

**SUBCOMMITTEE OF THE STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2012–13 AGENCY ANNUAL REPORT HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 7 NOVEMBER 2013**

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

Members

**Hon Peter Katsambanis (Chair)
Hon Ken Travers
Hon Alanna Clohesy**

Hearing commenced at 3.34 pm

**Dr RUTH SHEAN,
Director General, examined:**

**Mr PHIL TORRISI,
Director, Strategic and Executive Services, examined:**

**Ms SUSANNE LAPHAM,
Executive Director, Service Delivery, examined:**

**Mr SIMON WALKER,
Executive Director, Policy Planning and Innovation, examined:**

**Mr RUSSELL BROWN,
Executive Director, Service Resource Management, examined:**

**Mr GRAHAM THOMPSON,
Executive Director, Corporate, examined:**

**Mr ALEXANDER KERR,
Chief Finance Officer, examined:**

The CHAIR: On behalf of the Legislative Council estimates and financial operations committee, I would like to welcome you to today's hearing. Can you confirm that you have all read, understood and signed a document headed "Information for Witnesses"?

The Witnesses: Yes.

The CHAIR: Witnesses need to be aware of the severe penalties that apply to persons providing false or misleading testimony to a parliamentary committee. It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. The hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private either of its own motion or at the witness's request. 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. Government agencies and departments have an important role and duty in assisting Parliament to review agency outcomes on behalf of the people of WA. The committee values your assistance with this. For the benefit of members and Hansard, could you now each please state your full name and the capacity in which you appear before the committee, starting from my left.

[Witnesses introduced.]

The CHAIR: Thank you and welcome to all of you. Do any of you wish to provide an opening statement?

Dr Shean: No, thank you.

The CHAIR: I will hand over to the committee members for questions.

Hon KEN TRAVERS: I want to indicate that just after four I will have to duck out for a few minutes; my apologies.

Hon ALANNA CLOHESY: We understand that the ApprentiCentre—the centre for apprenticeships—is about to undergo a restructure. Is that correct?

Dr Shean: The department is constantly refining its functions and its structures. We have recently done some work to streamline—an ongoing process with all of our service delivery—the ApprentiCentre and, yes, we are in the process of doing that.

Hon ALANNA CLOHESY: What changes do you anticipate to its role and function and its structure?

Dr Shean: We do not see any major changes to its role or to its day-to-day operation in terms of how the public see it; our main interest is behind the scenes as to how we run it as a department. We are putting our staff into two streams. Whereas previously staff worked simultaneously on compliance matters as well as contract management for apprentices, we are now separating this into a compliance team on the one hand and then the administration of apprenticeship contracts and apprenticeship details on the other. We have effectively a front-of-house arrangement where we have staff who are dedicated to clients, and that is an important part of our service, but at the same time we also have obligations to meet our compliance requirements under the act and other requirements there. So, we have another team working on that too.

Hon ALANNA CLOHESY: So apprentices should see no change in the level and type of service that they would —

Dr Shean: I would expect that apprentices would see a constant improvement in our services, particularly where we have staff who are dedicated to customer support. Our goal would always be to improve our service delivery, to improve our response times, to improve the way in which we meet customer need to understand better what the issues might be. I would hope that we would see a better appreciation of what we are doing. Interestingly enough, we had somebody email a while back saying that the advice he had got from the ApprentiCentre had been very good indeed. Given the complexity, though, of what it is like in administering an apprenticeship contract, you have the apprentice themselves, frequently their parent or a couple of parents might be involved, there is the employer, sometimes there is the employer advocate, sometimes there is the apprentice advocate, so you can have lots of parties. That can be a fairly complex process. We are constantly refining the way that we better deal with these to make sure that we give a quicker response and we better understand the needs of all parties.

Hon ALANNA CLOHESY: When will this restructure start to take effect?

Dr Shean: As with all restructures, the process is an iterative one. We have been talking for many months—many years, to be fair—about better ways to streamline our services. We have already been working through trying to highlight the different focus on administration of contracts versus compliance issues. I have personally been leading some work on that for the last 12 months, looking at what the compliance issues are in the department under the VET act that we might need to address. It is a hard question to answer because it has been an iterative process where there have been different dates involved. So, we brought in two leadership positions, which are currently both operating, and the structural changes, I think, have already been implemented too, as in the last six weeks. So, at this stage, we do not plan any further changes, but change is a constant in our department and I would anticipate that would continue to happen, particularly as staff tell us what sorts of things they think they need to do to better respond to customer need.

Hon ALANNA CLOHESY: What impact will this have on the budget for the centre—for example, 2011–12 compared with the 2012–13 budget and into the forward estimates?

Dr Shean: It is very difficult for me to tell you exactly what our budget would look like into the forward estimates. While we have our forward estimates on a four-year out-year basis, we do our budget annually. At all times, though, we are looking to streamline the way that we do services to

become more cost effective, more efficient. But I cannot give you an answer for the out years because that decision has not been made as yet.

Hon ALANNA CLOHESY: What about what impact it might have on the full-time equivalent number of staff last year compared to this year compared to next year?

Dr Shean: Consistent with government initiatives, we have been, we will be, reducing our FTE. You need to see this in a much broader context, though. Our department is very young; we were formed in October 2009. I commenced just four years ago in December 2009. We effectively had no structure when I started and we moved to a major new structure in March through to May 2010. At that stage, we had five directorates. We moved to a purchaser–provider–funder model, and under the provider structure, we had two service delivery directorates. We made a change to that in July last year, where we combined the two service delivery directorates into one. At that stage, for example, we were able to reduce from two executive directors down to one. In the meantime, for service delivery alone, we have reduced four leadership positions. This is at the third tier in the department; myself as director general is the first tier and the second tier is the executive director. We now have one executive director rather than two, so we have made a saving there. At the third tier we are about to or we have recently reduced one of those positions.

In the voluntary severance arrangements, which government has already announced, we have already advised Parliament that we had 49 voluntary severance approvals from the Public Sector Commission. We do not anticipate implementing all those 49, not at least at the moment; we anticipate implementing around 32 at this stage. Some of those will come from service delivery, although we are still considering exactly how these are going to play out in the department for the best effect. What we need to weigh up with that is what is happening in the commonwealth. In the commonwealth, one of the key initiatives over the last few years has been changes to the Australian Apprenticeships Centre arrangements. In 2010, it was a definite proposal through the ministerial standing committee on training—I forget which particular iteration that was in at that stage—that it may well be that the Australian Apprenticeships Centre’s functions be transitioned to the states and territories. We have been working along this initiative in good faith for quite some time. However, it became clear throughout this year that that was not going to happen in quite that way and there was going to be some streamlining of function. So, we anticipate a similar streamlining of function for us, which is why we have moved to the compliance versus apprenticeship contract split. We believe that we are able to make some efficiencies in the way that we do service delivery and to that end we have allowed some voluntary severances. My understanding is that we have allowed around nine at this stage. Is that correct?

[3.45 pm]

Ms Lapham: I think it is about eight or nine.

Dr Shean: Eight or nine from the apprenticeship area.

The other thing that we have done to improve the ways that we work is looking at a different mobile approach. We now have staff using iPads and looking at their arrangements while they are out on the road so they can process things a lot more easily.

So, all of this has to be seen in the context of a very broad set of reforms, which have played out over the last three or four years.

Hon ALANNA CLOHESY: What effect will the restructure have in terms of the staff-to-customer ratio? So, if you are concentrating particularly on improving customer service delivery and you have made that split, what measures are there to indicate how much more time an apprentice may receive from the centre in relation to access to staff and how long that might take per appointment or per apprentice?

Dr Shean: That is a difficult question to answer because it is such a volatile metric, because as well as the number of staff that you have, you also have the complexity of case and you also have the number of cases that you might be dealing with.

Hon ALANNA CLOHESY: There are a number of service delivery agencies that have a variety of mechanisms to measure interface with customers over time. Do you have any datasets that measure interface with customers?

Dr Shean: We do. We keep a constant customer relationship management system where we interrogate our data at all times. One of the problems, though, is that it is very difficult to compare—it is an apples-with-oranges arrangement—as the requirements change, as commonwealth requirements change, and also the other factor to keep in mind is that our client numbers change too. As you would have read in the paper today, we are seeing a downturn in the number of apprentices because, in part, of the change in the resources, construction and mining sector from the development and construction phase to the operations phase. So it is not an easy thing for me —

Hon ALANNA CLOHESY: Which is particularly why I chose the customer–staff member interface time as a measure of customer access to the centre, so it is not only numbers, or the decrease in numbers or fluctuation—even seasonal fluctuations, I should imagine.

Dr Shean: That would be a difficult metric for us to provide you with because of the complexity of what—an interface issue with a client might involve the preparation of the contract in the first place. It could involve meetings with the employer, with the person themselves—the apprentice themselves or a trainee possibly—with the family, and there could be various other players too.

Hon ALANNA CLOHESY: So what sort of mechanisms have you got in place to measure quality assurance for apprentices?

Dr Shean: Well, it might be best if I hand that question over to Sue Lapham to talk through in greater detail.

Ms Lapham: We have various mechanisms, and one of the reasons why we restructured in the way that Dr Shean alluded to was that we saw the need for us to focus with specialist skills on the compliance area and retain specialist skills in terms of negotiation and moderation and mediation in the client services area. So, while there have been some voluntary severances from the area, we have also brought in other people, so you will find that there is barely any difference between the numbers because we have brought in a different skills base, and we measure a lot of the interactions, which vary from a mechanistic training contract variation right through to a very long preparation time mediation between a hairdresser and her employer and, you know, other people who are involved.

Hon ALANNA CLOHESY: I might come back to quality assurance a little bit later, but if you wanted to —

Hon KEN TRAVERS: No, you keep going.

Hon ALANNA CLOHESY: Okay. Because of the restructure, have you had to change the way that you measure quality assurance?

Ms Lapham: No. the restructure was designed to really get us to focus on the core skills and the core needs of the clients. I believe that previously we were conducting visits and things that were serving not much purpose, whereas now we are very focused on making sure that all parties are doing their part of the arrangement. As Dr Shean mentioned, there are lots of parties involved. There are the registered training organisations, the Australian Apprenticeships Centre—many and various. We have now got, I think, a more skilled approach to all of the different requirements, so I think we have actually refined the structure to better meet the skills base that we need currently. It is

not just a big conglomerate of 60 people, as it was previously; it is two groups of around 30, and they are much more focused on the particular task at hand.

Hon ALANNA CLOHESY: How are you going to measure that that is successful—that restructure, that split, the focus on the two areas?

Ms Lapham: One of the things that we were not doing well previously was actually getting client evaluation, and so we have put in place some means to evaluate the views of our employers, because that is who we are helping, just as much as we are helping the apprentices and trainees. The employers are the ones who really need the assistance to know how to better employ and to make sure that they are training adequately and that they are working with their registered training organisation to make sure that they are getting the right training. So we are doing a lot more qualitative evaluation of those.

Hon ALANNA CLOHESY: So each time there is an interaction with an employer, at the end of the interaction you ask, “How did we do?” or is it much more structured than that?

Ms Lapham: Yes. We record every interaction on our client management system, and our supervisors now are going to be proactively seeking feedback themselves, which we have never done before, from the employers and the apprentices, so following up and getting that evaluation quite separately and quite independently without perhaps it being influenced by the fact that —

Hon ALANNA CLOHESY: Someone provided the service and —

Ms Lapham: — someone provided the service and there they are asking how I did.

Hon ALANNA CLOHESY: “How did I do?”

Ms Lapham: Yes. So we are doing a lot more qualitative —

Hon ALANNA CLOHESY: And is that going to be after every interaction —

Ms Lapham: No, it will not be after —

Hon ALANNA CLOHESY: — or have you got a kind of methodology that is a sort of snowballing methodology?

Ms Lapham: It will be a sampling methodology, not of everyone. We know the employers that we have issues with and we know the employers that are very attuned to what apprentices require, so we know where to focus, and we have had many years’ experience of that, so we know where to focus our attention now.

Hon ALANNA CLOHESY: Will you be able to produce data on that on employers by sector, for example?

Ms Lapham: Yes, we will.

Hon ALANNA CLOHESY: Okay. Are you able to provide that now, or is it an ongoing —

Dr Shean: Could you tell me exactly what you are after, sorry?

Hon ALANNA CLOHESY: The level of satisfaction of employers by sector—well, quality outcomes by employer by sector.

Dr Shean: No, not at the moment; we would not have that sort of data.

Hon ALANNA CLOHESY: But that is something you are aiming towards.

Ms Lapham: Yes.

Hon ALANNA CLOHESY: Because, almost anecdotally, you would know which employers in which sector required which kind of level of attention, would you not, just because that is what you have been doing all the time? You know which sectors have employers that —

Ms Lapham: We are currently able to analyse our employers by the sectors, and, indeed, where we have industry specialist people, that is where we align them so that we are getting mediations done by people who have some knowledge of the industry area.

Hon KEN TRAVERS: In your budget, I think there is an allocation for the implementation of the entitlement model, and I think you have now given it the name of Future Skills WA. What modelling or analysis has been done about the likely impact of fee increases or lower levels of subsidies in terms of the student enrolments that will occur, and are we able to break it up into the different sorts of categories in terms of diploma, advanced diploma, traineeships, apprenticeships, priority areas of cert I to IV, general industry and foundation skills?

Dr Shean: I will need to give you some history to give you a meaningful answer to this. Firstly, Future Skills has come out of a commitment under the national partnership, which was signed in April 2013, to take effect from July 2013. This was a commitment Australia-wide to introduce an entitlement underpinning some or all of the training that each jurisdiction provided. However, it had been pre-dated by Victoria's exercise and, therefore, a fairly large dataset in terms of what had been achieved in Victoria, what had happened to the various enrolments in each of the categories, and how this was then likely to play out in other jurisdictions.

We then started our modelling in 2011. We engaged Nous Consulting to work with us, looking at our existing enrolment data, and also had them work with our key stakeholders, in particular state training providers, and also industry training councils, looking at where demand was most likely to be, what the demand projections for training were likely to be over the next so many years. They came out with a model that broke into four categories—these are the categories you have asked me about—and they were as follows: first, there were the priority skills of the state, and this is not inconsistent with the categories that that we already talk about; second, there were the other skills that the state recognised were important, but not necessarily a priority; third, there were the foundation skills, which were the literacy, language and numeracy skills, which we saw as important to get people into the training system and functional; and, fourth, there were the higher qualifications, so the diplomas and advanced diplomas and so on. They did their modelling based on those four categories. We did not break down a lot further than that, although we did do some analysis. Clearly, it is difficult for us to tell, without ever having done—we had our existing information, where we had been moving down a pathway of taking people out of the general institutional, which was the broader category, through to the skills priorities, and we knew what the trends were there.

Our brief, finally, was that the model that we came up with had to be affordable to the state, had to address the state's priorities first and foremost, and had to be easy to administer. We knew from Victoria that they had real complexities in terms of administration. There were rules about what you could and could not do, so if you had already done a qualification at this level, you could maybe do one more, but no more, and I cannot recall the detail of this. Subsequent to this, a few other jurisdictions, including South Australia, have introduced similar systems and have had to unwind them because they are just too complex to implement. We have gone for a much simpler entitlement approach, and my reason for a slightly longwinded answer, for which I slightly apologise, is that the modelling that we have done is based on the modelling for our own enrolment data, but also looking at what has happened in the other jurisdictions. But, of course, we are proposing to do something slightly different.

[4.00 pm]

We came up with a more detailed design that still has those four basic categories, which has an entitlement for anybody in the priority skills area. This has not been the basis of any other jurisdiction's modelling or actuality, so we do not know for sure how that is going to work out. Clearly, we have priority skills, we have the general institutional, we have foundation skills and we have diplomas. We do know that in other jurisdictions that have been using a similar policy

approach to diplomas that we are using, the enrolments have increased. There is a little hitch initially as people get used to the idea and then enrolments increase.

Hon KEN TRAVERS: Is that total enrolments?

Dr Shean: Across diplomas. For the other areas, our modelling is only as good at this stage as our existing data and what we can depend upon from other states.

Hon KEN TRAVERS: Is there any of that modelling that you are able to share with us about what you are predicting in terms of the outcomes across the sector? Obviously, we would ask for that as supplementary information.

Dr Shean: The most comprehensive analysis of that that we would have would be the Nous report from 2011. I believe that we would have various caveats on that. I would be very happy to ask the minister.

Hon KEN TRAVERS: Maybe we can ask for it to be supplementary information.

Dr Shean: With those caveats, though.

Hon KEN TRAVERS: Yes. Obviously, you will go back and ask the minister and see what is able to be provided.

[Supplementary Information No C1.]

Hon KEN TRAVERS: I would have thought that there is a danger in some of these priority skills areas that if you suddenly push the price of the courses up, you will see a dramatic drop away in enrolments and then there will be a skills shortage in some areas.

Dr Shean: Yes, priority skills are skills shortage areas.

Hon KEN TRAVERS: What I am saying is that if you changed it around so that the cost of areas where you do not currently have a skills shortage increases, you will then not get people doing those courses and all of a sudden, in three years' time, you will start to see skills shortages in areas where you currently do not have them because people's behaviour will change. My understanding—I do not know if I am correct—is that the cost of doing some of the nursing courses will go up significantly. Whereas we might be attracting enough people to do that today, if the cost of the course suddenly goes up significantly, are we going to see in three years' time that we are not getting enough students coming through to do that course?

Dr Shean: Of course, the experience Australia-wide suggests that that is not the case. With diplomas, the income-contingent loans, which are similar to the HECS process, cover the cost of fees. Graduates do not begin to address that debt until such time as they are earning, I think, \$50 000 per annum. The experience Australia-wide is that diploma enrolments have actually increased. Our fee settings are different. We will not know until such time as the enrolments begin in 2014 exactly what will happen there. The other point the member raised is the question of whether skills shortage areas go in and out of being skills shortage areas. They certainly do. That probably does not happen rapidly. We have a considerable science that sits behind our priority qualification list. We have had our state priority occupation list in development now over several years. We have worked on a very consultative basis on the development of this, with input from our 10 industry training councils. We have sought advice from them constantly and we have reshaped all of our methodology in line with their feedback. Also, we have refined our model so that we include both supply and demand data in our modelling. Modelling is only that, however. We now have a process that we have agreed to from an agency perspective that looks at how we make our decisions as to what goes on, what comes off and the process we are using to consider this. I think we are looking at a monthly review process. I will get Simon Walker to give a little more detail.

Hon KEN TRAVERS: I just have to duck out. You have given me a pretty good answer, anyway.

The CHAIR: I might ask a few questions, if that is okay. I notice in the summary of information in the annual report on page 7 that there is some information about outcomes. The figure for graduates finding employment after study is 82.2 per cent, which is a pretty good figure. What time period after study is looked at in coming to that figure?

Dr Shean: I will hand that question to Simon Walker.

Mr Walker: It is done through a national survey. I would have to take that on notice, but I think it is within six months of completing study.

Dr Shean: I just make the point that all of our data are aged; that we release data at different times according to what we have available. Frequently with our datasets we will have some instant data available. Our general rule for data is a six-week lag.

Mr Walker: This is based on a survey, so it is a little different.

The CHAIR: That is okay. It gives me a picture. It is a snapshot in time of people who have graduated in the past year or so and have found employment.

Mr Walker: We do surveys of graduates and find out what happened to them post-graduation.

Dr Shean: The student satisfaction survey is run every second year, so you usually expect that sort of lag in the data, too.

The CHAIR: Yes. And I also expect that it is a sample rather than a tracking of every student.

Mr Walker: That is right.

The CHAIR: Do you do any longer-term tracking about how graduates end up in—using the buzz term—“sustainable employment”? Do you do it in intervals of one year, three years and five years, or something like that?

Mr Walker: It is a bit of a Holy Grail of educational data. On the one hand, we want to understand how they progress through the education system and, on the other hand, it is quite a lot harder to determine what they do post their education. There is no regular robust data that can tell you that.

Dr Shean: It is an interesting question, though. It is one that is very difficult to track because of the mobility of people at that particular age. I once did a longitudinal study of kids around the ages of 17 through to 21 and had huge difficulty in tracking people. They are very difficult to identify. The date of birth is insufficient. Once you have a driver's licence number you are slightly better off. The datasets themselves are carefully guarded by the various data custodians, and rightly so. A lot of the data is held federally rather than by the state, so trying to do any form of longitudinal study in this area is difficult, very costly and deemed by the people themselves to be quite invasive. It is a difficult one to do.

The CHAIR: I realise this is not a problem specific or unique to WA, but we are expending a lot of public money on training people. Anecdotally we get information, but over time it would be worthwhile to find out whether these courses of study lead to long-term employment for these people, be they supplemented by further study later on, but in the field they initially chose.

Dr Shean: There are a couple of points about that. First, yes, it is useful data to have. We often talk about doing this. We do not have a lot of money for research and we are probably not the right agency to do this. There is the National Centre for Vocational Education Research, which does do this sort of thing. This is a question that all jurisdictions are interested in. While I agree with you that that question is valid, one thing we know about a vocational pathway is that it is a very flexible pathway. People frequently retrain. It is not unusual for us to have apprentices coming back and wanting to re-enrol, having already got their first apprenticeship. Indeed, our future skills system has been set up to allow that to happen easily.

The CHAIR: I understand that fluidity. I understand that someone might end up coming out with a diploma as a fitter and turner and in 20 years' time they are a project manager, but if they had never got that, they would never have set off on that trajectory. I appreciate that.

Mr Walker: There is plenty of research about their levels of education and long-term employment and wages. That is quite clear. It is probably not the level you are asking, but, obviously, if you do an undergraduate degree, your chances of being employed in the future and your future earnings are quite clearly greater than if you do not do a high school certificate and all those ranges in between. That is actually fairly well researched, and, interestingly enough, pretty consistent right across Australia and probably the western world. That is known.

The CHAIR: Again on page 7 of the annual report it says that spending on training and workforce development is \$705.9 million over the financial year. Does that include both the funding spent directly by the department and funding to RTOs, or does it not include funding to RTOs?

Mr Thompson: It includes funding to public and private training providers.

The CHAIR: Do you break that down as to how much of that funding has gone on training programs that are targeted to Aboriginal people?

Mr Walker: I think we are about to finalise the Aboriginal expenditure report, are we not?

Dr Shean: We certainly itemise our expenditure in different ways. Some of it is through our acquittals. Under our national partnerships, we do very detailed acquittals. If you are after the amount of money spent specifically on Indigenous program interventions, then, yes, we are currently providing that data for state Treasury. "Yes" is the short answer to that particular question.

The CHAIR: Would you be able to provide that to us at some point?

Dr Shean: I will just get Graham Thompson to expand on what we could provide in that respect.

Mr Thompson: We could do it as a supplementary.

Dr Shean: Sure; it can be done as a supplementary. Can I just get you to be specific about what you would like us to give you so that we make sure we answer your question appropriately?

The CHAIR: What I would like to know is that of the \$705.9 million spent on training, how much is targeted at programs that are either specifically for Indigenous people or flow through to Indigenous people who are in non-targeted Indigenous programs, if you like. I am not sure what level of data you have. That is what I am looking for, broadly. We will have a look at what you come back with and then we can take it from there.

Dr Shean: We are happy to provide that information. Some of it will be specific and precise and some will be our interpolations on what is going to Indigenous people out of broader categories, for example.

The CHAIR: Sure.

[*Supplementary Information No C2.*]

The CHAIR: Specifically in relation to Aboriginal training programs—sorry, we keep changing the nomenclature. We had the Department of Indigenous Affairs and now we have the Department of Aboriginal Affairs.

Dr Shean: I should be saying Aboriginal, too.

The CHAIR: There is this theory in WA that the only Indigenous people we have are Aboriginal people, as we do not have Torres Strait Islander people. That is the theory; I do not know if it is true. We have that percentage of graduates finding employment after study. Do you have figures around employment after study for Aboriginal people?

Mr Walker: We would have to check to see whether that is possible. I think there is a risk around the size of the sample. It is already a fairly small sample for Western Australia. By cutting it finer to

people who identify as being Aboriginal, that may be problematic. If the data is there, we can certainly share it with you, but potentially with the caveat that it is not statistically significant.

Dr Shean: I also add that we have problems with the quality of our data with respect to people who declare their Aboriginality or not. That is an ongoing issue for us. In many of the surveys that are completed for us and enrolment data, people will not complete that field, so we have incomplete data in that respect and no way of enforcing the completion of data.

The CHAIR: I understand that; it is data in, data out. I think we will do that separately as C3. Again, see what you come up with in relation to the data that you can provide us with and we will work on it from there. We will separate it out; C2 was in relation to funding and C3 is in relation to employment after study.

[*Supplementary Information No C3.*]

The CHAIR: I imagine that if I ask the question in relation to more longitudinal tracking of that sustainability of employment, I would get a similar answer to the answer I got on the question for the broader group.

[4.15 pm]

Dr Shean: Yes, that would be the case.

The CHAIR: Okay. We will leave that for now; that is obviously something for another day.

Have we had any trend in relation to the raw numbers of Aboriginal people who are undertaking study and who are graduating?

Mr Walker: So are you talking enrolments?

The CHAIR: Yes, enrolments and graduations.

Mr Walker: Yes, we have trend data we can provide at any level you want.

Dr Shean: The general trend has been an increase in Aboriginal enrolments, so it has been a promising move for the state. A lot of it probably relates to our own investment in terms of our “Training together — working together” initiative and our Aboriginal workforce development centres. So we have seen a substantial increase rather than significant, and we could certainly provide that information for you as a supplementary if you wished to see it—but I can reassure you that, yes, we are increasing our Aboriginal enrolments.

The CHAIR: Yes, I would like to see the data, but I take your point. I find that heartening news—good news—that we are increasing enrolments.

[*Supplementary Information No C4.*]

Hon KEN TRAVERS: One of our local providers, West Coast, has run some very good innovative programs I can talk to you about later.

The CHAIR: Yes, they have. Probably more anecdotally than anything else, are we finding that that trend in enrolment is also reflected in completion?

Mr Walker: I am not sure, but we can provide completion data as well, I am pretty sure.

The CHAIR: Yes, if you can provide both enrolment data and completion data in that supplementary information, I would appreciate it. Obviously there is a lag time to these things: new programs have been introduced in the last few years and it will take a little while for enrolments to roll through to graduation; I accept that.

Dr Shean: That is right. The first Aboriginal workforce development centre was opened in March 2010, and then we progressively opened four more around the state in, I think, Broome, Geraldton, Kalgoorlie and Bunbury. They have been refining the way they work, particularly with employers over time and with Aboriginal groups, too. We have an annual get-together where the

Aboriginal workforce development centres share their approaches. Initially the idea was to let them do whatever it took to get Aboriginal employment in their respective regions. We have changed our approach on this and gone for greater consistency. I have just spent the last two and a half days in the Kimberley and we met with our Aboriginal employment centre in Broome on Tuesday; yesterday we were in Kununurra. Minister Redman, myself and some colleagues were in Kununurra talking with one of our Aboriginal support agencies, Wunan Foundation, and we were looking at what they were doing to encourage Aboriginal people into employment. It is particularly relevant with something such as Ord stage 2, where we have been working through our workforce at the other stream of the work we do, through our workforce planning, on getting maximum engagement in the employment opportunities for Ord stage 2. Yesterday we met with MG Corporation, which is looking at the redeployment of Aboriginal people skilled up on Ord stage 2 as the construction work there comes to a conclusion, so that they can then transition into other jobs that have an ongoing responsibility. I think the Shire of Wyndham–East Kimberley had already employed four people from Ord stage 2 in their ongoing municipal works, so there is a good example of how the Aboriginal workforce development centres and the Aboriginal corporations that we fund for this purpose are able to see ongoing employment for Aboriginal people across the state.

The CHAIR: Thank you. You will find, if we keep meeting in these forums, that I have quite a strong interest in education and training and employment of Aboriginal people, so I will continue to ask questions around this.

Dr Shean: On that matter, there is also a specific issue in the national partnership on targets for Aboriginal people. Could I get Simon Walker just to speak a little more about that, please?

The CHAIR: You are actually foreshadowing my questions a bit.

Dr Shean: Sorry.

The CHAIR: But that is okay; you can. I am conscious that we do not have that much time today.

Dr Shean: Sorry.

The CHAIR: Lots of members, including myself, have questions to ask. So if we can have a very, very brief description, since you mentioned it; I do have strong interest in it.

Mr Walker: In one of our national agreements, amongst other things we have targets for qualification completion, so graduates completions. There are five. We elected to put one in for Aboriginal qualification completions at certificate II and above, and that is enshrined in our target. As Ruth alluded to, our recent history has been quite successful in that area.

The CHAIR: The number of FTEs in the department, I think you have two service areas and there are 408 budgeted for this year in one, and 134 in the other. Taking the FTEs in total, and maybe as supplementary information, would you be able to tell me how many of those FTEs are involved in marketing and communication-type activities?

Dr Shean: I can tell you that. For the previous financial year, we had 10 FTE on the books, but they were not all filled positions, and we are in the process of reducing —

Mr Walker: We now have nine.

Dr Shean: — and we are reducing that by two more, to seven. Over the next few months, we are taking that down to seven FTE.

The CHAIR: The other area I wanted to ask questions about now, before I hand over to the other members, is in relation to that area you called foundation skills.

Dr Shean: Yes.

The CHAIR: Are there any trends in the demand for those courses, firstly? I do not know how far down we can drill into the things that actually happen in the courses and the findings you get from

people who are enrolled in those courses, but do they identify any growing trend in relation to a lack of literacy and numeracy?

Dr Shean: I will get Simon Walker to answer the detail of that in terms of enrolment demands. But before I do that, I would like to comment that a large expression of the growing need for literacy, language and numeracy comes from future employers, and particularly employers who are training our apprentices and trainees. The argument is that it is the school system's responsibility to produce students who are literate and numerate and able to communicate fully prior to their leaving school. The constant complaint of employers—I heard yet another item on this morning's ABC news—is that that is not happening; that they have apprentices signing up and coming into their workplace as an apprentice who cannot measure or read instructions. So anecdotally you could argue it was ever thus. I am sure you have had a look at the literacy, language and numeracy testing—the NAPLAN testing that education is doing—which is showing constant improvements, but I will hand over to Simon Walker to talk about enrolment trends.

Mr Walker: I think you initially asked what evidence was there of the need for language and literacy —

The CHAIR: Whether there is a growing need—whether demand is increasing.

Mr Walker: I will answer that in two parts. First of all, there is a survey done fairly irregularly on the level of literacy in the workforce. There is a report by the Australian Workforce and Productivity Agency that clearly identifies that there is a large part of the workforce that does not have what they call functional literacy and numeracy. So that, if you like, sets the scene for what the need is. We have within our arrangements held our training levels for literacy and numeracy to a somewhat static level over a number of years while we were trying to improve the completion rates—the actual completions of the subjects. That has improved significantly over the last 10 years. Under the new model, leading into the present day, Future Skills is allowing growth in that area and has identified a couple of particular products that will assist, and they are courses that are paired with vocational qualifications to enable them to complete the course. Anecdotally, there is always pent up demand for that sort of training, and that needs to be considered in the context of a state that is growing rapidly and where the vast majority of that growth is by migrant people, so you would naturally expect some of that to happen anyway. On the basis of what has also happened in Victoria, which put that into its entitlement model in a more free form way, it absolutely exploded over there.

The CHAIR: I do not know if we have data that breaks down the demand between those people who were not educated in a Western Australian or Australian school system compared with those people who were educated in our schooling system.

Mr Walker: No. We do have an enrolment question that talks about their prior education. I am not sure that we pick up, though, whether that was a Western Australian education or not.

The CHAIR: Look, I understand that; it is a little chicken or egg, but quite clearly I am hoping that some of this issue can be addressed with the increased focus on literacy and numeracy through the WACE changes that will be introduced in the next little while.

Dr Shean: I am a member of the School Curriculum and Standards Authority and have been very carefully involved in the WACE changes. I believe they will go a long way towards addressing the concerns we hear from employers. I know we are short of time, but something you might be interested to know is that the two big predictors of the successful settlement of migrants in the country is how well they speak English and whether they come to a job or not. So we are now insisting on higher IELTS scores for new Australians coming in—for school migrants—because we know that is going to lead to better employment outcomes.

The CHAIR: I could ask you thousands of questions around skilled migrants and take up all the time we have, but I will not right now. I will hand over to Hon Ken Travers.

Hon KEN TRAVERS: Going back to the implementation, and if we can agree, I will just use the term “fee increases”, but I think you would probably use the term “lower level of subsidy”.

Dr Shean: We certainly would, yes.

Hon KEN TRAVERS: But the net effect to the consumer is an increase in the amount they pay. But if we can just be clear that when I say “fee increases”, I am also accepting that it means “lower level of subsidy” to you. Have any of the major training organisations, particularly in regional WA, including the state training providers, indicated to the government or the department that they are expecting to see a decrease in student enrolments as a result of the fee increase?

Dr Shean: The general expectation is that for those areas that have students going into general institutional-type areas—that is, the areas that attract the lower level of subsidy—there may be a dropping of enrolment levels. People, rather than saying what they think might happen, are questioning what might happen, because we are all in the dark as to exactly the way it is going to happen. The approach we have taken is a “wait and see” approach; we simply do not know. We anticipate, though, the impact in the regions is potentially greater, and so have the service providers themselves because we have more people doing general institutional and fewer people doing priority skills, and priority skills is where the uncapped opportunity for study is.

Hon KEN TRAVERS: Correct me if am wrong, so there have been organisations that have expressed concern about what the impact would be?

Dr Shean: I think it is fair to say that since we first briefed the sector on the level of subsidy for the different categories, there has been a great deal of interest.

Hon KEN TRAVERS: I am sure there is a lot of interest!

Dr Shean: Whether you would classify that as concern or otherwise, the idea of paying fees is something we all examined very, very carefully.

Hon KEN TRAVERS: But none of those training providers or training organisations have specifically indicated that they expect a decrease in enrolments?

Dr Shean: There have been letters to the minister about that. I would think the most appropriate way to go about that, though, would be to approach the minister on what his correspondence has been.

Hon KEN TRAVERS: Fair enough.

In terms of your concern, though, about that mix in terms of regional WA—in regional WA I would have thought most of them are state training providers—what does that do to their viability and their cost structure for managing courses if they see a decrease in enrolments? They often work with very low numbers, so it is already an issue if they get even lower numbers. What impact is that going to have on those regional providers?

[4.30 pm]

Dr Shean: Viability is a concern. Viability for any of the regions in Western Australia is always questioned when put beside what happens in the metropolitan area. Minister Redman has been very interested in this area and is keen to ensure that the state training providers and private training providers are adequately supported. To this end, he has commissioned a review from Emeritus Professor Margaret Seares, ex-University of Western Australia, where one of the terms of reference is specifically to look at the operation of state training providers in regional areas and questions associated with their viability.

Hon KEN TRAVERS: When will that be completed?

Dr Shean: It was announced a few weeks ago. I think the date of completion is April 2014.

Hon KEN TRAVERS: From the start of the 2014 year, what happens if there are big drop-offs in regional providers? What will happen to those organisations if the review is not completed until close to the middle of the year?

Dr Shean: Our contract management, through Russell Brown's area, is through our delivery and performance agreement. We are already negotiating with the colleges as to what they think the trends will be. Russell at the moment is travelling throughout the state to look at any questions to do with viability and to come up with flexible responses to that. Russell, do you want to add more about what we are planning to do to support people through this process?

Mr Brown: We are only about halfway through meeting all the state training providers and working through their delivery and performance agreements for next year and basically striking their budgets. At this stage, most of them are planning levels of activity to the budgets that we have available for them. If there is any significant change to the delivery levels, we will know reasonably early and be able to work through with them, exactly what the consequences are. But there is sufficient budget there to be able to maintain their operations, so it is a matter of tracking where the delivery is and reporting back any unintended consequences.

Hon KEN TRAVERS: Of course, if they have staff delivering courses. If there is not enough uptake to continue with courses, what will happen to those staff in regional WA? Unlike in Perth where they might be able to transfer to another institution, if you live in a regional centre, you do not have that opportunity.

Dr Shean: One of the issues for some of the colleges—not all of them, because some have the opposite problem, which is trying to attract staff—is that some people have raised with us the hypothetical that if enrolments in a particular area were to drop where they had permanent staff, they would have staff supernumerary to requirements. In a case like that, we would work with them the way we do at the moment. We look at the possibility of redeployment into other areas. Some of the colleges do not have this problem because they have staff on contracts. Once again, we would take this on a case-by-case basis. We would anticipate having some notice of this. Clearly, you would need a longer-term solution but, in the short term, we would support colleges through a process like that.

Hon KEN TRAVERS: You say “some notice”. When would you expect to be in a position to know the answer to these questions?

Dr Shean: We would start to get a feel for where the first-term enrolment statistics were going by about March–April when we would expect enrolments to be complete the first semester in 2014. By that stage we would have a fair idea of how things looked for the first semester. One of the things to be cautious of here is diplomas, for example. We were talking about the experience in Victoria. Initially, when the diploma fees came through, the Victorians saw a dip but that subsequently picked up and accelerated. We would want to be careful that we did not have a knee-jerk reaction. Equally, we would want to respond sufficiently quickly such that viability problems were not exacerbated.

Hon KEN TRAVERS: And maintain viability of the organisation through that.

Dr Shean: That is right.

Hon KEN TRAVERS: Do you have a pool of money to manage that or would you need to go back to cabinet for a further allocation?

Dr Shean: We manage our training budget across the colleges and we are always hopeful that whatever one college does not need, for example, in profile hours, we are able to offer to another college. We have some flexibility. We certainly do not have a pool of money sitting unexpended, but if one college is under-enrolled in one area, it may be that another college is over-enrolled in a similar area and we can share their offerings. We have already worked through this process for some years.

Hon KEN TRAVERS: You do not have a pool of money to manage the implementation of this.

Mr Brown: The issue is that there is sufficient money in the training budget now to maintain their operations as they stand with their current load, so there is sufficient money to sustain their operations. Where we would have difficulties would be if there was staffing under-engaged, but there is sufficient budget there to sustain the operations as they exist.

Hon KEN TRAVERS: If you get a dramatic increase in one area and a big drop-off in others, the money may be allocated in the wrong places.

Mr Brown: That is right; that is where you have to start from.

Hon KEN TRAVERS: If that drop-off is in regional WA, there could be quite a dramatic impact on those regional towns, particularly, say, C.Y. O'Connor Institute.

Dr Shean: This is a question we deal with all the time in the broader context of workforce planning. Workforce planning is lumpy and it takes some time to work through it. I am hopeful that over the first 12 months of the operation of Future Skills WA, HR capacity collectively across the state would allow us to deal with the changes. As I said, it is important that we understand what is going on before we make too many changes because it may well be that we get some temporary shifts in enrolment patterns that then even out over time.

Hon KEN TRAVERS: As a result of these changes, do you expect any of the courses currently offered by state training providers to close, to not be offered or to not continue into 2014 at any campuses where they are currently available? Do you expect the changes to be that dramatic that courses will close down or not be offered?

Mr Brown: At this stage, all the state training providers I have met have not proposed closing any courses as a result of working through the implementation issues. They are moving around their delivery profile as to how they think students will respond and there is some shift of some courses from one institute to another by virtue of planning because they have always had a very small cohort, so they are combining with another institute to keep those courses going. An example of that is that Challenger Institute has always had a very small area of fashion. They had always planned to pull out of it and are working with Polytechnic West, which will take over a lead in delivering fashion as a VET course across the state. Some of those things are happening but they are not as a consequence of the implementation of this model. They are planning their delivery to the budget.

Hon KEN TRAVERS: Is the answer no, you do not expect to?

Mr Brown: We do not know.

Dr Shean: We do not know. Every year there is a constant introduction of courses and the cessation of courses, depending on a range of factors. We just wait and see what happens.

Hon KEN TRAVERS: I assume the state training providers advertise what courses they expect to offer next year. When will we know what courses they intend to offer next year?

Mr Brown: All the courses they expect to offer next year have been advertised through the central enrolment process.

Hon KEN TRAVERS: So they are out there and it is now a matter of seeing what happens. At this stage you do not have any courses you expect to drop off.

Mr Brown: They have not signalled any particular courses they expect to drop at this point.

Hon KEN TRAVERS: You talked about the priority areas. Are there waiting lists for any courses currently?

Dr Shean: In priority areas, I would think. Simon, can you answer that?

Mr Walker: When you mention wait lists, typically, as part the state admissions process, we might get a sense of whether there are people wanting to enrol in a course and what was being offered by

the state training providers was not being met. But we are only about to release the final priority qualifications list tomorrow and I suppose we could map against that. We have not really thought about it. It can be done.

Dr Shean: Under the entitlement model —

Mr Walker: It is a guarantee.

Dr Shean: — it is a guarantee. If you wish to enrol in any of those courses, we guarantee you a place. Regardless of how many there might be and regardless of what we think the natural market forces will be, we guarantee people a place because we believe that we will get a fair distribution of enrolments.

Hon KEN TRAVERS: That is based on if you are prepared to pay the new cost of that course.

Dr Shean: Keep in mind that for the priority areas, that carries the maximum subsidy from the government. At what percentage for 2014 is the subsidy from government?

Mr Walker: It is 82.5 per cent. I will get to that in a minute.

Dr Shean: We will clarify that in a minute. It carries the maximum subsidy. It does not represent a major change—given you are speaking about fees—on the fee that applied before.

Hon KEN TRAVERS: If there is an area that currently has a waiting list and traditionally had a waiting list and the fees will rise, what do you expect to be the result in terms of student numbers?

Dr Shean: You are starting to talk about a range of variables, a range of potential fee categories and a range of potential demands. The two policy levers that we use to run Future Skills WA are price and scope. The price for priority 1 skills and all apprenticeships and traineeships is the maximum subsidy, the lowest price. Do we have a figure for that?

Mr Walker: Yes; 87.5 per cent of the total weighted cost.

Dr Shean: That is provided by government.

Mr Walker: Is it around 92 per cent now?

Dr Shean: It is a nearly 90 per cent subsidy by government and there is an uncapped capacity for enrolment. There is still this major opportunity to go into the cheapest course available, which is in the greatest demand in the state for jobs. The caps where you are likely to see people not able to enrol are in the second—I call them “general institutional”—what do we call them?

Mr Walker: General industry.

Dr Shean: In general industry training. In general industry, we cap according to what we think the state requires and a higher fee or a lower level of subsidy applies, and we anticipate all those things impacting on enrolment numbers. That is done intentionally to get people to study more in the skill priorities.

Hon KEN TRAVERS: So you will still cap those courses?

Dr Shean: That is our intent.

Mr Walker: For the non-entitlement; the general industry areas are rationed.

Hon KEN TRAVERS: But in the priority areas, if people want it, they will get it.

Dr Shean: That is right.

Mr Walker: The only lever that might need to be pulled is if we see a massive jump in a particular program where it might suggest there is an oversupply of graduates, and that happened in a couple of other jurisdictions, particularly Victoria. It is not something we would hope to do, but it is possible.

Hon ALANNA CLOHESY: How will the subsidy work? Will students have to pay the full up-front fee and then apply for the subsidy?

Dr Shean: No; the subsidy applies up-front. What the student is then charged is that agreed percentage of the fee, with the exception of income-contingent loans.

Mr Walker: I think to answer your question, the subsidy automatically flows to the training provider when the student elects to enrol and they pay the fee component.

Hon ALANNA CLOHESY: How will the student know they will not have to pay \$5 000, for example?

Dr Shean: The fee schedule will make clear what the student pays. In fact, the student need never know the full cost of the course. The training provider needs to know the full cost of the course. I need to point out, though, that over and above the state subsidy a range of concessions also apply.

Hon ALANNA CLOHESY: I would like to move on to registered training organisations. I notice in the annual report that there are 329 RTOs providing publicly funded training in WA, but there are more than that number of registered training organisations in WA. Is that right?

Dr Shean: I believe there are about 390 altogether.

Hon ALANNA CLOHESY: I understand there are about 500.

Mr Brown: There would be in excess of 400 registered through the training accreditation council in Western Australia that are delivering only in Western Australia. But if you look at the total number of RTOs that are working in Western Australia, you also have to take those that are registered through ASQA, the federal body, which could then be in excess of 700.

[4.45 pm]

Hon ALANNA CLOHESY: That in part explains what those other RTOs do—they provide fee-for-service training. Okay. Can I go to the VET fees changes policy around what sort of information needs to be retained. The students' RTOs need to charge the fees for the students, but they need to collect and hold information about the students for a period of time, so they have to document student fees and the receipt of those fees. Is that right?

Mr Brown: Yes, that is right.

Hon ALANNA CLOHESY: And then they have to hold on to details about that for auditing purposes—is that right?

Mr Brown: That is correct, yes, because they must demonstrate that they have either collected or made an attempt to collect the fee.

Mr Walker: In accordance with the fees and charges policy.

Mr Brown: And they also have the Australian qualifications training framework obligations around maintaining data around the students as well for registration purposes.

Hon ALANNA CLOHESY: So there are a couple of different requirements to that.

Mr Brown: That is right.

Hon ALANNA CLOHESY: What details need to be retained in relation to the students for auditing purposes in relation to the criteria to receive a concession in particular?

Mr Brown: To receive the concession? The concession is —

Hon ALANNA CLOHESY: When students apply for the concession, what are they —

Mr Brown: Sufficient detail to satisfy what makes a student a concessional student under the fees and charges policy.

Hon ALANNA CLOHESY: Okay, so that could be —

Mr Brown: Health care card is probably the primary one.

Hon ALANNA CLOHESY: Income support number.

Mr Brown: Yes, that is right.

Mr Walker: Job Services Australia registered number.

Hon ALANNA CLOHESY: How long do they have to hold on to that for?

Mr Brown: They would have to hold that for the life of the contract between us and the RTO.

Hon ALANNA CLOHESY: The contract, not an audit period?

Mr Brown: Unless there may be an AQTF requirement to hold it for longer, but for our purposes, it would be during the life of the actual contract to deliver training to that individual. Once that has been completed, then there is no requirement from our perspective that they retain that information any longer.

Hon ALANNA CLOHESY: In the last 12 months, have there been any non-state training providers that have been audited in relation to that—In terms of their compliance with those requirements?

Mr Brown: Yes, there would have been some. There is a range of —

Dr Shean: Is this a question that would need to go to TAC rather than us?

Mr Brown: No, I think the member is asking about a contractual compliance matter within the department.

Hon ALANNA CLOHESY: That specific data that they are holding as well.

Mr Brown: We would not have just audited only on that specific data; it would have been part of a larger contract compliance, or in partnership with either TAC or ASQA in terms of a joint audit of a particular training provider, so there would be a range that have been audited that way.

Hon ALANNA CLOHESY: Okay. Is it possible to get an idea of how many?

Mr Brown: I would have to take that on notice; I would not know exactly, off the top of my head.

[Supplementary Information No C5.]

Dr Shean: Can I make it clear: we would only answer in terms of the number that we have audited. We would not be able to answer in terms of TAC or ASQA.

Hon ALANNA CLOHESY: Mr Brown has made that clear. What other mechanisms or monitoring does the department use to make sure the training providers are requiring the payment of the statutory fee, and only offering only offering concessions where it is appropriate under the fee policy?

Mr Brown: Obviously there are a range of contractual provisions around that, and you also do your normal statistical auditing of patterns and so on of delivery of particular cohorts that gives you indicators as to whether you need to go and look further. The primary mechanism is that you then go and physically inspect records.

Dr Shean: The very fact that we deal only with accredited providers means that we already have a fairly high degree of trust that the people we are dealing with are being responsible in terms of how they administer our funds. We would occasionally get a complaint, as we do from time to time, about a trainer not providing a proper service, and we would then follow up accordingly. I think we have had one or two complaints about fees, and we follow up. Invariably, when something goes wrong in one area, it is going wrong in a range of other areas too, and we get a range of complaints at once.

Hon ALANNA CLOHESY: Okay. What would happen to the provider that may be providing concessions in an instance where the student is not entitled to those concessions?

Mr Brown: We would actually be able to bring into effect sanctions under the contract because when a student claims a concession, the department picks up that additional cost, and we would seek to recover the additional cost, and then we could apply sanctions in terms of whether we would continue to do business with that particular provider.

Hon ALANNA CLOHESY: What forms would those sanctions take?

Mr Brown: Repayment of funds; restriction of access to growth in numbers of places that we will fund or purchase off them; through to termination of contract. It depends on the level of compliance and all of those variables, but it is a range from recovery of funds right through to termination of all agreements.

Hon ALANNA CLOHESY: Thank you. I want to go now to the royalties for regions section in the annual report.

Dr Shean: Which page, please?

Hon ALANNA CLOHESY: Page 50. I just want to check the status of the commencement of a number of projects—facilities that are expected to commence in 2013–14—and which ones they are. I am happy to take this on notice, noting the time of day. Which ones are commencing in 2013–14, and I guess an update on where they are at, when the expected completion date is, and which ones are to be completed in 2014–15?

Dr Shean: We can very quickly go through that now with you.

Mr Brown: Across the skills training initiatives there are a number of projects that have actually already commenced and are still ongoing. We have the Broome–West Kimberley training centre, the —

Hon ALANNA CLOHESY: When is the expected completion date?

Mr Brown: In 2014–15 is the expected practical completion.

Hon ALANNA CLOHESY: It has already started?

Dr Shean: Yes, I was there the other day, looking at it.

Mr Brown: Yes. Completed this year is the Derby extension on their workshop facilities; that was due for completion this year, and I think it has already been completed. We have the Halls Creek campus upgrade completed, and at Pilbara Institute we have an upgrade and expansion of the South Hedland and Karratha campuses. We are in the planning phase for that, and it is expected to commence major construction work this year, and that will potentially run through to 2015–16. At Durack Institute, we have the centre for health industries training and workforce; we have only just concluded the tender for that, so that will commence this year.

Hon ALANNA CLOHESY: That will commence this year for completion in 2014?

Mr Brown: No, it will not be completed in 2014, it will be sometime during 2014–15. We are potentially getting close to going to tender on the centre for resource sector training at the Durack Institute, which is a new workshop. Great Southern Institute has already commenced and will be hopefully completing either late this year or early next year; that is the community service and health science block. There are a small amount of funds for sustainability around Busselton which should be done this year. That is just an upgrade of facilities. Peel Health Campus should commence this year; it has been through the planning phase and should hopefully commence this year for the Challenger Institute. Polytechnic West at Pinjarra has been completed. I think that is about all of them, other than —

Hon ALANNA CLOHESY: Geraldton?

Mr Brown: No, that was the Durack one, and we also have ongoing work that has already commenced at Muresk Institute.

Hon KEN TRAVERS: Just a couple of quick ones. In your service areas, there is the total cost of service and then less income. Less income includes the commonwealth recurrent money that you have a net appropriation determination to keep—is that correct?

Mr Thompson: That includes the commonwealth revenue.

Hon KEN TRAVERS: Yes, as income. The fees paid by students do not go through your books; they go through the books of the training provider.

Mr Thompson: That is correct.

Hon KEN TRAVERS: Okay.

Mr Walker: They are international students.

Dr Shean: That is the point; international student fees do show.

Hon KEN TRAVERS: Is that the “revenue other” under your net appropriation determinations? Would that be included in there?

Dr Shean: Can you give us a page, please?

Hon KEN TRAVERS: Page 514 of the *Budget Statements*.

Mr Thompson: The revenue from international students is under the proceeds from commercial activities.

Hon KEN TRAVERS: Right, okay. An interesting issue, looking at this, is that over the next four years, the commonwealth money goes from \$170 million up to \$211 million, so that is around 24 per cent. Over the same period of time, the state’s contribution is declining from \$456 million down to \$397 million. Is that part of the national agreement where you are allowed to decrease our contribution whilst they are increasing it, or are we supposed to have maintained it so that their money is actually increasing the total amount of money available for training?

Mr Walker: Some time ago the input controls that used to be in commonwealth–state agreements, which required a certain level of expenditure, were removed from those agreements, and it is really now focused on the outcomes so we have, for example, targets on qualification completion. The previous model of financially acquitting a certain level of expenditure is not a requirement of the national agreements.

Hon KEN TRAVERS: So we just have targets in terms of different types of training and as long as we can provide those —

Mr Walker: Yes.

Hon KEN TRAVERS: In terms of the changes, have you done modelling on what you expect; whether there will be an increase or decrease in the total amount of money that is being paid by the students that access training? Will they be paying a greater pool of money to training providers, or a lower pool of money?

Mr Walker: No, the model is predicated overall on a rise in student contributions.

Hon KEN TRAVERS: Over that four year period of the forward estimates, what is the quantum that we expect the total contribution from students to rise?

Mr Kerr: That is in budget paper No 3, \$194 million.

Dr Shean: Over the four years.

Hon KEN TRAVERS: The figures I have been using are all over four years, so basically a third of that will be going towards allowing us to reduce our contribution as a state government and meet the targets that we are expected to meet. Is that a fair assessment of what is happening?

Dr Shean: That is your assessment.

Hon KEN TRAVERS: Explain to me where I am wrong if it is not a fair assessment.

Dr Shean: The figures that you give are accurate as far as we understand.

Hon KEN TRAVERS: Right; okay. So, direct transfer to students, thanks. On page 512 under “Current assets” you have assets held for sale in the continuing figure of \$20 million per annum. What exactly is listed under your assets held for sale? Obviously that can vary in different ways, but it seems interesting that it is the one consistent figure across the forward estimates, so can you explain to me what is contained within that \$20 million?

Mr Kerr: It recognises the potential sale of the Carine TAFE site, and that has now gone through and will come out of the future budget papers.

Hon KEN TRAVERS: Is that the same \$20 million constantly being re-run?

Mr Kerr: Yes, as a balance sheet item it is an asset that stays in the balance sheet as a static item, so until it is removed, yes.

Hon KEN TRAVERS: When do you expect to realise the \$20 million from the sale of the Carine TAFE?

Mr Kerr: It has just gone through; it should go through this financial year and come out of subsequent budget papers.

Hon KEN TRAVERS: So why is it showing in future years if you are expecting it to go through this year?

Mr Kerr: We were not sure of the timing of the sale at the time of the budget papers.

[5.00 pm]

Hon KEN TRAVERS: Does that mean that in next year’s budget you will have that \$20 million, which will become a cash asset or will it get scooped up by Treasury back into its coffers—hopefully, you might give a bit of it to West Coast Institute of Training to allow them to expand and upgrade the old AIUS site—and it will then be transferred to some other asset? Is it earmarked in terms of where it will be spent?

Dr Shean: That is a question you will probably have to ask of the minister, given that I do not think it has been specified previously and would be subject to the budget process.

Hon KEN TRAVERS: There has been no public announcement about where it will be allocated.

Dr Shean: There is no public statement about it, as I understand it; that is right.

Hon KEN TRAVERS: So my colleague and I can start the campaign to have it spent on northern suburbs infrastructure then! That is good!

The CHAIR: You will not limit it to one particular area in the budget?

Hon KEN TRAVERS: We can negotiate where we spend it!

Hon ALANNA CLOHESY: And share it with the east metro, too!

Hon KEN TRAVERS: No, it is coming out of the northern corridor, so it stays in the northern corridor. That is the way it works. If we can take that as a question on notice, it will give the minister the opportunity to tell us if he has any plans for it. I accept that you cannot tell us.

Dr Shean: We cannot tell you. My expectation is that it will be subject to the usual budget processes. I am happy to have you ask us that question, acknowledging that we may not be able to respond.

Hon KEN TRAVERS: I understand that.

The CHAIR: Let us facilitate that as supplementary information, and then through the course of the interaction the minister will be able to provide us with an answer.

[*Supplementary Information No C6.*]

Hon KEN TRAVERS: It is timely, because I understand the Department of Education will be handing over the old AIUS site this year to West Coast, so they will probably need a bit of capital works to get it up to standard. I have achieved what I needed to do today.

The CHAIR: If I am not knocked over by a rush of members wanting to ask further questions, we will conclude the questioning today.

The committee will forward any additional questions it has to you via the minister, in writing, in the next couple of days, together with the transcript of evidence, which includes the questions you have taken on notice. Responses to these questions will be 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 the members here have any unasked questions, I ask them to submit these to the committee clerk at the close of the hearing. Once again, on behalf of the whole committee, thank you for your attendance today. I conclude today's rather lengthy hearing schedule.

Hearing concluded at 5.02 pm
