

Division 11: Training and Workforce Development, \$353 788 000 —

Mr R.S. Love, Chair.

Mr P. Papalia, Minister for Tourism representing the Minister for Education and Training.

Ms A. Driscoll, Acting Director General.

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

Ms K. Ho, Executive Director, Service Delivery.

Mr G. Thompson, Executive Director, Corporate.

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

Mr S.S. Sekhon, Chief Finance Officer.

Mr K.A. Doig, Managing Director, North Regional TAFE.

Mr B. Swetman, Managing Director, Central Regional TAFE.

Mr D. Anderson, Managing Director, South Regional TAFE.

[Witnesses introduced.]

The CHAIR: 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. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number.

If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 29 September 2017. 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 through the online questions system.

I give the call to the member for Scarborough.

Mrs L.M. HARVEY: I refer to the second line item, "Vocational Education and Training Fee Freeze", under "Spending Changes" on page 178 of volume 1 of budget paper No 2. The amounts recorded there are \$638 million, \$2 million, \$3.6 million and \$5.4 million. Last year's budget papers showed that capping the student fee increase at four per cent would result in an estimated cost of \$8 million in 2016–17, \$11.9 million in 2017–18 and \$13 million in 2018–19. I am wondering how the government has arrived at these significantly lower figures for a freeze in TAFE fees when capping the fee increases at four per cent was to result in a higher cost.

Mr P. PAPALIA: I am not sure I understand where the member is going with this. Quite obviously we are freezing the costs to students. This is after a huge impost was thrown at students in the vocational education and training sector during the member's term in government. At times there were as much as 500 per cent increases in fees. I am not sure that I understand what the member is trying to ask. Clearly, there is an allocation there to accommodate freezing fees at their current levels, not raising them. When the member was the minister, she increased those fees to extraordinary levels. The member is suggesting that in the previous forward estimates there was a figure but this appears to be a larger component than anticipated. Is that the question?

Mrs L.M. HARVEY: No, it is not the question. The minister has misunderstood me. In last year's budget papers, TAFE fee increases were capped at four per cent. There was going to be an increase of four per cent, but the cost was predicted to be \$8 million in 2016–17, nearly \$12 million in 2017–18 and \$13 million in 2018–19. The government is freezing TAFE fees—there is no increase; there is no four per cent increase—yet the minister is saying that it will cost less even though there are no increases. Could the minister explain how these significantly lower figures have been arrived at? Are there lower enrolment numbers, for example? Is less training being delivered —

Mr P. PAPALIA: I am assuming, member, that the department —

The CHAIR: Hang on. We will have the question and then the answer. Could you finish your question, please, member for Scarborough?

Mr P. PAPALIA: The department has —

The CHAIR: Minister, I do not think the member had finished her question.

[11.30 am]

Mrs L.M. HARVEY: A calculation must have arrived at a lower figure, given a freeze in fees will cost less than a fee increase would. One of the department's directors will be able to explain how the calculation was arrived at. It must be consistent with student enrolments or predictions for student enrolments, or something, to come to a lower figure.

Mr P. PAPALIA: I am sure that one of the directors will be able to provide the member with some advice about the calculation. The question suggests that it is unusual that freezing fees with no increase would be cheaper than not increasing the fees. That is an observation, but the relationship between the numbers the former minister had and no increase does not strike me as being that extraordinary. The figure the former minister suggested in the out years was \$13 million as opposed to \$5 million. I do not think that is that unusual. I will ask the director general to respond.

Ms A. Driscoll: My understanding is that the basis of the calculation here is simply a consumer price indexation across the forward years. Obviously, it takes account of the anticipated training numbers, but also the continuing efforts to restrain costs overall. But basically the premise was CPI.

Mrs L.M. HARVEY: It would be the CPI increase then, which is not holding TAFE fees at zero. Notwithstanding that, what are the expectations for student enrolments in the out years that these figures are predicated on?

Mr P. PAPALIA: This is a projection essentially done on current numbers with a view to projected costings into the forward estimates. It will clearly be subject to the midyear financial review. In the event that we manage to entice more vocational education and training students into the system after the former government drove them out, we might have to respond to the numbers with a greater allocation.

Mr P.J. RUNDLE: I refer to page 221 of budget paper No 2 and the line item "South Regional TAFE Esperance New Replacement Campus". I see that \$10 million is allocated to the South Regional TAFE Esperance campus through royalties for regions. Can the minister confirm that this money is allocated to the South Regional TAFE Esperance campus? Why has this \$10 million been pushed out two years?

Mr P. PAPALIA: I can confirm that what is in the budget is the allocation. It is state government money, so whether it is royalties for regions money is kind of irrelevant. With regard to when it has been allocated, that is because of the process that we had to undertake having inherited the appalling set of finances we did from the previous government. Every allocation of money, regardless of portfolio, had to be reappraised, analysed and prioritised in the order we see as being valuable and affordable. I remind the member that in the event that \$800 million is taken out of the forward estimates revenue measures identified in the budget, this allocation may well be subject to review, because how on earth are we going to pay for things if \$800 million is taken out of the forward estimates?

Mr P.J. RUNDLE: Following the merger process last year, is equal consideration being given to each TAFE site, and can the minister outline how the asset replacement program figure has been broken down across all South Regional TAFE sites?

Mr P. PAPALIA: The department would analyse all infrastructure requirements and any allocation to address need, which would just be a normal process. What specifically is the member after?

Mr P.J. RUNDLE: I guess I am getting to my concern that the Esperance site is probably the most urgently required upgrade in the state. The former minister announced the funding for it last year. My concern is that the \$10 billion of royalties for regions funding has been pushed out by two years. I am concerned about the time line for the completion of works.

Mr P. PAPALIA: At the outset, we have always committed to meeting our election commitments and doing our budget. With respect to the urgency of that particular TAFE upgrade, if the former minister thought it was so urgent, why did she wait eight and half years into government until she allocated any money in the forward estimates? A final observation is that the money is in the budget. It is in the forward estimates. It has not been removed. I would definitely speculate about whether the former government putting something in the forward estimates meant anything, because the previous Premier denied that they were real and believed they were a pointless exercise. I question whether the former minister's making that sort of allocation meant anything, but if our minister allocates something, it is real—subject to us getting the revenue measures we have identified as funding these sorts of things. If \$800 million is ripped out, how does the member think the minister is going to fund any capital works?

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Mr P.J. RUNDLE: I would like to reiterate my concern for that campus because of the flooding issues that were identified. I urge the minister to be aware of the urgency. That is why I am expressing my concern about the allocation being pushed into the out years.

Mr P. PAPALIA: I will make sure that I bring that to the attention of the minister. I know she is watching this anyway. I will bring the member's concerns about the specific impact of the floods on TAFE to the minister's attention.

Mrs L.M. HARVEY: Further to the Esperance TAFE, as I said, that redevelopment was given the go-ahead towards the end of 2016. How advanced is the planning for the redevelopment of the Esperance TAFE? Are plans in progress or has the planning for that TAFE now been put on hold?

[11.40 am]

Mr P. PAPALIA: What does "given the go-ahead" mean?

Mrs L.M. HARVEY: Funding was allocated in the *Government Mid-year Financial Projections Statement* to the Esperance TAFE to commence immediately. My understanding is that planning for that TAFE rebuild had commenced. My question is a pretty simple one: is planning continuing for the redevelopment of the Esperance TAFE or has that been put on hold pending the reallocation of that planning effort to other programs?

Mr P. PAPALIA: It is an interesting observation that that is what "getting the go-ahead" means. I will ask Russell Brown, the executive director of service resource management, to indicate whether the announcement in the *Government Mid-year Financial Projections Statement* of funding for planning was real and whether any action has been taken; and, if so, where it is at.

Mr R. Brown: Yes, planning has continued for Esperance. Processes have been worked through with the Department of Education—the site is now identified, it has been excised from the high school and transferred to the ministerial corporation, and we are actively now planning community consultation so that when funds become available under the budget, we will be able to proceed immediately.

Mrs L.M. HARVEY: Thank you; I am pleased to hear that.

Mr S.K. L'ESTRANGE: I refer to page 182 of budget paper No 2. At the bottom of that page, in the notes it states —

The Average Cost to Administer Migration Applications and Overseas Qualification Assessments has increased between the 2016-17 Estimated Actual and the 2017-18 Budget Target largely as a result of a decrease in migration applications, in line with an overall reduction in the number of occupations on the Western Australian Skilled Migration Occupation List and the suspension of Perth from the Regional Skilled Migration Scheme.

What is the projected drop in enrolments in the sector?

Mr P. PAPALIA: I do not know that I can give the member a projected figure, but the budgetary implications have been as a result of an impact on the actual numbers—there is an increased cost per student because there are fewer students. I am pretty interested in this subject because I am the tourism minister as well, and international students have a fairly significant role to play as far as tourism numbers go. I am sceptical. I know that in Parliament the opposition has been pursuing the line that somehow a significant drop in registrations or migration for the purposes of international students has been as a consequence of state government policy, but I actually suspect that it may be that people who were coming here previously under the guise of education purposes may actually have been coming with a view to getting a job as their primary objective. Maybe what we are getting now is the real number of people who are actually studying. I speculate that that is part of the cause, but I cannot give a projection of student numbers into the future. The other thing is that we are bringing a significant focus to growing international student numbers as a key element of our government's response to diversifying the economy and growing the tourism sector and international education sector. To that end, in November the Premier will be leading his first delegation overseas to China, with a sole focus on tourism and international students. We will be announcing some initiatives aimed at driving our international student numbers up. As a proportion of the overall total of international students coming to Australia, under the previous government our international student share plummeted. We went from somewhere around 12 per cent of the national total to sub-seven per cent under the previous government. That had a significant impact. We are coming back from that. We will be throwing a significant amount of effort at growing the number of international students.

Mr S.K. L'ESTRANGE: The way to get an understanding of the projected drop in student enrolments would be the same way that this budget item was put together. The 2016–17 estimated actual for the average cost was

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\$375 per application, and then in 2017–18 the budget target is \$719. It has almost doubled. Mathematically, we could infer that, therefore, enrolments have almost halved.

Mr P. PAPALIA: No. What has happened is that the drop has already been experienced but the allocation adjustment as a consequence of that drop is not made until that out year. That is why the numbers have changed so significantly. In a sense, it is not a projection of a drop in that year; it is just a catch-up in redistribution of the funding per student.

Mr S.K. L'ESTRANGE: The notes in the budget do not say that. The notes in the budget say that it is the result of a decrease in the number of migration applications. The line item in the budget is saying that the reason for this almost doubling of per-student cost is the reduction brought about by the government's policy, which is an overall reduction in the number of occupations on the Western Australian skilled migration occupation list—I am reading this from the budget papers—and the suspension of Perth from the regional skilled migration scheme.

Mr P. PAPALIA: As I said a little earlier, the number of international students plummeted under the previous government. In terms of the extent to which the change in recent times can be attributed to those two factors, it would be difficult to discern how much would be associated with each of the factors at play. That aside, the drop had already been experienced. I am advised that what is happening in the books there represents a readjustment of funding allocation as a consequence of the drop. It had not been adjusted to date, so it will be in 2017–18.

Mrs L.M. HARVEY: Further to this, the income that the agency expected to receive from skilled migration was a budget estimate of \$537 000 and the achievement in 2016–17 was \$511 000, but the expected income from the skilled migration component is now \$242 000 for 2017–18. That is a significant reduction in the expectation for skilled migrants. How many of these skilled migration applications is the department expecting to fall off as a result of the policy change?

Mr P. PAPALIA: It is actually reflecting what has already happened, as I understand it. The estimated actual was not accurate because the number was more significant.

Mrs L.M. HARVEY: Ms Ho will have the numbers. I am interested in the number of applications. How many applications were received in 2016–17 and how many applications does the department expect in 2017–18? Ms Ho will know.

Mr P. PAPALIA: I might ask Karen Ho to respond to that.

Ms K. Ho: We have some projected numbers. The drop between those two years that we are projecting is 1 791, so we are going from about 4 500 to just over 2 500 skilled migration applications.

[11.50 am]

Mr P. PAPALIA: I might ask Karen if she can provide a bit more information about the drop that has been experienced and how that number relates to the experience that we have already encountered.

Ms K. Ho: The drop is a result of the reduction of occupations on the skilled migration occupation list and the suspension of Perth as a region in the skilled regional migration scheme. That drop commenced just after the state election, so it commenced in the previous financial year but will continue forward into 2017–18. We have seen an increase in the average cost per application because we have fixed staffing costs that we will need to adjust because we have permanent staff in that migration services unit. We will need to make some adjustments to bring the efficiency indicator back down again.

Mrs L.M. HARVEY: I notice that the department is looking to achieve three fewer staff in that area. The 2016–17 budget target was 15 staff. The 2017–18 target is down to 12 staff. Given the massive drop-off, how many applications per full-time equivalent would the department normally expect to process?

Mr P. PAPALIA: That drop in staff recognises the need to restructure because there are fewer applications, and that process is being undertaken. The intention of reducing the number of migrants under the regional skilled migration scheme and truncating the skilled migration occupation list is that skilled Western Australian employees can get jobs. A reduction in the number of people needed to fulfil the needs of this program is no great shock.

Mrs L.M. HARVEY: Would it be possible to get a breakdown of the occupation list for the skilled migration scheme applications that were processed in 2016–17?

Mr P. PAPALIA: We will provide that as supplementary information.

The CHAIR: Minister, exactly what will you provide?

Mr P. PAPALIA: Do you want me to give a page and line item and everything?

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Chair; Mrs Liza Harvey; Mr Paul Papalia; Mr Peter Rundle; Mr Sean L'Estrange; Mr Reece Whitby; Ms Emily Hamilton

Mrs L.M. HARVEY: If possible, for 2015–16 and 2016–17, could I have a list of the occupations for which skilled migration applications were assessed and processed for the skilled migration program.

Mr P. PAPALIA: We will provide a list of the occupations for which applications for the skilled migration program were processed in 2015–16 and 2016–17.

[*Supplementary Information No B19.*]

Mrs L.M. HARVEY: For the 2017–18 budget year, the target expected from new applications is \$242 000. Is it possible to get an indicative list of which occupations it is expected those applications will be for?

Mr P. PAPALIA: There has been a reduction in the quantum and the overall level by some percentage. That reduction has been accommodated in the predictions but it has not been broken down into individual occupations.

Mrs L.M. HARVEY: Okay.

Mr R.R. WHITBY: I have a question that relates to page 179 of budget paper No 2 under the heading “Significant Issues Impacting the Agency”. What can the minister tell us about the new commonwealth national partnership agreement for the Skilling Australians Fund and its future?

Mr P. PAPALIA: The commonwealth government recently announced that the national partnership for the Skilling Australians Fund would replace the previous National Partnership Agreement on Skills Reform, which expired on 30 June. I am told that it is important to note that the commonwealth funding is subject to legislation being passed by the federal government and that it intends to pay for the national partnership with a levy on skilled migrants. There are concerns because these funds are tied to a specific focus on increasing apprenticeships, traineeships, high-level apprenticeships and pre-apprenticeships, and the funding also must be matched by the state. It is no longer just funding from the federal government. Whatever it offers will have to be matched by the state, which will be challenging in the current environment and will clearly have an impact on future budget demands.

Mr P.J. RUNDLE: I refer to page 187 of budget paper No 2 and the line item “Muresk Institute” under the heading “Skills Training Initiative”. I refer to the decision to cease funding to Charles Sturt University to deliver its bachelor’s degree at Muresk. Has Charles Sturt University given any indication to Central Regional TAFE that it will continue the bachelor’s degree past the current crop of students?

Mr P. PAPALIA: I might ask Russell Brown to answer that.

Mr R. Brown: Charles Sturt University has indicated that it will offer the course only as an online distance education course. If students wish to study face to face, they will need to travel to Wagga Wagga to complete the course. After the current group of students, it will not offer the course face to face in Western Australia.

Mr P.J. RUNDLE: Sorry. Was that last bit that after the current crop of students it will not offer it?

Mr R. Brown: It will not offer face-to-face delivery within Western Australia.

Mr P.J. RUNDLE: Thank you. Has Central Regional TAFE received any direction from the Department of Education to cease promotion of the agribusiness degree at Muresk?

[12 noon]

Mr P. PAPALIA: Under the previous government, there was an arrangement whereby an east coast university was subsidised heavily for provision of this course. That is not viable, thanks to the circumstances we have inherited. All expenditure is being reviewed, analysed, assessed and prioritised. As a consequence, that will no longer be the case; however, the students who are currently enrolled will be funded to pursue their studies in their current location with a view to the course being provided by Curtin University in the calendar year after next.

Mr P.J. RUNDLE: Has Central Regional TAFE received any direction from the Department of Education to cease the promotion of the agribusiness degree at Muresk Institute?

[Mr I.C. Blayney took the chair.]

Mr P. PAPALIA: I know the opposition had the media out at the Dowerin field days, promoting how evil the government was, but the reality is that the east coast university that is providing that service has indicated that it will not provide it beyond the current students in Western Australia. TAFE has been informed of the situation and that it should not be promoting it as an option. Honestly, it is not appropriate that people promote a course that is no longer available. They should not have been doing it.

Mr P.J. RUNDLE: My concern is that Curtin University is supposedly coming in with an associate degree and the opportunity to do the full agribusiness degree appears to be disappearing. I am concerned that we are not promoting the opportunity to complete a full agribusiness degree.

Mr P. PAPALIA: I am just trying to get across the member's nuance. Curtin already offers a full degree and the proposed new offering is an associate degree, which is, as the member was suggesting, a shorter time frame and a lesser qualification. However, if people want to pursue the full degree, they can at Curtin. They can pathway into the full Curtin degree via that other pathway.

Mr P.J. RUNDLE: Charles Sturt University also provides degrees at other universities, like the Geraldton Universities Centre, but my question is in relation to Muresk. I am concerned that students who are pushed into a two-year associate degree at Muresk will then be asked to depart the scenery to the Bentley campus of Curtin to complete, if they would like to, their full agribusiness degree, which will leave Muresk high and dry. That is really my concern.

Mr P. PAPALIA: I am advised that Muresk is experiencing opportunity with other courses that it provides. The change in this particular course will not have the impact that the member is suggesting. I might ask Russell Brown to provide more information about the other courses and the number of courses that Muresk is able to provide and the number of individuals.

Mr R. Brown: Muresk runs a range of courses with partners, with up to 37 different training providers. It is also used by a number of other universities for other parts of programs. One of the other full qualifications being run is a specific integrated Diploma of Agriculture that was developed by the University of Queensland, specifically in partnership for the Western Australian market. There are courses such as a certificate III in agriculture and veterinary nursing for large animals, and this is the only area where that is offered within the wheatbelt area. There is also a complete suite of short courses that are run for just-in-time training across the agricultural industry to the extent that last year more than 2 000 students used Muresk for a combination of short and long-term courses. The students enrolled to do a Bachelor of Agricultural Business Management contributed only four per cent to the income of Muresk during last year. Muresk has a very broad range of offerings, and although it may impact in social ways, financially it will not affect the sustainability of Muresk.

Mr S.K. L'ESTRANGE: I refer the minister to the total appropriations on page 178 of budget paper No 2. He will notice that there are significant drops in appropriations from the 2016–17 estimated actual moving through to each successive year. Can the minister explain the significant reduction in expenditure over the forward estimates?

[12.10 pm]

Mr P. PAPALIA: It reflects the redirection of royalties for regions funds to the provision of these sorts of services. When in the past there would have been an allocation of the amount the member is talking about from the consolidated account, the amount has now diminished as a result of augmentation from RforR. RforR funding is being directed to this as a priority, rather than some of the former government's other priorities. It will assist in purchasing regional training from both public and private training providers and addressing class size loading to create smaller class sizes so training remains viable in the regions. It will also provide some additional salary funding in the regions. It will address housing costs to cover some differences between government regional housing costs and tenant rental costs, and it will address goods purchasing loading to acknowledge the higher cost of purchasing goods in regional areas. The reason the appropriation from the consolidated account is reduced is that royalties for regions funding has now been allocated.

Mr S.K. L'ESTRANGE: Is the minister saying that a quite significant drop—almost \$60 million—over the forward estimates from the 2016–17 estimated actual compared with the 2020–21 estimated actual is being budgeted in the royalties for regions funds? Is the minister saying that the figure is not falling and that the money is there but it is in another budget?

Mr P. PAPALIA: Essentially, yes. Instead of that component coming from the consolidated account, the bulk is now a royalties for regions allocation towards those outcomes. I understand that the previous government had a view of what it would use royalties for regions allocations for. The former government was shifting on that; the former Treasurer and now Leader of the Opposition had moved substantially towards using royalties for regions funding in much the same way as we are currently doing and doubtless had the Liberal Party won the election, it would be doing that. We view every cent of taxpayers' money as being worthy of thorough analysis and it must be prioritised in this constrained environment to ensure that we get taxpayers the best value for their dollar, and that is what we are doing.

Mr S.K. L'ESTRANGE: Is the minister able to refer me to where in the royalties for regions budget these changes exist as a line item for training and workforce development?

Mr P. PAPALIA: No. The member would have to ask the minister responsible in the appropriate estimates hearing.

I am advised that it does appear in this part of the budget on page 189 of budget paper No 2. Under the heading “Income From State Government” in the table of costs of services, there is a reference to the regional community services fund. In 2019–20, there is figure of \$45.116 million and there is another \$45.7 million in the subsequent year.

Mr S.K. L'ESTRANGE: To confirm, is the regional community services fund allocation of \$45.1 million in 2019–20 and \$45.7 million in 2020–21 allocated to the appropriations for training and workforce development in those years?

Mr P. PAPALIA: Substantially, yes. I do not think all of it is, but the reduction in the consolidated allocation that the member was concerned about is essentially replaced by that amount.

Ms E. HAMILTON: I refer to significant issues impacting the agency on page 179 of budget paper No 2. What is the state government doing to ensure that apprentices, particularly those who are studying in small craft industries, have the opportunity to train in Western Australia rather than travel interstate to complete their apprenticeship?

Mr P. PAPALIA: The state government is committed to ensuring that apprentices studying small craft industries have the opportunity to study in Western Australia in 2018. The key to achieving this was to undertake consultations with affected industries to determine their requirements and to implement a model that best meets employers' needs. That consultation process indicated strong industry support for six craft industries that are currently being delivered in the eastern states as a consequence of the previous government's policies. This government has embarked on plans to reintroduce delivery of those qualifications at TAFE colleges in 2018. They cover electronic servicing, upholstery, wood machining, timber furniture finishing, textile fabrication and vehicle trimming. It is estimated that it will cost approximately \$175 000 per annum to fund the delivery of the courses and savings from the funding of the previous providers in the eastern states—including travel, accommodation allowances and reprioritisation of TAFE expenditure—will support the return of these training programs to Western Australia. Western Australian students can study here in our own state and be provided with training from our own people.

Mrs L.M. HARVEY: Will these new craft traineeships and apprenticeships also be determined through consultation with industry? We obviously want to train people into employment, so how will modelling be done to ensure that each of these individuals will be training to be employed?

Mr P. PAPALIA: As I understand it, the former government provided a range of funding for craft industry apprenticeships, except it sent our students to other states to do them and provided the funding to training providers in other states at considerable expense. The apprenticeships were obviously deemed necessary because the former government deemed them to be worth funding under its own processes, but it provided the funding to providers in other states. We intend to bring the provision of training back to Western Australia; that is the only difference. As far as the determination of which skills and courses were necessary, that was done in consultation with industry and the relevant industry training councils.

Mr S.K. L'ESTRANGE: Picking up on the minister's answer, I understand that the department's focus is to get trainers to be Western Australian, which will keep jobs local, and that it therefore also wants trainees to be Western Australian. How will the department guarantee that the trainers will be Western Australian?

Mr P. PAPALIA: That is not what I said. I said that the former government was paying organisations in other states to train Western Australian students in specific craft industry skills. We intend to provide training through Western Australian institutions.

Mr S.K. L'ESTRANGE: Am I to take from this answer that the department is trying to attract trainees from other states to come to these programs? Or is this solely for —

Mr P. PAPALIA: We are trying to rectify the stupidity of the former government's policy whereby it funded interstate institutions to provide legitimate training opportunities for Western Australians. The industry is fully supportive of us returning this training to our state, and we intend to do it.

Mr S.K. L'ESTRANGE: Following on from that, the premise of the minister's argument for keeping it local is for local jobs, because otherwise we could just be shipping interstate providers into Perth to provide the service, and paying them to do it here instead of there.

Mr P. PAPALIA: The qualifications to which we were referring, and to which I have referred already, are electronic servicing, upholstery, wood machining, timber furnishing finishing, textile fabrication and vehicle trimming. Why does the member think Western Australian institutions should not provide that training?

Mr S.K. L'ESTRANGE: That is not my question.

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Mr P. PAPALIA: I am asking the member. He is the one pursuing this odd line of questioning. I do not understand where he is trying to go.

Mrs L.M. HARVEY: We get to ask the government questions in estimates.

[12.20 pm]

Mr S.K. L'ESTRANGE: The question I am asking is: the premise of this policy change is to create jobs locally; that is what the minister is saying today, and there is nothing wrong with that—I get that.

Mr P. PAPALIA: The intention of the policy change is to bring Western Australian training back to Western Australia.

Mr S.K. L'ESTRANGE: Let me finish the question. The premise is to have these skills taught in Western Australia, and to grow Western Australian jobs. That is what the minister is articulating. What is to stop an interstate trainer or training institution from simply moving its resources here and conducting the training here under the government's program?

Mr P. PAPALIA: The member is prefacing his question with an observation that he is making, but it is not what I have said. Our intention is to ensure that Western Australians can be trained in these craft skills in Western Australia. That is the intention. It was stupidity to have interstate organisations training Western Australians in craft skill sets for which there is a demand in Western Australia. We could not understand why the previous government did that, and we are bringing them back to Western Australia.

Mrs L.M. HARVEY: I have a question on the asset investment program on page 186 of budget paper No 2. Under new works, there is a \$200 000 election commitment for preparation of a business case for the Collie campus. What is anticipated to be required at the Collie campus?

Mr P. PAPALIA: Sorry, member I missed that last bit.

Mrs L.M. HARVEY: There is an election commitment for project planning and preparation of a business case for a major upgrade of South Regional TAFE's Collie campus. What is anticipated to be required at the Collie campus?

Mr P. PAPALIA: I might ask Mr Brown to respond. I understand that it is just a business case. That is what that item is for, but I will ask Mr Brown to respond.

Mr R. Brown: Yes, the funds are to enable the consultation and planning for an upgrade in Collie in line with the current government's election commitment to upgrade the campus to support the mining industry. There are also other potential proposals that need to be canvassed for that area.

Mrs L.M. HARVEY: How many students go through the Collie campus every year?

Mr P. PAPALIA: I cannot answer that for the member, but I am happy to obtain it as supplementary information. The supplementary information refers to the second last dot point under the heading "Asset Investment Program" on page 186 of budget paper No 2, referring to South Regional TAFE's Collie campus. I will undertake to provide the number of students currently enrolled.

Mrs L.M. HARVEY: If the minister would not mind, please provide the number of students currently enrolled, and the number of student curriculum hours conducted through the Collie TAFE.

Mr P. PAPALIA: I will provide the number of students currently enrolled and the number of student curriculum hours allocated to Collie TAFE.

[*Supplementary Information No B20.*]

Mr P.J. RUNDLE: I refer to the line items on page 193 of budget paper No 2, *Budget Statements*, for works in progress at Central Regional TAFE, North Regional TAFE and South Regional TAFE. Following the merger process last year, is equal consideration being given to each TAFE site, and can the minister break down the asset replacement program figure across all TAFE sites under those three regional TAFEs?

Mr P. PAPALIA: I will just make sure that the member is getting the right answer, because there are two different allocations for refurbishment. There is a bigger one that the department manages, and this one, which is internally managed by each of the agencies in question. Does the minister want to know more about the other one—the bigger one?

Mr P.J. RUNDLE: Yes.

Mr P. PAPALIA: We might go to the reference to the asset investment program on page 186. The member's question was about whether we could provide some detail about how the allocation is broken down.

Mr P.J. RUNDLE: That is right.

Mr P. PAPALIA: Are the specific line items on that page adequate for the member or does he want something broken down even further?

Mr P.J. RUNDLE: I just want to make sure that the minister is comfortable that the system is working well and that each region is being treated in an equitable manner in both support and capital investment.

Mr P. PAPALIA: I will get the director general to give an answer to the member's specific question. It is a bit general in nature. There is obviously an ongoing appraisal of need, and the governing councils for each of these TAFEs provide input. I will ask the director general to respond.

Ms A. Driscoll: Essentially, the asset investment program is a constant surveillance exercise of where training needs are evolving, and where campuses are becoming outdated. As the member can see here, many projects over many years are of major significance. As the member has identified, several new projects are coming on board. One is the Esperance work, and another is the proposed work in Collie. That is a good example, in that initially a business case is done and then it will go through the Economic and Expenditure Reform Committee process for assessment of the validity of the project relative to other priorities. The governing councils of each of the TAFEs can identify significant issues and concerns and communicate them to the minister, which might be the gestation of work in this space. What then happens, say for the Collie project, is that a full proposal—business case, costings and identification of future training needs et cetera—goes forward. That process is unfolding all the time, and the major infrastructure works are represented on page 187. As the member identified, work is listed on page 193, but that tends to be more minor works being done to ensure that particular colleges are maintained adequately once they are built and developed.

[12.30 pm]

Mr P.J. RUNDLE: Following the merger last year and the sort of centralisation, I guess we could call it, to one location for control, if you like, for a region, are the minister and the director general comfortable with the way things are proceeding and the way management is going et cetera?

Mr P. PAPALIA: It is a bit hard, because I am not the minister; I am acting on behalf of the minister. That structure was inherited, so that process was in place when we took office. I assume the minister and the director general are appraising the situation as they go to determine whether there will be modification. I will let the director general answer.

Ms A. Driscoll: I, too, am new to the portfolio, so in some ways I see it with new eyes. It appears that the economies of scale that have been achieved mean that it is possible for TAFEs to be much more flexible in their utilisation of resources and to achieve greater economies within each college. Also I think there is an appetite for TAFEs to partner across boundaries in both the sharing of knowledge and lecturers as necessary as well as sharing information and communication technology activities et cetera. There are many examples of where we are moving to have a single platform to maximise the student experience and ICT procurement and security savings.

Mrs L.M. HARVEY: I refer to the service summary on page 180 of volume 1 of budget paper No 2. I notice the estimated budget for 2017–18 for support services to the TAFE colleges is \$39.88 million, which is a significant increase on the estimated actual for 2016–17. What is anticipated that requires the additional \$6 million or so?

Mr P. PAPALIA: I will ask the director general to respond.

Ms A. Driscoll: In essence, it is a continuation of the conversation I was just having, which is, basically, recognition that increasingly support to the TAFEs, particularly in the ICT sector as well as in human resources and financial services, is operating as a central resource, which is currently delivered through the department. It reflects the fact that, increasingly, ICT in particular is being supported out of the department rather than through each of the TAFEs.

Mrs L.M. HARVEY: On the same page I note that recruitment and management of international students is pretty much flatlining in the out years. Will the same marketing program and arrangements for attracting international students continue or do we expect perhaps some increase in the recruitment activity to try to bring up that flatline?

Mr P. PAPALIA: Thank you, member. No; we will not take the same approach. We have in fact boosted resources for marketing to potential sources of international students. We committed to increase funding for Study Perth by about 25 per cent annually. Beyond that, moves are well underway to radically shift the focus and structure of Study Perth activities, so they will be much more integrated with tertiary institutions. There will be significantly more input from all our universities. There will also be a very specific focus by government across portfolios, led by the Premier, on growing international student numbers. We agreed that we were not satisfied with just flatlining international student numbers in whatever field of endeavour. We are intent on growing their numbers because they are a key element of tourism. They represent the potential to grow the number of international visitors. According to the CEO of Perth Airport, every student who comes to the state represents around four and a half seats on an international flight annually to Perth. I do not know how they get the half but the numbers work out

that way. Between four and five visitors come from their home country annually. Beyond that, we know that if a student is trained in Western Australia and they have a great experience, they are very likely to return as a tourist themselves or even send their children to study here. We therefore ultimately benefit in a multi-generational increase to tourism as a consequence. We are very focused on growing the number of international students as an element of tourism. A strategy is associated with growing those numbers. One of the key elements will be a focus on China, where we have been left lagging behind the national experience. As I said earlier, the Premier will lead a delegation, which will be tourism focused but very much have an international-student focus as well. He will lead that first trade delegation to China in November. It was to be in October but activities of the Chinese government change that is coming up in October means that we have changed the dates.

Mrs L.M. HARVEY: Further to that, a significant proportion of international students choose where they study because there is a prospect of employment at the end, which is where the nexus between international student numbers and skilled migration sits. What proportion of international students who visit and train through our system tend to remain in employment on completion of their training shifts?

Mr P. PAPALIA: Member, that is an interesting observation because the focus or intent of international student education is to provide education. It is not to provide jobs for people. We provide jobs to our own people through our training, with the intent that on completion of their training, they get employment in our state. If what we were doing in the past was providing a means of alternative entry for international migrants, it is questionable whether we should have been funding it from the education portfolio. A business migrant program funded under the Small Business Development Corporation, which I am responsible for, is an appropriate entry point for people who want to come to Western Australia and create opportunity and jobs using their own capital. But I am quite critical of any suggestion that our education system is an alternative migration system for people. Sure, a proportion of people come to Australia and study and end up remaining, but it is not supposed to be a way for people to fly under the radar and occupy jobs that Western Australians could be doing. For that matter, I understand something that was likely to have been occurring was people essentially scam studying when they might have been attending very few training requirements, so that they can essentially be here working as their primary purpose. That is not what education funding is supposed to be directed at.

[12.40 pm]

Mr S.K. L'ESTRANGE: I refer to page 122 in budget paper No 3. Near the bottom of page 122 is the heading "Internal Reallocation to Fund Election Commitments" and the figure of \$6.9 million. Can the minister outline what projects, programs or activities have been withdrawn to fund those election commitments?

Mr P. PAPALIA: As I understand it, no programs have been cut or terminated as a consequence in order to realise that saving. The paragraph states —

These savings will be realised through operational efficiencies and the reprioritisation of current expenditure across the Department's total cost of service.

It is not eliminating any programs.

I have something to add to that answer. One of the things that might have contributed to the ability to redirect funding was savings made. For example, instead of funding eastern states providers and funding travel and accommodation allowances for someone from Western Australia to go to the eastern states to conduct training in one of those craft industries we were talking about earlier, a saving from that will be redistributed towards training in Western Australia. That is the sort of thing.

Mr P.J. RUNDLE: I refer to "Significant Issues Impacting the Agency" on page 179 in volume 1 of budget paper No 2 and the statement —

- implementing a Vocational Education and Training (VET) Regional Partnerships Program to provide ... regional TAFEs to invest in new and innovative long-term partnerships to create training and job opportunities;

Would the minister or the director general be able to provide a bit more background information on that?

Mr P. PAPALIA: I might ask Duncan Anderson to provide a bit of detail, if that is possible.

Mr D. Anderson: In line with the current government's election commitments, we are working to leverage off existing partnerships and structures within local regional communities and, importantly, to also maximise the potential of existing metropolitan colleges to bring that to the regions to enable those partnerships to occur.

The CHAIR: Would this be an opportune time to move on to discuss the regional TAFEs or do members want to carry on working the way we are?

Mrs L.M. HARVEY: I have a few more questions.

I refer to the outcomes and key effectiveness indicators on page 180, volume 1 of budget paper No 2. I draw the minister's attention to the line item "Proportion of State nominated skilled migrants employed in priority occupations after arrival". This target has been sitting at around 40 per cent and it is now expected to lift to 70 per cent. It would seem the government wants to see 70 per cent of state-nominated skilled migrants employed in priority occupations at a higher proportion than the previous target.

Mr P. PAPALIA: At a wild guess, I would say that is a natural consequence of the reduction in overall numbers, meaning there is a lift in the proportion being employed. That is all. It just reflects the numbers. It is not our target or our intent; it is just a natural consequence. As the member indicated when she was pursuing a line of questioning about likely numbers, if there is a proportionate drop in the number and there is a retention of the proportion who end up being employed, that proportion would increase. If it remains the same, the raw number remains the same. There is probably a proportionate increase in the percentage it represents.

Mr S.K. L'ESTRANGE: On the previous page, page 179, a significant issue impacting the agency is listed as —

- working with the TAFE sector to contribute to the Government's long-term international education strategy to increase Western Australia's market share of international students ...

Mr P. PAPALIA: That is right.

Mr S.K. L'ESTRANGE: The government's aim is to increase its market share of international students. That is linked to the proportion of state-nominated skilled migrants who are employed in priority occupations after arrival. Is it not the government's goal to increase that from 40 per cent to 70 per cent?

Mr P. PAPALIA: No. They are not the same things. As I indicated earlier, the government is not satisfied with the strategy that it inherited from the former government, which had failed with respect to international students. We intend to grow our share, as a proportion of the national total, beyond the sub-seven per cent that we currently get to a more reflective per capita proportion, which would be about 11 per cent to 12 per cent. We will be implementing strategies to achieve that. That has nothing to do with the recognition that that number has fallen overall.

Mrs L.M. HARVEY: I refer to the government's savings measure, "Voluntary Targeted Separation Scheme", on page 6 of budget paper No 3. I notice there have already been some reductions in full-time equivalents in different subsections of the budget. How many FTEs are expected to be lost from the Department of Training and Workforce Development?

Mr P. PAPALIA: No figure as yet has been allocated to the department. I think that reflects what happened in Education.

Mr S.K. L'ESTRANGE: I refer to support services to TAFE colleges on page 185 in budget paper No 2. Why has there been an increased cost of service?

Mr P. PAPALIA: I think it might be a repeat of that question I responded to earlier whereby the centralisation of a lot of support services, undertaken under the previous government, has resulted in some cost increase. Beyond that, it is probably as a result of lived experience. Also, identifying the actual cost of providing those services has increased. When the former government initially undertook that process, it might have forecast a particular cost. Once it was in place and the structure was operating, it would appear there has probably been an increase in actual cost.

Mr S.K. L'ESTRANGE: Below those figures, the minister will see that the number of full-time equivalents has risen from 188 to 218. What is the reason for the increased FTEs?

Mr P. PAPALIA: I see that the former government budgeted for 205; so the estimated actual is lower than that. Now this is budgeting for 218. Perhaps the actual will be lower; I do not know. It is probably a forecast anticipated need. Whether or not that is realised will be determined in next year's budget.

[12.50 pm]

Mr S.K. L'ESTRANGE: Why has the average cost to administer the support services increased per TAFE college in the 2017–18 budget?

Mr P. PAPALIA: I think that is pretty much the issue to which we were referring earlier. The former government consolidated a lot of these processes by reducing the number of TAFE institutions and centralising and sharing a range of services. What we heard from the director general was not criticism; she commended that process to some extent and said there were some benefits realised as a consequence. But there were also additional costs that perhaps had not been identified in advance, and now they are being recognised.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE B — Wednesday, 20 September 2017]

p302b-313a

Chair; Mrs Liza Harvey; Mr Paul Papalia; Mr Peter Rundle; Mr Sean L'Estrange; Mr Reece Whitby; Ms Emily Hamilton

Mrs L.M. HARVEY: I refer to workforce planning and development on page 181 of budget paper No 2. I noticed that the average cost per industry and stakeholder contact are anticipated to increase in the 2017–18 budget. Can the minister articulate why?

Mr P. PAPALIA: It is just a projection based on the estimates of the number of stakeholders that have to be engaged. I do not think there is any great issue with it. Is the member referring to “Average Cost per Industry and Stakeholder Contact” under “Efficiency Indicator” in the top table?

Mrs L.M. HARVEY: I am. It looks as though there is an anticipation of an increase in income, but a higher cost of delivering service per contact, and there are fewer employees. I wonder whether there are fewer employees —

Mr P. PAPALIA: The driver is the number. That is the denominator and we are hoping to grow, so the cost will increase proportionately, but it is not significant; it is not a massive change. It is only a projection. All that is done is that the department’s income is divided by the number. I am not sure that there is any particular issue there. There is a slight change, but it is not that significant.

Mr S.K. L’ESTRANGE: I refer to significant issues impacting the agency on page 179. I note that the government’s jobs, growth and training priorities include revamping the State Training Board and industry training councils. What is the government’s plan for doing that? How will it be carried out?

Mr S. Walker: There is a combination of things there. One is changes to the membership, which are in train as we speak. They are being given a greater role by the minister in consulting right across the board on skill shortages. They are currently consulting on how we can improve and grow the number of apprentices and trainees. In the relationship with the industry training councils, which is shared between the board and department, we are placing more emphasis on the board to oversee the roles of training councils and provide them with advice. They are the main changes so far.

Mrs L.M. HARVEY: The State Training Board and the councils have always had a mix of business and union membership. Is that mix proposed to change?

Mr P. PAPALIA: No. I am advised that the minister is personally engaged in this process and is meeting with stakeholders regularly about it. She has met with the chair of the State Training Board on at least three occasions that the director general knows about.

Mrs L.M. HARVEY: I am pleased to hear that. The mix has always been very effective on those boards and members have always worked very effectively together, so I would not like to see the formula change necessarily, but perhaps the roles.

Mr P. PAPALIA: I think the recognition of that as a significant issue just reflects the government’s desire to ensure that what we provide reflects what industry needs and where the opportunities lie for young people and other people who are undertaking training. That is the idea. I do not think there is any secret agenda other than making sure that we are very focused on delivering what industry needs.

The CHAIR: I will ask a question, if I may. I refer to the appropriations on page 178 under “Appropriations, Expenses and Cash Assets”. A bill is coming into the house initiating some changes to the state training levy, which I think employers pay.

Mr P. PAPALIA: Can you say which line again, Mr Chair?

The CHAIR: I am just referring to the appropriations. Does the TAFE system get a direct amount of money out of that state training levy? I am curious to know how it gets split up and whether TAFE gets a direct income out of it?

Mr P. PAPALIA: I might clarify what **The CHAIR** is asking about. Is he talking about the construction industry training fund levy?

The CHAIR: Yes.

Mr P. PAPALIA: No, it does not.

The appropriation was recommended.