

CHAPTER 4

THE EMERGENCE OF A NATIONAL VET SYSTEM

Evolution of the VET system

4.1 The antecedents of modern VET are the laws, policies and structures relating to adult education, technical education and apprenticeships which were first developed in Australia in the nineteenth century. Mechanics' institutes, primarily concerned with adult education, were first established in the early nineteenth century and the schools of mines, agricultural institutes, working men's colleges and technical colleges, providing various forms of technical education, were established in the later part of that century.

4.2 As noted by Kirby the emphasis of technical education in the early days was invariably on practical and utilitarian education and training: on the extrinsic value of technical education for employment and industry development.¹ Technical education was a colonial (later state) responsibility and, as explained by Goozee, state technical education systems developed their own individual structures as a result of their distinct social, economic, demographic, geographic and political characteristics. Thus, for example, Victorian institutes enjoyed a great deal of autonomy from the time they were established. In New South Wales, institutes developed under a Department of Technical Education, and have only recently been brought under the administration of the Department of Education and Training. According to Goozee, most of the structures and the frameworks for future development had been established by 1889.²

4.3 The apprenticeship system was also introduced to Australia during the early nineteenth century, 'in response to the demand for trades skills in the expanding colonies'.³ Authority and responsibility for apprenticeships also rested with each colony. According to Mitchell et al. apprenticeship legislation at that time fell into three categories: that which governed apprenticeship in land-based crafts and trades, that which provided for apprenticing of neglected and orphan children, and that governing apprenticeship to the sea service.⁴ These distinctions remained until, towards the end of the century, consolidating legislation was passed in several colonies.

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- 1 Committee of Inquiry into Labour Market Programs (Peter Kirby, Chair), *Report of the Committee of Inquiry into Labour Market Programs*, AGPS, Canberra, 1985
 - 2 Goozee, G, *The development of TAFE in Australia*, National Centre for Vocational Education Research, Adelaide, 1993, p.3
 - 3 Commonwealth/State Training Advisory Committee (COSTAC), *Essential Features of Australian Training Systems*, AGPS, Canberra, 1987, p1
 - 4 Mitchell, R, Robertson, I, & Shorten, A, *Law and Policy in Vocational Education and Training, A contemporary survey*, NCVER, Adelaide, 1999, p.20

4.4 Commonwealth involvement in education was minimal in the first fifty years of federation. An attempt by the states to attract Commonwealth funding for technical colleges in 1936 was unsuccessful. The training requirements of the Second World War aroused some Commonwealth interest in technical education, but this interest waned with the end of the wartime emergency. The Commonwealth first provided financial assistance of any substance to the states for technical education in 1964.⁵ In the seven years between 1964 and 1974 the Commonwealth provided \$106 million on technical training.

Kangan

4.5 The Labor Government elected in 1972 made the first major Commonwealth commitment to technical education with the appointment of the Australian Committee on Technical and Further Education, chaired by Myer Kangan, in 1973. Recommendations in the Kangan report resulted in the appropriation in the 1974 budget of \$96.5 million over two years for technical and further education (TAFE).

4.6 Kangan is credited with being the first to define a role and purpose for TAFE.⁶ Goozee observed that prior to Kangan, technical education did not appear to be considered part of the education sector and described it as being consistently undervalued and under resourced. Kangan not only affirmed vocational education and training as an integral part of the education system, but placed it firmly in the tertiary education sector.

4.7 Kangan saw a broad educational and social role as being TAFE's primary purpose. While acknowledging its 'vital manpower role', in the comprehensive set of concepts, theories and values that Kangan defined for TAFE, the needs of the individual were considered paramount. As Ramsey observed, 'In Kangan's terms education also meant education of the whole individual'.⁷ Kangan's approach gave professional educators a leading role in how, when, where and what VET was provided.

4.8 Despite Kangan's pronouncements, and the significant and enduring commitment to his ideologies that emerged in the ranks of professional educators, tension and debate between the training and labour market functions of TAFE and its broader social and general educational objectives have been a feature of the development of TAFE and the VET system over the past decade or more.

5 D Fooks, 'The Life and Times of Cinderella', in *Kangan: 20 Years On*, Peter Kearns and William Hall (eds) National Centre for Vocational Education Research, 1994, p.35

6 Australian Committee on Technical and Further Education (Myer Kangan, Chair), *TAFE in Australia: Report on Needs in Technical and Further Education*, AGPS, Canberra, 1974

7 Ramsey, Gregor, *Future directions for technical and further education*, in 'Kangan: 20 years on', Peter Kearns & William Hall (eds), National Centre for Vocational Education Research, Adelaide, 1994, p.104

Toward ANTA

4.9 From 1987 the Commonwealth became increasingly active in bringing TAFE within the ambit of Commonwealth influence. This arose in association with government commitment to micro-economic reform, a task made more urgent by adverse trade balance figures during the middle 1980s. It was clear that any restructuring of the economy would require a more highly skilled, flexible and adaptable workforce.

4.10 During the 1980s and 1990s, under Commonwealth Labor Governments, VET became the main vehicle for addressing skill levels in the work force, and its role in alleviating youth unemployment was strengthened. The National Training Reform Agenda which emerged in the 1980s was seen as breaking with the Kangan tradition by 'diminishing the role of individual needs and asserting the primacy of a labour market orientation relative to an educational and social one'⁸ Much effort was put into involving employers in decision making and in measures to ensure that VET met employers as well as individual's needs.

4.11 The government of the day used its links with industry associations and employer groups and unions to establish a new alliance which would, in the words of one commentator, 'assume "ownership" of vocational education and training from the educators and state bureaucrats who had previously dominated the field.'⁹ Unions became influential in policy development and planning, with union representatives being appointed to a number of important advisory bodies and review committees.

4.12 The period from 1986 to 1992 saw constant change to TAFE systems in all states, partly to bring them into line with the need to fill labour market demand, and partly to reduce the costs of their operation. This was the first period of TAFE institute 'restructuring'. Interestingly, in view of the increased 'national' focus of technical and further education, restructuring took a form consistent with the traditions of each state, so that by the end of this process, each state ended up with a changed structure, that was different to all other states.¹⁰ One common trend was the shifting of TAFE away from education portfolios to employment and training portfolios. Another common trend was the move toward a degree of self-funding. There was also a trend toward allowing TAFE institutes more autonomy, particularly following the amalgamation of colleges, which took place in some states.

4.13 The two years proceeding the establishment of the Australian National Training Authority (ANTA) in 1992 saw the production of three significant reports to

8 Schofield, Kaye, *The clash of the Titans*, in 'Kangan: 20 years on', Peter Kearns & William Hall (eds), National Centre for Vocational Education Research, Adelaide, 1994, p.61

9 Robyn Ryan, 'How TAFE became 'unresponsive': a study of rhetoric as a tool of education policy, *Australian and New Zealand Journal of Vocational Educational Research*, vol.7, no.2, 1999

10 G. Goozee, *The Development of TAFE in Australia*, National Centre for Vocational Education Research, 1993, p.122

government addressing the role of vocational education and training and the skilling of Australia's workforce.

4.14 In 1990 employer demand for action on training led to the establishment of the Training Cost Review (Deveson) Committee, which anticipated employers assuming a share of training costs, and concluded that market forces in certain areas of training needed to be encouraged and financial contributions to training more closely tied to benefits received by individuals, the community and by employers. Deveson also anticipated later policy in proposing that private sector training institutions had an important role in training, along side TAFE institutes.

4.15 The Deveson report was followed in 1991 by the Finn committee report, which pointed out that general and vocational education, and work and learning, were too sharply divided in traditional Australian attitudes and practice. A convergence of general and vocational education was needed, with both schools and TAFE institutes becoming more concerned about issues of employability. The committee recommended, among other things, national participation and completion targets, which were subsequently adopted by relevant Ministers, and a guarantee that students completing year 10 would have a place at TAFE if they chose not to continue school.

4.16 It was recommended that states and territories review their practices to ensure articulation between the sectors. Arising from Finn, the Australian Education Council in 1991 appointed the Mayer committee to further refine and develop national standards in six key competency areas that had been identified by Finn as essential for all people in post-compulsory education. Mayer developed a framework wherein a variety of methods could be used to assess competency at agreed levels.

4.17 Finally, in 1992, the Carmichael report was released, proposing a new integrated entry level training system, the Australian Vocational Certificate Training System (AVTS).¹¹ The AVTS was intended to offer a broad range of education and training pathways leading to a qualification, another training pathway, or a career step.¹² The AVTS sought to merge apprenticeships and traineeships. All pathways would provide competency based education and training and would provide for the achievement of the key competencies.¹³ The system provided Certificates for four levels of achievement.

4.18 The AVTS was to be supported by a range of reforms to VET that were being pursued under the Training Reform Agenda. These included the adoption of competency based training throughout the VET system, the establishment of the

11 *Certificate* was subsequently removed from the name.

12 Employment and Skills Formation Council, *The Australian Vocational Certificate Training System*, National Board of Employment, Education and Training, Canberra, (1992)

13 The Key Competencies, also known as the Mayer Competencies, are: collecting, analysing and organising information; communicating ideas and information; planning and organising activities; working with others and in teams; using mathematical ideas and techniques; solving problems and using technology.

Australian Standards Framework (a set of eight competency levels which served as benchmarks for the development and recognition of competency standards in relation to work), the development of industry competency standards, the development of the National Framework for the Recognition of Training (aimed at ensuring national consistency in the recognition of accredited courses, training programs, training providers, competencies and prior learning of individuals), the development of national core curriculum for both on and off-the-job training, and the development of a training market.

4.19 In October 1991, during the period when these reviews were being conducted, the Commonwealth Minister for Employment, Education and Training released a proposal that the Commonwealth assume full financial responsibility for TAFE and other post-secondary education and training. Under the proposed scheme the states would retain administrative responsibility for TAFE. The proposal was not taken up by the states. Most premiers indicated their reluctance to relinquish responsibility for a system of education they considered vital to the development of their regional economies, and which were articulated to varying degrees with their school systems.¹⁴

Establishment of the Australian National Training Authority

4.20 The Minister's innovative proposal was almost successful, being reported to have come within one vote of being accepted. Efforts at reaching a compromise arrangement led in due course to the establishment of the Australian National Training Authority and agreement by the states and territories to work toward a national VET system. An agreement was announced in July 1992 between the Commonwealth and the states and territories for the establishment of the National Vocational Education and Training System Authority (NVETS). The new structure was created as a Commonwealth statutory authority, consisting of a board and a ministerial council.

4.21 The Australian National Training Authority (ANTA), as the body became known following the passing of the *Australian National Training Authority Act 1992*, in November 1992, would transmit Commonwealth funds to the states and territories and administer programs agreed by MINCO as requiring national delivery. The ANTA ministerial council, known as ANTA MINCO, is comprised of ministers from the states and territories and is chaired by the Commonwealth minister. It is the primary national decision-making body for the VET system, setting national goals, objectives and priorities for the system. The ANTA Board's membership consists of independent experts drawn largely from employers. Its role is to advise MINCO and support it in all its functions.

The ANTA Agreement

4.22 The ANTA Agreement, a schedule to the ANTA Act was the key instrument in the formation of what was envisaged to be a new national training system. The Agreement set out the obligations and responsibilities agreed between the

14 *Report of the Review of the ANTA Agreement*, AGPS, 1996, p.27

Commonwealth and the states and territories with regard to funding and administration of the system. Under the first Agreement the states and territories agreed to maintain their funding for VET at 1992 levels in real terms. In return, the Commonwealth agreed to provide growth funds of \$70 million for each year of the Agreement. The ANTA Agreement was renegotiated during 1997 and finally agreed to in early 1998, incorporating new Commonwealth funding arrangements. These required the states and territories to achieve 'growth through efficiencies' in return for continued Commonwealth financial support in real terms. The Agreement is due for renegotiation at the end of 2000.

Evaluating the first four years of ANTA

4.23 This Committee undertook an evaluation of ANTA in 1995, with particular reference to its agreements with the states and territories and the extent to which training outcomes were being achieved under the new national program. The inquiry revealed continued tensions between the states and the Commonwealth; the latter being accused of ignoring the peculiar problems of small states and obligations to non-metropolitan regions. Larger states, though less critical of ANTA arrangements, expressed concern about the Commonwealth using employers pressure to gain leverage over the states. The Committee's majority report found that ANTA's consultation processes for the allocation of funds were far too hasty and recommended a schedule of consultations take place over a triennium.¹⁵

4.24 The Committee's consideration of the issue of quality in its 1995 report is noteworthy in the context of the current inquiry. The Committee's majority report criticised the prevailing focus on quantitative measures at the expense of qualitative measures. It recommended that NCVER be commissioned to evaluate the relevance and quality of training on offer.¹⁶ The Committee majority report also noted that the 'maintenance of effort' by some states (that is, financial commitment to the national VET system) was not sustained in 1995, despite the NVETS agreement that they do so.

4.25 The Labor and Democrat senators, in their minority report, criticised what they considered to be the confusion of the role for ANTA. It was both an employer-led body driving an employer agenda and at the same time a broker between the Commonwealth and the states, mediating on an aspect of federal financial relations. These roles were incompatible. On a matter which has relevance to the current inquiry, the minority report questioned the commitment of the states to funding a national system. It referred to a requirement that the states maintain effort 'without resorting to a range of dubious tactics to create an illusion that they have fulfilled their responsibilities. There are considerable variations from state to state to the degree to

15 Senate Employment, Education and Training References Committee *Report of the inquiry into the Australian National Training Authority*, November 1995, p.8

16 *ibid.*, p.28

which they are prepared to observe the spirit as well as the letter of the ANTA Agreement.’¹⁷

4.26 A review of the ANTA agreement, commissioned by the government and chaired by Mr R M Taylor, reported to the Minister in February 1996. The report did not deal with quality of training issues. It found fault with the ANTA board’s lack of strategic focus, noting the absence of a sense of ‘ownership’ of ANTA as an organisation by its key stakeholders, with state officials regarding it as just another Commonwealth agency.

4.27 The Taylor report also noted that some states had not fulfilled their financial support obligations. In fact, none of the states paid their own sourced funds to ANTA, simply advising ANTA of funds they were committing to VET from their own sources, while ensuring that these processes were transparent. The review at one point commended this practice as a sensible arrangement.¹⁸ At another point it referred to tendencies that would weaken the idea of a national system of VET, involving separate funding pools and accountabilities, simple arrangements which did not require the time-consuming and demanding cooperative ANTA arrangements.¹⁹ The review proposed the continuation of arrangements current both then and now.

Development of Apprenticeships and Traineeships

Apprenticeships

4.28 Apprenticeships were introduced in Australia in the early nineteenth century and have been the basis of nearly all training for trade occupations. Apprenticeships in Australia involved a legally binding contract, called an indenture, between an employer and employee. Indentures had to be approved by the state industrial training authority.

4.29 Apprenticeships were regulated by colonial, and later state, laws which set out the rights and duties of the parties. At different times, age and education standards were set for entry to apprenticeship. In the early part of the twentieth century the minimum age was 14 and indentures expired at 21 years. Later, minimum entry age was generally not legislated but in practice was 15 years, the minimum school leaving age in most states. For a time some Federal industrial awards placed upper age limits for entry to some trades and some industrial awards constrained female participation because of particular conditions such as the weights that could be lifted by females. Apprentice wages varied depending upon the age, stage and trade of the apprentice

17 *ibid.*, p.4

18 *Report of the Review of the ANTA Agreement*, AGPS, 1996, p.36

19 *ibid.*, p.101

and generally represented a percentage of the appropriate tradesperson's wage which varied according to the industrial award to which the employer is a respondent.²⁰

4.30 Apprenticeships were 'time-based', originally for a maximum of seven years but most were reduced to four years in the late 1960s as improvements in secondary and technical education enabled skills and knowledge to be attained in less time than previously. Also in the late 1960s, compulsory technical education during working hours was introduced, typically involving one day a week spent in off-the-job training at a TAFE institute or an employer's training centre. Some of these features, such as the basis of apprentice wages, still apply to some current apprenticeships.

Traineeships

4.31 The first traineeship system in Australia, the Australian Traineeship System (ATS) was introduced in 1985 following recommendations of the 1984 Committee of Inquiry into Labour Market Programs ('the Kirby inquiry').²¹ Developed as a key strategy to deal with youth unemployment, the ATS was intended to ease the transition from school to work in the non-trade occupations and provide for recognition of the previously unrecognised occupational skills inherent in the non-trade areas.²² It was also intended that the emphasis of the ATS would be on its role as a training system rather than as a vehicle for placing young people in employment.²³ However, the target-driven nature of the implementation of the ATS resulted in the employment objectives taking precedence over the training objectives.²⁴

4.32 The design of the ATS sought to retain the strengths of apprenticeship training while avoiding some of its generally recognised shortcomings, for example, its rigid four year training period, the cyclical fluctuations in recruitment, the imbalance in gender participation and the cost to the public sector.²⁵ As with apprenticeships, ATS traineeships included a combination of on the job and off the job training. Initially ATS traineeships had a typical training period of 12 months with an off the job training component generally consisting of two days per week over a minimum of 13 weeks. Access to ATS traineeships was initially restricted to 16-18 year olds although 15 and 19 year olds could participate under certain conditions. These restrictions were eased over time.

20 Commonwealth/State Training Advisory Committee (COSTAC), *Essential features of Australian Training Systems*, AGPS, Canberra, 1987

21 Committee of Inquiry into Labour Market Programs (Chair: Kirby P E), *Report of the Committee of Inquiry into Labour Market Programs*, Canberra, AGPS, 1984

22 Employment and Skills Formation Council *Making the Future Work*, National Board of Employment, Education and Training, AGPS, Canberra, 1994, p.28

23 Australian Education Council Review Committee, *Young People's participation in Post-compulsory Education and Training*, AGPS, Canberra, 1991, p.141

24 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.14

25 Employment and Skills Formation Council, *Making the Future Work*, National Board of Employment, Education and Training, AGPS, Canberra, 1994, p.28

4.33 Although not conceived of as a competency-based training system, some key elements of competency-based training and assessment were incorporated into various ATS traineeships, and more so when, in November 1990, Commonwealth and state Ministers for employment, education and training agreed to implement competency-based training across the vocational education and training system.

4.34 With ATS traineeships, costs were distributed among employers, the trainees and the public purse. Award wages were discounted so that employers paid only for the time trainees spent on the job. Wages forgone for time spent in training were the trainee's contribution and the government funded the off the job training component.²⁶

4.35 Career Start Traineeships (CSTs) were introduced in 1992 as part of the July 1992 Youth Package. They continued the focus on traineeships as a labour market strategy rather than a training system. They were essentially ATS traineeships but with more flexible arrangements: for instance, they had no age restrictions and were open to early school leavers as well as mature age workers. They were also competency based. Career Start Traineeships provided a bridge between the ATS and the new Australian Vocational Training System (AVTS) described earlier in this chapter.²⁷

4.36 During the development and piloting of the AVTS, both the ATS and CSTs continued to operate alongside the traditional apprenticeship system. The ATS and CSTs were phased out in January 1995 when Australia moved to full implementation of the AVTS.

4.37 The AVTS sought to merge apprenticeships and traineeships. All pathways would provide competency based education and training and would provide for the achievement of the key competencies. The system provided Certificates for four levels of achievement.

4.38 The AVTS was to be supported by -

- the adoption of competency based training throughout the VET system;
- the establishment of an Australian Standards Framework (a set of eight competency levels which served as benchmarks for the development and recognition of competency standards in relation to work);
- the development of industry competency standards;
- the development of the National Framework for the Recognition of Training (aimed at ensuring national consistency in the recognition of accredited courses,

26 Employment and Skills Formation Council, *Making the Future Work*, National Board of Employment, Education and Training, AGPS, Canberra, 1994, p.28

27 Department of Employment, Education and Training, *Changing pathways and participation in VOTEC: Australia*, Country Paper prepared as contribution to OECD Project on Changing Patterns and Participation in Vocational, technical Education and Training, 1994

training programs, training providers, competencies and prior learning of individuals);

- the development of national core curriculum for both on the job and off the job training; and
- the development of a training market.

4.39 In 1994, while the AVTS was in its infancy, the Labor Commonwealth Government implemented a range of policies and programs relating to employment and vocational education and training as set out in *Working Nation*, its policy White Paper.²⁸ *Working Nation* established National Training Wage (NTW) traineeships, so called because they were subject to the new National Training Wage Award. National Training Wage traineeships renewed the emphasis on employment rather than education and training. They were also known as NETTFORCE traineeships after the National Employment and Training Taskforce (NETTFORCE). NETTFORCE was established as a Working Nation initiative to coordinate increased provision of apprenticeships and traineeships, supported by additional incentives for employers.

4.40 There was a perception that NTW traineeships were a new form of traineeship. However they were, for the most part, consistent with AVTS principles and recognised under the AVTS. The major differences were the industrial arrangements associated with NTW traineeships, and the introduction of traineeships with training delivered fully on-the-job in some industry areas. The move to fully on the job traineeships was intended to make training arrangements more attractive to employers in response to their continuing demands for more relevant training and more flexible training arrangements.

4.41 Fully on-the-job training has grown rapidly in recent years. Access to fully on the job training, like apprentice and trainee training generally, is regulated by the state training authorities. Since 1994 traineeship training has been funded by the states and territories with support from the Commonwealth through the general VET funding arrangements.²⁹

Recent Developments

4.42 The Coalition government elected in March 1996 retained the national structures it inherited and gave ANTA new tasks in line with policies whose implementation is the subject of this report. The Coalition's VET agenda called for fundamental changes to the regulatory and quality assurance arrangements of the VET system and the full integration of a 'modernised' apprenticeship and traineeship system with those new arrangements. New Apprenticeships, the National Training Framework, consisting of the Australian Recognition Framework and National Training Packages, User Choice and VET in Schools are the major components of the

28 The Hon. P Keating, Prime Minister, *Working Nation - policies and programs*, 4 May 1994

29 Submission 68, Department of Employment, Training and Youth Affairs, vol.3 p.771

Coalition VET agenda. While threads of the policy followed by previous governments are discernible in these new arrangements, the directions taken by the current government are significantly different.

New Apprenticeships

4.43 Australia's apprenticeship and traineeship training is now encompassed under the New Apprenticeships scheme³⁰ The Coalition government initiated the New Apprenticeship system in 1996, with the aim of 'modernising' apprentice and trainee training and integrating apprenticeships and traineeships fully into the overall VET regulatory and quality assurance arrangements. Apprenticeships and traineeships had remained subject to state and territory regulatory systems largely separate from those applying to other forms of VET, and many traineeships did not lead to qualifications under the Australian Qualifications Framework or provide for career progression to higher level qualifications.

4.44 The ANTA Ministerial Council endorsed the key principles of New Apprenticeships in May 1996, and a more detailed policy framework in May 1997.³¹ The key principles were that New Apprenticeships should be an industry-led system, with streamlined regulation, expanded training opportunities, a national framework, regional and community involvement, and attention to access and equity issues.³²

4.45 The development of apprenticeship and traineeship training in Australia is described in greater detail in Chapter 9, where issues relating to the quality of such training are also addressed.

The National Training Framework

4.46 The National Training Framework replaced the National Framework for the Recognition of Training and the Australian Qualifications Framework. The National Training Framework is an agreement between the Commonwealth and state and territory governments which guides the states and territories in their regulation of the VET system. ANTA describes the National Training Framework, endorsed by ANTA MINCO in November 1996, as the backbone of the national vocational education and training system. It has two key elements: the Australian Recognition Framework, and National Training Packages, both of which incorporate quality assurance approaches.

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30 The Commonwealth initially called the system the Modern Apprenticeship and Traineeship System (MAATS) but soon changed it to the New Apprenticeship System. 'New Apprentice' is an umbrella term for apprentices and trainees promoted by the Commonwealth and accepted by the ANTA Ministerial Council. However, it has yet to become commonly used. Queensland has retained the terms 'apprentice' and 'trainee'. Most states and territories still collect separate statistics for apprentices and trainees.

31 Submission 68, Department of Employment, Training and Youth Affairs, vol.3, p.772 & p.812ff (attachment C)

32 Submission 68, Department of Employment, Education and Training, vol.3, p.272

33 Submission 107, Australian National Training Authority, vol.5, p.1454

4.47 Quality assurance measures for National Training Packages are contained in two documents: *Policy for Training Packages* and *Process for Training Package Development*.

The Australian Recognition Framework

4.48 The Australian Recognition Framework (ARF) is a set of standards that states and territories, through the ANTA Ministerial Council, have agreed to use in registering training organisations.³⁴ Quality assurance measures in the Australian Recognition Framework include a range of principles, national standards, and protocols. states and territories are responsible for the implementation of the ARF, which commenced on 1 January 1998.

4.49 Organisations may register to deliver some or all of the qualifications in National Training Packages or to deliver accredited courses in areas that are not covered by National Training Packages. This defines the scope of registration of an RTO. An RTO may deliver a training program for a Training Package within its scope of registration without seeking accreditation of that specific program. Until recently, the ARF also provided for RTOs that meet additional standards to become 'Quality Endorsed Training Organisations' (QETOs) QETOs previously were able to receive delegations to self-manage aspects of the recognition process.

4.50 Registered Training Organisations must provide evidence of compliance with national standards, and are subject to monitoring and auditing by state and territory authorities. The Australian Recognition Framework requires that RTOs be audited by the relevant state and territory recognition authority at least once within the registration period (usually up to 5 years) and on receipt of a complaint.

4.51 Mutual recognition of RTOs across state and territory borders, and mutual recognition of qualifications awarded by RTOs, are central tenets of the Australian Recognition Framework. The inclusion of mutual recognition principles in the ARF was intended to ensure a provider registered in any state or territory in accordance with the standards would receive recognition by all states and territories and the qualifications that the provider awards would be nationally recognised.

4.52 When the Australian Recognition Framework was first implemented, previously registered training organisations were given provisional registration under the ARF at that time. Transition to the ARF is continuing, with agreement that providers registered prior to its introduction would be subject to an ARF audit by 1 January 2001 at the latest. ANTA has provided Commonwealth funding from the National Project allocation to the states and territories to assist with ARF implementation.³⁵

34 Australian National Training Authority, *Australian Recognition Framework Arrangements*, January 1999

35 Submission 68, Department of Education, Training and Youth Affairs, vol. 3, p.767

National Training Packages

4.53 National Training Packages consist of endorsed components and training support materials. The endorsed components are competency standards, assessment guidelines and qualification titles and requirements. The Australian Qualifications Framework Implementation Handbook provides guidance for determining the national qualifications included in National Training Packages. The same guidelines are used for accredited courses. Training support materials (previously known as non-endorsed components) comprise learning strategies, assessment materials and professional development materials are also being produced.

4.54 National Training Packages require RTOs to formally assess individuals against the competency standards, to record and report competencies achieved, and to use the achievement of competencies as the basis for awarding qualifications.

4.55 Industry Training Advisory Bodies (ITABSs), other designated industry-based bodies or designated enterprises develop National Training Packages under the auspices of ANTA. ANTA provides funding to ITABs and other recognised bodies for the development of the endorsed components of National Training Packages under the Training Package National Program. ANTA funding is also provided to ITABs for the development of support materials but there is a requirement for ITABs to utilise competitive tendering processes when commissioning the development of these materials.

4.56 The ANTA publications *Policy for Training Packages* and *Process for Training Package Development* set out national requirements and guidance for developing Training Packages, including consulting with stakeholders, validating the content of National Training Packages and obtaining endorsement by the National Training Framework Committee. Consultation with RTOs is now a requirement although this was not always the case. Endorsement of a Training Package is a formal process of national recognition which concludes with state and territory and Commonwealth Ministerial agreement for each Package to be placed on the National Training Information Service. National Training Packages are endorsed for a fixed period, usually three years.

4.57 National program funds allocated for Training Package development were \$15.475 million in 1997-98 and \$13.016 million in 1998-99.³⁶ Additionally, \$8 million from the Commonwealth and \$2 million from ANTA National Projects funds is being provided to the states and territories to assist with the one-off transitional costs in the period 1998-2000.

4.58 All states and territories signed plans for the implementation of the first 31 endorsed packages during 1999 and a further 15 packages were to be implemented in

36 National program funds are allocated under the Commonwealth Appropriation Act No 1 each year and distributed according to Section 11 of the *Australian National Training Authority Act 1992*.

2000.NCVER statistics show that approximately 9 per cent of VET students were enrolled in programs based on National Training Packages in 1999.

4.59 National Training Packages are intended to become the basis for all VET delivery. Where National Training Packages exist, Registered Training Organisations are required to use them.

User choice

4.60 User Choice is a key element of the current national strategy for developing an open training market. It is directed primarily at the New Apprenticeships training market but has implications and consequences for the whole of VET.

4.61 User Choice is designed to allow employers of apprentices and trainees, together with their apprentices and trainees, to choose their registered training organisation (RTO), public or private, and negotiate key aspects of their training (such as location, mode of delivery and time of training) with that RTO. Public funding that is available for such training is then paid to the RTO they have chosen. With User Choice, states and territories pay RTOs for training on the basis of prices and pricing arrangements that each state or territory has adopted.

4.62 The objective of User Choice is to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients. User Choice, in theory, provides VET clients with direct control over product choice. NCVER concludes that, in general, User Choice is nominated as the preferred public sector model of competition because it empowers clients to a greater extent than other alternatives.³⁷

4.63 In July 1996, ANTA MINCO agreed to the progressive implementation of User Choice during 1997 and to full implementation of User Choice for commencing apprentices and trainees from 1 January 1998. At that time, the New South Wales government reserved its position regarding User Choice but has since introduced a form of User Choice whereby trainees and their employers can choose their provider, but choice for apprentices and their employers is restricted. Subsequently three states, Queensland, Tasmania and Victoria have frozen User Choice at 1998 or 1999 levels pending further examination of its impact on the training market and particularly on the viability of TAFE.

4.64 Some states and territories have fixed prices for delivery based on unit cost benchmarks and notional annual hours curriculum, but others let the market set the price by seeking tender prices from RTOs to deliver training. The prices paid for training vary from state to state, within states, from industry to industry and within

37 Anderson, Damon, *Developing the training market of the future, A review of research literature*, paper prepared for the National Centre for Vocational Education Research as a submission to ANTA's consultation on "Developing the training market of the future", Adelaide, 1997, p.5

industries, and for certain clients, to take account of additional costs for training delivery for certain locations such as remote areas, or client groups such as those with a disability.

4.65 In May 1997, the ANTA Ministerial Council approved a statement of User Choice Policy, common costing principles for User Choice and Guidelines for managing interstate training activity under User Choice.

4.66 The User Choice policy principles recognise that in areas where there are low numbers of clients and where clients have access to a limited number of providers, which is the case in some regional areas, choice may be limited. These are known as 'thin markets'. In designated 'thin market' areas, User Choice may not be implemented or only implemented in a limited form. Usually, in 'thin markets' the choice of provider is limited to TAFE. New South Wales, Queensland and Western Australia have used their discretion in the application of User Choice, conscious of the 'thin markets' which exist within those states beyond the major populated areas, and the expectations which many rural industries have of TAFE responsibility to provide training as a community service obligation. South Australia and Victoria, on the other hand, have decided not to declare 'thin markets'.

VET in Schools

4.67 The extension of ANTA funded VET programs into schools followed endorsement by the Ministerial Council on Education, Employment, Training and Youth Affairs in 1998 of principles underpinning the application of the National Training Framework in secondary schools. VET in Schools provides pathways to both higher education and further vocational training. School programs are expected to take account of national, regional and local skill shortages. Work is currently underway in most states and territories to ensure that assessment, accreditation and certification arrangements for VET are aligned with the National Training Framework and are compatible with university entrance requirements.

