

INQUIRY INTO VOCATIONAL EDUCATION AND TRAINING IN NEW SOUTH WALES

Organisation: All Automotive Training Services Pty Ltd

Date received: 23/10/2015

Partially Confidential



Registered Training Organisation Code: 91500
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Thursday 15th October, 2015

Attention: To whom it may concern

Submission: Inquiry into Vocational Education and Training in New South Wales

Re: Reinstatement of Government Funding - Smart and Skilled Contract

Additional Information to Submission 121: Regarding Smart and Skilled

My name is Mr Steven Long I am the CEO of a Registered Training Organisation, All Automotive Training Services Pty Ltd, RTO Code 91500.
I have been in the Automotive Industry since 1977 providing 38 years of service.

As the Chief Executive Officer of All Automotive Training Services Pty Ltd, I am seeking reinstatement of Government Funding under a Smart and Skilled Contract. I have already put forward a submission, Number: 121 and would like the following information to be added to the original Submission.

Additional Key Issues:

- a) The incompetent handling of a face to face meeting with NSW State Training Services.
- b) GTO's (Group Training Organisations) being allowed to become RTO's (Registered Training Organisations) at the same time, this is a definite conflict of interest and is purely a money grab.
- c) AAC's (Australian Apprenticeship Centres) being RTO's conflict of interest and invasion of privacy for RTO's whose student is signed up by an AAC that is also an RTO.
- d) Privacy relating to RTO's and their Client Base.
- e) Rights of Australian Registered Companies that operate an RTO – ASIC & the ACCC.
- f) NSW State Training Services to be held accountable for the way in which the Smart & Skilled Tender was structured and the use of an algorithm to achieve the outcomes they purposely wanted.

- g) The way in which Students are transferred from one RTO to another so that numbers within an RTO can be grown to access more funding.
- h) Variations to Training Contracts without the AAC explaining to the RTO the reasons prior to the variation taking place.
- i) RTO's signing Apprentices and Trainees into multiple Qualifications at the same time so as to access more funding.
- j) No Providers being given or appointed the funding for VTO's that are in the NSW Skills List.
- k) ASQA to liaison with the relevant State and National ITABs (Industry Training Accreditation Boards) prior to an RTO being allowed a registration. An RTO must put forward a comprehensive and suitable business plan.
- l) No appointed Independent Reviewer to consult with RTO's after the Tender Process as outlined in the Tender document received.
- m) ASQA using the point of being a delegate to achieve cheaper registration fees? Fees should be at a standard rate and being a delegate a voluntary position with no monetary enticement.
- n) Why has the funding been increased so much in our Qualification AUR30612 as it was \$8000.00 for many years and then an increase in one year to \$8168.00 prior to the new Smart and Skilled Contracts and is now \$13 630.00 for those that have been granted a Smart and Skilled Contract.
- o) In the public sector there is talk of previous ministers being allowed to set up RTO's and float them on the Australian Stock Exchange? Is this about them taking over the Vocational Training Market?

Evidence:

a) After contacting NSW State Training Services and Smart and Skilled a number of times and the emailing back and forth for a 12 month period we were finally granted a meeting on Thursday the 17th August 2015 at Head Office No 1 Oxford Street Sydney on the 11th floor. We went to the meeting believing that this was our opportunity to finally have our case reviewed but unfortunately we were again mistaken. Representing NSW State Training Services was _____ and _____ also in the meeting was myself Mr Steven Long and Mrs Colleen Long of All Automotive Training Services Pty Ltd.

We put forward our case and pointed out to the two representatives that the tender was not applicable to our actual RTO as we are very unique in the field in which we operate.

The tender did not provide an area or comments box to allow RTO's the opportunity to expand on the Services and abilities along with experience within the chosen qualification or qualifications!

We made it very clear that when we applied for our registration in 2009 we had to put forward to the ITABs of the time an outline of our Training Program and a comprehensive Business Plan. We also made it very clear we had been running an RTO for a Major Car Manufacturer Prior to registering ourselves and we were responsible for three states of Australia.

then enlightened us to the fact he actually developed the tender document along with a committee of sorts. We both highlighted to him that he had infact not done a very good job in researching the requirements of the tender and the effect on Individual RTO's. Whilst we could point out the short comings of the tender both and took notes?

We presented to them documentation and testimonials to our time in the industry and what we had achieved so far. When Mrs Long asked if they had taken into account our previous history and experience with Mazda, the response she received was no we didn't. I then asked the question about an algorithm being used to knock out those RTO's of less than ten years registration and was very uncomfortable, went red faced and squirmed in his chair? He eventually admitted an algorithm had been used. I brought up the standard letter sent out to all RTO's that did not get a contract it was signed by . One of the points they raised in the letter was relating to past contractual compliance and performance? This is very strange as we had just paid our registration fees to ASQA who gladly took the money. We have not had any compliance issues or performance issues even when we were originally LP Gas Training and Technical Services.

I have since been asked to be an ASQA Delegate and the records at ASQA show we have no complaints against the RTO or our company for the entire time we have been operating so the statement in Letter is nothing short of an insult and slanderous. The meeting continued we discussed the fact that they got it wrong in our case which they agreed as we have the experience and runs on the board were the words used by we have infact been delivering training as long as the MTA. We were the two original private training organisations in NSW relating to Automotive. and asked us to give them time to reassess our situation and that they would require three weeks doing this so we agreed.

After the three weeks had past there was no call from NSW State Training Services. I took the initiative again and called on Tuesday the 8th September 2015. I spoke with who immediately panicked on the phone and said we haven't discussed your case. I will have to go and see and get an answer! This is the response after we did everything asked and gave and three weeks as requested?

He came back to me and said I will let you know on Friday the 11th September 2015. Friday came again no call! I rang again on the following Monday the 14th September.

again said well you certainly have a great name and reputation out there the runs are on the board but sorry we are not changing our decision.

So as you can see we were treated in an unprofessional manner and with contempt! I am sure they were hoping we would turn tail and just go away. This is an insult to us and our company and these three men and need to be held accountable for the situation we and many other RTO's are in.

b) There are many GTO's in industries that are also RTO's their reasoning behind having both is simple they get to access more of the government funding. As a GTO they should be sourcing people for the industries they specialise in. They should be assisting school leavers, working with the disabled and helping those that lose a job to seek new and suitable employment. Or they should make the decision to be an RTO and deliver the required training for these people. The problem is large and needs legislation passed to prevent this from continuing into the future.

What it also does is create a situation where it is a closed market as the GTO; they employ the students then filter them straight into their own RTO. This is again a restriction of trade for other RTO's in the same market.

c) There are many AAC's in Industries that are now becoming RTO's as they see it as an avenue of accessing funding to prop up the AAC and to help cover running costs in relation to their staff being out on the road. Their job is to work alongside of Employers that do not wish to use a GTO and make sure that all paperwork and registrations to approved RTO's is in place. They are also responsible to make sure that the employer gives the student every opportunity to access the necessary training for the career they have chosen.

AAC's need to focus on their area of expertise in relation to working with RTO's in identifying any special needs a student may require relating to their foundation skills eg: LLN.

The problem with AACs being an RTO is, it becomes an invasion of privacy as the RTO client base is exposed to the AAC. The AAC may decide at the point of sign up to implement a variation to a contract to move other students from their current RTO to the AAC RTO this increases the numbers and they can submit for more funding.

d) One of the big issues arising from Smart and Skilled is the fact that all AAC's had to undergo a tender process. There were a number of AAC's that did not receive contracts and no longer exist the remainder received all students from what has been referred to as a slicing up of the cake. The unfortunate part was the RTO client base due to the lack of privacy afforded to RTO's is exposed so those AAC's that are RTO's may try to pick up students from other RTO's that they had no idea about previously.

e) Smart and Skilled has shown already in its short period that it has no respect for those RTO's that are a registered Australian Company. Recently workshops have been held in relation to the first twelve months of Smart and Skilled operation. This is really amusing as we as RTO's had filled out surveys prior to the workshops. This for a program that has only been in operation since January 2015 but the government is trying to pass it off as twelve months the numbers just don't add up?

As an Australian Company you have to meet all requirements as outlined by ASIC you have to pay all taxes complete your BAS as per the ATO and compete in your market place as per the ACCC. But all of a sudden a program such as Smart and Skilled is introduced that does not respect or comply with those rules. It has done nothing of a positive nature to introduce improvement to Vocational Training in NSW. It didn't work in Victoria but pride will get in the way and we will have to live with it for now. All Smart and Skilled has done in relation to Australian Companies that are RTO's in NSW is cause a massive restriction to trade and an unfair and unequal market place, **where did equality go?**

f) It was made clear to us during our Meeting with NSW State Training Services by that an algorithm was developed to knock out all RTO's of less than 10 years' experience so as to meet the outcomes they required. was actually questioned in Parliament regarding the Algorithm or formulae and what experience did the selection panel have in relation to formulating the idea, he could not support a detailed enough answer. He did say there were a steering group and an assessment group.

Yet this gentleman had the gall to issue to unsuccessful RTOs a letter that states as one of its points you were unsuccessful due to past compliance and performance issues? This clearly shows that each individual RTO had not been researched after the tender was submitted. I wonder who was steering the tender and to who's benefit it was? The whole tender process was very poorly thought out and implemented and NSW State Training Services needs to be held accountable for this.

g) The problem here gets down to those RTO's that are focused purely on running a training business to make money. These RTOs are forgetting that they are there to provide education to their students so they can achieve their qualification and enjoy a long and healthy career.

The RTO's are using the students as an opportunity of financial growth. When we came into the market our whole focus was to service that area of need which supports TAFE NSW for the students that would suffer from the larger group situation. These particular students excel with our unique one on one approach.

When we approached the NSW Automotive Training Board and VETAB (Vocational Education Training and Accreditation Board) and showed them our business plan, training program and assessment methodologies for these students the idea was approved for All Automotive Training Services Pty Ltd to deliver our unique onsite program.

We never intended on having to compete with TAFE or achieve completion in three years after all an apprenticeship is of 48 months duration so this time should be used productively for the student to learn. All other institutions have become too focused on completing in three years or less so that the funding covers the costs. The students actually are suffering and not getting the grounding they need to much reliance is place on E learning and animated discs and a self-paced mentality. In our industry being Automotive these students are working on those vehicles that take your children to school and your families on holidays so they need to know what they are doing.

That is also the reason why All Automotive Training Services Pty Ltd as a Registered Training Organisation offers 24hr 7 day a week contact with us 365 days a year. This gives the maximum support and mentoring to all of our students and then continues for them as long as they remain in our industry! No other Australian Registered Training Organisation offers such commitment to their students!

h) The problem here is the RTO's and AAC's switching students from one to the other this is most times a pure exercise of greed where an RTO has an arrangement with an AAC or the RTO knows someone within a business to get the students switched over and therefore it increases their numbers and access to more funding.

Usually a switch will take place and the last people to find out are the current RTO the student is registered with. It is an unfair practice and should not be allowed to continue as it causes a disruption to the RTO operation and more importantly the students learning. If a switch has to be made then it needs to take place once mediation with NSW State Training Services and all the parties involved has taken place and all parties are in agreeance of the change.

The RTO needs to be made aware of the reasoning behind such a change. We have experienced this on a couple of occasions where a switch was being done and we only knew about it when the other RTO had contacted us. There wasn't a reason given and on further investigation it was not through a performance issue it got down to somebody moving into a position within the company and his mate worked for TAFE so they decided they would switch the students to TAFE.

The same has happened to us in Newcastle, so we complained to State Training Services they were not the least bit interested and ASQA didn't want to be involved you just get told put it in writing. If you would like more detail regarding this incident please give me a call!

i) Another situation that is ripe throughout our industry and would suggest probably others is the point of Apprentices / Trainees being signed into more than one qualification at a time during their apprenticeship. The RTO's restructure the training so that they can double dip in the funding.

This needs investigation and stopping you are supposed to complete a certificate which is a pre requisite for another before you can be enrolled. Example you need to be a qualified mechanic before you can do LPG.

The Automotive Air Conditioning Licence course needs investigating as it is supposed to be a 12 month training course. Yet RTO's are completing this within the four year light vehicle course or it is being completed on a weekend at some private RTO's and TAFE Colleges. We have A/C on our scope of registration; we are a recommended RTO with ARTICK the governing body. We lose a lot of work because I will not bend any rules just to get them in and make money. They either go through all the correct channels or we simply won't do it. Yet the people tell you what 12 months I can get it in a weekend so I send them away. This particular course attracts a Trade Licence and therefore should be policed and governed correctly any mistakes with the system or Refrigerant will result in injury or possibly death.

j) We have a situation where there are VTO's (Vocational Training Orders) that have had funding allocated yet an RTO has not been nominated. As a private provider we have Elevating Work Platforms on our scope. This came about as we have been working in this area for a number of years and the discussions took place to seek a separate qualification. Once available we added it to our scope, we are the only NSW private provider with this on our scope and yet we have not been given funding for it? This appears that NSW State Training has not taken notice or we are simply being discriminated against in regards to a Smart and Skilled Contract even in this area?

k) In regards to an RTO becoming registered in NSW they should firstly have to register with ASQA then go through an Audit. Provide the relative ITABs to that industry with an outline of their course including all assessment criteria and a comprehensive business plan. They should be put on a trial period and Audited to make sure they are still complying to all the rules and regulations of the State.

We had to go through this process as our plan and course was so unique to the Automotive industry, in fact the auditor wrote on our report, I quote:

Steven Long the CEO of All Automotive Training Services Pty Ltd has been providing training to the Automotive Industry since 1997 as a contract trainer and assessor employed by Mazda's RTO Division. As a result of the termination of his 11 year contract with Mazda a decision was made to establish an RTO in order to continue delivering training directly to clients who have expressed interest in his services. The Dealerships that have expressed interest include those of Mazda and other Automotive Dealerships. The Organisation consists of two Directors with the Administration role being undertaken by Colleen Long.

The Training Organisation has a plan to deliver both qualifications as flexible workplace learning through Traineeships and Apprenticeships. They seek to tender for funding under the 2009 – 2010 Approved Providers List (APL).

Training will initially be undertaken by Steven Long in NSW. **Funding will be both from the Government training programs and fee for service.**

So the information above proves our registration, our course and our plan it also points out about the funding so why have we not received a Smart and Skilled Contract? There is further evidence of discrimination by State Training as an RTO called _____ have only put _____ on their scope of registration last year and have received a contract? It is also coincidental that the areas they have been awarded are mostly the areas we tendered for and the RTO's with contracts have also had their methods of delivery changed since receiving their contract?

If ASQA and the relevant ITAB such as the NSW Automotive Training Board have no input or authority in the industry they are supposed to be a part of then why do we still have them? As far as ASQA they don't want to be involved with any issues they are just registering people without any in-depth checking. It is clearly a cost recovery exercise to cover their expenses.

One other area that has become an issue is the Manufacturers becoming RTO's or using certain providers for their Apprentice Training and dictating to the Dealerships that they must comply and send their apprentices to their training programs. Unfortunately this is not to do with education as we have had a number come to our training and once I conduct an RCC or RPL they don't know what they should and we constantly have to redo competencies with them.

It should be the student's choice not the manufacturer forcing them and more or less threatening their employment. The Manufacturer is not the employer they are the importer and are having far too much to say to the Dealerships in regards to what they do and using the threat of the Dealership Agreement.

1) In relation to the whole tender review process the documentation received prior to the tender talks about an independent reviewer being appointed and each case being judged on its merits. However as we found out even the head office is not the least bit interested in reviewing decisions already made whether they are correct or not.

We even gave the NSW State Training Services Head Office 3 weeks to come back with a review and they couldn't even do that! But suddenly a decision in a few days and it was the one we started with? _____ closed that conversation by saying well if you are not happy you can submit a complaint to Smart and Skilled????

This makes the whole of NSW State Training Services top staff look more and more grossly incompetent and I think it is time for a staff clean out. It only serves to make Smart and Skilled even more of a farce and the whole process should be abandoned and a return to the APL which was working fine. There is an old saying if it's not broken don't fix it!

m) ASQA has a Delegate group who are made up of various representatives from RTO's they offer you cheaper registration fees if you are a delegate. This is wrong to use the enticement of discounts to get you to become a delegate. The fees should be standard across the board and you take up the voluntary role because you wish to and you want to put forward ideas and improvements in the way things are done. Why do we have all of these different things being pushed onto us all the time and then it is up to those who work the hardest and don't get contracts to then come up with all the answers because suddenly that wonderful new concept doesn't work.

Example: The workshops on the first months of operation of Smart and Skilled that have just been held. This was a waste of time it is obviously not working so it got thrown out to all the ones who were punished to now come up with well how do we fix it?

n) Why has the funding been increased so much in our Qualification AUR30612 as it was \$8000.00 for many years and then an increase in one year to \$8168.00 prior to the new Smart and Skilled Contracts and is now \$13 630.00 for those that have been granted a Smart and Skilled Contract.

Wouldn't it have been better to raise the amount slightly say \$8500.00 to \$9000.00 and spread the available funding over a larger group of RTO's. This would keep a fair and competitive training market rather than a few RTO's that now have the monopoly. I am mainly referring to my own Automotive industry.

o) In the public sector there is talk of previous ministers being allowed to set up RTO's and float them on the Australian Stock Exchange? Is this about them taking over the Vocational Training Market?

The talk around RTO's is that certain ministers have now become for some time involved in Vocational Training and it seems strange that they are on the stock exchange and Smart and Skilled is being introduced whilst RTO's are being dumped? Is it that Smart and Skilled is really just a smoke screen so that the Vocational Training System will actually be sold off to Private Enterprise?

I feel if this is the case it would be a sad occasion as the Education of our Children, Youth and unemployed along with job seekers needs to remain in the Governments hands and TAFE is and has been the solid institution behind that. The role of Private providers such as us is to work alongside of TAFE and provide those back up and support systems they need. This is why we have gone to the lengths of a unique program that supports those requirements.

Recommendations:

a) An investigation into the way that NSW State Training Services has conducted themselves regarding the Treatment of an RTO and Registered Australian Company. An apology to All Automotive Training Services Pty Ltd is required and this can allow the RTO to be given the contract it deserves.

b) An investigation into the situation of GTO's being RTO's, legislation to be put forward that they are either a GTO or they are an RTO not both. Therefore again providing a fair and competitive training market. This is an unfair practice and restriction of trade to RTO's such as us.

c) AAC's to be investigated and brought into line and they are either an AAC or they are an RTO not both legislation needs to be put in place. This is an unfair practice and restriction of trade to RTO's such as us. AAC's to be a lot more proactive in their current roles in relation to apprentices and trainees they currently are involved with. The AAC's need to take a more responsible role within the community in regards to the disabled and unemployed to help them find work.

d) RTO's need to be given the privacy and respect they deserve from all operators in their industry and greater protection of their client base. This will promote a healthy and competitive market. NSW State Training Services and ASQA especially to be more involved in the registration process and solutions to issues.

e) The rights of Australian Companies as this has not been the case in regards to the Smart and Skilled arrangement. Both the ACCC and ASIC need to take a more active role in the registration process so as to maintain a fair and competitive market place.

f) NSW State Training Services to be held accountable for the way in which the Smart & Skilled Tender was structured and the use of an algorithm to achieve the outcomes they purposely wanted.

The way in which _____ and _____ have conducted themselves regarding the three week review period they requested. The way they have treated an Australian company and its owners with total contempt an apology is strongly required and funding should be immediately reinstated. The slanderous comments made in _____ letter regarding past contractual compliance and performance need apologising for as they are totally unfounded.

g) RTO's are not to transfer Students from one place to the other without a mediation taking place and all parties to agree that it is in the best interest of the student.

h) Any changes to be made to training contracts to again be done after mediation between all parties involved. The changes must be in the best interest of the Students learning and relevant to their occupation.

i) RTO's are not to sign apprentices and Trainees into multiple qualifications they are to be completed in the correct manner. After all when the Student or Trainee moves to that next qualification an RCC or RPL process should be applied and credits given as necessary. This process helps to speed up the completion of the next qualification.

j) The need for an RTO to be appointed urgently to conduct the Elevating Work Platform Qualification.

k) RTO's to submit a comprehensive business plan during the registration process all registrations to be approved by the Industry ITABs not just ASQA. The NSW Automotive Training Board and ASQA are to liaison closer to give approval to an RTO for registration.

l) The whole Smart and Skilled Tender to be addressed and NSW State Training Services to actually arrange independent reviewers to conduct the process as outlined in the documentation they issued.

m) ASQA Fees to be standard across the board no enticement of discounts to be offered to become a member this is unfair to the other RTO's who pay their annual fees. If you want to be a delegate you do so as a full paying volunteer.

n) The increase in Funding should be addressed it is way too much. This would allow for more RTO's to be funded and therefore generate a healthy and competitive training market.

o) Clarification on what is getting around in the world of training regarding previous ministers and RTO's the real story needs to come out.

Summary:

In summary I would like to highlight the following points:

a) The head people in State Training Services need to be held accountable for their actions or lack thereof regarding our meeting. An apology for the treatment we received as Australian Company Owners and RTO operators that have in all our time of being in business no complaints. If this has a roll on effect regarding a change of management then it needs to take place immediately.

b) Investigations to be carried out in relation to GTO's also being RTO's.

c) Investigations into AAC's being RTO's at the same time and getting access to other RTO client bases.

d) More Privacy regulations for RTO's after all we have to respect everyone else's Privacy but the RTO just gets forgotten.

e) The regulatory bodies in each industry must remember that when they are dealing with RTO's they are also dealing with Australian Companies and corporate law must also be observed.

f) NSW State Training Services to be held accountable for the way they have conducted the whole Smart and Skilled Tender Process. They are to be made to stand by their outline of reviewers being made available to review cases. If this requires a management change to be implemented then it should be done immediately.

g) RTO's are not to be allowed to simply instigate a change or switch of RTO form without mediation with all parties involved. The outcome to be in the students best interest so as to not affect their studies. At the moment the switch forms are used way too liberally and students are moved without any reasoning.

h) Variations to training contracts are not to be implemented without consent and mediation taking place.

i) The practice of signing apprentices / trainees into multiple qualifications to be stopped this is being used as a money making process. All procedures regarding qualifications are to be observed.

j) Provider for outstanding VTO's to be appointed and funding made available.

k) Industry ITABs to again have the voice and authority they once had and to be far more proactive within their relevant industries. ASQA to actually get involved with RTO's and scrutineer all new registrations with the input from the relevant industry ITAB.

l) NSW State Training Services to be held accountable for the way they have conducted the whole Smart and Skilled Tender Process. They are to be made to stand by their outline of reviewers being made available to review cases. If this requires a management change to be implemented then it should be done immediately.

m) ASQA Fees to be standard across the board no enticement of discounts to be offered to become a member this is unfair to the other RTO's who pay their annual fees in full. If you want to be a delegate you do so as a full paying volunteer. Fees for registration need to be the same for all RTOs and the time frame needs to be equal. Currently all RTOs are paying an equal fee but some have 4 years between Renewal and others are 5 years. This has only now occurred Since the introduction of Smart and Skilled.

The strange thing is it appears at this point the RTO's that have received a contract are the ones that have been suddenly given a 5 year renewal, if their registration has been due this year 2015 whilst all other RTOs are only on a 4 year renewal? If ASQA are working on a cost recovery basis then why would you push out the term for the same fee?

n) The increase in Funding should be addressed it is way too much. This would allow for more RTO's to be funded and therefore generate a healthy and competitive training market.

o) Clarification on what is getting around in the world of training regarding previous ministers and RTO's the real story needs to come out.

TAFE to always remain in the Governments hands and be brought back to the great institution it has always been providing high quality training to the Australian Public. RTO's to work alongside of TAFE and give the support it deserves. The increases in the funding to be addressed to see if it can't be put to better use by covering more RTO's. After all it is the competition that makes a healthy market and training environment. It is also our competitive nature as Australians that makes our country great!

Disclaimer:

The information provided is for the use of the committee and is in no way meant to be defamatory against any person / company mentioned, it is just an honest and truthful outline of what has taken place since our original submission and what we are hearing as we attend the various workshops.

Kind regards,

Mr Steven Long
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