

# **GENERAL PURPOSE STANDING COMMITTEE NO. 6**

**Friday, 2 September 2016**

**Examination of proposed expenditure for the portfolio area**

## **REGIONAL DEVELOPMENT, SKILLS, SMALL BUSINESS**

**The Committee met at 11:15**

### **CORRECTED PROOF**

#### **MEMBERS**

The Hon. P. Green (Chair)

The Hon. L. Amato

The Hon. C. Cusack

The Hon. S. Farlow

The Hon. D. Mookhey

Mr D. Shoebridge

The Hon. E. Wong

#### **PRESENT**

**The Hon. John Barilaro**, *Minister for Regional Development, Minister for Skills, and Minister for Small Business*

## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

**Corrections should be marked on a photocopy of the proof and forwarded to:**

**Budget Estimates secretariat  
Room 812  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**



**The CHAIR:** Welcome to the inquiry of General Purpose Standing Committee No. 6 into budget estimates for the portfolios of Regional Development, Skills and Small Business for 2016-2017. Before I commence, I acknowledge the Gadigal people who are the traditional custodians of this land. I also pay my respects to the elders, past and present, of the Eora nation and extend the respect to other Aboriginal people who may be present here today or who may be listening online.

I welcome Minister Barilaro and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Regional Development, Skills and Small Business. Today's hearing is open to the public and is being broadcast live by the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In terms of broadcasting, in accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind the media representatives that you must take responsibility for what you publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. So I urge witnesses to be careful about any comments you make to the media or to others after you complete your evidence, as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. Guidelines for the broadcast of proceedings are available from the secretariat and are also on the table at the back of the room.

In terms of questions on notice, there may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take questions on notice and provide an answer within 21 days. In terms of the delivery of messages from advisers and members' staff seated in the public gallery, messages should be delivered through the Committee secretariat. Minister Barilaro, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you.

Transcripts of this hearing will be made available on the website from tomorrow morning. Could you please turn off your mobile phones or turn them to silent. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you have already taken an oath as a member of Parliament.

**JON BLACK**, Managing Director, TAFE NSW, sworn and examined

**GARY JOHN BARNES**, Deputy Secretary, Economic, Skills and Industry Policy, Department of Industry, sworn and examined

**SIMON SMITH**, Secretary, Department of Industry, affirmed and examined

**ROBYN ANNE HOBBS**, Small Business Commissioner, Department of Industry, sworn and examined

**The CHAIR:** I declare the proposed expenditure for the portfolios of Regional Development, Skills and Small Business open for examination. The questioning of the portfolios of Regional Development, Skills and Small Business will run from 11.15 to 12.25 p.m. As there is no provision for the Minister to make an opening statement before the Committee commences questions, we will begin with questions from the Opposition. I call the Hon. Daniel Mookhey.

**The Hon. DANIEL MOOKHEY:** Thank you, Minister, for your appearance and I thank your officials for their attendance as well. Minister, with all the amazing resources that you have at your disposal in the department, in addition to the amazing people who work at TAFE NSW and the retinue you employ in your ministerial office, are you able to confirm to us that you are, in fact, the fourth most visible man in New South Wales politics?

**Mr JOHN BARILARO:** I thank the honourable member, Mr Mookhey. I think back and look to number four. What does number four actually mean?

**The Hon. DANIEL MOOKHEY:** In terms of the tender document that you put out from the department, I think the precise way in which you described it was "to become the fourth most visible person in New South Wales in terms of visibility and profile". Is it time to declare mission accomplished?

**Mr JOHN BARILARO:** Again, it is not what I have said; you are quoting from the media today. But we have just had the Olympics and there was no fourth medal for an Olympian; there is no podium space for fourth place. The Canberra Raiders in my neck of the woods are sitting third on the ladder and they are playing the Tigers this weekend. I am sure they are going into that game not wanting to be number four.

**The Hon. DANIEL MOOKHEY:** On that question, has the Premier's office established any form of a reward scheme in the event that you do find yourself becoming the fourth most visible person in New South Wales politics? Will you get the fourth medal?

**Mr JOHN BARILARO:** The only thing I am concerned about when we use the term "number four" is the 464,000 enrolments of students at TAFE NSW. That is what I am focused on. I am focused on my portfolios and on policy that delivers prosperity and opportunity for young people in this State to get skills training and get a job and a career.

**The Hon. DANIEL MOOKHEY:** Minister, if you tilt your head you will get the camera and you may have a chance to get that Dixer on TV—it might assist your campaign.

**Mr JOHN BARILARO:** You keep wanting to speak about number four. There were three little pigs; there were not four. But the fourth Musketeer was a good-looking guy, so maybe I do want to be number four when it comes to the Musketeers.

**The Hon. DANIEL MOOKHEY:** Have any of the Premier's office media managers instructed you or any of your ministerial staff to make sure that you appear in the metropolitan news at least once a week and has this, in fact, led to you or your office issuing a request for up to four detailed story pictures from TAFE NSW every week?

**Mr JOHN BARILARO:** You are referring to a media statement this morning. Do not always believe what you read in the press in relation to what happens in my ministerial office or any direction by the Premier of this State. My job is to make sure that we prosecute the case in relation to the transformation of TAFE NSW. My job is to make sure that the people of this State know the clear agenda and the policy settings of vocational education and training [VET] in this State so they can build on prosperity—

**The Hon. DANIEL MOOKHEY:** I am asking you if you are required to make sure that they know that four times a week in the metropolitan media?

**Mr JOHN BARILARO:** The question is a silly question. You are referring to an article out of the media—

**The Hon. DANIEL MOOKHEY:** Sorry, Minister, you cannot debate the question.

**Mr JOHN BARILARO:** There is no justification that that has come from either the Premier's office or my office.

**The Hon. CATHERINE CUSACK:** Point of order: Mr Mookhey's entire research is based on one newspaper article this morning. If he has no serious TAFE questions to put to the Minister another member should be given an opportunity to ask a genuine question.

**The CHAIR:** There is no point of order. If the member wants to spend all his time on these particular matters it is up to him, but the Minister will not be able to give any valuable feedback on other initiatives.

**The Hon. DANIEL MOOKHEY:** Minister, are you denying that your department put out a request for tender that included all these as requirements and for the expenditure of public dollars in pursuit of these things? Are you saying that no such tender was issued by the Department of Industry and cancelled this morning?

**Mr JOHN BARILARO:** I make it absolutely clear that, one, there was no direction from my office about any such tender; and, two, not from the department. You are referring to what happens in the organisation of TAFE NSW. I have the here Managing Director of TAFE NSW, who is in charge of the operational direction and settings for TAFE NSW.

**The Hon. DANIEL MOOKHEY:** Minister, have you instructed, or has anyone in your office instructed, the senior corporate affairs manager for TAFE NSW to store story ideas from institutes, formulate them into workable pictures and then present them to your office every Monday morning at a weekly meeting held at 52 Martin Place, Sydney, and are they then required to follow this up by selecting and providing further details as required, sourcing suitable and compelling case studies to assist in the execution of the story? Is that an instruction that is a binding instruction on the senior corporate affairs manager?

**Mr JOHN BARILARO:** Mr Mookhey, what happens in my political office is up to my office and how we manage it.

**The Hon. DANIEL MOOKHEY:** I was not asking you about that; I was asking you about the senior corporate affairs manager from TAFE.

**Mr JOHN BARILARO:** You are talking about directions from my office. We meet regularly with all the media teams within our office and our agencies to look at stories, to look at putting forward the information that is so important for people in this State to know what is happening in my broad range of portfolios.

**The Hon. DANIEL MOOKHEY:** Does that happen every Monday morning?

**Mr JOHN BARILARO:** Well, I do not sit in my office every Monday morning. I am a regional member and a regional Minister. I may not be there, so what happens in my office is up to my office.

**The Hon. DANIEL MOOKHEY:** Minister, I want to refer to the \$180,000 contract which the department entered into with Ogilvy Public Relations Worldwide, which has a duration 4 May 2016 to 3 November 2016. The contract says that they are required to daily scan and review the media and social media. I would also refer to a contract issued in identical terms to a company by the name of Sefton and Associates, a contract to the value of \$181,000, which requires the company to perform the same task in regional media. Does any of the daily scan and review of that media confirm that your ranking as the most visible person in politics is going up or down?

**Mr JOHN BARILARO:** My ranking in relation to the public face of politics will be judged at the next election on what I deliver.

**Mr DAVID SHOEBRIDGE:** No, at the next Cabinet reshuffle.

**Mr JOHN BARILARO:** At the next election. I am committed to my job and the responsibility of my portfolios and that is to put forward to the people of New South Wales the programs of this Government—something I am absolutely committed to doing.

**The Hon. DANIEL MOOKHEY:** Does any of that media monitoring, which you are spending \$360,000 to gather, identify who precisely in the Government are your rivals for the title of the fourth most visible man in New South Wales politics? Who is number three?

**The Hon. CATHERINE CUSACK:** Is this honestly the best you can do?

**The Hon. DANIEL MOOKHEY:** Who is number two?

**The Hon. SCOTT FARLOW:** It is certainly not Luke Foley.

**The Hon. CATHERINE CUSACK:** Don't you have any TAFE questions?

**The Hon. DANIEL MOOKHEY:** Is it Mr Collier that you are battling with?

**The Hon. CATHERINE CUSACK:** Don't you care about TAFE?

**The CHAIR:** Order!

**Mr JOHN BARILARO:** Mr Mookhey, firstly I am not spending any money, I want to make that absolutely clear. There is no money being spent by my office—

**The Hon. DANIEL MOOKHEY:** But not your departments.

**Mr JOHN BARILARO:** —in relation to those comments you have just made. Secondly, I will ask this question—

**The Hon. DANIEL MOOKHEY:** No, you do not get to ask questions, Minister. This is budget estimates.

**Mr JOHN BARILARO:** I am happy to be number four. I look at number four as two number twos. Is that what I want to be?

**Mr DAVID SHOEBRIDGE** You want to be a number two. You aim to be a number two.

**The Hon. DANIEL MOOKHEY:** Minister, given that this tender document says that TAFE NSW is operating in an environment where some private vocational education and training [VET] providers "have not always acted 100 per cent ethically" and that:

This has led to police and government action against some private colleges and generated a media ... "narrative" that a neo-Liberal or a neo-conservative government has forced TAFE to compete with "dodgy" private providers because—so the argument goes—the Government favours business over public providers.

This narrative is fed by The Greens, ALP and unions, and a steady flow of letters to the editor ...

Minister, is it the case that perhaps the perception that the VET sector is being dominated by dodgy providers might have something to do with the fact that you have let them into the marketplace and not the fact that The Greens, the Australian Labor Party and unions are simply doing their job?

**Mr JOHN BARILARO:** Mr Mookhey, TAFE NSW has 84 per cent of the VET market in New South Wales and has a budget of just over \$1.8 billion. In comparison to what the private providers in this State have—in comparison—they receive less money under this Government through Smart and Skilled in the contestable framework versus what it was in the last years of your Government's direct funding of \$200 million to private providers.

**The Hon. DANIEL MOOKHEY:** Thank you, Minister. Why did the Department of Industry or TAFE NSW, in issuing this tender, conclude that:

The *Sydney Morning Herald* is extremely hostile towards TAFE and has run several negative articles focussing on enrolment drops, asset sales, disability support cuts and computer issues.

Is that because, perhaps, the *Sydney Morning Herald* has discovered that under your tenure there have been enrolment drops, asset sales, disability support cuts or computer issues or has the *Sydney Morning Herald* simply just made this up?

**Mr JOHN BARILARO:** Mr Mookhey, you are referring to comments about the *Sydney Morning Herald* that you have read in the *Sydney Morning Herald* this morning.

**The Hon. DANIEL MOOKHEY:** So they are wrong?

**Mr JOHN BARILARO:** As I said earlier, you are reflecting on commentary and an article in today's press in the *Sydney Morning Herald*. I can make it absolutely clear that my office and I are committed to the delivery of my programs and that is what my focus is on.

**The Hon. DANIEL MOOKHEY:** Minister, the document then goes on to say that, "All media are susceptible to being fed lies and mistruths by politicians and unions and not always referring claims back to TAFE first and this has led to misrepresentation in the media on several occasions." Which outlets are you accusing of being susceptible to being fed lies and mistruths?

**The Hon. SCOTT FARLOW:** Point of Order: This is budget estimates. We are looking at the budget of New South Wales and we are looking at the operation of the Minister's department. We are not running commentary on the media in New South Wales and it is not the Minister's role to be running commentary on the media in New South Wales.

**The CHAIR:** Order! If members want to miss out on their time by having commentary across the table, it is not a good use of time.

**Mr JOHN BARILARO:** Mr Mookhey, you keep referring to a so-called document but you have no such document.

**The Hon. DANIEL MOOKHEY:** Would you like me to table it?

**Mr JOHN BARILARO:** I would love you to table it. Who is the author of the document?

**The Hon. DANIEL MOOKHEY:** Minister, are you saying this document does not exist?

**Mr JOHN BARILARO:** I am not saying that at all. All I am saying is that you are referring to a media statement in the paper, in an article in the paper today.

**The Hon. DANIEL MOOKHEY:** I will table it and it will be there for all to see.

**Mr JOHN BARILARO:** Shouldn't you refer to the author of the document?

**The Hon. DANIEL MOOKHEY:** I do not want to name public servants in public forums.

**Mr DAVID SHOEBRIDGE:** Point of order: The Minister is here to answer questions, not to ask them.

**The CHAIR:** It was a rhetorical question.

**The Hon. CATHERINE CUSACK:** Point of order: The Hon. Daniel Mookhey is quoting from a document.

**The Hon. DANIEL MOOKHEY:** Mostly not.

**The Hon. CATHERINE CUSACK:** He just told the Committee that he has been quoting from a document.

**The Hon. DANIEL MOOKHEY:** Yes, and I said that I will table the document at the end of the meeting.

**The Hon. CATHERINE CUSACK:** I am requesting that he now table the document that he is quoting from.

**The Hon. DANIEL MOOKHEY:** To the point of order: I will happily table the document at the end of the hearing.

**The Hon. CATHERINE CUSACK:** I am asking that he table that document now.

**Mr DAVID SHOEBRIDGE:** To the point of order: There is nothing in the standing orders that requires a member to table a document that they are reading from in the course of budget estimates. It is a matter for the member if they choose to.

**The Hon. CATHERINE CUSACK:** But members are entitled to ask that the document be tabled, particularly when the member is quoting from it.

**The CHAIR:** A member can seek leave to ask that a document be tabled. The member has indicated that he will do so at the end of the Committee meeting, and I am happy with that outcome.

**Mr JOHN BARILARO:** Mr Mookhey, if you want questions around that document answered, I am more than happy for you to direct those questions to the Managing Director of TAFE NSW.

**The Hon. DANIEL MOOKHEY:** It is a wonderful segue because I am just about to. My very next question relates to that. In the same document it says that TAFE NSW and the Government are somewhat restrained from talking publicly about the degree of waste and mismanagement at TAFE for fear of angering staff.

**The Hon. CATHERINE CUSACK:** Point of order: The member is quoting from a document but will not cite the author. I am asking that witnesses not be required to answer questions on a mystery document that he will not tell us what it is and, for the sake of theatre, wants to table it—

**The CHAIR:** Order! There is no point of order. The member is entitled to ask a question. The Minister and his directed staff are also able to either answer the question or take it on notice.

**The Hon. CATHERINE CUSACK:** But how can they know what the document is?



**The CHAIR:** The question is put before the department and the Minister has already indicated that the department can answer it. They are intelligent enough to either say yes or no or answer the question appropriately.

**Mr JOHN BARILARO:** Through you, Chair, can I have the question again please?

**The Hon. DANIEL MOOKHEY:** I am happy to give it again, Minister. This document says, "TAFE NSW and the Government are somewhat restrained from talking publicly about the degree of waste and mismanagement at TAFE for fear of angering staff." Through you or to the Managing Director I ask, are you at all insulted that the Department of Industry says that TAFE is "riddled with a degree of waste and mismanagement"?

**Mr JOHN BARILARO:** I will refer this to the Managing Director shortly but I will just make one point on that. In my recent announcement of the One TAFE NSW model, we are talking about duplication and waste and the efficiencies that we are looking to within the top of the organisation to deliver greater resources for teachers and learning environments. No-one is restrained. As the Minister, I am talking about the waste within the organisation and that has been embraced and accepted by many staff members in the organisation who are saying it is about time that we looked at the reform of the One TAFE NSW model. I will refer the Managing Director to the document to which you are speaking.

**Mr BLACK:** Certainly the document to which the member is referring is a confidential request for a quote for the development of a media strategy to support public relations ahead of the peak enrolment period. It was issued by TAFE NSW on 15 August 2016. Not to my knowledge was TAFE NSW given any direction by the Minister in this matter. The matter is solely the responsibility of TAFE NSW.

I think it is important that the Committee knows that TAFE NSW is operating in a very competitive environment and it is important that we understand the strategy we need to undertake to get the positive message that TAFE NSW is an extraordinarily strong brand in the marketplace and any negative media, regrettably, creates a negative impact on the market, which obviously could potentially lead to a lower engagement with TAFE. Our intention is to engage and ensure that we have the best possible public facing image.

**The Hon. DANIEL MOOKHEY:** Are not all those purposes undermined by the fact that the very same document admits that the TAFE NSW you lead is "riddled with waste and mismanagement"?

**Mr BLACK:** I am not going to comment on the particular words in a confidential tender document. However, it is well known that TAFE NSW faces significant challenges in order to be competitive in that market. There are a number of publicly available documents that actually list those areas, and the Minister has already referred to duplication.

**The Hon. DANIEL MOOKHEY:** Now that we have gone to the wonderful One TAFE initiative, I note that you have said in this document, "The recent announcement that TAFE NSW will abolish the 10 regional institutes and concentrate some activities into a corporate office has led to considerable negative media coverage focusing on the loss of local identity". In fact you give the example: "TAFE Hunter has to go".

You then say, "This narrative is taking root at a time when some regional communities feel under pressure from a loss of identifying services—for example, forced council mergers and the loss of local greyhound racing club and recreational and employment opportunities". Minister, rather than creating a PR strategy to deflect attention from a loss of local regional identity, would it not be better simply not to have policies like forced council amalgamations and the abolition of greyhound racing and local TAFE institutes that lead to the loss of local regional identity?

**Mr JOHN BARILARO:** Again, you have misunderstood the One TAFE model. The One TAFE model is actually about local identity. We are getting rid of the middle management, the second tier of management and governance. We are going to allow somewhere like—you have quoted a reference to TAFE Hunter—TAFE Hunter to say "TAFE Newcastle" or "TAFE Central Coast", or there can be "TAFE Cooma". We are going to have greater local identity through the TAFE reforms. The TAFE reforms are all about working through the 40¢ to 60¢ in the dollar of inefficiencies within the management of the operation of the TAFE organisation. Those inefficiencies are robbing us of the resources needed to enable our teaching staff to deliver quality training to the hundreds of thousands of TAFE students in New South Wales. This is actually what the teachers and staff of TAFE NSW have been asking of me for the past 15 months.

**The Hon. DANIEL MOOKHEY:** For a PR strategy?

**Mr JOHN BARILARO:** No, for the One TAFE model—

**The Hon. DANIEL MOOKHEY:** They have been asking you for a PR strategy?

**Mr JOHN BARILARO:** a One TAFE model that sees more resources going into teaching and learning environments. We are looking at investment back into the sector and delivering the TAFE brand at a local level.

**The Hon. DANIEL MOOKHEY:** But surely you would agree with me, Minister, that the expenditure of public dollars on a PR campaign—because your Government is copping flak for forced council amalgamations and local greyhound racing abolition—is utterly a waste of money and in fact a dereliction of your duty?

**The Hon. SCOTT FARLOW:** Point of order: If the member had wanted to ask questions about greyhound racing, he could have directed those to the Minister for Racing.

**The Hon. DANIEL MOOKHEY:** But that is in his tender document.

**The Hon. SCOTT FARLOW:** If he had wanted to ask questions about local government, he could have directed those to the Minister for Local Government.

**The Hon. DANIEL MOOKHEY:** It is in his tender document. Apparently the need for the money is because—

**The Hon. SCOTT FARLOW:** We have the Minister here to answer questions within his portfolio, not to answer questions about other portfolios.

**The Hon. DANIEL MOOKHEY:** Actually, to be fair, local government is related to his portfolio of Regional Development.

**The CHAIR:** Order! I will allow the Minister to tell us whether he wants to answer this.

**Mr JOHN BARILARO:** I will refer your questions about the so-called document you continue to quote from to the Managing Director.

**Mr BLACK:** The PR strategy, as I pointed out, is a very important part of TAFE NSW. We spend approximately 0.5 per cent on advertising out of what is almost a \$2 billion budget. If we can leverage the advantages of our strong brand without using taxpayers' money or students' money to fund it, it seems like a very reasonable investment—a sub-\$50,000 quote—to ensure we have a good strategic approach. That is the decision I took as the Managing Director of TAFE NSW.

**The Hon. DANIEL MOOKHEY:** I only have 30 seconds left in this round, so I will simply conclude this round by saying: Minister, interpret this as the opportunity—

**The Hon. CATHERINE CUSACK:** No. Ask a question.

**The Hon. DANIEL MOOKHEY:** Interpret this question as the opportunity for you to lift your profile—

**The Hon. CATHERINE CUSACK:** Point of order: He has indicated he is not asking a question.

**The CHAIR:** He is asking a question.

**The Hon. DANIEL MOOKHEY:** Minister, do you not think it would be much better than a PR strategy to simply not preside over the destruction of TAFE?

**Mr JOHN BARILARO:** Mr Mookhey, the Labor Party, of which you are a member, does more for my profile than any other PR campaign.

**The Hon. DANIEL MOOKHEY:** I am doing my work to help you get your quota this week, Minister—trust me.

**Mr JOHN BARILARO:** Thank you, Mr Mookhey.

**Mr DAVID SHOEBRIDGE:** Minister, we know that Boston Consulting did work on drawing up a report this year for which they got paid \$82,500. How much were they paid for the vastly larger amount of work that was included in their engagement on the TAFE NSW New Business Model? I will give you the reference number: DECTAFE-14-87.

**Mr JOHN BARILARO:** I will refer that question to the Managing Director in a second. First, however, I will say that Boston Consulting Group have been engaged, commissioned by TAFE, since 2009 for advice and a number of reports in relation to painting a picture of what the vocational education landscape looks like, where the competition is and where the changes are happening. They are a consultancy firm that have been used consistently, by this Government and previous governments, through TAFE NSW.

**Mr DAVID SHOEBRIDGE:** You have just improved my next question. I appreciate that.

**Mr JOHN BARILARO:** It is TAFE NSW that has commissioned the report, so I refer your question to the Managing Director.

**Mr DAVID SHOEBRIDGE:** This is the work they did for the TAFE NSW New Business Model—DECTAFE-14-87.

**Mr BLACK:** The expenditure—I think the engagement was in January 2015—totals \$1.74 million. As the Minister alluded to, TAFE NSW also leveraged to advantage previous reports that had been undertaken by Boston Consulting Group. I actually recall one from 2006 that I was reading. There were a number of Boston Consulting Group reports that we took into consideration in developing the One TAFE proposal.

**Mr DAVID SHOEBRIDGE:** Mr Black, are you saying that Boston Consulting was paid \$1.74 million for the work it did in 2015?

**Mr BLACK:** That is correct.

**Mr DAVID SHOEBRIDGE:** At a time when TAFE is desperately short of funds to ensure that its enrolments are working and that its teachers are properly paid, what on earth did TAFE get for the \$1.74 million that went to its favourite consultant?

**Mr BLACK:** It is not for me to comment on a consultancy company. It is not appropriate for me to do so. What I can say, though—and I think it is important for the Committee to understand this—is that, as indicated by the size of the budget for TAFE, which involves spending of approximately \$1.8 billion per year, that investment represents a relatively small amount to spend in order for us to understand the market in which TAFE NSW is now expected to operate.

**Mr DAVID SHOEBRIDGE:** It is 1 per cent of its budget that went off to a consultant, just like that.

**Mr BLACK:** It is extraordinarily important for us to ensure that the TAFE NSW of the future is stronger and well established, and that we understand how we need to operate effectively in the marketplace.

**Mr JOHN BARILARO:** Mr Shoebridge, teachers are being paid properly. I want to make that absolutely clear statement.

**Mr DAVID SHOEBRIDGE:** Minister, at a time when TAFE is savaging—

**Mr JOHN BARILARO:** TAFE did not spend their budget. You will have seen the budget papers, and Budget Paper No. 3 showed clearly that TAFE were not able to spend their full budget. So the assumption that they have no money to run the organisation or to pay teachers properly is wrong. I am disappointed that you are saying those things about the organisation.

**Mr DAVID SHOEBRIDGE:** Minister, you know that the wages and conditions, not just of TAFE teachers but of all the administrative staff, have been savaged by both your Government and the previous Labor Government. How can you savage the wages and conditions of the essential teaching staff and yet hand over 1 per cent of the budget to just one consultant for just one report?

**Mr JOHN BARILARO:** How have we "savaged" the working conditions and wages of teachers? An enterprise bargain set those conditions, and we are currently in the middle of enterprise bargaining now for the salaries and conditions of teachers going forward.

**Mr DAVID SHOEBRIDGE:** You want to savage the conditions of the administrative staff. You basically want to have them become part-timers, working for only parts of the year and not being paid for week after week after week. That is your plan for the administrative staff. You are not saying that is fair, are you?

**Mr JOHN BARILARO:** That is not fair and that is not what we are doing. You are again making a number of claims that are absolutely incorrect, false, and bringing anxiety to the organisation and its people. I cannot believe how you can sit here today—

**Mr DAVID SHOEBRIDGE:** The administrative staff and the teachers have anxiety because of your industrial attack on their wages and conditions. You know that, Minister, and that is why you are having trouble getting the confidence of TAFE—because you keep attacking their wages and conditions.

**Mr JOHN BARILARO:** No, my One TAFE framework, the vision I have set for TAFE, is about instilling confidence. There is a strong future for a public provider that will continue to be the State's primary provider—and it is the largest provider not just in New South Wales but in this nation—of quality training. That is what I have been doing as the Minister. It is the campaign by others, third parties, that continually talk about

campus closures and courses being cut that is driving away students and causing anxiety for parents who are making decisions about whether to go with the public provider.

**Mr DAVID SHOEBRIDGE:** Minister, you say that your focus is on ensuring that TAFE maintains its number one position as the premier provider. I believe TAFE is the single finest technical institute in the country and one of the finest on the globe. So why are you, in a tight budgetary environment, pulling \$786 million out of the budget and putting it into a feeding contest between dodgy private providers and TAFE?

**Mr JOHN BARILARO:** Let us break down the budget of TAFE NSW.

**Mr DAVID SHOEBRIDGE:** I am asking about the \$786 million that has been allocated as contestable funding. I am not asking about the whole budget of TAFE. Why are you pulling three-quarters of a billion dollars out of scarce State tax dollars and putting it aside so as to have a feeding frenzy for dodgy private providers through your contestability process?

**Mr JOHN BARILARO:** Mr Shoebridge, there are three sets of providers in this State. One is the public provider, TAFE NSW. There are more than 400 non-government private providers that have a Smart and Skilled contract, out of about 3,000 providers. Then there are community colleges. The figure that you are referring to is to do with all the costs associated with training services in New South Wales and a number of other programs. The amount that is contestable in the budget is about \$553 million, not \$760-odd million. Of that \$553 million, TAFE continues to win 71 per cent of the funding in a contestable marketplace.

Mr Shoebridge, I should also confirm that, yes, that bucket of money is contestable, but it is also contestable for those private providers that, pre-Smart and Skilled, received funding. Before Smart and Skilled, about \$200 million was given to private providers directly. We are not talking about VET FEE-HELP providers, which is a Federal Government program. These are Smart and Skilled providers in New South Wales.

**Mr DAVID SHOEBRIDGE:** To be clear, Minister, you will not find me ever defending Verity Firth and the damage she did to TAFE.

**Mr JOHN BARILARO:** I want to make sure that you recognise that the scrutiny of our Smart and Skilled contracts with providers, including the public provider, is about ensuring quality training. That is why we are not seeing the sorts of issues amongst our 400-plus private providers in New South Wales that we have seen through the Federal Government's program. We pave milestones and we have the quality framework in place in New South Wales.

Many of our providers have been around for decades delivering to their industry, to their sector. They are the private providers that we are supporting. In tune with that, the contestability bucket of \$553 million is in the forward estimates. Remember that these are targets. They are what the providers, including TAFE NSW, say they believe they will achieve in student enrolments. TAFE will receive \$393 million of the \$553 million, representing 71 per cent of the market. The total contestability, it really represents only 26 per cent of the budget.

**Mr DAVID SHOEBRIDGE:** Do you have a guarantee that TAFE will receive 71 per cent of the contestable funding? Is that a guarantee?

**Mr JOHN BARILARO:** No, no.

**Mr DAVID SHOEBRIDGE:** Or is that your expectation?

**Mr JOHN BARILARO:** TAFE receives \$759 million in direct funding. That is the first point. It competes for a bucket of \$553 million, of which it is winning 70 per cent. It has 84 per cent of the market. My guarantee is to make sure that TAFE remains the largest public provider, built on quality off the brand of TAFE NSW, for the next 130 years. We are building an organisation that is relevant to both industry and students, delivering the training in the way that students and industry would like it to be delivered. That is what is exciting about the future for TAFE. Not only will it be the largest provider in this nation; it will continue to look at opening up opportunities internationally.

**Mr DAVID SHOEBRIDGE:** How much do you say went to private providers from contestable funding in 2015-16?

**Mr JOHN BARILARO:** For the financial year 2015-16 it is around \$107 million, off the top of my head.

**Mr DAVID SHOEBRIDGE:** I have documents provided by your department that say it is \$126 million, which is 32 per cent. Would that be right? I am happy to show you the documents.

**Mr JOHN BARILARO:** I said approximately \$107 million.

**Mr DAVID SHOEBRIDGE:** It is \$126 million. That is \$20 million more. Is that right?

**Mr JOHN BARILARO:** I would like to look at the document.

**Mr DAVID SHOEBRIDGE:** I am happy to show you the document.

**The Hon. CATHERINE CUSACK:** You are a much more sharing person than Daniel.

**Mr DAVID SHOEBRIDGE:** You cannot criticise Daniel. He has shared my document.

**Mr JOHN BARILARO:** If it is \$127 million for the financial year, TAFE would have received in the vicinity of \$300 million.

**The CHAIR:** Thank you, Minister. Last year, when we ran the inquiry into TAFE, in particular in the Hunter area, concern was expressed by witnesses giving evidence that they would be putting at risk their position and promotion. I have an email from one of those people suggesting that they were overlooked for a position that they had previously acted in because they had been a witness at that inquiry. There were also claims of bullying. Are you aware that anyone has been overlooked because they gave evidence to the TAFE inquiry?

**Mr JOHN BARILARO:** The TAFE inquiry, which you chaired, Mr Green, has assisted the Government in designing the policy and the changes that we have put in place in what is a tough vocational education and training sector. This year there have been a number of policy changes and we are seeing a significant increase in enrolments. As to my personally knowledge of bullying or discriminatory action relating to promotions, I do not know. I am more than happy to refer that question to the Managing Director.

**The CHAIR:** Given that this person was a public witness, I should be able to name them.

**The Hon. CATHERINE CUSACK:** Chair, may I make a suggestion? It would be contrary to law if someone suffered adverse consequences as a result of giving evidence.

**The Hon. LOU AMATO:** I do not think we should name the person.

**The CHAIR:** That is correct. I will be mindful not to name them.

**The Hon. CATHERINE CUSACK:** Perhaps we could pursue it in a different way.

**The CHAIR:** I will forward the email to the department for comment.

**Mr DAVID SHOEBRIDGE:** I propose that we deal with that in a deliberative meeting after this hearing. We want to make sure that it is protected by parliamentary privilege.

**The Hon. LOU AMATO:** Yes. It could prejudice the person.

**The CHAIR:** Obviously public accountability is very important. I would be upset if people were making themselves vulnerable by giving evidence. We do not want to see them penalised.

**Mr JOHN BARILARO:** I have asked the Managing Director to look at the systems and processes of governance to overhaul the way we deal with complaints management and to ensure integrity within the organisation.

**The CHAIR:** We will pursue that in another way. During the inquiry it became obvious that some of the best programs are school-based apprenticeships. We have seen a decline in that area. Would you inform the Committee what you are going to do to bolster that wonderful opportunity for students who are not academic to undertake practical education?

**Mr JOHN BARILARO:** That was one of the recommendations from the inquiry and it is something I am focusing on. Some of it has come out of the building industry. There is a lot of work to be done around the apprenticeship and traineeship framework and, most importantly, trades in schools. That sits with the Minister for Education. When the separation of the Skills portfolio happened, including vocational education and training, all of it came across to industry and to me as the Minister except for vocational education and training in the school system. Off the back of the recommendations from the inquiry, my interest is in making sure that we have a strong VET system in the school system, because that is the pipeline if we are going to get this right. I have open dialogue with Minister Piccoli about how we can work together to look at improving vocational education, especially around apprenticeships in the school system. We are working towards that.

**The CHAIR:** The main point is the isolation of kids in regional areas and the appropriate time to train them, for example, taking into account when they catch their bus to and from school. They could be trained in something that is very helpful for their career path. Minister, would you address the issue about the affordability of fees for kids whose parents are not well endowed financially. What are you doing to make courses more

affordable? From memory, the trigger points are the healthcare card and a couple of other Commonwealth Government triggers. Are there other ways that kids can get a hand up?

**Mr JOHN BARILARO:** A number of years ago the Independent Pricing and Regulatory Tribunal [IPART] made a determination on pricing for VET fees in New South Wales. The New South Wales Government took on board the IPART recommendations to a point. We did not accept all of them. The IPART looked at the cost of delivery of training through our public provider, TAFE NSW, and set the fees in this State. That puts New South Wales in the middle in comparison to other States. In doing so, we have a legislative obligation through TAFE NSW to make sure that we look after sometimes the most vulnerable and disadvantaged in our community. We announced our 200,000 fee-free scholarships to deal with people on welfare—

**The CHAIR:** Is that over four years?

**Mr JOHN BARILARO:** Over four years, 200,000 places, a \$48 million investment. We are running at approximately 26,000 through our fee-free scholarships for people in welfare and those in public housing. We have expanded it to out-of-home care and to survivors of domestic violence and their dependants. I am more than happy to advise the Committee that we will be making an announcement that we will be looking at refugees and asylum seekers. Through TAFE we have fee free for students with disabilities and of course Aboriginal students.

We are looking at a co-investment balance for those in the community who can afford to pay towards their training—say, an apprentice, \$2,000 for four years of training, pays \$500 a year, \$10 a week. The delivery of a carpentry and joinery apprenticeship is about \$14,500, so the taxpayers of New South Wales are still subsidising that training to the tune of \$12,500. For those who cannot afford it, we will continue to look at fee-free scholarships, which we have broadened. I am always open to look at more opportunities to make sure that no-one misses out on training because of their personal circumstances, which we have been able to achieve through the fee-free scholarships.

At the moment, we also have \$25 million Jobs of Tomorrow Scholarships of \$1,000 per student in relation to Science, Technology, Engineering and Mathematics Skills [STEM] qualifications, and there are about 70-odd of them. Part of affordability also for regional and remote students is around transport. We have almost tripled the transport allowance for a student from about 12¢ a kilometre to 33¢ a kilometre. We have doubled the accommodation rate per night to \$58 per night per student to assist students in regional and rural communities for transport associated with training and work. That came out of the inquiry chaired by you the Hon. Paul Green. I am working to making sure that vocational education in this State is one that actually delivers the outcomes, on the back of this period of prosperity, and opportunities for young people to train.

**The CHAIR:** How many of the 50,000 fee-free scholarships will be utilised a year? Is there a prediction?

**Mr JOHN BARILARO:** The target is 50,000 scholarships per year and that is how we get the 200,000 places over four years.

**The CHAIR:** How many of them have been taken up this year?

**Mr JOHN BARILARO:** We are running at 26,000 at this time in the State.

**The CHAIR:** There is still a long way to go? Will they be rolled over if they are not used?

**Mr JOHN BARILARO:** Definitely. That 200,000 sits and we will roll them over. What is interesting in some of the data of those who have come from regional and remote areas is that about 17,000 of those scholarships have been taken up by women who may be reskilling or re-entering the workforce.

**The CHAIR:** The Committee notes there was a disastrous enrolment period. Has that improved this year?

**Mr JOHN BARILARO:** I am on the record and do not hide that 2015 was a terrible year for enrolments across vocational, education and training [VET]—but not just in this State, across the nation. There is a national decline in VET as a pathway. We are paying for the legacy of what we have been telling kids for the past decade. The VET fee under the Federal program has been the greatest disruption, but when you roll out a new program and policy setting framework such as Smart and Skilled by the New South Wales Government, of course, it brought anxiety. The university sector deregulation, lower Australian Tertiary Admission Rank [ATAR], online competition, and a range of other disruptions and levers that were pulled last year saw the lowest enrolments in TAFE NSW on record, running at about 428,000.

We made a number of changes in July 2015 leading to the peak enrolment period of January-February 2016. I can updated this Committee that as at August 2016, year-to-date data shows that not only have we surpassed the total enrolment of 428,000 in 2015 but we have also surpassed the 453,400 target that we set in the budget. We are running at 464,727 enrolments in TAFE this year as of August. I am excited about another peak period later this year that we may be able to hit a target. Our VET budget caters for 550,000 places in training across the board. We are seeing those increases in enrolments across the sector in those industries that are growing, apprenticeships and traineeships. Even enrolments for students with a disability is currently running at 47,612 compared to all of 2015 of 41,790. Enrolments of Indigenous students is running at 35,000 compared to 32,000. There has been a vast improvement—on average, about 23 per cent.

Of course, we can do better, and I will continue to work with the sector and work to the issues in the economy. One thing that is happening is that we are growing jobs. There is no greater time to invest in skills in partnership with industry. The greatest handbrake or threat to the economy will be a skills shortage as it is a human resource. That is why I am committed to making sure vocational, education and training is the first choice pathway for young people to gain the skillsets today for the jobs of tomorrow.

**The Hon. DANIEL MOOKHEY:** I will give you a couple of opportunities to help you with your media profile right now.

**The Hon. CATHERINE CUSACK:** No wonder you are not asking about TAFE.

**The Hon. DANIEL MOOKHEY:** Before I do that, I table a document titled "Request for Quotation, Part D—Statement of Requirements, contract name PR Media Strategy-TAFE NSW". I reserve my rights in the deliberative to put some conditions around that document being tabled?

**The CHAIR:** Yes.

**The Hon. DANIEL MOOKHEY:** Minister, will you guarantee that the Chullora, Singleton and Scone campuses will not be closed or sold?

**Mr JOHN BARILARO:** That is a very good question that brings much anxiety to the sector, teachers, staff and students and to our communities. It is one that I often have to battle in the media environment in relation to assets. In a One TAFE announcement we have said, firstly, there is no privatisation of TAFE today or in the future and where there is a TAFE today there will be a TAFE in the future. I have said that if there is an opportunity to recycle any asset of TAFE that is not part of today's needs or future needs for the growth of the organisation we will look at it. When I say "TAFE assets", I am referring to an organisation that has 2,000 pieces of assets—

**The Hon. DANIEL MOOKHEY:** Specifically I am asking about three of them.

**Mr JOHN BARILARO:** I will answer that in a minute. They are blocks of land, buildings that have not had been used for training for decades, houses that we own in our asset portfolio—

**The Hon. DANIEL MOOKHEY:** I understand there are many campuses.

**The Hon. CATHERINE CUSACK:** And he is answering the question. Let him answer it.

**Mr JOHN BARILARO:** I am answering the question.

**The Hon. DANIEL MOOKHEY:** Actually you are not because you are answering about 2,000 pieces of assets and I am asking about three. I am asking you specifically about Chullora, Singleton and Scone.

**Mr JOHN BARILARO:** I have to paint a picture of the assets we own. In saying that, I have asked TAFE NSW to put together a strategic asset management plan of its assets meeting its needs today and future needs and to come back to Government in relation to where they see an opportunity to recycle them. If there is divestment we will make it absolutely public where it is and where the reinvestment is. I can assure you that every single dollar of divestment or recycling will remain in the TAFE budget to build the new premises of the future. I am not ruling out any asset or campus.

**The Hon. DANIEL MOOKHEY:** In respect to your answer, will you guarantee that Murwillumbah, Padstow and Belmont campuses will not be sold or closed?

**Mr JOHN BARILARO:** I refer to my previous answer that TAFE NSW is currently working on a strategic asset management plan. We will make it absolutely clear to those communities where that investment and divestment is happening. I refer to my announcement in relation to the One TAFE model going forward: where there is TAFE today there will be a TAFE in the future.

**The Hon. DANIEL MOOKHEY:** Again you might get some media from my next question. Do take the opportunity to give me the same answer, but I am sure that the media in Orange and West Wollongong will be very interested in my next question. Will you guarantee that neither the Orange campus or the West Wollongong campus will be closed or sold?

**Mr JOHN BARILARO:** I look at the investment in both of those campuses in the past. I think your question brings anxiety. It is funny that you raise Orange today with a by-election coming up and you want to bring anxiety to that community. Recently I visited Orange to talk to staff about the One TAFE model, when I made it absolutely clear to them what we are trying to achieve. I said there is no privatisation agenda of TAFE NSW and where there is a TAFE today there will be a TAFE in the future. So I refer to my previous answer.

**The Hon. DANIEL MOOKHEY:** Did your visit lift your media profile in Orange?

**Mr JOHN BARILARO:** You continue to want to slur and use the changes as a political football. I am committed to making sure that we have a public provider in this State that has the assets and investment that allow it not only to meet the needs of today but also into the future. That is what I am committed to. You want to make light of an article that you read in the paper this morning. I am happy for you to do that, but what I do not like is that you, sir, have become the greatest threat to TAFE because you are bringing great anxiety to the people of the organisation by asking questions that you know are loaded and politically motivated.

**The Hon. DANIEL MOOKHEY:** I am the greatest threat to TAFE, am I?

**Mr JOHN BARILARO:** Yes, you are.

**The Hon. DANIEL MOOKHEY:** Wow.

**The Hon. ERNEST WONG:** Why have you not advocated on behalf of the fishing industry during the reform process that has left them swamped in reports and proposals but with no certainty and, most importantly, the need to purchase their own business again in order to continue operating?

**Mr JOHN BARILARO:** That is a good question and it is a question that is for the Minister for Primary Industries, who has responsibility for fisheries, Minister Niall Blair.

**The Hon. SCOTT FARLOW:** That estimates hearing was in the Jubilee room.

**Mr JOHN BARILARO:** That was in a committee meeting this morning. When it comes to industries that are transitioning, under stress or being disrupted—be it the taxi industry with Uber or the many industries that have seen disruption such as BlueScope at Wollongong—as the Minister responsible for Skills, Regional Development and Small Business I will always offer an opportunity through the Office of the Small Business Commissioner and the advisers on the ground to work with businesses to transform them for new, emerging markets and industries. As the Minister for Skills, I will also offer free retraining and re-skilling as we did with BlueScope in Wollongong and Electrolux in Orange. As I said, I am more than happy to work with Minister Blair, but that is a question that should be directed to Minister Blair.

**The Hon. ERNEST WONG:** Not really, because the Auditor-General has shown that the estimated burden on small business from regulation has increased since this Government took office. It is within your ability to help small business, which of course includes the fishing industry. Have you acted for them at all?

**Mr JOHN BARILARO:** Since coming to government in 2011 we have done a couple of things. Red tape and regulation is one area that we are focused on and we continue to work on that. In 2011 we also announced the Office of the Small Business Commissioner, who is here today. Her role is to advocate on behalf of industry, to be a mediator and to look at dispute resolution. We are working with businesses as they face some changes in the market and marketplace. I also look at the Sensis data of last week that shows that business confidence in New South Wales is the highest of any State. It is the only State in positive territory, including regional New South Wales.

**The Hon. ERNEST WONG:** The question is: Have you helped the fishing industry? That is what we want to know.

**Mr JOHN BARILARO:** As we have helped all other industries, we are here to assist all businesses from any sector in New South Wales with the resources of the New South Wales Government.

**The Hon. ERNEST WONG:** You have lobbied for them, right?

**Mr SMITH:** The fishing reforms are within the department that I head as the Minister's department. Each fisher is being offered \$1,000 to obtain professional advice to assist them as they go into the reform process. The Government has also announced that there will be a preview phase for the allocation process so



that each fishing business is able to have a trial run on the reallocation process to properly understand exactly how it is going to work. A large number of small businesses and industry have been saying for a long time that there is too much red tape. There are rules about how many boats, what size boats and what size nets. All of those kinds of controls are there. The purpose of the reform is to be able to tie entitlements to a share of the fishery rather than be constrained by all of the red tape.

**The Hon. ERNEST WONG:** In 2014-15 the full-time equivalent [FTE] employees in Economic and Regional Development was 534 and the revised FTE employees for 2015-16 was 303. Is that correct?

**Mr JOHN BARILARO:** I will refer that question to the secretary of the department.

**Mr SMITH:** It is very difficult to make comparisons with head count.

**The Hon. ERNEST WONG:** That is in the budgets papers, at page 6-6.

**Mr SMITH:** The reason is that there have been some significant additions, for example Jobs for NSW, which have taken some of the resources that were previously in the core department and are now operating to run Jobs for NSW, which is our new flagship method of building employment across the State.

**The Hon. ERNEST WONG:** But that is very simple mathematics, 231 positions were cut. I just want to know what regions were those positions cut from.

**Mr SMITH:** The other main large change is what used to be part of the Department of Trade and Investment was actually transferred to the Premier's department under Minister Ayres. We cannot really do an apple and apple comparison because we have taken from that former group of staff and created Jobs for NSW and transferred significant head count across to Premier and Cabinet.

**The Hon. ERNEST WONG:** Can you tell me why in 2015-16 the budget for grants and subsidies was \$101,601,000 and the actual amount expended was only \$55,405,000—almost 50 per cent less than was budgeted?

**Mr JOHN BARILARO:** The New South Wales Government has a number of key grants and policies for regional New South Wales that support growing the economy. Our Mobile Black Spot Program is \$39 million. Our Regional Tourism Infrastructure Fund is \$110 million. We have committed \$60 million to regional airport upgrades because connectivity is so important to regional communities. We make commitments and we have budgets and we deliver those programs as we have set out to do. In relation to exactly what is expended in the financial year, many of these projects are large infrastructure projects that go beyond the financial year accounting. But our commitment is there, the budget allocation is there and this is how we are growing regional New South Wales.

**Mr DAVID SHOEBRIDGE:** Do you still have that document I gave you?

**Mr JOHN BARILARO:** I do. Mr Shoebridge, to that document I can give you an update if you would like. The figure that I quoted of \$107 million is correct. Your figure also includes the direct funding of about \$18 million that we give to community colleges in New South Wales. That is how you get to your figure of approximately \$127-odd million.

**Mr DAVID SHOEBRIDGE:** It is \$107 million to private?

**Mr JOHN BARILARO:** It is \$107,318,000.

**Mr DAVID SHOEBRIDGE:** And \$18 million to community colleges?

**Mr JOHN BARILARO:** Yes, and TAFE received \$262,839,000 for that same period, which is 71 per cent.

**Mr DAVID SHOEBRIDGE:** If you exclude the amount that goes to community colleges.

**Mr JOHN BARILARO:** No, we would use that still as part of it.

**Mr DAVID SHOEBRIDGE:** The figures I have from your own department are that the \$266 million that TAFE got was 68 per cent of the \$392 million in that pool.

**Mr JOHN BARILARO:** That is the pool of money but you want to know the contestable amount of money. Is that right?

**Mr DAVID SHOEBRIDGE:** That is what I asked. This has come from your own department. It says the total contestable funding is \$266 million to TAFE, \$126 million to non-TAFE out of a total pool of \$392 million, which gives 68 per cent and not 71 per cent.

**Mr JOHN BARILARO:** If that means it is 68 per cent then it is 68 per cent.

**Mr DAVID SHOEBRIDGE:** I am assuming your department is right.

**Mr JOHN BARILARO:** I would agree with that.

**Mr DAVID SHOEBRIDGE:** If you agree that TAFE is the single finest institution, putting to one side that tiny amount of \$18 million to community colleges, why did you give \$107 million last year to private, for-profit providers?

**Mr JOHN BARILARO:** The private providers have been part of the vocational education landscape in this State for decades.

**Mr DAVID SHOEBRIDGE:** For profit.

**Mr JOHN BARILARO:** For absolutely decades they have been delivering training to their sectors. That has always been the case. Under the previous Government it was direct grants in the vicinity of \$200 million.

**Mr DAVID SHOEBRIDGE:** Just because Verity Firth did it does not mean it is a good idea. We have made that clear before.

**Mr JOHN BARILARO:** We also signed up to a national partnership agreement five years ago that guarantees the New South Wales Government \$562 million over five years. The national partnership agreement that was drawn up then by Ms Gillard under a Rudd Government put in place contestability as part of the funding formula for States across the nation.

**Mr DAVID SHOEBRIDGE:** Let us go right there. Is that not the core problem that TAFE is facing? The thing that has destroyed TAFE in Victoria and Queensland and other parts of the country is this economic mantra: this neoliberal design that says our fabulous public providers need to be in a contest with for-profit providers. The contestability and the national skills agreement is the greatest single threat to TAFE, not Mr Mookhey.

**Mr JOHN BARILARO:** Mr Shoebridge, looking at what happened in Victoria, South Australia and Queensland, we have been criticised as a State that we have sat on the sidelines and not acted as quickly to reform like Victoria. Victoria saw the destruction of its public provider because it deregulated the market.

**Mr DAVID SHOEBRIDGE:** Because of contestability; it was the same ideological mantra. We need to tear up the national agreement, do we not?

**Mr JOHN BARILARO:** The national agreement does finish next June. If you talk about contestability in the framework we are now asking even private providers in New South Wales to compete for their funding compared with direct grants in a regulated market. In New South Wales we regulate the sector through our fees and prices. It is demand driven by students. If TAFE is the public provider, the trusted provider, against this backdrop of dodgy providers as we have seen through VET FEE-HELP, every student would enrol in TAFE and that would mean that every dollar of training would go to TAFE. That is the key here.

**Mr DAVID SHOEBRIDGE:** Unless private providers are given \$100 million by your Government—

**Mr JOHN BARILARO:** They are not given.

**Mr DAVID SHOEBRIDGE:** —to put out their glossy brochures and entice people aside for their low-quality courses.

**Mr JOHN BARILARO:** We do not fund the providers, we actually follow the student—a student enrolls and the funding follows the student.

**Mr DAVID SHOEBRIDGE:** Because they have been suckered in by the glossies they get from private for-profit providers. Let us just end it once and for all and give all the money to TAFE.

**Mr JOHN BARILARO:** Mr Shoebridge, in New South Wales if you are a private provider or a public provider the fee you charge a student is exactly the same. So what is going through the mind of a student when they make a decision in relation to vocational education as to which provider to choose? Are they looking for flexibility? Are they looking for quality? Are they looking at the form of delivery? When we survey students it is absolutely clear that they are looking for flexibility, quality and the ability to train that suits their needs, and industry, the employers, also want to see that flexibility. Contestability has made private providers that get a contract with the New South Wales Government lift their game—their business is about delivering quality training to meet the needs of both student and industry.

**Mr DAVID SHOEBRIDGE:** I have one more question that you can take on notice. You said that Boston Consulting has been engaged by TAFE since 2009. Can you give a cumulative total of how much Boston Consulting has been paid and can you do that project by project since 2009?

**Mr JOHN BARILARO:** We will take that question on notice.

**The CHAIR:** The New South Wales Government dispute resolution unit continues to help small businesses involved in disputes. Is the compulsory mediation requirement still working and how many people have been fined for failing to attend mediation?

**Mr JOHN BARILARO:** I state at the outset that I know the work of the office of the Small Business Commissioner in advocacy, mediation and dispute resolution is valued by the small business community in New South Wales. It sometimes gives them an opportunity to bring some large businesses to the table and I believe the commissioner and her office have done a great job in doing that. I will pass the question on to the commissioner for the detail.

**Ms HOBBS:** In 2015-16 we had almost 21,000 small businesses come to us seeking help with business issues—that is, approximately a 15 per cent increase on the previous year. We have three phases as part of the mediation process. The thing that is so pleasing to us is that we are being able to resolve issues in the first two tranches and when it gets to the formal mediation we resolve 96 per cent of those successfully. What is really a remarkable achievement about this is that when the parties come together a lot of preliminary work has already been done and for the five hours the small business pays a maximum of \$750. The really significant achievement is that business is not spending a lot of money on legal fees, which can be absolutely prohibitive, and, more importantly, we are not clogging up the court system.

The Government has also, as part of its own legislation, required some businesses to come to us first before actually entering the court—one is motor dealers and smash repairers. What becomes very important about that is the cost savings. It is our belief that if a small business actually gets up into the court it is more than likely that they might fail, but if we are able to get them working collectively together at least that is a good way of going forward. Has any business been fined? My answer is, not that I am aware. But I would also say, as the Minister pointed out, we do not only deal with small business to small business. We deal with small business and we deal with big business to government and a whole variety of sectors. Many people come to us.

**The CHAIR:** That was my point. I remember the legislation was about big business playing roughshod with small business to exhaust them financially before getting them to court. Have you got any comment on that?

**Ms HOBBS:** If I can, one small addendum to that: I am often asked about the powers of the Small Business Commissioner when we have a dispute with very big businesses—and we have in this past year. Once those businesses are made aware of the powers of the commissioner there is a 100 per cent success rate in those big businesses wanting to deal with us to resolve the issues and to change the culture. In some cases where small businesses feel they have not had a voice, they do through us. I have seen one of Australia's largest corporations change their culture when small businesses were being penalised, and it is a credit to that big business.

**The CHAIR:** Minister, you talked earlier about TAFE and the job skills sector. Would you enlighten the Committee as to how the Government is utilising TAFE to address the job needs of today?

**Mr JOHN BARILARO:** What we have done in New South Wales through Smart and Skilled and what we are doing through the vocational education and training sector is to identify where the skills shortages are in the market through the Skills Board. By doing that we can tailor the subsidised training of this State to those industries and those sectors. One that comes to mind is the rollout of the National Disability Insurance Scheme. We know that we will need an extra 26,000 personnel in that sector over the next two to three years so we have ramped up investment in opportunities to work with that sector. Our scholarships are key to that—the \$48 million investment. We have also got the skills legacy fund and over the next four years we will be investing \$73.4 billion in infrastructure—roads, hospitals, schools, rail. The legacy this Government wants to leave is one of opportunity and through the procurement of that infrastructure we will be able to link more workers to upskilling or new entrants to training and TAFE will play an important role in that.

TAFE is changing the way it delivers—for example, the Barangaroo Skills Exchange in partnership Lendlease is delivering training. We have now seen 600-plus apprentices in three years, 10,000 training outcomes, and by the end of that decade of construction we believe there will be 50,000 training outcomes. We are doing the same at Darling Harbour. North Coast is delivering its classroom training on the side of the Pacific Highway, where the work is. We have seen a significant increase in the number of people engaging in civil construction. We are working with industry and providers like TAFE are changing the way they deliver by utilising technology and making sure that we have this omnichannel approach and that means, where necessary,

we can change the way that we have traditionally done training. We believe we will continue to grow the sector if we meet the needs of industry and students. But we must talk positively about vocational education and training—that it is the first-choice pathway for many young people not only to get a job or career but also a great lifestyle—and we will continue to talk about that narrative because if we get that right we will be able to convince mum and dad that VET is the pathway for their kids.

**The Hon. DANIEL MOOKHEY:** I refer to the Nous Group report that was handed to the Skills Board. What are the names of the 35 private providers that had contracts taken off them?

**Mr JOHN BARILARO:** Firstly, there may be commercial in confidence so I am not sure that I can name providers in this forum. We often suspend or cancel contracts but it is not always about quality, sometimes they are just deregistered—they no longer exist. In some cases, they are suspended because there are some milestones or they are not meeting some of the framework, and we work with providers to get through that. I know that sometimes when we suspend contracts they end up getting reinstated. I am not sure that I can name the 35 private providers to which you refer in relation to the Nous Group report but I will take that on notice.

**Mr DAVID SHOEBRIDGE:** In the spirit of lists, there were 27 non-TAFE providers that received \$1 million out of the \$122 million identified in the document which I provided to you earlier. Could you please provide the names of those on notice and whether or not any of the non-TAFE providers that received funding have since been deregistered or have become the subject of ACCC or Federal Police proceedings and, if so, what providers were they?

**Mr JOHN BARILARO:** We will take that on notice.

**The CHAIR:** What is the Government doing to cut red tape for small businesses in rural and regional areas? Also, has the department considered a sliding scale for payroll tax deductions in rural areas to encourage businesses to decentralise from Sydney?

**Mr JOHN BARILARO:** Red tape is a bugbear for many businesses. We are always striving to cut red tape. Indeed, our Easy to Do Business pilot program, which we are working on with the café and hospitality sector, is doing exactly that. It is not just the red tape of State Government; in many cases it is local and Federal government and always multiple agencies. So we are working through our pilot program, our Easy to do Business, to make it easier to do business in this State and we will continue to look at expanding and cutting red tape.

As to the question in relation to payroll tax for regional areas, payroll tax, of course, does not sit with me; that is with the Treasurer. But, saying that, there is an inquiry that I have asked for, which is being chaired by Melinda Pavey, to look at zonal taxation and other taxation levers that we could use to encourage investment and businesses to locate or relocate into regional New South Wales. But, saying that, right now in regional New South Wales business confidence is high; we are seeing investment, we are seeing jobs growth at a high rate and we are creating more jobs in regional New South Wales than in any other State. We have jobs growth that is running at double the rate of even metropolitan Sydney in relation to red tape—80,000 jobs from May to May in relation to regional New South Wales. There is a committee inquiry happening in relation to taxation as a lever for investment for small business.

**The CHAIR:** Thank you, Minister. In light of Mr Mookhey's first question, that was a gold medal performance.

**Mr DAVID SHOEBRIDGE:** The Minister did answer questions, so he deserves credit.

**The CHAIR:** Thank you for presenting today for the portfolios of Regional Development, Skills and Small Business. That concludes this session. You have taken some questions on notice. You have 21 days to get replies back, with the Committee's assistance. There may be further questions that we may put on record, given your evidence.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**