

Answer to questions taken on notice taken during the hearing

Dr JOHN KAYE: Thank you. You have actually answered my next question. I have one other question and if it is a long answer I would ask you to take it on notice. You mentioned life skills and that you put effort into making sure that the people who are being trained have life skills. Do you believe that private providers can provide those life skills or is it something that is really a TAFE activity or better known by TAFE?

Mr MANNING: We have found that it is more cost effective with private registered training organisations [RTOs] and we get quite a good service from the private RTOs in those particular areas.

Dr JOHN KAYE: Perhaps on notice you would expand on that answer by telling us what those life skills are?

G Manning Response

“The Komatsu Apprentice program is fair and contemporary. Priority is given to fair work practices, safety and workplace culture. Training and supervision of apprentices allows for flexibility and autonomy. Program participants also receive quality on and off-the-job training and the opportunity to develop lifelong learning skills and successful career pathways and job opportunities. Apprentices receive high-quality work ready training and valuable life and business skills training including:

- *Public speaking training*
- *Police presentation both road safety and liquor licensing*
- *Drug and Alcohol awareness*
- *Business unit of Competence*

Komatsu outsource the Business unit delivery for the apprentices to a private RTO who deliver selected “Front Line Management” training Units of Competence to all apprentices during 1st, 2nd and 3rd years of their apprenticeships.

Pre smart and skilled we had TAFE deliver the 4 relevant BSB units of competency. These units were delivered to a high standard with good completion all be at a high market price. Pre Smart and Skilled we change to a private RTO to del the same training and received the same high standard at a more competitive rate.

Since the inception of Smart and Skilled we have carried out cost comparison between the public and private RTOs and at this point in time have elected to utilize the private RTO. It should be noted these are extraordinary UOC we deliver to our apprentices nationally in addition to the Trade course UOC.

In the case of Trade Training TAFE is currently our preferred option.

Any additional information you wish to provide to the committee

Antidote evidence suggests both state and nationally VET are not functioning well and needs to be refreshed. Challenges arise when one or more of the involved stakeholders being, State Government depts., Apprentices, RTOs or industry itself are unable to meet their minimum requirements to support the apprentice training. This has a direct impact on the apprentice's trade training outcomes directly influencing completion rates and retention of apprentices at the end of their training contracts.

It is essential for all stakeholders that quality training in context both on and off the job allows apprentices to acquire the depth and breadth of skills for their chosen trade.

An individual's apprenticeship should assist to underpin all future learning.

To do this we need TAFE. TAFEs have been integral in training the large majority of our Komatsu employees at different points of their careers

Certainly since the implementation of Smart and Skilled in NSW we have asked ourselves what is happening to affordable training costs for employers and is this a proposed shifting of training costs from the public system to apprentices/employers. If so it certainly will impact on our ability to train future tradesman in this climate, and short and long term leave our industry streams with trade labour shortages.

Some of our concerns since the inception of S&S causing us ongoing confusion and uncertainty are:

- **Inconsistent course fee charges**, as per the modern award we reimburse our apprentices trade training enrolment costs. There is no real way for employers to reconcile and confirm the charges are correct.
- ***We have witnessed ad hoc and uninformed cost cutting measures in the months prior and post S&S skilled across different NSW Institutes.*** As an employer we have current concerns around the future quality of underpinning trade training both on and off the job for our current apprentices and future tradesman. We are concerned that inappropriate delivery methods are or will be adopted by some RTOs utilizing trainers who lack sufficient industry experience and adopt to fast track or early release participants causing future poor outcomes for the employer and employee alike. We are now concerned at where TAFE is heading next year. I have heard rumour to the effect that there is intent to squeeze the some trade theory back to two years in some Institutes? and the proposed introduction of on line pre-entry training for apprentices to replace face to face delivery. Different industry streams require customised delivery methods, one size does not fit all.
- **Poor industry / employer engagement in the current Smart and Skilled system.**

- **O major concern we have witnessed the disproportional allocation of recommended qualification funding (by IPART) being reallocated to TAFE overheads.** Appox 49% of course funding per apprentice is now allocated to Institute overheads, Leaving less resources cutting dramatically our future apprentices underpinning training . Rumored future 2016 TAFE apprentice Trade course cuts are estimated to be between 11% to 30% due to this inappropriate funding model.
- What will course cost capping for apprentices be set at in the future will the current \$2000 cap be reassessed and increased ? What will they rise too? and
- There seems to be differing stakeholder opinions on what is the real definition of Quality and Competence.

One example of the issue's with trade course funding under S&S

The funding to deliver auto electrical to apprentices who work on Mobile plant mechanics, Heavy commercial vehicles and Agricultural machinery is insufficient due to the pricing being based on that of units delivered in automotive light vehicles (\$8.69 per unit). Our industries face extremely different set of diagnosis, service and repair circumstances to that of which a light vehicle auto electrician encounters. The current mobile plant, heavy vehicle and agricultural course has 36 units of competence to deliver and has a high cost status average of \$16300 per course due to the Training aids and WHS issues with repairing and overhauling bull dozers, mobile cranes, excavators, tractors and loaders. etc.

In comparison the auto electrical course has 32 units of competency and has a low cost status of just over \$11200. The problem being that 16 of these units are the exact same units as delivered in the heavy vehicle courses and has a total of 1065 nominal hours compared with 1130 hours for heavy vehicles – almost the same? The nominal hour for delivery for auto electrical is 910 – 1160 hours (Victorian price guide AUR12). The remaining 16 units are delivered in the context of heavy vehicles. This low base pricing also has further impacts on heavy vehicle delivery when the student to teacher ratio is at 12 : 1 for heavy vehicles compared to light vehicle delivery currently ranging from 15 – 20 : 1.

The dollar value applied for delivery in the auto electrical course should be the same “pro rata” price as in the heavy vehicle packages working out to a price of approx. \$14,250K. Current

information gathered from NSW TAFE s delivering heavy vehicles in the state including Dubbo, Tamworth and Wetherill Park has indicated that they will be delivering training only for a 2 year period (1 day per week) instead of the current 3 years due to the insufficient funding provided.

- TAFE delivery pre S&S has been 864 face to face hours for the Auto electrical course

Industry feedback on this shortened delivery is simply that RTOs will not meet ASA – Automotive Skills Australia (ISC) training package requirements and most of all not meet industry standards of **quality training outcomes in context that is relevant (currency) to meet the needs of their particular workplace from underpinning an apprentices training to assisting existing workers life long learning by suitable delivery methods** . The above is only one example that has come to light, how many more are there???

Under S&S the sustainability of future RTO post trade training opportunities is threatened. It would appear Lifelong learning now comes at a far greater cost. Smaller groups of participants will mean the RTO will be unable to be commercially viable. Courses and industry stream experts will disappear. We do appear to being conditioned to loss of quality face to face training, one of TAFE NSWs true points of difference. It also currently appears that all future trade training outcomes will be dictated solely by funding with Loss of a range of courses currently available at TAFE. TAFE reps have already stated” if we cannot deliver quality training we won’t deliver the training at all”. All trade training cannot be delivered by the same methods this needs to be recognised so RTOs cannot force employers and their apprentices to adopt unsuitable methods of delivery resulting in possible poor outcomes

We do wish to work with state bodies to ensure quality mutual outcomes for all stakeholders. We have serious concerns about the damage S&S could cause if it is to continue on its current trajectory, and what industries and Komatsu contingency plans are necessary. Our industry stream is not a viable option in general to private RTOs.

I would like to thank you for the opportunity to present just some of the major VET issues affecting quality outcomes for our current and future apprentices and tradesman.