

**STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

**2012–13 BUDGET ESTIMATES HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
TUESDAY, 5 JUNE 2012**

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

**Members**

**Hon Giz Watson (Chair)  
Hon Philip Gardiner (Deputy Chair)  
Hon Liz Behjat  
Hon Ken Travers  
Hon Ljiljanna Ravlich**

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**Hearing commenced at 4.30 pm**

**HON PETER COLLIER, MLC**

**Minister for Training and Workforce Development, examined:**

**DR RUTH SHEAN**

**Director General, sworn and examined:**

**MR RYAN FERNIE**

**Chief Finance Officer, sworn and examined:**

**MR PHIL TORRISI**

**Director, Strategic and Executive Services, sworn and examined:**

**MS SUE LAPHAM**

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

**MR GRAHAM THOMPSON**

**Acting Executive Director, Corporate and Governance, sworn and examined:**

**MR KEVIN COOMBES**

**Acting Executive Director, Resource Management, sworn and examined:**

**DR ROSS KELLY**

**Director, Performance Evaluation and Statistics, sworn and examined:**

**MR PHIL DE GARIS**

**Managing Director, Education and Training International, sworn and examined:**

**The CHAIR:** On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to the hearing this afternoon. Before we begin, I must ask all public servants to take either an oath or an affirmation.

[Witnesses took the oath or affirmation.]

**The CHAIR:** You will have signed a document entitled “Information for Witnesses”, have you read and understood this document?

**The Witnesses:** Yes.

**The CHAIR:** The hearing is being held in public, although there is discretion available to the committee to hear evidence in private, either on its own motion or at the request of a witness. 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 scrutinise the budget papers on behalf of the people of Western Australia, and the committee values your assistance. The proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It will greatly assist Hansard if when referring to the budget statements, volumes or the consolidated account estimates, members give the page number, item, program and amount in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee clerk within 10 working days of receipt of the

questions. Should you be unable to meet this deadline, please advise the committee clerk immediately. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I ask now that the minister introduces his advisers to the committee, and for each adviser to please state their full name, their contact address and the capacity in which they appear before the committee.

[Witnesses were introduced.]

**The CHAIR:** I will give the call to Hon Liz Behjat because she has limited time.

**Hon LIZ BEHJAT:** My first question will clarify something that I found when I was going through these budget figures over the weekend. On page 600 under “Major Spending Changes” the 2012–13 remedial works program is allocated \$6 million. However, when we go to “New Works” on page 605 the 2012–13 remedial works program shows estimated expenditure of \$4 million. Are these two different sets of figures or do you have a budget of \$6 million and you only expect to spend \$4 million and you will have \$2 million over?

**Hon PETER COLLIER:** I will get Mr Thompson to respond.

**Mr Thompson:** The total budget for that program is \$10 million. There is a \$6 million recurrent component and a \$4 million capital component.

**Hon LIZ BEHJAT:** So it is \$10 million altogether. Do you have a list of those remedial works?

**Mr Thompson:** I do not have details of the program at this stage.

**Hon LIZ BEHJAT:** Can we get those details on notice?

**Mr Thompson:** They can be given.

**Hon PETER COLLIER:** Yes.

[*Supplementary Information No B1.*]

**Hon LIZ BEHJAT:** My next question is on a totally different tack and relates to training. It might be for the minister as it is a significant issue impacting your agency. In the last division I asked questions of the Department of Education on enterprise migration agreements, and I guess the minister will have a different look at this in relation to training. Given the recent announcement of the first enterprise migration agreement with 1 700 workers coming to Roy Hill, how will that impact on the training programs in the state? I understand that a training component must work alongside the enterprise migration agreements. Also, I know there have been some issues between you and the federal minister on programs you have wanted to introduce here through bringing in workers from overseas and you have been stopped from doing that by the federal minister. I am not clear what programs you have. Are they different from the enterprise migration agreements you were thinking about?

**Hon PETER COLLIER:** Yes. The enterprise migration agreements are very good; I am very supportive of them. The government is very supportive of them. The simple fact is we are looking down the barrel of serious labour shortages in this state of conservatively around 76 000 by 2015 at this stage, and the role of the new department has been extended. It is not just training—it is Training and Workforce Development, which has to look at the big picture. One of the areas that we have to address is skilled migration. That is why we brought skilled migration into the new department when we made the transition to the new department over two years ago. It was previously in the Department of Commerce, but is now in the Department of Training and Workforce Development. It can essentially become a component of the whole workforce development set. I discussed the EMAs with Chris Bowen a couple of years ago. Originally they were earmarked for projects \$10 billion and above. I told him he would be pretty much wasting his time with \$10 billion projects and he would not capture too many projects. To the federal

government's credit, it reduced it to \$2 billion, which captures a lot more projects. Fundamentally, that means the vast majority of the workers will come from existing workers within Western Australia and Australia. That is the way it should be. But in a number of instances those workers are not accessible. The EMAs provide more flexibility with 457 visas and reduced standards with the English competency test in some semiskilled positions. As far as we are concerned, we see it as a plus-plus, not just because these projects will go ahead but they will provide training opportunities for Western Australians. The Roy Hill project captured a lot of talk in the community when the first project just happened to be Gina Rinehart's Roy Hill project. For some reason, and in some instances, it was being used almost as a political football. That is a shame because it is a good project and will provide thousands and thousands of jobs, \$20 million for another 2 000 training places and about 100 Indigenous trainees, as I understand—I will get Dr Shean to comment in a moment.

[4.40 pm]

Suffice to say, as Western Australian Minister for Training and Workforce Development, I am delighted with the EMAs. I congratulate Chris Bowen, Gary Gray and Martin Ferguson. I know those three guys well. They have shown some vision with regards to the workforce needs of Western Australia. Now we have a situation where projects that could potentially be at risk as a result of a lack of workers will have that cloud taken from them and they can move ahead. I am very, very supportive.

**Hon LJILJANNA RAVLICH:** I refer the minister to full-time employees under “Institutional Based Training” on page 603. We see from the 2011–12 estimated actual for the 2012–13 budget target there is a reduction from 499 to 452. If we look at “Employment Based Training”, we see that there is also a reduction there over those two financial years to 106. In terms of the total number of FTEs in the agency, it is up to around to 558. Minister, in terms of the employees at the Department of Training and Workforce Development, could you advise the committee how many are currently on stress leave?

**Hon PETER COLLIER:** None that I am aware of. I will ask the director general, but I am not aware of any. Yes, we are not aware of any, but we will take it on notice.

[*Supplementary Information B2.*]

**Hon LJILJANNA RAVLICH:** I wonder, if you do not know how many currently there are, whether you would have figures for the following years in terms of the number of employees in the department on stress leave for 2009, 2010 and 2011. Would somebody be so good as to provide me with some information on the number of officers on stress leave?

**Hon PETER COLLIER:** Yes.

**Hon LJILJANNA RAVLICH:** Do you have that information with you?

**Hon PETER COLLIER:** No, we do not. We certainly do not have it readily available, but we can provide it for you.

**The CHAIR:** Perhaps that might be included in supplementary information B2 because it is all the same.

**Hon LJILJANNA RAVLICH:** Is the minister aware of the existence of an anonymous letter written in 2010 alleging that staff in the department—in your department—are self-harming and are on stress leave because of the bullying by you and your ministerial staff?

**Hon PETER COLLIER:** Which page of the budget are we talking about?

**Hon LJILJANNA RAVLICH:** I have referred you to the issue of staffing. I have asked you questions that you are ill-prepared to answer —

**Hon PETER COLLIER:** No, I am not ill-prepared. I am just trying to see what relevance it has to the budget. To answer the question, no I am not aware of that.

**Hon LJILJANNA RAVLICH:** You are not aware?

**Hon PETER COLLIER:** No.

**Hon LJILJANNA RAVLICH:** Okay. You have no idea?

**Hon PETER COLLIER:** No! What did you say—someone self-harming?

**Hon LJILJANNA RAVLICH:** Yes.

**Hon PETER COLLIER:** No, I am not aware of that.

**Hon LJILJANNA RAVLICH:** Are you aware of allegations of bullying by your office?

**Hon PETER COLLIER:** Look, can I just say —

**Hon LJILJANNA RAVLICH:** Go on, minister.

**Hon PETER COLLIER:** This has come up in the public for something that occurred a couple of years ago. When the department was first established it had a number of different roles. We significantly increased the roles of the department. Inevitably, there were going to be tensions between the minister's office and the department. That is no different to virtually most ministers and most departments, as you would well be aware. As I said, yes there were tensions. In terms of specific bullying, no, I am not aware. But were there tensions? Yes, there were, and on both sides. What I will say —

**Hon LJILJANNA RAVLICH:** Tensions between whom? Can you just clarify that?

**Hon PETER COLLIER:** Between my office and the department. It is no different to any ministerial office and any element of the bureaucracy. What I will say—I say this quite categorically—is the fact that any issues that were there 18 months, two years ago, have been completely resolved. The relationship between my office and the department is very harmonious, very effective and very efficient. I have a very, very good working relationship with the department.

**Hon LJILJANNA RAVLICH:** That is good, because I am going to ask you: did the director general discuss her intended resignation with you before she handed it across to Mr Mal Wauchope, who declined to accept it?

**Hon PETER COLLIER:** The director general has never on any occasion discussed her—what are you talking about? Her resignation in terms of it was a fait accompli? I am not aware of anything of the sort. I do not know where this has come from.

**The CHAIR:** I think we might return to something that is more related to the budget.

**Hon PETER COLLIER:** I do not know where this has come from.

**Hon LJILJANNA RAVLICH:** All right. Very good. Thank you, Madam Chair. I do have some more questions.

**Hon PETER COLLIER:** I hope they are related to the budget.

**Hon LJILJANNA RAVLICH:** Minister, I would have thought that the operations of your office would be absolutely critical in terms of the achievements of the department because quite clearly —

**Hon PETER COLLIER:** And they are, and I have just responded to you —

**Hon LJILJANNA RAVLICH:** So you have answered your own question, minister. That is what it has to do with because —

**Hon PETER COLLIER:** I have just responded to you. If you can come up for air for a minute, as I have just responded to you, my relationship —

**Hon LJILJANNA RAVLICH:** Minister, there has been a public sector inquiry into your office.

**Hon PETER COLLIER:** Excuse me.

**The CHAIR:** Hon Ljiljanna Ravlich, I think we have come to end of those questions.

**Hon PETER COLLIER:** But what I will say, just to conclude, because I do not appreciate this line of questioning, the relations between me, my office and the department are very, very good indeed. Training is on the crest of a wave at the moment. I am very proud of the new department. We established the new department. I have already articulated the fact that inevitably there were going to be teething problems, and on both sides. What I have said is the fact that any teething problems that existed have been completely ironed out. My office and the department have a very, very good effective and efficient working relationship.

**Hon LJILJANNA RAVLICH:** I refer to training figures, in particular the number of apprentices and trainees in training under “Institutional Based Training”, which is also on page 603. We know that when the minister inherited the portfolio, we left you with 37 800 apprentices and trainees in training. You now have 40 000 some three and a half years later. That is a net increase of 2 200 over three and a half years. That is an increase of about 500-odd a year. Is that a great achievement in training, minister?

**Hon PETER COLLIER:** Yes, it is fantastic! I love this question because this is a pearler! I have to be honest, Madam Chair; I would gone through this at least a dozen times. But the honourable member has been ignorant of my response, so I will repeat it. What occurred virtually a month after we took office is we had what was called a global financial crisis. As a direct result of that, the very first thing that occurred was that employers put off apprentices and put off trainees. It is as simple as that. There was a significant decline in apprenticeships and traineeships across the nation. In Western Australia there was a decline; inevitably there was a decline as people put off apprentices and trainees. We were not in an isolated space in that area. Interestingly enough, the figures in Western Australia were lower than the national average—significantly lower than the national average. What we did was we put in place a number of strategies to ensure that we would minimise the impact. And we did; we minimised the impact significantly. As a result of that we injected almost \$50 million in emergency strategies. In addition to that, we have injected tens of million dollars in additional money for more training places. We now have more people in training in Western Australia than ever before in the history of the state. Yes, of course, I would like it to have been more—I really would. I would like to get to a point where we can have thousands more apprentices. Completion rates occur as a result of the fact, as you would be well aware, Madam Chair, that the apprentice completes their apprenticeship. There was a significant upturn in the uptake of apprentices in the first decade of this century. In 2006, 2007 and 2008—prior to the GFC—there was an uptake of apprentices. They actually completed their apprenticeships three or four years later. Of course you are going to have that completion rate. The uptake of apprentices at the same time in 2008 and 2009, at the height of the GFC, declined enormously—significantly.

**Hon LJILJANNA RAVLICH:** So why did you not implement —

[4.50 pm]

**Hon PETER COLLIER:** Let me finish. Inevitably, you are going to have a decline in the number of apprentices and trainees. That is exactly what happened. I could talk about this all night. We have made some significant inroads in terms of making sure that apprentices and trainees are seen as viable alternative career options. That is exactly what we are doing.

**Hon LJILJANNA RAVLICH:** Minister, can I just ask you a simple question? You would be aware that your department had the Priority Start—Building program. That was estimated to deliver 4 000 apprenticeships and traineeships annually in this state. For three years you failed to implement that program. You would be aware that the Auditor General did a report into that program and your administration of that program. I want to read this out for the public record. The Auditor General said that agencies were not meeting the objectives of the Priority Start—Building

policy to support the employment of apprentices in the construction industry. In 2009–10 key policy requirements were fully applied to only three of 58 contracts examined. Keep in mind there were thousands of contracts out there. As a result, the Department of Training and Workforce Development cannot provide assurances that head contractors have offered employment opportunities to an estimated 141 apprentices. That is only out of those 58 contracts. The then Department of Education and Training identified problems with the policy in a 2009 review of its implementation but did not fully address them. It said that the oversight of the policy was poor.

**Hon PETER COLLIER:** Are we going to get a question?

**Hon LJILJANNA RAVLICH:** Yes. Without special monitoring and review, flaws in the policy and its operations may not be identified and addressed. Basically, you just did not do anything. I want to know whether you have done anything since, because there has been a huge opportunity cost to young people and not so young people who want training and who missed out on it because of you. I want to know how many FTEs you have now got monitoring the Priority Start program.

**Hon PETER COLLIER:** Can I just say that the Priority Start program did have some implementation issues, without a doubt. It is one program of a vast array of different initiatives that we are —

**Hon LJILJANNA RAVLICH:** It was going to deliver 4 000 apprenticeships.

**Hon PETER COLLIER:** You have had 10 minutes to ask your question; give me at least two minutes to respond. That is one part of a program that goes along a plethora of different initiatives that we have taken part in in the last three years, which has put training and workforce development on the map for the first time. You guys in the previous government put training and education back together again. Training was completely subservient to education. I can tell you right now that your minister at the time did not want to do it. So now we have actually taken it away, we have separated it, and we have given it profile. I am going to talk about this, Madam Chair.

**Hon LJILJANNA RAVLICH:** How many FTEs are monitoring the program?

**Hon PETER COLLIER:** No; wait on. You have asked your question. Do you want a response? You can listen to me.

**Hon LJILJANNA RAVLICH:** Answer the question.

**Hon PETER COLLIER:** We have done a significant amount, Madam Chair, in terms of raising the profile of training. The Priority Start program, as I have said, did have implementation issues, and I will get the director general to speak about it in a moment. What we need to do is focus on the fact that this is one program of literally dozens upon dozens of programs that have been initiated over the last three years, particularly with regard to our state training providers, the profiles of which have been raised so much that they have become autonomous, independent new centres of training excellence. In terms of the 10 industry training councils we have got that directly represent —

**Hon LJILJANNA RAVLICH:** So you do not have anyone monitoring this program?

**Hon PETER COLLIER:** You have had your go; it is my turn.

**The CHAIR:** Order! Minister, we have a much more limited time for this session, so when you can get to the answer, that would be great.

**Hon PETER COLLIER:** Sorry. I apologise, Madam Chair. It just insults me a little bit.

**Hon LJILJANNA RAVLICH:** You are always excited when you are very nervous—when you are running for cover. You are excited, all right.

**Hon PETER COLLIER:** Dear me.

**The CHAIR:** I have a big list of members who want to ask questions.

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**Hon LJILJANNA RAVLICH:** Can he answer the question?

**The CHAIR:** Yes; we will get to that. Can we just make it a little more succinct; otherwise, we will be running into the tea break, which I am sure you do not want.

**Hon PETER COLLIER:** I apologise, Madam Chair. As I said, I could talk about training all night, quite frankly.

**Hon LJILJANNA RAVLICH:** How many FTEs —

**Hon PETER COLLIER:** I could talk about training all night, but I am not going to because I have said it so many times that I think everyone knows about it. As to Priority Start, I will ask the director general to make some comments.

**Dr Shean:** As was observed by the OAG in 2011 when the report came out, the problems with the implementation of Priority Start was that it was a very fragmented approach across government departments. OAG has actually named a number of government departments as all working relatively well in their own patches but not necessarily working across government on this. There were problems with implementation and there has also been some discussion that the policy itself was not well devised in terms of how it was going to operate because of the problems. I will give you an example of one of those problems. With a large project that was contracted out and there were then subsequent subcontractors—it may, for example, be a building—you would then have —

**Hon LJILJANNA RAVLICH:** Director general, I am just after the number of FTEs that monitor the program.

**Hon PETER COLLIER:** She is giving you a response.

**Hon LJILJANNA RAVLICH:** I am sorry, but that is all I am after. Everybody else wants to ask questions.

**Dr Shean:** The problem is that if a subcontractor with the contract for building then subcontracts to plumbers, the plumbers will employ so many apprentices, but it is impossible for us to find out because it is so far down the chain as to how many have been employed. There are apprentices employed as part of this. Our understanding is that the levels of apprenticeship employment are strong, but we have no way of knowing, short of sending a large number of staff out onto building sites and tracking through every element of a contract, and that is simply not feasible. When this was published, the minister and I went through our options and we did two things. The first was a review of internal control procedures and processes for approval of training plans for projects. That has been done, and I think that is now tightly monitored. The problem that we have, though, is this ongoing problem of the policy and operational framework, which is simply unworkable. So we have commenced a review on this and this included the establishment of a stakeholder reference group, comprising representatives from the relevant industry bodies and senior officers from government agencies and our own department. We put together somebody who is developing a discussion paper as to those things that we think could potentially be pursued to improve the reporting. One of the problems we are still going to be left with, though, is that there are different government departments handling big contracts. For example, the Water Corporation has a vast number of contracts, as does Building Management and Works and individual government departments. The only way we can see to get the minister and Parliament quality, timely data is to put the obligation on every agency to report separately as part of annual reporting, and that may well be the recommendation that we agree on.

**Hon LJILJANNA RAVLICH:** Director general, how many FTEs are monitoring the Priority Start program? You can answer this.

**Hon PETER COLLIER:** We cannot respond to that.

**Hon LJILJANNA RAVLICH:** You do not know.

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**Hon PETER COLLIER:** No.

**Hon LJILJANNA RAVLICH:** None.

**Hon KEN TRAVERS:** So does that mean that there are no direct FTEs doing that job?

**Dr Shean:** We have two staff who work part time on the monitoring and review. We have a number of senior staff who have been involved in the review. I would say at the moment we are putting probably 2.5 FTEs into this, but compared with our total numbers in training for us to direct any more of a resource to this than we are currently doing when in fact it is a cross-government initiative, we do not believe —

**Hon LJILJANNA RAVLICH:** Sorry. Can you give us a run-down—you will have to take this bit on notice—of what you have implemented to date in terms of the Auditor General's recommendations?

**Hon PETER COLLIER:** Yes, we can do that.

*[Supplementary Information No B3.]*

**Hon ALISON XAMON:** Can I just quickly follow up on something the director general just said? You just indicated that you may be looking at a requirement for departments to feed that data back. Is that actually going to happen, because that would be a way around it in terms of reporting mechanisms? Does that mean it is actually going to be announced sometime soon?

**Dr Shean:** I do not believe it will be announced sometime soon because we still have to get all the directors general involved on board. Clearly, the biggest players in this are the government trading enterprises. Of course, the announcement about what does and does not go in annual reports does not sit with our department, but with the Public Sector Commission. I think we have still got a way to go on this one. Having said that, it does not mean that people are not employing apprentices. We believe that they are.

[5.00 pm]

**Hon ALISON XAMON:** No. The Auditor General's report made it clear that some departments were doing it and others were not, which only frustrates me further because clearly it can be done. That is why when you picked up the issue of that self-reporting coming back from departments, that is obviously a solution. So that is something I hope would be pursued as a matter of urgency, because that at least is a way to make that happen. That is enough comment; I want to refer to the budget papers. I refer to the table under "Details of Controlled Grants and Subsidies" at the bottom of page 607. The capital grants allocation to private training providers is \$1.5 million while state training providers are not receiving anything. Also no further moneys have been allocated in capital grants under forward estimates. Could you please explain why this is the case?

**Hon PETER COLLIER:** I will ask Mr Thompson to respond to this.

**Mr Thompson:** I am sorry, could I just clarify the question?

**Hon ALISON XAMON:** I am referring to the table at the bottom of page 607 on the details of controlled grants and subsidies. The budget estimate figure is \$1.5 million in capital grants to private training providers and nothing in the forward estimates; also for capital grants to state training providers there is nothing in the budget and nothing in the forward estimates. I am hoping that you can explain to me those numbers and why that is the case.

**Mr Thompson:** The capital grants to private training providers is part of a commonwealth program for which the funding ceases in 2012–13. The capital grants to state training providers is also a specific-purpose commonwealth grant through the education investment fund, and that is just for a particular project which has no funding beyond 2011–12.

**Hon ALISON XAMON:** Can I have the details of that particular project?

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**Hon PETER COLLIER:** It is commonwealth.

**Hon ALISON XAMON:** I hear the commonwealth has not issued the money.

**Hon PETER COLLIER:** It is for Pundulmurra College and Central Institute of Technology; that is where the funding is for and it ceases in 2011–12.

**Hon ALISON XAMON:** And there has been no indication at all that there is going to be any moneys coming into the future?

**Hon PETER COLLIER:** Not from the feds. It is commonwealth funding.

**Hon ALISON XAMON:** I heard that but I still wanted to know the details. I refer again to the same table. The 2012–13 budget estimate figures is \$451 815 000—I am cross-referencing between my questions—to go to state training providers and \$146 million to go to private training providers. Is this an accurate representation of how the funding will be allocated or will the split be determined on demand, as it expresses itself, over 2012–13?

**Hon PETER COLLIER:** Yes, it is pretty much an accurate reflection. The state training providers provide about 90 per cent of that training delivery, so I would imagine that is accurate.

**Hon ALISON XAMON:** What I am trying to find out is whether there are any limits on the amount of funding that can be received by private training providers, because we are of course moving towards a competitive market. I am trying to get an idea of whether those figures are effectively capped for this financial year or fixed and simply indicative. Do you understand what I am asking?

**Hon PETER COLLIER:** Yes, I understand the question.

**Mr Coombes:** I think the proportions indicated there are accurate. I cannot attest to the actual dollar amount that will go through 2012–13 but the proportions are correct. The amount of funding that will go to state training providers is pretty fixed in the sense that we negotiate that with them up-front before the beginning of the next delivery year, which will be 2013.

**Hon ALISON XAMON:** Will that be the same with the private training providers as well?

**Mr Coombes:** With the private training providers we go out with programs during the course of the year. So we do not actually negotiate their contracts up-front. They are rolled out during the course of the calendar year.

**Hon ALISON XAMON:** Of course what we are trying to avoid is any chance that we can have any repeat of what happened in Victoria.

**Hon PETER COLLIER:** Yes.

**Hon ALISON XAMON:** That is why I am trying to get an idea of whether it is likely to be effectively capped at that rate, but it sounds to me like you are saying that the amount to public providers is pretty much going to be what it is because of the timing of the negotiations. I want to know whether that is going to be the case with the private providers as well.

**Mr Coombes:** Yes, there will be a certain amount allocated and that is what will be rolled out during the year.

**Hon PETER COLLIER:** I know where you are coming from. This is a bit to do with the new model et cetera.

**Hon ALISON XAMON:** Yes.

**Hon PETER COLLIER:** I know you have asked a couple of question, and I am more than willing, as I said to you, to have a chat and you can be part of the process, by all means. We do not want to go down the path of the Vics.

**Hon ALISON XAMON:** I do not imagine anyone does.

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**Hon PETER COLLIER:** They stuffed it up. I will get Dr Shean to talk as well. We are in a competitive market as we are, so there is an enormous amount of competitive value in the training market as it currently exists. In terms of the actual new funding model, as I said that is a work in progress at the moment. I will get Dr Shean to speak to it, but do not be alarmed and do not use the Victorian model as something that we will be adopting, because I can assure you it is not going to happen.

**Dr Shean:** We were very grateful to the PPP funding coming when it did because that allowed us to roll it out in a competitive environment. In a competitive environment you get a rush of new players. We saw that and we have now seen a bit of a reduction there for people who thought they could deliver but have now found they had not been able to deliver the way they thought. So we have seen a stabilisation of the market. We are now very competitively based. I think the vast majority of our funds are available according to demand and the fact that we have been through that PPP process means that we are now much better placed to move into a student-choice model, which we anticipate introduction in early 2014. We do not anticipate the Victorian experience repeating itself. We believe that our state training providers are in much better financial shape than those in Victoria were. We have been consulting widely for the last year on this and generally people are very keen to move forward. So we do not see the same happening at all. As the minister said, though, we have learnt from what happened in Victoria; and the things they did not manage well, we anticipate to manage differently.

**Hon ALISON XAMON:** On that same table, could you please detail how the additional \$8 951 000 in grants and subsidies, which has been described as “Other” will be spent?

**Hon PETER COLLIER:** Can we take that on notice and give you a breakdown for that?

**Hon ALISON XAMON:** Yes.

*[Supplementary Information No B4.]*

**Hon BRIAN ELLIS:** I am interested in two items on page 605 under “New Works” that are in my patch. The line item “Durack Institute of Technology–Centre for Health Industries Training and Workforce Development” shows an allocation of \$15 million over three years. Underneath that the line item “Durack Institute of Technology–Centre for Resource Sector Workforce Development Training” shows an allocation of \$9 million over three years. Could you elaborate on what those expenditures entail?

**Hon PETER COLLIER:** I can, and this was part of the \$105 million we got from royalties, which was really good. It is a nice little shot in the arm for our regional training providers. Durack, of course, is very important to us as government because the whole midwest area is opening up at an enormous rate and it is very, very important that we access as many potential trainees and apprentices as possible. The best way we can do that is to build upon the Durack Institute of Technology in its current form. Bert Beevers and his staff up there are doing a tremendous job—they really are—in terms of ensuring that the people in the midwest do access the training opportunities within that region or within the institute. So I was delighted that they were actually able to provide and extend Durack Institute. I went up there recently just after the budget and had a look at the new location for the new health campus. The health one on the main campus in Geraldton has an allocation of \$15 million, and it will provide pathways to the adjacent university nursing facility at the same time. As part of this project there will be constructed an Aboriginal cultural centre in addition to that.

[5.10 pm]

The second project has a budget of \$9 million and establishes a new campus adjacent to the technology park next to the airport—that is the one I went to. It is going to be terrific out there. The new campus will commence with workshops and learning areas to facilitate training and resource-oriented trades, because, as I said, of all those new projects opening up in the midwest. The site will

be leased long-term from the local authority at a reduced, if not peppercorn, rate. This cooperation by the local authority is very much appreciated. When I went up there I actually addressed the CCI breakfast, you were there actually, and there was a real genuine determination on the part of the community at large, industry, government and Durack to work together to ensure that we do get it right. So, Durack has listened. These are the areas they need in terms of the resource training, but also in the health facility, to extend and develop what is already a wonderful centre of training excellence. I will ask Dr Shean in a minute to just talk about the timing of that project.

**Dr Shean:** We requested BMW to get the contract for the architects for this already, and it is anticipated that project consultation groups and staff consultation will commence this month already, with the project definition plan completed by August 2012. We should have schematic designs complete by December 2012 and then documentation will continue to tendering in August 2013, with construction starting in October 2013 and occupation in 2015, if all goes according to plan.

**Hon KEN TRAVERS:** Which were you talking about then? Completion in 2015 did you say?

**Dr Shean:** Yes, the two Durack developments.

**Hon COL HOLT:** I also want to talk about new works, and probably a question that maybe is not in there. Paterson House is a boarding facility at south west TAFE. Just to confirm, minister, it did not look to me that I could see any money put towards capital works on the Paterson House boarding facility. Are there any plans to —

**Hon PETER COLLIER:** It is on the SWIT site, is it not, the South West Institute? I am very conscious of your concern or interest in this project; I share your interest in this project. I will just get Dr Shean to talk about —

**Hon COL HOLT:** Is it missing?

**Hon PETER COLLIER:** There is no funding there at the moment; I will just get Dr Shean to give a bit of background.

**Dr Shean:** I went to look at this last year. It is a lovely site, although it is quite a steep site, as you would be aware. It is a quite dated building; I think about 1970 is the current date of the buildings. We walked around and one of the possibilities is to refurbish, although we felt with the royalties for regions funds that were available, we would rather do it properly rather than stretch even further. I did, however, speak to the Director General of the Department of Housing, Grahame Searle, about this to see if he was interested in a joint venture. They were interested in a joint venture and we have got that as something we can work towards. We have not sought funding for it, but our idea would be to make it a larger development, and more accessible, rather than just one for South West Institute of Technology—broader student housing. So, at this stage we have agreement in principle to proceed with that as a joint venture, but no specific planning.

**Hon COL HOLT:** And no budget?

**Dr Shean:** If it was a joint venture, our contribution would be the land, which would come from whichever government department it is vested in at the moment, and Housing would pick that up as community housing to some degree too.

**Hon COL HOLT:** A community housing component?

**Dr Shean:** For broader student use. This is very preliminary; we have not worked out the detail at all.

**Hon PHIL EDMAN:** I refer to “Works in Progress” and the Challenger Institute of Technology Rockingham campus on page 604. This is my patch. Down that way we obviously have some massive problems with youth unemployment, and it is very close to our industrial park, which is now called Western Trade Coast, so there are obviously some skills shortages in the area. I would

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like to know a little bit more in detail. If you have a look at where it says “Asset Investment Program” and go to the second paragraph, it says, “Work will continue at Challenger Institute of Technology’s Rockingham Campus.” I would like to know what actually has started there in relation to these works. And the other thing, while you are answering that, is that under the 2012–13 estimate, what are we going to be seeing this year? Are you going to put a pad down? Is there actually going to be some physical work that we can see? I would like to know a little bit more in detail about what is actually going to be happening on that site, what has happened before and where we are actually going to be working on it this year.

**Hon PETER COLLIER:** Good question. I will get Dr Shean to talk about specifically. Challenger is doing a great job, I have got to say, down there, in trying to interact with the Kwinana community. I know they have got a good working relationship with Gilmore College, where you have that transition between the two morphs, and also with Murdoch University at the same time, so you can see that seamless transition through training to education and secondary education as well. The ASEP project is exceptional; it is a perfect example of where you have got a public–private partnership working together. And as I said, the fact that we are continuing to expand the training facilities through Challenger in the Rockingham region will make significant inroads into ensuring that we can provide opportunities for what is one of the areas with one of the largest youth unemployment rates in the state. With regard to the specific project, I will get Dr Shean to speak.

**Dr Shean:** I will speak a little about the scope of the project and then for anything more regarding timing, I will hand over to Kevin Coombes. We have nearly \$42 million—\$41.97 million—approved to establish a state-of-the-art training facility at the existing Murdoch campus and this will enable expanded training for the very fast growing south metropolitan corridor. The new buildings will add to Murdoch campus’s increasing existing reputation for training delivery in environmental science and horticulture, and it will offer programs in community and health services, business, IT and retail. One of the exciting parts of where it is located is our capacity for developing synergies with the new Fiona Stanley Hospital, and I think the minister launched something recently with respect to one of our joint training initiatives there.

**Hon PETER COLLIER:** I did; it was great.

**Hon PHIL EDMAN:** That is not Rockingham you are talking about.

**Hon PETER COLLIER:** No, but it is still part of Challenger.

**Dr Shean:** That is right. Also, with the partnerships that Challenger is forging with other community leaders in the area, this is just one more example of that too. In particular, there is the capacity to co-locate near the hospital and the activity centre development, especially for workers and students travelling on the train line to Murdoch station. This will also, in the fullest of time, allow for the relocation of non-trades training from the old Beaconsfield campus, which is more than 50 years old, into contemporary facilities at Murdoch campus. As for timing, can you add anything on timing?

**Mr Coombes:** The construction is planned to start in June 2012, so literally now.

**Hon PHIL EDMAN:** That is this month.

**Mr Coombes:** Occupation is planned for 2014. I think you asked what had been done to this point in time in 2011–12. The expenditure in the last financial year 2011–12 has effectively been around architectural design briefs, planning and all the pre-work necessary for construction to commence in the 2012–13 financial year.

**Hon PHIL EDMAN:** I have not seen anything visual there. Are there going to be any new courses in relation to that, just at the Rockingham campus, and in relation to our skills shortage problem and the high unemployment rate we have with youth? Are there any specific new courses that are going to be there?

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**Hon PETER COLLIER:** That is the beauty of the training portfolio, Hon Phil Edman; it is all demand driven. We have a priority occupation list that evolves and changes on a fairly regular basis. That input comes from industry training councils. They provide us with input and we deliver. That is why state training providers, places like Challenger, do such a great job. They access the views of local area, they access the views of local employers and they access the views of local industry across the board to ensure that they are getting it right and they are not delivering course content that is simply irrelevant to that particular subset or set. So, it is always demand driven and that is the way it will remain.

**Dr Shean:** I think we have some 400 training packages that we currently operate on in Western Australia and rather than developing new training packages, the colleges remain abreast of demand by clustering the modules in different ways. This is something that Challenger has done extraordinarily well with its ASEP initiative that the minister has spoken about already.

[5.20 pm]

People with already, say, a basic trade qualification in a process-type arrangement, so maybe in the area of oil or gas, can then pick up four additional components of another learning package and become re-accredited. It is not necessarily development of new courses but different components, selecting modules out of existing courses where the colleges are able to make quite dramatic inroads into responding to new demand.

**The CHAIR:** I am just going to indicate to members the speaking order, so people know when they are coming up: Hon Ken Travers, Hon Donna Faragher, Hon Adele Farina and then back to Hon Ljiljanna Ravlich and Hon Alison Xamon.

**Hon KEN TRAVERS:** When you just said there that they would replace courses at the Beaconsfield college, was that for the Murdoch or for the Rockingham development?

**Dr Shean:** Murdoch is my understanding.

**Mr Coombes:** Rockingham as well.

**Dr Shean:** And Rockingham as well, I understand—both of them.

**Hon KEN TRAVERS:** Is the intention, then, to redevelop the Beaconsfield site or to sell it off? What will happen to the Beaconsfield site when that occurs?

**Dr Shean:** We found that when we de-merged from Education, one of the problems that we were left with was that we did not have an infrastructure plan which allowed us to have discussions on this type of question. So our priority for the last six to nine months has been to develop our state training asset management plan, which we call STAMP. The whole point of that plan is to look at five and then 10 years ahead and even beyond that as to what the long-term needs will be. That is a long way of telling you that we do not know exactly what it is that we are doing there, but that is factored into the whole state's training before we make a decision on that. We have still got some way to go before we determine exactly how we will proceed.

**Hon KEN TRAVERS:** If we go to page 604 and 605, "Asset Investment Program", can you confirm for me whether Challenger TAFE is being funded through state appropriation or through commonwealth appropriation?

**Hon PETER COLLIER:** It is largely commonwealth, as I understand it, but I will ask Mr Thompson.

**Hon KEN TRAVERS:** This is the Challenger Rockingham development I am talking about, not Challenger Murdoch.

**Hon PETER COLLIER:** Specific; okay.

**Hon KEN TRAVERS:** The first one—the Challenger Rockingham development that Hon Phil Edman was speaking about.

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**Hon PETER COLLIER:** We will give you that information on notice.

*[Supplementary Information No B5.]*

**Hon KEN TRAVERS:** So you are not able to give us a breakdown for each of these assets investment programs as to whether they are commonwealth or state funding today? You do not have that information with you?

**Mr Thompson:** No; we will have to take that on notice and provide it.

**Hon KEN TRAVERS:** All right. I would have thought you would have it in your little files, saying how much is commonwealth and how much is royalties for regions and how much is state appropriation.

**Hon PETER COLLIER:** No. I can certainly tell you the royalties one. In terms of the breakdown between state and federal, we will have to get you that information. Which projects did you want it for?

**Hon KEN TRAVERS:** Maybe if what you can do then is give us a breakdown for every project in the asset investment project—how much is state, how much is commonwealth and how much is royalties for regions.

**Hon PETER COLLIER:** Yes; that is fine.

**Hon KEN TRAVERS:** Are there any projects in regional WA that are funded through state appropriations as opposed through royalties for regions?

**Hon PETER COLLIER:** I think royalties is state appropriation, is it not?

**Hon KEN TRAVERS:** No, that is not my question. You have three sources of funding there—capital appropriation, drawdowns from royalties for regions funding. I am asking: are there any projects in regional WA that are funded from state capital appropriation as opposed to through the royalties for regions fund?

**Hon PETER COLLIER:** We will take that one on notice.

**Hon KEN TRAVERS:** You cannot tell me today, though?

**Hon PETER COLLIER:** No.

**Hon KEN TRAVERS:** So you are not aware of any project, off the top of your head, that has a state appropriation to it?

**Hon PETER COLLIER:** No.

**Hon KEN TRAVERS:** Because to me, looking at this, the vast majority of regional projects are funded through royalties for regions and not through state appropriations.

**Hon PETER COLLIER:** That is correct.

**Hon KEN TRAVERS:** And maybe a little bit of commonwealth money in some of them.

**Hon PETER COLLIER:** It is true. But as I said, the simple fact of the matter it is that there are some significant issues with regard to training delivery in the regions. We came to a conscious decision that royalties for regions was an appropriate form of financing those projects.

**Hon KEN TRAVERS:** As you would recall, it is about being over and above. One of the great fears was that it would just start to replace ordinary government expenditure; that there would be no money spent in regions and they would all expect it to come out of royalties for regions. That is what I am trying to test.

*[Supplementary Information No B6.]*

**Hon KEN TRAVERS:** It will come out if they give me the breakdown anyway as to if there is any. If they want to specifically identify one for me, that would be good.

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Minister, in Saturday's *Kalgoorlie Miner*, there was mention of VTEC—I think it is going to be under VTEC—taking over leasing of the Australian Prospectors and Miners Hall of Fame and that there was a memorandum of understanding between the state government and the owners of that site. Then there are comments about the five-year lease and \$3 million for fitting out that site to become a centre for education in the goldfields for VTEC. Can you tell me: is that funded in this budget anywhere?

**Hon PETER COLLIER:** For?

**Hon KEN TRAVERS:** VTEC taking over a lease on the Australian Prospectors and Miners Hall of Fame next month.

**Hon PETER COLLIER:** No; it will be out of the Department of Training and Workforce Development regular budget.

**Hon KEN TRAVERS:** That would be the lease payments, but the \$3 million to upgrade and fit it out, where would that be? That surely would be under asset investment, would it not?

**Hon PETER COLLIER:** It is a work in progress, I have to say. I will ask Dr Shean to give you an update.

**Dr Shean:** This article, which probably does not surprise you, is not very accurate. You will notice our statement here that an announcement will be made by the minister in due course—that is, once we have all the pieces in place. The \$3 million is not an accurate statement about what the department would be putting into it. We would be making some contribution to the course component of it, and that would be a considerable part of this. That would come out of our training dollars in the same way that we fund other course issues. The intent in the fullness of time will be for a user pays arrangement, which would be sponsored by the mining companies that used it. Some of the funds would be picked up there. There are also other funding sources that we are not at liberty to disclose because we have not finalised them yet, which is once again why we are unable to give further comment. The way it is reported here, though, is not accurate. Until such time as we have everything lined up, we are simply unable to give you the detail on it.

**Hon KEN TRAVERS:** Have you signed an MOU and will it involve a fit-out cost?

**Dr Shean:** There is an MOU which does not go to the level of detail which is specified here. It is an agreement to proceed with a joint arrangement. In terms of fit-out, the intent is that VTEC use a small amount of the facility only. Therefore, I think we were talking about two work areas only. I think it is around 255 square metres, but I am not absolutely sure about that.

**Hon KEN TRAVERS:** Sorry; was it 255 or two for 155?

**Dr Shean:** It is 255 square metres. So the fit-out would relate to getting some of that cleaned up, re-carpeted, painted and some of the air conditioning redirected, but I would need to consult the building specifications, which of course are not done at this stage. This was a hypothetical estimation. Some of the other components that may be thought of as fit-out would be ICT capacity for VTEC, and that will apply regardless of where this service will be provided from.

**Hon KEN TRAVERS:** So is the \$3 million a figure that has come out of the department, or has that come from somewhere else? Where would the \$3 million come from?

**Hon PETER COLLIER:** It did not come from the department.

**Dr Shean:** It is a very preliminary figure on what it might cost to pull everything together. It has by no means been a formal arrangement at this stage. As I said, the minister will make an announcement in due course. We have not dotted the i's and crossed the t's on this. At the moment, it is more than a good intention; we think it is a fantastic opportunity to have existing tradespeople articulate into existing pathways and also people who are not fully qualified to articulate into full trades, but we are still working on the initiative.

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[5.30 pm]

**Hon KEN TRAVERS:** Will that require a further budget announcement? Because there are certainly elements there that are asset investment that you would not have internal resources to do, I would not have thought, so will it require a cabinet decision to provide additional funding for that to occur?

**Dr Shean:** We would still need to take the costing to EERC and, as you know, until such time as that is discussed, we are not really allowed to talk about it.

**Hon KEN TRAVERS:** At the moment there is no budget allocation. It will require the minister to take a cabinet decision to seek funding.

**Dr Shean:** The proposal to EERC is much broader than that. We believe we have some capacity in our budget to pick up those training components and there may well be other sources of funding too. I am not trying to be obstructive here with the information. As I said before, while we are declining to answer questions, it is still very much on the drawing board. At this stage, I do not anticipate that we will be going back to the EERC, however.

**Hon KEN TRAVERS:** You do not anticipate?

**Dr Shean:** Not for funding approval, no. I think we are talking about the general concept at this stage.

**Hon KEN TRAVERS:** When would you envisage it occurring if it does occur then? What time frame are we looking at?

**Dr Shean:** In the next financial year we would see a commencement of training.

**Hon KEN TRAVERS:** So, in reality, probably the calendar year of 2014 or would you see it starting to be used from the middle of 2013?

**Dr Shean:** I would hope that we would get something running within the 2012–13 financial year, which may well end up being the calendar year of 2013, but there are a lot of unknowns.

**Hon KEN TRAVERS:** When you say “next financial year” are you talking about the financial year for the budget that we are talking about here—the 2012–13 financial year?

**Dr Shean:** That is correct.

**Hon KEN TRAVERS:** When you said “next financial year” I thought you were talking about 2013–14. My next question continues on the issue of VTEC and I note on page 603 you are saying that that is going to be established as a standalone statutory authority.

**Hon PETER COLLIER:** That is correct.

**Hon KEN TRAVERS:** The only mention that I can see is a figure rolled in under your—no, that is appropriations. On page 607, it is rolled in a whole range of other organisations. Are you able to give us a reconciliation of how much will be transferred into VTEC in the 2012–13 financial year?

**Hon PETER COLLIER:** There will not be any additional costs.

**Hon KEN TRAVERS:** No, but including the FTEs because, again on 603, you are arguing that the transfer of that will reduce the number of FTEs that you have under institutional-based training. I assume the funding for VTEC will be the same.

**Hon PETER COLLIER:** It will.

**Hon KEN TRAVERS:** I am interested in how much money will be allocated out to the VTEC and how that reconciles to previous years but also a reconciliation of FTEs for this year and next year with VTEC included, if that makes sense.

**Dr Shean:** Those staff are currently on our FTE allocation and we anticipate as of 1 July 2012 we will transfer 99 FTEs over to VTEC and the budget that goes with that.

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**Hon KEN TRAVERS:** If you transfer 99 over, how can you still remain at 452? You are having an increase of 52 FTEs for the department after you lose your 99 to VTEC.

**Dr Shean:** The estimate that we have of our total FTE for this current year is 710 FTE for the 2011–12 budget. For the 2012–13 budget it is 558 and that reflects both the 99 FTEs from VTEC and also we transferred a function from WestOne, the K–12 function, back to the education department. That is 63 FTEs. So, that then with another adjustment up for some additional staffing. That is how that portions out. So, 2011–12 was 710; 2012–13 will be 558 —

**Hon KEN TRAVERS:** That does not conform to what the budget papers are telling me here. You have only got the two service delivery areas along with the budget cuts as your third.

**Dr Shean:** What page are you on, please?

**Hon KEN TRAVERS:** If you look at page 603, that is 647 FTEs in total for this year. Reading the budget papers, that is down from the previous year, which suggests that the K–12 activities have already been transferred across in the 2011–12 financial year.

**Mr Thompson:** The 2011–12 estimated actual reflects the K–12 functions being transferred to Education and then the move from estimated actual to the budget target largely reflects the VTEC becoming a statutory authority from 1 July in the next year.

**Hon KEN TRAVERS:** I understand that is what it is supposed to be telling us, but your director general just told us 99 is going across as part of the transfer to VTEC. That would suggest that you would then have in the institutional-based training area, which I assume is where most of those 99 come from—or are they divided across the two service delivery areas?

**Mr Thompson:** No, those FTEs would be split across those two delivery areas.

**Hon KEN TRAVERS:** Right. The 700—where does that come from?

**Mr Thompson:** The 710 was part of the two. If you combine the two FTEs for delivery areas for the 2011–12, that is the 710.

**Hon KEN TRAVERS:** So that is the original budget before you move out the —

**Mr Thompson:** Correct.

**The CHAIR:** Hon Ken Travers, I have a couple of members who have been waiting a while. I might go to them and then come back.

**Hon DONNA FARAGHER:** I would like to refer the minister to page 601 under “Significant Issues Impacting the Agency”. At the third dot point reference is made to the National Partnership on Skills Reform. I am wondering whether the minister could just advise me of the current status of that partnership agreement. Particularly, I am interested in respect to commonwealth funding and whether or not there has been any change to the commonwealth funding for this partnership.

**Hon PETER COLLIER:** The new national partnership comes in on 1 July this year. Certainly it takes over from the Productivity Places Program, which was very successful here in Western Australia. We did very well in it. That was a two-for-one dollar. It was about \$132 million and we put in \$62 million—the Productivity Places. From memory that is what was, but it was good and worked very, very well. It is above and beyond our training places. The new national partnership is what we are negotiating with the feds at the moment. That in essence means we have lost around \$25 million per annum over three years, which is \$75 million. We have had to recoup that loss and that is reflected in this budget. Of the additional \$99 million, \$38.2 million was to take that place. That is for the next year to ensure that we can maintain our current training places. If we did not inject in those funds, that would have been about 8 500 training places we would have been short. Given the situation in terms of the school shortage et cetera, we simply could not allow that to occur.

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In addition to that, the new national partnership has so-called reforms on the vocational education and training system. We have got to make sure the devil is not in the detail in regard to what could be seen as being conditional funding on the part of the feds: things like improved quality in the VET system, greater transparency, including the introduction of unique student identifier, publishing training delivery information on the My Schools website and the introduction of the student entitlement model.

[5.40 pm]

All those things are, dare I say it, conditional on the new national partnership. There has been a lot of talk about the entitlement model in terms of where we go, and it has to meet certain criteria et cetera. We have to make sure that we get it right from Western Australia's perspective. With all due respect, we could have gone into this year and been \$25 million down and 8 500 training places short if we had not met or recouped that loss. That is where we are at. I am not sure where we are at with regard to the final negotiations of the national partnership at this stage.

**Dr Shean:** It has been signed. It was signed in principle by the ministers on 13 April this year. We have signed up to \$180 million over five years, which, as the minister already said, is a \$75 million shortfall over the next three years. To date, the state government has committed \$38.2 million specifically to address that shortfall, which takes us through to 2014, at which stage, because we will be going back to negotiate an entitlement model, we hope to get more support from the state government if the commonwealth government cannot pick it up. In 2015–16, the funding returns to around the level of the previous PPP program, so we see that things will be a little easier for the training sector at that time from the perspective of federal funding.

**Hon DONNA FARAGHER:** Is the reduction or shortfall from the commonwealth perspective peculiar to Western Australia, or is it similar to all states?

**Hon PETER COLLIER:** It is across the board, as I understand it. I cannot talk about the other jurisdictions, but I know there was a lot of finger-pointing when the figures came out. We have a ministerial council meeting this Friday, so no doubt it will be a hotly discussed topic.

**Hon DONNA FARAGHER:** I have just one other question that was touched on by Hon Phil Edman in response to an answer the minister gave. The second dot point under "Significant Issues Impacting the Agency" refers to the state priority occupation list. I appreciate that input is provided, but who actually determines that list and how often is it amended?

**Hon PETER COLLIER:** I will again ask Dr Shean to comment. The state priority occupation list is a very positive step forward. It identifies those areas that are specific to Western Australia. It would be pointless providing unlimited funds for training that is essentially directed in the wrong areas. We do not want to be funding jewellery making or cupcake making et cetera when we really need to direct the funding into specific areas of need. We have the 10 industry training councils now that provide input and advice to government and the State Training Board. Those 10 industry training councils are made up of representatives of all the industry sectors—it could be in the resources sector, engineering, hospitality, tourism, retail; right across the board—to ensure that we get it right and that the training funding is directed in the right areas. The state priority occupation list reflects that demand and it is largely used to determine the allocation of 457 visas for particular jurisdictions. From our perspective, it ensures that we can get it right. We can continue to pour hundreds of millions of dollars into training, but if it does not go into the right area, we are open to fair criticism if we have plenty of jewellery makers but not enough people training to be mechanics in the automotive industry. That is what it is all about. Is there anything else there?

**Dr Shean:** I think you have covered it.

**Hon ADELE FARINA:** I refer to page 605 and the \$2 million allocation to upgrade the South West Institute of Technology's Busselton campus. Will the minister provide details of the \$2 million building program that is proposed for the Busselton campus? Exactly what are we

getting for this funding? Also, does this mean that the promised new Vasse campus will not be built?

**Hon PETER COLLIER:** No, it does not mean that at all. I have been there and had a look. It is actually quite nice. As the member would be well aware, what they have there at the moment are pretty much dongas. They are not necessarily substandard, but in terms of expansion and where we are going, we have to move them to a different location. At this stage that funding is working towards ensuring that we can meet the current demand in the short term. The Vasse campus is definitely on the drawing board. We are working on a plan at the moment. There is split opinion in terms of the location. The Vasse campus is very palatable to me. I have been there and looked at it.

**Hon ADELE FARINA:** Yet there is no funding in the forward estimates to advance planning for the Vasse campus —

**Hon PETER COLLIER:** No.

**Hon ADELE FARINA:** — or for the construction of the Vasse campus, so nothing is planned in the next four years.

**Hon PETER COLLIER:** Again, no. As I said, we are continuing to plan in terms of meeting demand. The money they have earmarked at the moment is essentially for the upgrade and extension of the existing training facility.

**Hon ADELE FARINA:** What will we get for that \$2 million?

**Hon PETER COLLIER:** Two transportable classrooms for courses in health training. As I said, we will continue to monitor it.

**Hon ADELE FARINA:** So \$2 million on transportable —

**Hon PETER COLLIER:** No, that will be part of the process and will take up part of the funding.

**Hon ADELE FARINA:** What is the rest of the funding going to be used for?

**Hon PETER COLLIER:** I will ask Dr Shean to talk specifically about it, but what I will say is that a new Vasse campus is right on my radar.

**Hon ADELE FARINA:** How far into the future though, because it certainly has not been budgeted for in the next four years?

**Dr Shean:** I can speak about the current money and where it is going. We have already spoken with BMW and they have contracted Parry and Rosenthal Architects who are designing and documenting the full Busselton campus project. The south west institute has got \$0.5 million for the two transportable classrooms, which will be delivered in September this year and ready for occupation by the 2013 training year. The other developments will be negotiated with the architects. That is happening at the moment.

**Hon ADELE FARINA:** What is the brief to the architects? I find it extraordinary that you have allocated \$2 million but you cannot actually tell me what it is being spent on.

**Hon PETER COLLIER:** We will take it on notice.

*[Supplementary Information No B7.]*

**Hon ADELE FARINA:** My next question is in relation to the general budget appropriations for this area. What portion of that is being allocated to address the shortage of electrical lecturers at the Bunbury campus?

**Hon PETER COLLIER:** I was of the impression that we had worked quite well with that area to help overcome those issues. I may be corrected, but I thought that was the situation.

**Mr Coombes:** My understanding is that the positions in Bunbury have now been filled with appropriate electrical lecturers following a period when Polytechnic West—another state west

training provider—came in to assist them to deal with the problems that they were having, but those problems have now been overcome and the students have returned back to the Bunbury campus.

**Hon ADELE FARINA:** Were those students compensated at all for the cost of having to travel to Perth to continue their electrical apprenticeships?

**Mr Coombes:** I can check that for you but I understand they would have been paid a travel allowance for coming up to—some came to, I think, the Balga campus at Polytechnic West but others were accommodated down at Pinjarra.

**Hon ADELE FARINA:** I would appreciate that being put on notice to understand what compensation they were provided and how many students were affected by that.

*[Supplementary Information No B8.]*

**Hon ADELE FARINA:** In relation to the \$16 million for the SWIT Bunbury heavy-duty automotive projects, in terms of the general appropriations, how much funding is actually being allocated to staff that? That is due for completion in this financial year —

**Hon PETER COLLIER:** Where is this one?

**Hon ADELE FARINA:** I am asking under general appropriations because there actually is not a line item for staffing the facility, but it is under works in progress on page 604, “South West Institute of Technology—Bunbury—Heavy Duty Automotive”. There is \$12 million allocated in this year’s budget for the completion of that project. I am wondering what additional FTEs will be provided to run that facility and when that money will be made available.

[5.50 pm]

**Dr Shean:** We do not fund staff to colleges; we fund profile. We buy training services from colleges. They come to us once a year for a major allocation and then an adjustment six months later. According to demand, as the minister has already mentioned, we buy training places. How they break that funding up, how they engage their staff, is entirely up to them; they are autonomous bodies. The department does not just fund FTE for colleges.

**Hon ADELE FARINA:** So how many funding places will you be funding at that facility?

**Hon PETER COLLIER:** Essentially, it is up to the college in terms of the demand that is created. So, it is up to the college, as I said.

**Hon ADELE FARINA:** Do you have any projection of what you are expecting? You have just spent \$16 million on a facility.

**Mr Coombes:** I think some of it will be existing training moving into better and improved facilities. As the minister and Dr Shean have indicated, we will have to wait and see when we go and negotiate with South West for their delivery for 2013, what actual demand they are anticipating for the full utilisation of those facilities. But, of course, they will be used in the context of demand from apprentices and trainees down in the south west region. So, at the moment it will be partly replacing existing facilities and the existing apprentices and trainees will be able to utilise that new facility, and potentially some additional apprentices and trainees going forward into 2013.

**Hon ADELE FARINA:** I ask just a related question to that: is there any money in the budget then allocated to marketing that new facility to make sure that people in the south west actually know that it exists and that you can maximise the places that will be provided from that new facility?

**Hon PETER COLLIER:** One of the things that we have provided over the last few years is the opportunity for state training providers to do their own marketing. You have got to have the generic brand et cetera, but have them do their own marketing. As I said, that is one of the aspects of the new autonomy that has been provided for them, so I am sure that they will access those opportunities; I would be very surprised if they did not.

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**Hon ADELE FARINA:** Yes, but is there any funding allocated in the budget for them to do it? I mean, they cannot do it just because they have a love of providing apprenticeship courses. They need funding to do this.

**Mr Coombes:** All state training providers do receive as part of their delivery and performance agreement with the department an element which covers costs associated with marketing and promotions. But I am afraid I do not have the figures of exactly how much that is for the south west.

**Hon ADELE FARINA:** Can I have that on notice, please?

*[Supplementary Information No B9.]*

**The CHAIR:** I am going to give the call to Hon Alison Xamon and then I will be coming to Hon Ljiljanna Ravlich.

**Hon ALISON XAMON:** I refer to page 602 and the graduate employment rate defined as one of the key effectiveness indicators. I am happy to take this question on notice, the question being: can the department provide data for 2011 as to the proportion of state training provider graduates who attained employment and the proportion of private registered training organisation graduates who attained employment? Do you keep that data, particularly for private providers?

**Dr Kelly:** The actual surveys are undertaken by the National Centre for Vocational Education Research. My understanding is they do report by public versus private, but we will get back to you on notice with that.

**Hon ALISON XAMON:** I am happy to take it on notice, but you can supply that data; can you, in particular, the comparison of—you can do that?

**Dr Kelly:** What I am not sure of is whether the numbers in the survey are sufficient to break it down by individual providers, but if it is purely public versus private, my understanding is that data would be available and be statistically significant.

**Hon ALISON XAMON:** Okay. I would like the public versus private, but if there is a further breakdown that is available, I would appreciate being able to receive that as well.

**Dr Kelly:** Yes, sure.

*[Supplementary Information No B10.]*

**Hon ALISON XAMON:** Thank you. Moving on to page 601 about re-framing training allocations to target groups under-represented in the workforce, I am particularly interested in the participation and satisfaction rate of students with disabilities, in training. I note that the satisfaction rate for this cohort for students is relatively low, so I am wondering what the department is doing to improve the participation and satisfaction of students who have a disability that affects their study. Could you provide some details to that and also whether the department can identify any funding allocated for any new initiatives to address this cohort of students?

**Dr Shean:** In terms of the colleges' own initiatives, they are bound by the Disability Services Act and must table an access and inclusion plan, which looks at how they target people with disabilities and how they make their information and their facilities available. So, I think the five points that apply under that initiative in the act apply right across to the different training institutions. That includes provision of information, access to services, being consulted on major initiatives and so on. In terms of specifically targeting people with disabilities, that would be a different initiative for our budget and would include initiatives, such as our access grants, which would include people with disabilities but it is not limited to people with disabilities.

**Hon ALISON XAMON:** But that is also not new moneys or new initiatives, as I understand it. So, what I am trying to unpick is what can be done. I understand that the Minister for Disability Services has acknowledged that this is an issue as well, so what is being proposed to actually

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address the lower satisfaction rate by these particular students? Because what you are talking about are initiatives and obligations that have always existed.

**Dr Shean:** We do survey for it. It is slightly lower, we understand. We survey for it and we isolate that group in the analysis, so I would have to get that information to you on notice. But the issue about which you speak is twofold because it is about the colleges, the state training providers, targeting and providing appropriate services and it is also about us having sufficient targeted funds over and above that which is normally available, and we have both of those strategies in place.

**Hon ALISON XAMON:** Would those targeted funds be available to private providers as well?

**Dr Shean:** Access funding is available to all providers, yes. The key criterion, assuming that a provider is able to be funded by us—that is, that they are a bona fide provider—would be how well they targeted the various goals that we were seeking to target in that particular funding round.

[*Supplementary Information No B11.*]

**The CHAIR:** I am afraid, given the time, I am going to give the call to Hon Ljiljanna Ravlich. But if there are additional questions, you can provide them at the end of the session.

**Hon LJILJANNA RAVLICH:** Okay, I will keep it short. Just in reference to “Significant Issues Impacting the Agency”, the second dot point refers to the WA skilled migration strategy. Minister, I understand that you took a trip to Ireland some time last year. I wonder whether you could provide the committee with the costs associated with that trip.

**Hon PETER COLLIER:** Yes.

**Hon LJILJANNA RAVLICH:** I understood you stayed at the Trafalgar Hotel.

**Hon PETER COLLIER:** That is correct.

**Hon LJILJANNA RAVLICH:** Can you tell me whether you stayed at the standard, deluxe, deluxe plus or studio suite—just out of interest?

**Hon PETER COLLIER:** I am not sure. Everyone paid their own way.

**Hon LJILJANNA RAVLICH:** Who paid for yours?

**Hon PETER COLLIER:** As I said, everyone paid their own way. I went with my then chief of staff. We got a room rate—I am not sure what it was, but it was cheap. We will have to give you that on notice. Can I say to you right now: it was well worth it. The trip —

[6.00 pm]

**Hon LJILJANNA RAVLICH:** Yes, I am sure it was. Did you have deluxe or deluxe plus? That would have made it more worth it!

**Hon PETER COLLIER:** I cannot remember, but I did not have a spa, I can assure you.

[*Supplementary Information No B12.*]

**Hon KEN TRAVERS:** How do we know it was cheap?

**Hon LJILJANNA RAVLICH:** That is right. I understood that some of the people who went with you complained about the fact that it was so expensive for them. It might have been cheap for you as the minister, but it obviously was not cheap for everybody else.

**Hon PETER COLLIER:** No; we all got the same rate.

**Hon LJILJANNA RAVLICH:** Okay, but I would be interested to know whether you got the standard deluxe or deluxe plus and studio; I would be interested to know. There is not a report in the Parliament about this trip yet, which is very naughty of you, because I should not have to come here and ask you this.

**Hon PETER COLLIER:** Just ask; I will provide it. I have nothing to hide. It was a wonderful trip.

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**Hon LJILJANNA RAVLICH:** I just need to know what the total cost of that trip was —

**Hon PETER COLLIER:** Sure.

**Hon LJILJANNA RAVLICH:** — and what net impact it had in terms of attracting people—not generally, but specifically—from Ireland.

**Hon PETER COLLIER:** I am going to answer that one first. Yes, I mean I could —

**Hon LJILJANNA RAVLICH:** Take it on notice; I am happy to take it on notice. I just want figures; I do not need the preamble; I just want figures. Madam Chair, can you stop him?

**Hon PETER COLLIER:** No; you have asked a question, and I am happy to respond. I can tell you, if you ask the CCF or the CCI, they will tell you, unanimously, it was very, very worthwhile. I launched the portal when I was over there, which is a phenomenal portal, and we crashed on one night; we had literally thousands and thousands of views by people who went onto that website. I went on a show called *Jeff Randall Live* on the Monday night, which is like a *Today Tonight*–type program—or more forensic than that—and that night we had literally tens of thousands of people log on. So it has been very, very successful.

**Hon LJILJANNA RAVLICH:** There is a difference in logging on to people actually being over here. Also in relation to the whole efficient use of departmental resources, I do want to ask this question of you, minister—I hope you can answer it: minister, is the director general of the department required to receive you like royalty in the car park of the Department of Training and Workforce Development when you visit that agency because you insist that that is what the status of a minister requires? Is that true or false?

**Hon PETER COLLIER:** For goodness sake, that is just such a nonsense question. Dr Shean does meet me wherever I go, and that is the same for everyone; it is exactly the same. I think, with all due respect, that is a nonsense question.

**Hon LJILJANNA RAVLICH:** True or false?

**The CHAIR:** No, we are not pursuing that question.

**Hon LJILJANNA RAVLICH:** True or false?

**The CHAIR:** Honourable member, it is getting very close to teatime. I am going to give the call to Hon Philip Gardiner, who has a question, and then Hon Ken Travers, and then we will knock off.

**Hon PHILIP GARDINER:** Page 601 of budget paper No 2 is to do with the issue of the state priority occupation list—this is fairly small but it is fairly important. I have been through the list, and one of the concerns I had about at least priority list 1 is that it does not mention anything about agriculture in the sense of mixed farming and husbandry—priority list 2 does. But I know personally how hard it is to actually find people who have experience—not so much the qualifications, because it is experience that is needed—and I know this list refers to qualifications, but part of it is qualifications. It is a difficult area because it is so unstructured.

**Hon PETER COLLIER:** Yes.

**Hon PHILIP GARDINER:** Should it not be elevated, and should we not be considering how we actually list that in this context, because it has so many different facets to it, to try to keep the resource up for that agricultural industry?

**Hon PETER COLLIER:** Look, agricultural delivery is very important to this government, I can assure you, and we are doing an enormous amount. Ideally, in the very not-too-distant future, we are going to be having—about which you will be well aware—an announcement in terms of where we are going with Muresk as the principal deliverer of primary industries, but fundamentally in agriculture. We do not make the list—we do not just pluck these lists out of the air—they come through advice provided to us from modelling that is done within the department; it is advice that is



provided through the industry training councils and industry as a whole. In terms of the actual formula for the creation of the SPOL, I will ask Dr Shean to comment.

**Dr Shean:** We take our data from a range of sources including ABS, and as you are probably aware, the projections for employment opportunities in agriculture over the next four years drop dramatically; in fact it is the area in which we project we are going to have the greatest number of job losses. That is in part, primarily, because of the way that agriculture is doing business with the changed approach to combined landholdings and a very simple structure of an agribusiness graduate and a few people who then work large amounts of machinery. For that reason, we are promoting agriculture. The point you make about trying to attract people is absolutely correct, but it is in part because of the stop–start nature of some of the work. We are promoting agriculture as a good job to combine with the fly in, fly out type of occupation. Indeed, agricultural workers are well suited to some of the fly in, fly out roles, and forestry and fishing as well as farming. The way we calculate this, however, is twofold; we look at the projections, we look at where we have been for the last four years, and we have seen some drops in agriculture. We know they are going to increase dramatically over the next four years, so it will be our largest area of job loss. But we know that there are concerns from people such as yourself representing the agricultural regions, and so for that reason, as well as our SPOL which has 239 occupations in it, we have a further 125 occupations that are considered industry priorities, even though the ABS data does not necessarily show there is going to be an overarching shortfall. The food fibre training council gives us this information, and we are doing what we can to look at attraction and retention. So, the SPOL is not necessarily the only way we can try to recruit people into those areas that underrepresented. That is a slightly roundabout way to answer, but, yes, we know that it is an area of concern, but we do not have it on the SPOL because we believe that to bring people from overseas is bringing them into a diminishing market anyway.

**Hon PHILIP GARDINER:** Thanks for that response. I suspect that the loss of people is partly due to the fact that it is more attractive, I am afraid financially, to go mining, and we lose them —

**Dr Shean:** Yes.

**Hon PHILIP GARDINER:** — and we have to find these replacements, which is proving difficult. Also, I think there is another view that the future demand for agriculture is going to be very high. How certain those numbers are, I do not know, but there is a very strong view that there is a huge requirement. If can just ask one other question. Sorry, Madam Chair.

**The CHAIR:** If it is a quick one.

**Hon PHILIP GARDINER:** Page 602 of budget paper No 2 lists the outcomes and key effectiveness indicators—the outcomes is really what we are all about, which we all know. It is just the apprenticeship and traineeship completion rate—maybe you have already tackled this?

**Hon PETER COLLIER:** Yes—we had started.

**Hon PHILIP GARDINER:** The difference between the 2010-11 actual and the estimated actual for 2011-12 is that there is a fall of about nine per cent, just about. But that is because of a different way of calculating it, I understand that. But did you try to normalise as well; and, if you did normalise it to how the system was before, roughly what would the 66.1 per cent equivalent be in 2011-12?

**Hon PETER COLLIER:** There is always an issue with completion of apprenticeships, I can tell you, in terms of the attraction of big bucks up north. I understand that.

**Hon PHILIP GARDINER:** This is also about really going down to the contractors, as Dr Shean mentioned earlier—is it the same issue, trying to attract them; is that the difficulty?

**Hon PETER COLLIER:** It is, to a degree.

**The CHAIR:** Mr Kelly?

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**Dr Kelly:** If the question is: had we used the old method, what would the number be? Is that what you are getting to?

**Hon PHILIP GARDINER:** Yes.

**Dr Kelly:** Off the top of my head, around 59 or 60 per cent on an apples with apples comparison. Sorry; to put it another way, we would have gone very close to whatever the old method was; it has not moved around that much. All the changes you are observing are solely to do with changes in the method of calculation, so there have not been any dramatic swings in performance, if that is what you are getting to.

**Hon PHILIP GARDINER:** So, it is pretty much the same; there was not much change between the two years?

**Dr Kelly:** That is right; it is on par in terms of completion rate.

**Hon PHILIP GARDINER:** Is there any consideration in these programs to try to have something coming out of the work and the courses you are offering to try to condition people to the fact that work has its hard points?

**Hon PETER COLLIER:** Yes. It is a good point. You are right; it is an ethos that exists.

**Hon PHILIP GARDINER:** It is an ethos, and it is knowing that it can be dusty and it can be hot and everything else. But is there any familiarisation of that; any conditioning mentally that is given to these students coming in?

**Hon PETER COLLIER:** Dr Shean might like to make comment on this.

**Dr Shean:** The state training providers do a lot of student support; with indentured students an important part of their training, I guess, is the development of a work ethic. One of the points that is important to remember with completion rates, however, is that the notion of vocational education and training is that people do move in and out of the training environment. A student might do so many units and then find that they are then instantly employable at a much higher rate and may then go into the workplace without having completed their course. You need to keep in mind that the 60 per cent does not mean that there are 40 per cent of dropouts; that is not the case at all. It is very difficult for us to plot this because of course the minute they go, they are out of the system, but we have some anecdotal evidence from kids in the school system that quite a few kids will leave a VET in Schools program because they are offered a job, which for 15, 16 or 17-year-old is very appealing. We understand the same thing happens, and what frequently happens is that somebody is wooed by higher wages, moves elsewhere, and then completes their training at a different time. I think this is quite a complex figure. The Auditor General made some comment about it some years ago, and we have been very cautious not to regard the apprenticeship system in particular as a school program. It is not where you start in year 1 and come out at year 7. But it is one where they stop-start. Frequently, that is a good thing too. As students become more mature and get more experience, they are then better placed to go to the next stage.

[6.10 pm]

**The CHAIR:** I will give one last question to Hon Ken Travers and then we are going to knock off.

**Hon KEN TRAVERS:** Minister, if you go to page 608, the statement of financial position, or the balance sheet, my first question is: has the department managed to secure the former AIES site from the education department, considering it is now predominantly used by west coast TAFE? Have you secured that property yet; and, if not, where are negotiations up to?

**Hon PETER COLLIER:** No; we have not secured it, but I am not sure where it is at.

**Hon KEN TRAVERS:** My understanding is that it has only ever been a short-term lease that prevents any long-term capital investment in the site. It is now a significant part of the training base of west coast college. I am sure you are aware of the concerns, minister.

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**Hon PETER COLLIER:** I am, but, again, I apologise; we cannot provide it at the moment. We will have to take it on notice.

*[Supplementary Information No B13.]*

**Hon KEN TRAVERS:** The other issue there is in the final year of the property, plant and equipment in 2015–16. Over the period you are increasing your property, plant and equipment, and then in 2015–16 it drops by about \$100 million. Can you explain to us why there is such a significant drop in the property, plant and equipment?

**Mr Thompson:** The reduction there in 2015–16 reflects the completed projects being transferred to the state training providers, rather than staying on our financial statement of financial position. As the projects are constructed and completed, we actually transfer them to the state training providers and they are recorded on their books.

**Hon KEN TRAVERS:** But there is a range of them. None of the major ones complete until the year 2014–15, and then you transfer them in the following year, do you?

**Mr Thompson:** As they are completed and ready for use, we transfer them into the state training providers.

**The CHAIR:** Thank you, everybody. I will make some closing comments. The committee will forward any additional questions it has via you, minister, in writing in the next couple of days, together with the transcript of evidence, which includes any questions taken on notice. If members have any unasked questions, please submit them to the committee clerk by email at the close of this hearing. 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.

Finally, on behalf of the committee, thank you very much for your presence this evening, and we will close the hearing.

**Hearing concluded at 6.14 pm**

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