

**Submission  
No 235**

## **INQUIRY INTO VOCATIONAL EDUCATION AND TRAINING IN NEW SOUTH WALES**

**Organisation:** NSW Utilities and Electrotechnology, Industry Training Advisory  
Body (ITAB)

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# NSW Utilities & Electrotechnology

Industry Training Advisory Body (ITAB)

ABN: 49 073 767 576

The Hon Paul Green MLC  
Committee Chair

The NSW Legislative Council's General Purpose Standing Committee No. 6

Dear Sir,

## **Inquiry into vocational education and training in New South Wales**

This submission will only address one item in the terms of reference, the Smart and Skilled reforms.

The proposal to reform the Vocational Education and Training funding system in NSW was widely endorsed by industry and a majority of private Registered Training Organisations (RTOs) prior to their implementation. It was envisaged that the new system would be consumer driven, would strengthen the quality of training and open up the market, especially in the field of apprenticeships to more competition. Unfortunately in reality this has not been the case. The feedback this ITAB has received from employers, RTOs and private and catholic schools has been predominantly negative.

In the industry sectors that the NSW Utilities and Electrotechnology Industry Training Advisory Body (ITAB) represents we have seen a narrowing of the market. In our industry sectors apprenticeships are the predominant method of training new entrants. There are also a large number of post trades qualifications available for tradespersons to increase their skills and employability. We are also a highly regulated industry with a number of licenced trades. And workplace health and safety plays a vital role in training at all levels from pre-employment through to post trades.

Our major industry sectors are Electrotechnology, Electricity Supply Transmission Distribution and Rail as well as Electricity Supply and Gas Supply.

Electrotechnology, which includes electrical, electronics, instrumentation and air conditioning & refrigeration trades, is our largest sector. The predominant RTOs in our Electrotechnology Sector have always been TAFE colleges. There are a couple of private RTOs in the Newcastle Hunter region that have also been involved over the years, but TAFE has the majority of the coverage across the state.

In Electricity Supply Transmission Distribution and Rail sector the network operators have traditionally been the major providers. This is a very complex and specialised area which requires extensive industry knowledge and expertise along with a significant investment in facilities. TAFE have dabbled on the edges of this industry for a number of years but most colleges are not well regarded by the industry.

The Electricity Supply Industry Generation Sector has been reluctant to be involved in nationally accredited training and as such only very specialised RTOs work in this field, usually on a fee for service basis. They utilise highly sophisticated and expensive equipment, such as power station simulators. Training in this sector is usually conducted to in house standards, instead of national standards. This attitude is slowly changing, but it is an aging workforce with a limited future as most NSW generation is coal fired thermal units which have a limited life expectancy.

The Gas Supply Industry refers to that industry which supplies natural gas via transmission and distribution pipelines and LPG gas via cylinders to a variety of customers including export and domestic. It does not refer to the extraction of gas from its source nor the installation or maintenance of gas appliances within domestic or manufacturing environments. This industry has traditionally trained its own workers. Prior to 1998 there were no nationally recognised qualifications in this industry. That has changed over the last eighteen years and just last year the first apprenticeship in this industry was gazetted in NSW. TAFE has never played a role in this industry it has always been the domain of private RTOs.

I thought it was important to give the committee some background into the various sectors our ITAB covers, so you could get a clearer picture of what has occurred since the implementation of Smart and Skilled.

Comparatively our industry has performed well in regard to apprenticeship commencements for the first six months of this year. We have had a 10.93% increase in overall apprenticeships till 30<sup>th</sup> June 2015. We have seen an increase of 14.98% for Electricians and 9.76% for Air Conditioning & Refrigeration apprenticeships. However our Electricity Supply Distribution Powerline apprenticeship has declined by 63.33%. The pending sale of the electricity network and a decrease in major infrastructure works in the sector has greatly contributed to this decline.

One of the key benchmarks for Smart and Skilled was the fact that training prices are the same for all providers so that competition is based on quality not price. For our major apprenticeship the Electrotechnology Electrician the delivery price was set at \$13,180.00, which included a student fee of \$2,000.00. This price compared favourably with what private RTOs were receiving under the previous funding model to deliver this qualification (\$13,780.00). Those private providers never complained that the fee was too low or that they couldn't deliver the required amount of training for that price. However TAFE NSW had a very different approach to the cost of delivery with the advent of Smart and Skilled. Teaching sections were advised that they would be required to pay 40% of the training fee to cover management costs, not including any section overheads. As a result hours of delivery of face to face training have been reduced across all TAFE colleges. In the majority of cases hours have been reduced from 864 to 720 hours of face to face training. We have even heard that one Institute has now reduced the face to face hours to just 546. This has been done in different ways in different colleges to try and disguise what is actually occurring. Some have simply reduced the number of days whilst others have reduced the number of hours that are taught each day. The result still remains the same less training for apprentices. Some colleges say that employers will be delivering the training that has been eliminated. Unfortunately nobody has told the employers nor have employers been offered financial compensation for delivering this training. It's all a myth.

One of the unique features of a number of the licenced electrotechnology qualifications is the capstone assessment via the national competency unit UEENEEG105A - Verify compliance and functionality of low voltage general electrical installations. This unit covers inspection and testing to verify whether an electrical installation is safe and complies with all requirements. It encompasses working safely, visual inspections and mandatory, optional and functional testing following verification procedures, identifying non-compliance defects and mandatory reporting requirements. The granting of competency in this unit shall be made only after competency in all other units in the qualification have been confirmed. This also requires the provision of sufficient workplace evidence which has been verified by the employer and the assessor. One Institute that we know of has instructed its teaching sections to deliver this unit in stage three without the prerequisites or the workplace evidence. Once again this is a cost saving measure that is seriously affecting the quality of training delivery. In licenced trades this could be disastrous.

Daylight release to attend technical training has been a part of the NSW apprenticeship system for many years. Unfortunately this is now seen as something that can no longer be afforded by Petersham TAFE College. Earlier this year due to lack of numbers third year instrumentation apprentices and their employers were advised that their course would only be available as a composite class at night with electrical tradespeople undertaking the instrumentation conversion course. This decision has placed huge additional costs on these employers. Apprentices attending night classes are entitled to overtime rates from the time they leave work till the time they get home. One concerned Group Training Company contacted the ITAB recently as the host employer of some of these apprentices was looking to send the apprentices back if the situation couldn't be resolved. The other issue is the safety of the apprentices, travelling at night. There is also a WHS concern as the apprentices get home late at night and must be back on the job early the next day.

To our knowledge these issue have not occurred at any Private RTO delivering the same qualifications. The funding made available for the delivery of the training in most cases is enough to cover the costs, but when large percentages of the training funds are being diverted for other reasons that are nothing to do with the students' course of studies, this is where the problems arise and quality of training is put at risk, especially in licenced trades.

There have been some questionable decisions about the selection of RTOs to deliver under Smart and Skilled in our industry sectors. Many employers we have spoken with felt that the allocation of funded places to RTOs was too restrictive, that it limited user choice and damaged existing partnerships with RTOs who may not have been funded. Employers requested a capacity to select from a wider range of funded RTOs, or preferably, continue to work with their RTO/s of choice including the ability to source RTOs from other states. When Illawarra Institute cut its teaching hours in 2014 NECA Group Training simply withdrew its apprentices and moved them to another TAFE Institute. Now all the other Institutes have followed Illawarra's lead and have also reduced hours.

In the Electricity Supply Transmission Distribution and Rail sector Ausgrid, the largest employer of apprentices in the sector, was not given a contract to deliver training. This is despite having an \$85 million purpose built, state of the art training centre in Silverwater and another older purpose built centre in Wallsend.

Ausgrid or their predecessors have been training people in that sector in one form or another for around one hundred years. Essential Energy was another RTO not funded, but in their case there may have been a problem with the submission of their application. Nevertheless they were overlooked and a number of TAFE colleges with limited experience and facilities were approved. We have been informed that a number of these colleges have approached the unsuccessful industry RTOs for assistance in delivering these courses. In the case of Rail Traction apprentices, Sydney Trains were unable to secure training for their apprentices through either of the TAFE Institutes that were awarded contracts in this area and have subsequently signed their apprentices up in ESI Distribution with another TAFE Institute just to get them some form of training, while that RTO attempts to get Rail Traction on its scope. These apprentices are in the wrong apprenticeship. They cannot meet the on the job requirements of the apprenticeship into which they have been contracted. How is this allowed to occur?

In ESI Generation as this is such a specialised field, no RTO applied to deliver training in this area.

However the strangest decision was in the Gas Supply Industry. As was mentioned earlier in this submission, training in this sector had been traditionally carried out in house. When national training packages were introduced the gas industry embraced the new system and began to engage and deliver national qualifications and recognise national units of competency. In NSW after a number of changes of ownership a private RTO took over the training in this area. As it is a small industry sector the private RTO eventually pulled out of this training and subsequently went out of business altogether. It took a number of years to finally get another industry RTO, Zinfra, a subsidiary of Jemena, to open and move into this sector. It took many months to get Zinfra to be an approved RTO under the old funding model and within a few weeks of being approved they were informed that as their head office was in Melbourne they would find it difficult to be approved under Smart and Skilled. Around the same time it was noticed that TAFE NSW New England Institute had added Gas Supply to its scope. When the list of approved RTOs was released in October TAFE NSW New England Institute was the only RTO available to deliver in the Gas Supply sector. The fact that New England Institute had never delivered in this sector previously, had no infrastructure, no resources and no qualified trainers or assessors seemed to not be a concern. The other issue was all of the apprentices in this sector were based in Sydney and New England Institute was only offering the course in Tamworth. Immediately the industry tried to meet with New England Institute but they declined. Eventually they admitted they couldn't deliver the training, but nothing has been done to rectify the situation. In the meantime Jemena who already had eight apprentices in training took on another six apprentices and is currently paying full fees to another interstate RTO to deliver training at its brand new \$10 million purpose built gas supply industry training facility in Pemulwuy in western Sydney.

The selection of RTOs and the allocation of places, especially by regions, under Smart and Skilled has led to complications. There was not enough rigor put into the selection of RTOs in many cases and there was no research done into relationships between employers and RTOs that had taken many years to establish.

The whole VET funding system is now extremely complexed. While it is understandable that NSW didn't want to go down the same path as Victoria, it has completely missed the mark by over complicating the whole system. The previous apprenticeship and traineeship program worked especially well for traineeships. All gazetted traineeships were available to be funded, RTOs could apply to be on the provider list and if they met the criteria and had clients they could be funded. The apprenticeship area was less friendly to private RTOs. TAFE were the default provider of training for all apprenticeships and private RTOs could apply to deliver in certain markets for a limited variety of apprenticeships, but numbers were not capped. All that needed to happen to improve the NSW system was to extend the way traineeships were funded to apprenticeships and fund all RTOs at the same price. A similar funding model was available for pre-employment, part qualifications and post trades training. That system just needed to have set pricing and an industry panel to ensure it would not be over extended.

What has occurred has been the number of RTOs has been reduced, the long term relationships between employers, students and RTOs has been eroded and overall numbers of students in both public and private RTOs has declined. For the approximately 365 RTOs there are over 21,300 separate contracts for full qualifications. Some contracts are for ridiculously low numbers in a variety of regional areas. This means it is not financially viable for RTO to deliver in these areas. RTOs were offered places in regions where they'd never delivered before. Yes, they had tendered for those regions, but in most cases they had done so in the belief that they'd also receive contracts in their traditional regions and that the quantum would be of a sufficient size to make the delivery viable.

Whilst there may have been good intentions to try and spread the availability of training to regional areas, so that RTOs didn't just take the easy option of delivering high volume training in large catchment areas it should have been the market forces that determined this not those allocating the contracts.

The number of qualifications available on the Skills List is also an area of concern. Our industry sector appears to have given up on most post trades training. Even in the areas that have been subsidised, the student fees are seen as a deterrent to training. Even in pre-employment courses such as CII Electrotechnology Career Start the student fee is \$1,010.00 to \$1,210.00. That's a lot of money for someone that doesn't have a job and there is no guarantee that completing the course will actually get them a job.

In regard to VET in schools, independent and catholic college's high schools have been especially disadvantaged in our industry sector. Electrotechnology is a difficult subject to deliver in schools and most rely heavily on TAFE to deliver this training for their students. The changes to funding have significantly increased the costs to these two school sectors. While some more prestigious schools cover the costs, most schools in these sectors can't and these costs are being passed on to the student's parents.

In conclusion I would also like to recommend a report to your committee; Vocational Education and Training (VET) in 2015: Views and Responses of NSW Employers and Registered Training Organisations.

Nine of the eleven current NSW ITABs have participated in this independently funded research project to identify the current and anticipated VET activity of NSW employers and RTOs in a rapidly changing VET environment and to explore their views of the VET system in 2015.

The research was undertaken over a seven week period, from April through to June this year.

The research particularly focuses on:

- Trends in employer investment in vocational education and training, relative to investment in training overall
- Reasons for any changes in employer investment in vocational education and training
- RTO and employer perceptions of the current vocational education and training system
- RTO and employer views of how the VET system could be improved to encourage greater employer participation

This report will be publically available from Monday 24<sup>th</sup> August 2015.

END

Norm Cahill  
Executive Officer