading. Essentially, it is a shift. It is not necessarily a significant increase in spending on that particular amount; on that particular function it is where the money has come from.

**Hon DONNA FARAGHER:** My question relates to page 178 and I will also reference page 189; it is a clarification. I note in the “Total Appropriations” line on page 178 that there appears to be a significant drop in funding, particularly in the forward estimates in 2018–19 and 2019–20. Is it the case that that reduction has been offset by additional funding through royalties for regions, which is referenced at page 189? Is that the reason; or, if it is not, can I get an understanding of the anticipated reduction in funding in the out years.

**Hon SUE ELLERY:** The difference in the line for total appropriations is really the point I made earlier about the difference in commonwealth funding. I am confident, honourable member, that the federal government will contribute to funding in the future. It will be \$38 million per year, as

opposed to the \$54 million it was last year, and we might have to make some further adjustments. Depending on what the federal government counts as matched funding—I am sure the member went through similar experiences when she had ministerial portfolios—the state might have to fill in more gaps. That is essentially what that is about. There is still going to be a hole, because it is \$38 million, and there will probably be a bigger hole that will not be as obvious because the state is going to have to find ways to do the general training that the commonwealth has walked away from.

**Hon DONNA FARAGHER:** Okay, on that basis, I reference page 189 and the royalties for regions fund's "Regional Infrastructure and Headworks Fund" and "Regional Community Services Fund" lines under "Income From State Government". On the "Regional Community Services Fund" line there quite is a significant increase in 2019–20 and 2020–21 of \$45 million or thereabouts. Can the minister just explain that significant increase and what services will be funded under that particular program?

**Hon SUE ELLERY:** That is essentially the same matter that I just answered in respect of the question asked by Hon Aaron Stonehouse. It is a direct change in the source of funds. It is not that it is a significant increase in spending on that function; it is just where we are sourcing it from. Those are regional training costs, and the source of the funding is royalties for regions.

**Hon DONNA FARAGHER:** I now go to page 179 and the six paragraph under the first dot point, relating to progressing the implementation of TAFE Industry Skills Centres. I am again seeking some clarification on this. As I understand it, there are currently around 26 careers centres operating around Western Australia, and they are outsourced to community-based organisations; correct me if I am wrong in relation to that. Those centres provide a range of careers services and all the sorts of things that are now referenced here. I am trying to seek some clarity on the new TAFE Industry Skills Centres. Will they replace the careers centres that are currently in place; if so, I presume that the new skills centres will come under the auspices of TAFE; or, if not, will they still be run by community-based organisations?

**Hon SUE ELLERY:** They will be physically located at TAFEs and will continue to do some outreach, and we will continue to use some contracted services as well. We are literally working through the model now. A great deal of work has been done by the department and the TAFEs. There will be a shift in funding from the department to the TAFEs to fund the establishment of the centres. We do not want to disadvantage or take away contracts from those non-government agencies that are doing a fantastic job now where they are contracted to provide those sorts of services, but we want to shift the focus of the work a little bit, and we are working through the model of what that will look like now and where they will be placed.

[12.10 pm]

I would not expect that there would be a loss of contracts for those non-government contract organisations. We might change the nature of exactly what they deliver and how they deliver it a little bit, but I am not looking to stop the contracting and bring that service completely back in. The centres will run a kind of mixed model. There will be some outreach. There will be some particular focus on Indigenous training needs as well and making sure that we do not lose the good work that has been done already in that space and that we maximise the effort there. But, essentially, these will become one-stop shops in a TAFE setting and a combination of services provided by government employees and contracted organisations.

**Hon DONNA FARAGHER:** Can I please get, and you may need to take this on notice, when the current contracts come to an end for each of those centres? I do not know whether the numbers are done individually in each area or whether there are major groups that look after a few of them, but, in any event, can I please have a list in relation to that? Just noting what the minister has said, if the

intention is to continue to support the career centres, how are you going to ensure that you are not actually just doing the same thing both in the career centres and the TAFEs? I appreciate that you are working through that, but if you are providing similar services, one might question the value.

**Hon SUE ELLERY:** So the first question first: we will take on notice your request for information about the dates of contracts.

*[Supplementary Information No B3.]*

**Hon SUE ELLERY:** The second part is that it is not proposed that there be dual services, but I might hand over to the acting director general because she might need to clarify something that I said a bit earlier.

**Ms DRISCOLL:** It relates to the total appropriations and the point the member raised earlier. You are correct that that reduction in 2019–20 and 2020–21 relates to the alternative draw of resources through the royalties for regions arrangements. In my directing the comment there, I was actually referring to the total cost of services directly under, which does reflect the commonwealth reduction of \$54 million in the out years. The minister has already expanded on the basis to the royalties for regions drawdown, and basically that is a correct observation that you made earlier, as was elaborated upon by the minister.

**Hon ALISON XAMON:** I refer to details of controlled grants and subsidies at the bottom of page 189. I will start with the contracts and agreements for delivery of training and employment services by TAFE colleges et cetera. I am aware that the DPAs are done on a calendar year, not a financial year. Are the DPA amounts expected to be the same for next year as they are for this current year?

**Hon SUE ELLERY:** In essence, I cannot give you an answer right now because I still do not know what exactly I am going to get out of the commonwealth. As I said in earlier answers, it is a moving feast. It is unfortunate, because everybody wants to be doing their planning as quickly as possible. But I am not in a position to give you a final answer just yet. We know that there is a hole. We know that we are getting \$38 million from the commonwealth. We do not know exactly what is going to be required to meet that. We also are literally, as we speak, figuring out how the state is going to have to deal with the fact that we need to train in general training areas, and they have walked away from their commitment. How we are going to fill that? We are literally working through that now.

**Hon ALISON XAMON:** When are you anticipating that you are likely to get a definitive answer so that this can be progressed?

**Hon SUE ELLERY:** In terms of the federal legislation, it has not gone through the federal Parliament yet. There are discussions to be had at COAG as well. I cannot give you an answer on when we will know what the commonwealth finalisation will be. The state, however—this is what we are doing now—is going to have to work pretty hard and fast to figure out—we are going to have to give ourselves a couple of options on how we meet the gap that the Feds have created by walking away from general training, and to what extent we are building a contingency, if we are able to convince them, to tweak some of the elements of the Skilling Australia fund to make up some of what they have taken away from us already. We are going to have to do a couple of juggling exercises. Obviously, as quickly as possible we want to be able to advise the colleges and other providers of exactly what we are able to fund and what we are not able to fund in 2018. This is not a situation created by the state; it is one created by the commonwealth.

**Hon ALISON XAMON:** Are you anticipating then for the next year that the DPAs are likely to have less money? Is that what you are expecting is going to be the case?

**Hon SUE ELLERY:** I cannot say that that is what I am expecting. I am saying that right now the commonwealth has walked away from its obligations in respect to general training. The state is

going to have to find a way to pick up that gap. To what extent we are able to pick up that gap, we are working on right now.

**Hon ALISON XAMON:** But I am asking whether you are anticipating that if the state is picking up that gap, that they are not likely to be able to fully fund what that gap is going to look like.

**Hon SUE ELLERY:** What I am hoping we are able to do is to, at least, match our training places that we delivered this year. I am hoping we are able to do a little more than that, because we have seen green shoots in the economy. We know what some elements of the economy are talking about increased business demand for them, and them wanting to take on more training positions. I am hoping that we are in a position to do what we did this year plus a little bit, but we are literally working on that as we speak. The commonwealth unilaterally has just decided to walk away from it and we have to rearrange things to try to match what they walked away from in an environment that everybody knows about, the economic circumstances that Western Australia finds themselves in.

**Hon ALISON XAMON:** I am going to refer to the next point, which is other grants and subsidies directly below that point. Can you please explain what the other grants and subsidies are?

**Hon SUE ELLERY:** We have to take it on notice and we will give you a list of what they are.

*[Supplementary Information No B4.]*

**Hon ALISON XAMON:** I refer to page 179 and significant issues impacting the agency. I am looking at the first dot point and the second dash, which is about a quality control system. Can I please have some more information about the quality control system, specifically how it is different from what is already happening and whether it has already been introduced; and, if not, when?

**Hon SUE ELLERY:** We are refocusing the quality control framework for private training providers with a particular emphasis on the audit and compliance process. I have made the point with each of the private providers that I have met with since I became the minister, that this government is not interested in a kind of tick-the-box and compliance for the sake of compliance policy. However, it is the case that I want mums and dads to be confident that the training system, whether it is delivered through a TAFE college or by a private training provider, is sound and that they can be confident that their child/student is getting high quality training and walks away with a real qualification.

[12.20 pm]

I also want everybody else, those people who are seeking to retrain, to have that confidence as well. It is the case that the industry generally suffered fairly significant reputational damage—most of that on the east coast, although there was some here—as a result of shonky operators trying to take advantage of changes in funding arrangements and subsidies and the like. That did not happen to the same extent in Western Australia but generally there was a sense that reputational damage was done. It is a balanced issue. I do not want everyone focused on compliance to the extent that no-one is focusing on actually doing the training and making sure that we are delivering the skill set that we need and that employers are saying now that we need. I want to get the balance right in that respect. In 2018 we are going to ensure that there is a revised audit and compliance framework and plan in place. That will be following consultation with the private training providers and the respective regulatory authorities. The intent, once we have had the consultation and built in what it is the training providers and regulatory authorities think we should have, the intent will be to strengthen the approach to contractual compliance by putting in place a more robust risk assessment process. We want to increase the number and scope of onsite audits that are undertaken so that people can have confidence. We want to improve the focus on outcomes. We want to get the compliance and audit checks right, but I do not want to make it so cumbersome and



so difficult for training providers that they focus more of their time on that and less on actually delivering high-quality training.

**Hon ALISON XAMON:** You are hoping to have it in place for 2018?

**Hon SUE ELLERY:** In 2018 we will do that work, including the consultation with the private training providers.

**Hon ALISON XAMON:** When are you expecting that that will commence, if you are developing it in 2018?

**Hon SUE ELLERY:** We will start work later this year on the consultations and hopefully something is in place relatively quickly but I am not rushing to do it; I want it to be right.

**Hon COLIN de GRUSSA:** I refer to page 189 of budget paper No 2, volume 1, and to the line item “Regional Community Services Fund” under royalties for regions. You refer to this as a shift in costs. Can we get some detail on what costs will be met out of that fund, in particular in relation to the delivery of service in regional areas?

**Hon SUE ELLERY:** I did answer this before: the essential reason that money appears there is that it is the source of funding. But the things the money is paying for are the training costs associated with delivering training in a regional setting. It will fund subsidies associated with purchasing regional training from both the public—that is, TAFE—and private training providers, including on class sizes, so loadings that are paid to assist smaller class sizes so that training remains viable in the regions; the salary award conditions that are related to delivering training in the regions, so that is around loadings for additional salaries costs in the regions, a district allowance, country incentive, remote allowances and the like. There is funding to cover the regional housing costs and goods purchasing loading to acknowledge that depending on the project and where you are, there are higher costs to purchase training goods in regional areas.

**Hon COLIN de GRUSSA:** While referring to that, I will also refer to page 220 of budget paper No 3. I want to get some understanding of whether the item for Muresk Institute agricultural degree forms a component of that drawdown referred to on page 189?

**Hon SUE ELLERY:** The \$45 million?

**Hon COLIN de GRUSSA:** Yes, does it form a component of that regional community services fund or the infrastructure and headworks fund?

**Hon SUE ELLERY:** I will ask Russell Brown to assist.

**Mr BROWN:** My understanding is that that particular line item on page 220 does not form part of the royalties for regions funds covered under page 189 of the budget papers. It is a separate item and is a provision within the royalties for regions budget.

**Hon COLIN de GRUSSA:** So that funding is not directed to the Department of Training and Workforce Development?

**Mr BROWN:** At this stage, it is a provision within their budget; it is not a confirmed allocation, is my understanding at this point.

**Hon Dr SALLY TALBOT:** I take you to significant issues impacting the agency on page 179 in division 11. I was particularly interested to see the first dash point on revamping the State Training Board and industry training councils. What consultation has the State Training Board undertaken, and maybe plans to undertake in the next 12 months, in the regions? I am particularly interested in the south west, obviously, but I will expand the question to include anything that is not in the metropolitan area to contribute towards the government’s plan for jobs.

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**Hon SUE ELLERY:** One of the things that we made an election commitment about in the plan for jobs was that we wanted the State Training Board to be better focused and better connected with industry and to provide me as the minister with more current advice. I asked it to undertake extensive industry consultations and they have begun already and, I have to say, are proceeding really well. So far in metropolitan Perth more than 270 industry stakeholders attended three sessions in August. We know that the demands for training in regional and rural Western Australia are different and they have to take into account different elements. For that reason the State Training Board will host forums in October and November and one at the very beginning of December in Geraldton, Port Hedland, Merredin, Albany, Broome, Kalgoorlie and Bunbury on 27 November and Pingelly on 4 December. So far the Bunbury forum has attracted people from the cities of Bunbury and Busselton, the shires of Dardanup and Capel, and businesses from Collie, Bunbury and Busselton as well as some businesses in the Peel district. The advice I have from the chair of the board so far is that certainly the metropolitan ones went really well and he is anticipating the same because of the level of interest in the regional forums.

**Hon DARREN WEST:** You may have touched on some of this before; if you have, just skim over that section. I refer you to page 186 of budget paper No 2 under the heading “Asset Investment Program”. How are these funds being allocated to ensure that students in regional areas have access to a contemporary learning environment and industry standard training facilities?

[12.30 pm]

**Hon SUE ELLERY:** Thank you. It is really important, Madam Chair, that TAFE colleges maintain their asset investments so that the training they are providing is done in environments that are as close as it is possible to get to workplace settings and that, in fact, students are being trained in real work-type settings. To that extent, a total of \$33.4 million has been allocated to the campuses of the three regional TAFE colleges. North Regional TAFE has \$11 million to fund a range of projects, including upgrades to air conditioning, roofing, windows and toilets across the campuses. Central Regional TAFE has been allocated \$7.4 million for a range of projects, including lift replacement, upgrades to student amenities and access across the campuses. South Regional has been allocated \$14.9 million for across campus refurbishment and upgrades. Of that, \$7.9 million, in particular, has been allocated to the new Esperance campus project, which is in dire need of an upgrade. In addition to the \$33.4 million, there has been \$17 million allocated to build a new Esperance campus to completely replace the ageing infrastructure project. Each of the three regional TAFEs have their own asset investment programs as well, so they do their own work according to their own priorities. But in terms of the asset investment program funded centrally, that is the scope of it.

**Hon TJORN SIBMA:** I have a question that will require clarification and probably a reconciliation of some kind.

**Hon SUE ELLERY:** Are you asking me to do maths?

**Hon TJORN SIBMA:** Well, they are financial statements, minister, so it will require some level of numeracy. But you are the education minister as well, so I am sure you are adequately qualified.

On page 190, which is the “Statement of Financial Position”, it is the non-current component that I have an interest in, particularly a decline in property, plant and equipment between 2016–17 and 2017–18. The difference is around \$56 million. That is attributed at page 188 in the third sentence under “Statement of Financial Position” —

... largely due to the transfer of completed capital works to the TAFE Colleges.

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I just have some questions around that. The first one is more accounting based. I just want to know where the transfer of that \$56.4 million, which is missing at the moment, is reflected in either the income statement or the statement of cash flows, because I cannot find it.

**Hon SUE ELLERY:** I will tell you the information I have and then I will ask Graham to expand on that a bit.

Variations in property, plant and equipment mainly, as you indicated, reflect movements in works in progress conducted by the department on behalf of the colleges. Accounting standards require that the value of works in progress be held as assets of the department until completion, and at that point they are transferred to the balance sheet of the respective colleges. In respect to the actual differences that you have identified, I will ask Graham Thompson to provide more information.

**Mr THOMPSON:** Thanks, minister. As the minister outlined, as the capital works programs are constructed, they are held centrally in the department's books and held as work in progress. When they are completed, they are then transferred off the balance sheet to the TAFE balance sheets. It is just that movement from our balance sheet to the TAFE balance sheets; there is no other adjustment that is reflected in the books. It comes out of our equity and goes to the TAFEs.

**Hon TJORN SIBMA:** Can I just ask due to the quantum of the figure involved, which TAFE colleges were the beneficiaries of that transfer?

**Mr THOMPSON:** I do not have the specific details, but the largest project that was finished in that year was the Murdoch campus, which is probably the bulk of that reduction. It would be the Murdoch campus.

**Hon SUE ELLERY:** That was some \$42 million.

**Hon DIANE EVERS:** I refer to page 179. Under the significant issues, the last dot point mentions that you will be freezing VET course fees. I just wanted to ask whether there are any plans to reduce fees at a later date, specifically in the regional areas where it is very difficult for students to access universities or other places, in the aim of trying to create a more skilled and local workforce?

**Hon SUE ELLERY:** The short answer is: I wish, because I do wish. We know that the increase in fees under the previous government had a very significant impact on the numbers of folks undertaking training. If I find myself in a position where I am able to do that, it is certainly something that I would want to do. However, we do know that freezing the fees of itself provides certainty. In the last couple of years, before the change in March, families trying to plan, in particular, for their student children to undertake courses could not be confident about what they would be required to pay, because the increases kept coming. We have been able to provide certainty. If I find myself in a position where I am able to reduce fees, that is something, in a policy sense, I would really like to do. The current economic circumstances and the mess that we have to clean up means that I am not in a position right now, but if I can find a way to do it, I would love to.

**Hon COLIN TINCKNELL:** This is quite detailed and, once again, I am happy to take it on notice. Can the minister advise on the likelihood of any contracts that will be exempted from public listing on Tenders WA to be entered into by the department in the next 12 months? I refer to the contracts that, for various reasons, are listed by the Department of Finance and are not required to be advertised or listed publicly, but must be recorded on each agency's exemption register and must receive an approved request for exemption. The last part of the question is: how much will these contracts cost approximately and what service or goods will be provided?

**Hon SUE ELLERY:** I am not in a position to provide you with an answer to that and I could not even take it on notice, because no decisions have been made in the terms that you suggest. You might want to address that question—I am not sure whether Finance is appearing —

**The CHAIR:** Treasury.

**Hon SUE ELLERY:** I do not even know whether Treasury would be the best agency to ask. I suspect it would be Finance. You could try with Treasury, but I am certainly not in a position to answer that question.

**Hon COLIN TINCKNELL:** This is another question that can be on notice. Can the minister please supply a detailed list of the various office locations used by the department, including information on whether these premises are publicly or privately owned and any annual rental figures for their use?

**Hon SUE ELLERY:** Yes, I can, but I will have to take it on notice. Just to be very specific, do you want offices of the department as opposed to or in addition to TAFE college sites?

**Hon COLIN TINCKNELL:** I am looking at office locations, yes.

**Hon SUE ELLERY:** Offices of the Department of Training and Workforce Development? Okay, we can provide you with that, but I will take it on notice.

*[Supplementary Information No B5.]*

**Hon DONNA FARAGHER:** On page 181, there are references to savings measures. Can I have a list—I am happy to take it on notice—of all the savings measures that have been undertaken by the department? It is under “Explanation of Significant Movements”, if that helps. Under service 1, “Workforce Planning and Development”, there is the first point and then further down, service 2 refers to one-off savings in 2016–17.

[12.40 pm]

**The CHAIR:** Just in the interest of time, is that something you are willing to —

**Hon DONNA FARAGHER:** I am happy to take it on notice.

**The CHAIR:** — if the minister is able to provide it. We only have five minutes left and there is one member who would like at least one more question.

**Hon SUE ELLERY:** Honourable member, we will endeavour to provide you with that information within the time that we are required to by the committee. These things are embedded—I do not have a list to give you. If it looks to me like it is going to take more time than the time we have got to get back to the committee, I will give you my undertaking that I will speak to you about how we can enter some agreement as to how I provide you with that.

**Hon DONNA FARAGHER:** We can put it on notice through other means if need be, but I will wait to hear from you on that.

*[Supplementary Information No B6.]*

**Hon ALISON XAMON:** I refer to and the first dot point under “Significant Issues Impacting the Agency” on page 179. It is the fourth dash point about the state priority occupation list. I have two questions. The first is: could you please advise what time frame—I imagine it may be a bit of an ongoing exercise—you will come up with for the state priority occupation list? Is it possible to put on notice that the current list be provided?

**Hon SUE ELLERY:** Yes. The state priority occupation list is what we use to guide our training and workforce planning priorities. The department is undertaking annual regional labour market reviews to prepare specific regional occupational priority lists to identify training priorities for the regional TAFE colleges. A key part of that is literally having interviews with employers and industry reps to identify what their particular needs are. So TAFE colleges, the Department of Primary Industries and Regional Development, the local regional development commissions and the State Training Board

are also going to be part of that. We are working with Central Regional TAFE on a pilot review in the goldfields region. It is our intention that the annual regional labour market reviews will guide regional TAFE colleges in the future and then that will be formalised through the annual training delivery negotiations between the department and TAFE colleges. I think the second part of the question was about timing. Do we have a view?

**Ms DRISCOLL:** Basically, over the next 12 months, so we are doing Kalgoorlie first. That will certainly take at least 12 months, given the intensity of what we are doing.

**Hon SUE ELLERY:** I think you might have heard what the acting director general just said, for *Hansard's* purposes.

**Hon ALISON XAMON:** Yes, I did.

**Hon DONNA FARAGHER:** I will just ask one question on page 182, under “Skilled Migration”, with reference in the table to income. I see that there is a reduction in the estimated actual amount of income that is to be received. Can I just get an understanding of why that is? Is that because there is an expected reduction in the number of applications that the department will be assessing?

**Hon SUE ELLERY:** The answer is yes.

**Hon DONNA FARAGHER:** I might put some other questions on notice.

**Hon ALISON XAMON:** I refer to the “Service Summary” on page 180. The sixth item is “Procurement of Training”. Noting the difference between the budget estimate for 2017–18 and 2018–19, could you please explain the drop between this year’s budget estimate and next year’s forward estimate and also what proportion of the figure is procurement of training from private providers?

**Hon SUE ELLERY:** Again, this is a function of the expiry of the commonwealth partnership and the hole that they have created. I have touched on that a number of times.

**The CHAIR:** We could keep going or we could close the hearing, and I think we might close the hearing. On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, within seven days of the hearing. Responses to these questions are requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these via the new electronic lodgement system on the POWAnet site by 12 noon on Monday, 23 October 2017. Once again, I thank you for your attendance today. We will reconvene at 1.45 pm for the hearing with the Department of the Premier and Cabinet. Thank you, everyone.

**Hearing concluded at 12.45 pm**

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