

Queensland Department of Employment,
Training and Industrial Relations

Submission to the
Senate Committee Inquiry
into the quality of
vocational education and training
in Australia

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Training and Industrial Relations

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Introduction

Over the past 10 years, Australia has embarked on an ambitious program of reform of its National Vocational Education and Training System. Those reforms have seen a major expansion in the system, a closer engagement with industry, the development of mutual recognition of training providers and products, the entry of thousands of new providers (including schools) in the formal vocational education and training system, and a significant increase in choice and flexibility.

Queensland has played a significant role in helping to shape, develop and consolidate the national training system. This has been achieved through pro-active participation in the development and implementation of key training policy initiatives, including:

- ❖ the National Training Board in 1990 (the functions of which became the responsibility of the Australian National Training Authority when it was established in 1992);
- ❖ competency-based training;
- ❖ various reforms to the entry-level training system to broaden and make the apprenticeship and traineeship system more flexible;
- ❖ training market reforms, including competitive funding and User Choice;
- ❖ the National Training Framework for the Recognition of Training and its evolution to the current Australian Recognition Framework; and
- ❖ the development of the National Training Framework, comprised of the ARF, National Training Packages and the Australian Qualifications Framework.

The Queensland Government strongly supported the further development of the National Vocational Education and Training System through the ANTA agreement of 1992. This support was derived from the recognition that despite the early progress achieved in the late 1980s and early 1990s towards training reform, there was a need to further strengthen the level of co-operation and collaboration within our federal system.



Under the ANTA arrangements and ANTA's leadership, further progress has been made. The national training system is now underpinned by a detailed policy framework that is the result of cooperation and agreement at the national level, and decisions by the Commonwealth Government and state governments, including those incorporated in regulations.

While the main policy pillars of the national training system are in place, it is fair to say that those most directly involved in delivery — and their clients — have struggled to keep abreast of this rapidly changing policy agenda. In fact, they have not been well served by implementation arrangements. The diverse characteristics of the states and territories add complexity to the implementation process.

The Queensland Submission

Against the background outlined above, the submission from the Department of Employment, Training and Industrial Relations makes two major points:

1. in the past decade, the implementation process of training reform has not been as well handled as it should have been at the national, state and provider levels; and
2. the national system needs to be strengthened in certain key areas. It needs to operate in the manner of a quality business system of the 21st Century — as a joint venture between state governments and the Commonwealth Government in partnership with industry, not on arbitrary notions of Commonwealth/State responsibilities.

This submission draws heavily on the recommendations from an investigation commissioned by the Vocational Education, Training and Employment Commission in Queensland in May and June last year. The *Independent Investigation into the Quality of Training in Queensland's Traineeship System* was conducted by Ms Kaye Schofield (the Schofield Report). The recommendations arising from the Schofield Report were endorsed in principle by State Cabinet.

As such, the submission deals in greater detail, but not exclusively, with issues relating to apprenticeships and traineeships within the national framework.

Rather than dealing with the specific terms of reference, the submission raises a number of specific examples where the absence of effective and integrated implementation arrangements and policy inconsistencies have not only hindered, but are jeopardising the future of training reform in Queensland.

These are:

1. difficulties and inconsistencies with the implementation of competency-based training initially, and more recently, training packages;
2. insufficient clarity about the key objective of employment-based training (in its actual implementation);
3. inconsistencies in approaches to eligibility criteria and incentives;
4. the rapid expansion of the training market without the necessary administrative or quality assurance systems being fully in place;
5. inconsistencies in the application of quality-assurance arrangements;
6. inconsistent approaches to marketing, and poor quality information and advice; and
7. improving the capacity of training providers to operate in the national system.


These observations should not be construed as lack of support for the national system or agreed national policy directions, nor do they deny the real gains and achievements that have been made. In fact the reverse is true. Unless these deficiencies are more openly recognised and addressed, the problems they pose will in themselves create a lack of confidence in, and support for, the system and the policies that underpin it.

The Queensland Context

Before examining these issues in their broader context, it is instructive to look at the situation in Queensland in 1998, particularly in relation to the quality of the traineeship system. Left unchecked, the widespread abuse of the traineeship system would have substantially jeopardised the public and industry perception of national training reform.

In particular:

- ❖ there was an explosion in trainee numbers, many inappropriately signed up through the marketing of employer incentives and 'free training to employers by Registered Training Organisations and New Apprenticeship Centres';
- ❖ at the same time, intakes in traditional apprenticeships continued their long-term decline;

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- ❖ departmental processes were unclear and poorly communicated and administrative systems such as apprenticeship and traineeship registrations and provider payments were dysfunctional;
 - ❖ problems existed with the process of deeming training providers as being compliant with the new recognition framework and a low priority to the audit of providers;
 - ❖ the rapid introduction of User Choice and shifts from TAFE-base funding to competitive purchasing without adequate preparation for TAFE left a number of institutes facing major financial deficits;
 - ❖ User Choice contracts were extended to almost any registered provider seeking a contract, but because of the inadequate quality-control arrangements outlined above and the explosion in the number of providers operating under User Choice, the quality of the training delivery suffered;
 - ❖ although commitments had been made to the introduction of training packages, little had been done to facilitate their proper implementation; and
 - ❖ the withdrawal by the Commonwealth from labour market programs led to many agencies and employers seeking to use traineeships as a substitute.

Action taken by the Queensland Government to deal with these deficiencies is outlined in the submission. However, as one partner in a national system, actions taken within state borders can only have a limited effect. While not making specific recommendations, the submission highlights areas where national action is also required.

Major Issues

1. Difficulties and inconsistencies with the implementation of competency-based training initially, and more recently, training packages

The Ministerial decision in 1990 to introduce competency-based training based on national skill standards, while strongly supported in industry, has been the subject of considerable debate and some resistance from TAFE and other training providers. Some providers were concerned at what they saw as the imposition of industry views, the potential narrowing of learning to focus on specific observable tasks and increased requirements for workplace assessment.

For some time, course accreditation and the development of curriculum acted as a buffer between national skill standards and their interpretation and delivery by training providers. However, industry-standards developers often felt that this subsequent process compromised the intent of endorsed standards, and caused confusion over assessment requirements.

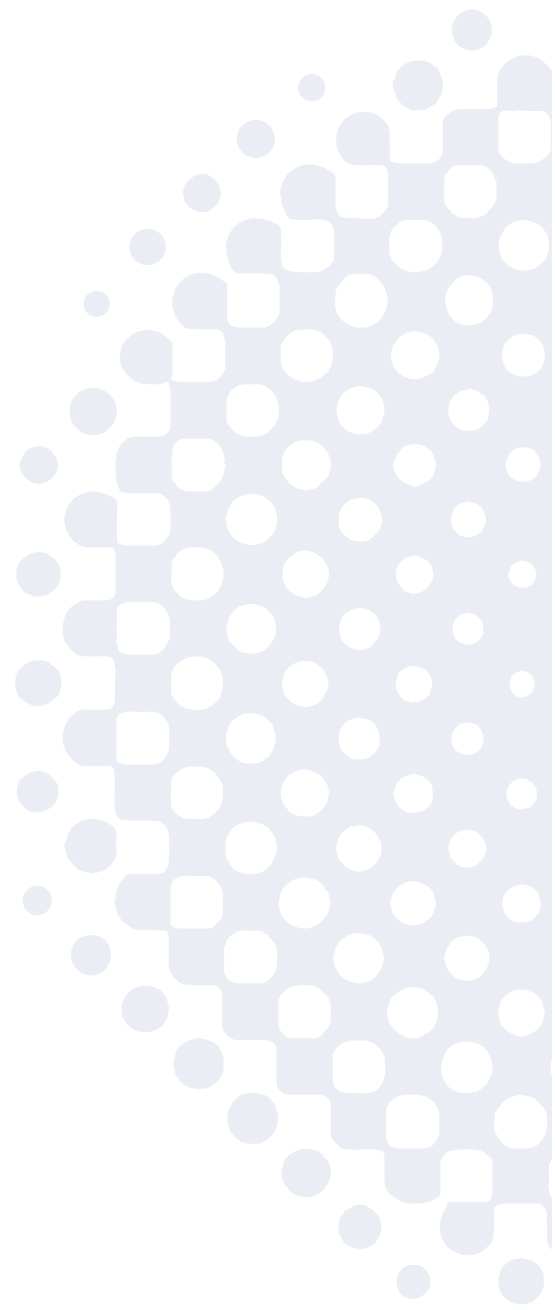
The process of course accreditation also added additional points of regulation and made the operation of national recognition arrangements complex and in some cases unworkable — for example, where courses were accredited at different qualification levels by different states against the same set of standards.


Training packages were designed to overcome these problems and establish the nationally endorsed standards as the clear benchmark for training delivery and assessment against a defined qualification level. Of equal importance was the deregulation of the learning process, with providers able to develop their own teaching and learning responses to meet the requirements of the standards.

However, the establishment of industry standards as the benchmark for delivery and assessment has brought into sharp focus the reality of the decision taken almost 10 years ago to introduce competency-based training. The security blanket of prescribed syllabus and curriculum has been removed.

However, to date few providers have yet made the change in culture and practices to be able to operate effectively in this new environment. Unless providers are able to develop appropriate learning pathways supported by quality resources, infrastructure and staff, there are dangers that undue emphasis will be placed on assessment requirements alone with insufficient attention to the development of underpinning skills and knowledge. This problem has been most evident through the rapid increase in fully on-the-job traineeships.

The implementation of training packages has been inadequate at the state level particularly in the transition between existing courses and package qualifications and in areas where entirely new qualifications are available. A clear implementation process was not put in place until earlier in 1999 following the establishment of a Training Package Taskforce in 1998. That process tended to focus on the process of evaluation and endorsement of packages and ensuring that administrative arrangements were in place, rather than building understanding and ownership amongst providers and ensuring that they had the capacity to also deliver them.





There has been insufficient co-operation between the states in sharing resources and experience with the implementation of packages, undoubtedly the most ambitious element of training reform. Further, the development of industrial relations arrangements to support apprenticeship and traineeship pathways through award variations was not given appropriate priority nationally.

Consultation by national Industry Training Advisory Bodies with industry and providers in relation to some packages was seriously inadequate in the initial phase of package development, leading to a lack of ownership and understanding of the package. Equally, there are examples of close co-operation in the developmental process — in these areas, there is real commitment and support from industry and providers for the use of the package.

The priority now must be the development of the capability of training providers to developing training programs and resources that ensure the full requirements of standards — including underpinning skills and knowledge, and key competencies — are achieved.

The degree of opposition by the Australian Council of Private Education and Training Providers to training packages (primarily with respect to the impact on international students) is also a concern, although many individual private providers are supportive of and are implementing packages.

Nonetheless, Queensland continues to strongly support the training package model. It provides for greater flexibility in meeting nationally agreed industry standards. In some industries such as community services and health, transport and distribution, and process manufacturing, training packages provide the opportunity for structured learning and assessment across a wide range of occupations for the first time. The information and telecommunications package forms an important element of the State Government's strategy for the development of the information technology industry in Queensland.

Queensland is therefore working towards full implementation of training packages, with substantial progress expected in 2000:

- ❖ From January 2000 all public funding will be tied to training packages where they are available and can be implemented.
- ❖ To date, Queensland has participated in the evaluation of 47 training packages. In the future there will be earlier input by stakeholders in Queensland to the package development process. This means that barriers to the delivery of training, particularly through institutional pathways, can be identified early in the process. This will ease the demands on training providers in preparing themselves for training package delivery.


- ❖ Queensland has established processes allowing for substantial input by industry and other stakeholders (via the ITAB network) to the development, implementation and review of training packages. Queensland is giving particular emphasis to issues of portability, flexibility and the needs of small business. This investment of resources at the development stage is necessary to ensure Queensland industry can utilise national training products to create a quality skilled workforce for the state.
- ❖ The department has allocated \$320,000 of Commonwealth funds to state ITABs to support the implementation of training packages. These funds were for professional development of RTOs and industry. This funding supported package-specific implementation workshops across metropolitan and regional Queensland. A further \$83,000 was distributed to individual Queensland regional training organisations to assist in the professional development of their staff for package implementation. The capacity of the Taskforce to deal with implementation issues at the provider level has been strengthened.
- ❖ Queensland has made major inroads in terms of industrial relations arrangements to support training packages and will continue to progress this area. However, much work is yet to be done in the federal awards area.

Clearly, the ongoing acceptance and effectiveness of training packages and greater certainty that they will meet future as well as current skill needs requires a number of emerging issues to be addressed.

These issues include:

- ❖ varying capacity across RTOs to cater for different delivery pathways, particularly in relation to workplace delivery and assessment;
- ❖ the role of institutionally based courses in terms of training package requirements;
- ❖ variable commitment to and application of key competencies within training packages;
- ❖ inappropriate use of Recognition of Prior Learning to award qualifications without identifying fully whether competencies had been achieved;
- ❖ the need to realise the full potential of Recognition of Prior Learning to improve and streamline access to training and qualifications — particularly for the current workforce — and to improve system efficiencies;



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- ❁ the need for greater differentiation between Australian Qualification Framework levels 1, 2, and 3, and the need to ensure greater parity of qualification levels between industries in some cases; and
 - ❁ issues related to the use of training packages for overseas students and in international markets.

It is not possible in this submission to explore these issues in detail. A number are already under consideration through ANTA processes, together with a review of a number of the initial training packages.

Although there has been an initial review of training package guidelines, the approach to standards development remains largely unchanged since the establishment of the National Training Board in 1990.

To ensure that these issues are addressed:

- ❁ a further review of the training package guidelines, in particular those relating to standards development, is required; and
- ❁ greater collaboration on training package implementation issues by the states and territories through ANTA is required, with a particular focus on implementation issues facing training providers.

2. Insufficient clarity about the key policy objective of employment-based training

A major factor associated with the serious problems in the Queensland traineeship system — which were also extending into apprenticeships — was the policy confusion between the employment and training objectives of the program.

Traineeships were established in Australia in 1985 as a key strategy to deal with youth unemployment, following on from recommendations of the 1984 Committee of Inquiry into Labour Market Programs¹. Traineeships were specifically created separately from the traditional apprenticeship system. While traineeships always had a strong focus on skills acquisition, they were seen as a key labour-market strategy to deal with youth unemployment. The original traineeship model involved three days work and two days of off-the-job training, but this model proved to be unpopular with a range of employers. Since then, traineeships have passed through several transformations, including Career Start Traineeships of 1992 and NETTFORCE of 1994. Each was designed to make the program more attractive to employers, progressively focussing on the employment dimension of the program.

¹ Committee of Inquiry into Labour Market Programs (Chair: Kirby, P.E.), *Report of the Committee of Inquiry into Labour Market Programs*, AGPS, Canberra.

The NETTFORCE initiative was particularly successful, with a strong focus on industry-based marketing and a more flexible approach to training provision including some programs at lower levels offering fully on-the-job training that required only limited involvement by a training provider. Queensland was amongst the first states to implement these more flexible arrangements. Its priority focus was on employment generation, however, while traineeships began to grow quickly, intakes in traditional apprenticeship areas continued to decline.

Concurrently, a number of proposals were developed for the Australian Vocational Training System, which was the first agreement for a more integrated approach to entry-level training.

With the change in Federal Government in 1996, New Apprenticeships (initially the Modern Australian Apprenticeship and Traineeship System) were developed as a strategy to improve the effectiveness of skill formation in Australia and to improve employment prospects for young people².

The New Apprenticeship policy framework involved an explicit link between the more rigorous requirements of the National Training Framework and employment-based training — for example, the use of training packages delivered by registered providers.

In practice, the emphasis has been on a growth in numbers of trainees, with marketing based on employer incentives and the flexibility of fully on-the-job training, and insufficient attention to the skilling requirements of the program. As stated in the Schofield Report (p vii):

RTOs have been able to maximise their private return from the public incentive regime by targeting employees for the traineeship market on the grounds of upgrading skills and by selling only fully-on-the-job training. Employers, while seeking assistance to either employ new staff or train for specific skill needs, have been attracted to the traineeship by the incentives, not always with due regard for the training obligations which a traineeship entails.

As already noted, the withdrawal by the Commonwealth from labour-market programs exacerbated this situation, with many agencies and employers using traineeships as a substitute wage-subsidy program.

Many of the important features of the National Training Framework have not been systematically or rigorously applied to the growing traineeships market as was intended. In fact, there is evidence of practices such as fully on-the-job training without withdrawal from routine work to ensure

² Portfolio Budget Statements 1999 - 2000. Employment, Training and Youth Affairs Portfolio. Budget Related Paper no 1.5

that underpinning skills and knowledge are being acquired, being extended into higher level programs including apprenticeships.

As noted in the Schofield Report (p 51), the challenge for RTOs to provide successful workplace delivery is more demanding than is the case for more traditional, classroom-based delivery. It is difficult to see how the obligations of training providers can be met without trainees having the opportunity for some withdrawal time from everyday work, especially at Australian Qualification Framework level 3 and above.

Moreover, the obligations of the training provider under the ARF are unlikely to be met if the provider is in effect sub-contracting the delivery of training to the employer. As the Schofield Report showed, a common method of training delivery involves the employer delivering instructional material on behalf of the training provider (p 51).

As previously indicated, the Queensland Government acted in response to growing concern about the impact of these trends on the quality of apprenticeships and traineeships in Queensland through the independent review commissioned by the Vocational Education, Training and Employment Commission.

The Schofield Report made 35 recommendations to improve the quality of Queensland's traineeship system, and strategies to address these recommendations are currently being implemented. When implemented, the strategies will refocus the purpose of traineeships and ensure that Queenslanders are provided a quality training service and outcome. Among the strategies are the following initiatives:

- ❁ The Department of Employment, Training and Industrial Relations is developing a policy direction for traineeships in Queensland, affirming that the focus of traineeships is on providing quality training for new labour-market entrants and people entering new employment, particularly although not exclusively for those aged between 15 to 24 years.
- ❁ To capture the extent to which the objectives of the traineeship system are being realised over time, a balanced suite of strategic and operational performance indicators of inputs, processes, outputs, outcomes and impacts is being developed. These performance indicators will measure the quality of the traineeship system in different industries, in different localities and for different groups of trainees, and will be reported against in an annual performance statement.

❁ To assist NACs and training providers in meeting their obligations, the department will streamline, simplify and refocus administrative processes and systems to ensure quality outcomes. Strategies include:

- registering the training agreement only after the NAC and training provider fulfil their obligations (that is, NAC and training provider to adequately inform the trainee and employer about the traineeship, and provider to complete a comprehensive training plan) with agreements only to be registered after the relevant probationary period;
- providing NACs and training providers with appropriate training (supported by information kits) so they can deliver the required information and service to clients;
- providing NACs and training providers with electronic access to relevant training agreement information on their clients;
- minimising the need for NACs and training providers to duplicate the information they provide to government; and
- streamlining the system to overcome processing and payment delays.

These new arrangements will be piloted in the Brisbane North and Central Queensland regions early in the year 2000 and, pending evaluation, extended to other regions by mid year.

❁ The department is undertaking a review of the *Vocational Education, Training and Employment Act 1991*. Issues identified for legislative reform include the statutory structures, the introduction of a Training Ombudsman and simplifying the regulation of the training agreement.

❁ Training plans at Australian Qualifications Framework level 3 and above will require evidence of the circumstances under which trainees and apprentices involved in training delivered on-the-job will be withdrawn from routine work processes to ensure that skill standards, including underpinning skills and knowledge, are achieved.

Earlier this year, Queensland flagged its concerns about the quality of the traineeship system in a letter to ANTA and the Commonwealth Department of Education, Training and Youth Affairs, which was the subject of discussion by the ANTA Chief Executive Officers' Group. At the time, other jurisdictions, while sharing some of the concerns outlined in the letter, tended to see the extent of the problems as being largely confined to Queensland. However, subsequent actions taken nationally, and the decision to conduct reviews in three other states, indicate that the issues raised by Queensland applied more broadly.



The Queensland Government has already acted to boost intakes in traditional apprenticeship areas, particularly those in areas of skills shortage such as building and construction. As a result of these initiatives, intakes in apprenticeships are now at record levels.

Two years ago, the department piloted the school-based apprenticeship and traineeship system in partnership with Education Queensland. Queensland now leads Australia with more than 2,400 young people undertaking registered school-based apprenticeships and traineeships and this number is expected to increase to 5,000 by 2005.

Furthermore, the Government has moved to fill the void created by the withdrawal of the Commonwealth from labour-market programs through the Queensland Government's *Breaking the Unemployment Cycle* initiative.

3. Inconsistencies in approaches to eligibility criteria and incentives

Financial incentives have been used for many years to influence the employment and training behaviour of employers. To underpin an agreed funding policy, in May 1997 Ministers agreed that a New Apprentice would be defined as a person who:

- is signatory to a training agreement;
- is involved in paid work and structured training; and
- is undertaking a negotiated training program.

At that time, it was agreed that funding by the Commonwealth, and by the states and territories would be linked to the above definition of a New Apprentice, rather than being linked to specific training programs. The implication of this decision was that payments could also be made for qualifications taken as apprenticeships or traineeships at higher levels, although this extension has not been enacted by the Commonwealth and has been undertaken on an ad-hoc basis in the states.

It was agreed that access to public funds for New Apprenticeships would be available to those individuals "not currently or previously having continual full-time employment in the enterprise in which the training will take place, or being an out-of-trade apprentice/trainee"³. At the same time, it was agreed that states and territories, at their discretion, could fund off-the-job training for existing workers. It was also noted that the Commonwealth would not provide employer incentives in those instances.

³ Minutes of the meeting of the ANTA Ministerial Council, May 1997.

However, in September 1998 the Commonwealth — without consultation with the states — widened the eligibility criteria for incentives for traineeships to include access for adults to upgrade their skills. This has shifted the focus away from young people, by encouraging the creation of opportunities for older workers.

This is reflected in Queensland by the significant rise in the proportion of older people in traineeships, many of whom were already in employment. Some training providers were able to maximise their private return from the public incentive regime by targeting existing employees for the traineeship market on the grounds of upgrading skills and by selling only fully on-the-job training. This has led to significant increases in the number of such traineeships so that young people under 24 years of age made up only 51 per cent of all trainees in Queensland in 1998 – 1999.

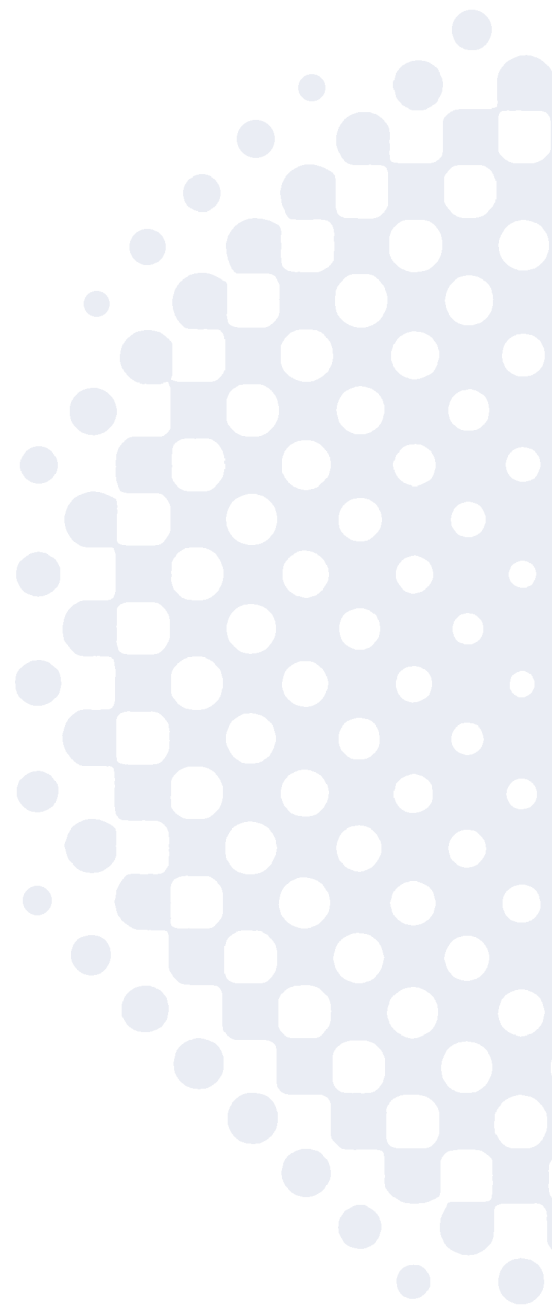
While the objective of raising skill levels of existing workers is supported by Queensland, the use of the traineeship pathway was inappropriate and was never part of the agreed policy framework. On the contrary, the priority was to be given to new entrants to the labour market or to new employees in firms.


It is recognised that Queensland's policies have also contributed to a rise in the number of existing workers in traineeships. Queensland initially funded all traineeships and apprenticeships until it was recognised that employers were using the traineeship system to displace or supplement heavily their own training effort. The policy had the effect of massively expanding the numbers of existing workers accessing the system.

In 1997, the State Government introduced a policy to limit access by existing workers. In practice however, the eligibility criteria were impossible to police in a consistent manner. Rather than limiting growth, the number of existing workers registered as trainees expanded. Consequently, the eligibility criteria were further tightened in 1999.

From May 1999, the Commonwealth also adjusted access to incentives for existing workers by restricting the eligibility criteria. Queensland welcomed this decision, having argued for some months for a change in policy based on the misuse of the incentives in Queensland.

It is regrettable that notwithstanding the considerable work that went into achieving a national policy on funding to ensure the maximum degree of consistency in this area, in practice the level of inconsistency between the Commonwealth and the states, and between the states themselves, is greater than it was before the policy was established.





For example, the Commonwealth allows incentives for progression from Australian Qualification Framework level 2 to level 3, whereas while Queensland allows this for apprenticeships, it only provides funding for training at the initial level for trainees. Additionally, the Commonwealth still pays incentives to existing workers if a New Apprenticeship is of two years duration or longer and for existing workers in remote localities. These inconsistencies are a source of considerable confusion amongst employers and training providers.

Queensland believes that a full and urgent review of the relationship between Commonwealth and state employer incentive payments for apprenticeships and traineeships is required with the objective of achieving the maximum degree of consistency in terms of eligibility and progression.

4. The rapid expansion of the training market

Queensland has been at the forefront of the development of the training market, being amongst the first states to register private providers. Funding for traineeships has always been allocated on a contestable basis. The amount of funding available for competitive allocation also grew more quickly than any other state, through the competitive allocation of funds for a range of programs, including User Choice.

In 1998 Queensland, while consistent with nationally agreed policies, chose to implement User Choice in all traineeships and all apprenticeships. In practice this approach differed from that of most other states where User Choice was introduced gradually; specifically targeted to new entrants only or to specific industries, occupations or regions; or with constraints in terms of the impact on existing TAFE provision.

This move, together with the increases in competitive funding, resulted in a rapid expansion in the number of private training providers with Queensland having by far the largest number of private providers per capita in Australia.

As outlined in the national evaluation of User Choice, there have been important benefits flowing from the introduction of the program, including greater flexibility and responsiveness by training providers to meet both employer and trainee or apprentice needs.

However, the expansion in the number of providers holding User Choice contracts, in conjunction with the other factors outlined, has led to an unacceptably high level of “service failure” as outlined in the Schofield Report (p 43) — which comprehensively analysed User Choice contractual audits — a survey undertaken as part of the report and earlier reports, and evaluations undertaken by the department.

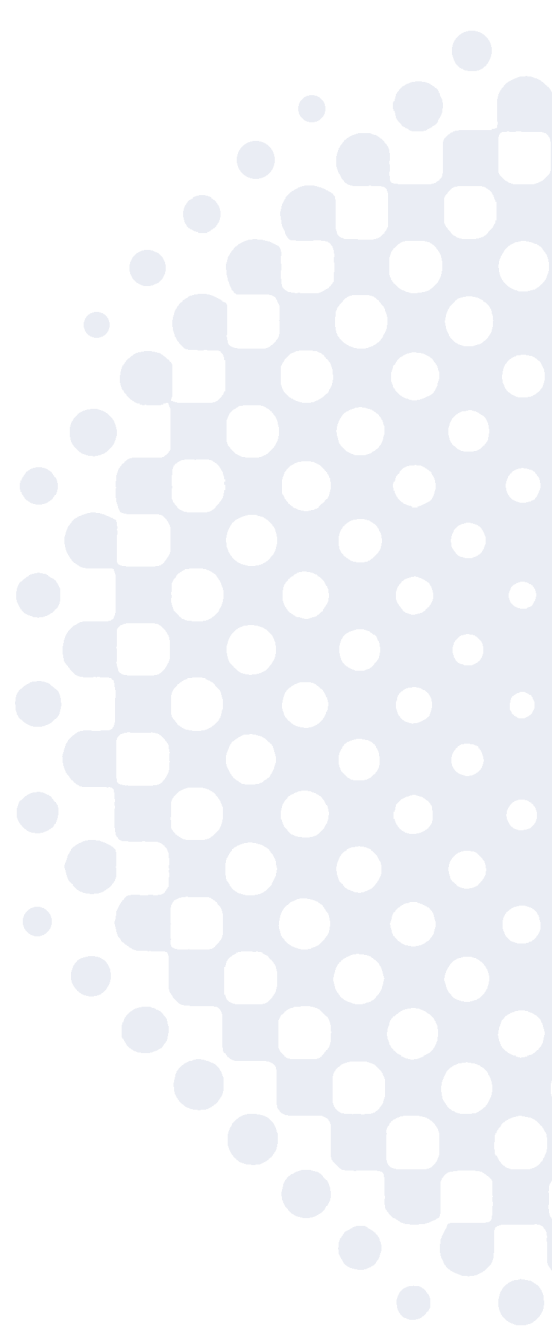
In many cases employers, trainees and apprentices have been presented with only one option in terms of training provider and training plans, rather than a range of training providers and the ability to negotiate training plans in terms of content and flexibility, which was the intent of User Choice.

Training providers on the other hand have also not been satisfied with the arrangements. Providers are not a party to the training agreement with a resultant mismatch between the agreement and the training plan. In fact in some cases, the training provider was nominated as the selected provider without its knowledge or agreement.

The Schofield Report made two important observations about the operation of User Choice in Queensland (pp 54 to 56):

1. Under User Choice, the employer is treated as a proxy purchaser of government-funded training services, theoretically making an informed decision that directs public funds in the most efficient and effective manner. In practice, the payment system is initiated by the financial beneficiary of the system (the training provider) without any validation by the proxy purchaser (the employer) and paid by the actual purchaser (the department). In summary, User Choice, as it was operating in Queensland harboured the worst features of both a voucher system and direct government procurement, with none of their benefits.
2. The second fundamental flaw in the operation of User Choice relates to assumptions made about the viability of traineeship markets in Queensland. User Choice was introduced in Queensland on the assumption that it required a minimalist and purely reactive role for government in the purchasing process. It has been shaped by the belief that greater quantity led to greater competition and to greater efficiencies. This logic failed to recognise the legitimate role that government plays in all markets: to set the rules of the market place, to ensure that the buyers and sellers have the information needed to operate in the market, to recognise and act in instances of market failure, and to protect public investment in the market. In other words, the planning function that should have underpinned the introduction of User Choice was sacrificed in order to deliver an ambitious, high-risk implementation plan, overly reliant on market drivers.

These deficiencies are not an argument to move away from the concept of User Choice but rather to ensure that the system operates more effectively.



To achieve this, the Queensland Government is making a number of changes to the operation of User Choice:

- ❁ all User Choice contract holders will be fully ARF compliant;
- ❁ employers, and apprentices and trainees will be fully informed of their entitlements under User Choice including choice of provider. Clear conflict of interest clauses are included in the deed of agreement with NACs and in future User Choice contracts;
- ❁ the User Choice price list is being reviewed to ensure that training providers are being effectively compensated for the services they provide;
- ❁ training providers will become a party to the training agreement; and
- ❁ new tender processes for User Choice contract holders will be established to ensure the viability of the User Choice market; in the interim, existing contracts have been “rolled over”.

In addition, the Queensland Government has also implemented a 10-point plan to restore confidence in the TAFE sector, within the TAFE and broader communities. User Choice and competitive initiatives will be maintained at January 1998 levels for a three-year period, to allow TAFE time to adjust to the effect of competitive influences.

Finally, while User Choice has been underpinned by an agreed national policy and principles, practices in states vary widely. Firms operating across state borders are likely to become increasingly frustrated with these inconsistencies.

While agreement on consistent approaches to funding and purchasing between the states is not likely, variations should at a minimum be identified and mapped, and advice and support provided to national firms seeking to operate across state borders.

5. Inconsistencies in the application of quality assurance arrangements

The Schofield Report (p 67) highlights the need for quality assurance and auditing to be more focussed on outcomes. The ARF and, as a consequence, the employment-based training system, depends heavily on a front-end regulatory process with an over-reliance on auditing of the quality of management processes and inadequate attention to evaluating the quality of training outcomes.

Many training providers delivering traineeships in Queensland today have been deemed to be compliant with the ARF and have not yet undergone the front-end registration audit process. Queensland has acted in accordance with the ARF protocols in deeming providers as compliant but has paid a high price in terms of the quality of training.


Despite the fairly challenging quality assurance processes at the front end of the training system, very little occurs in terms of assessment verification to ascertain whether or not appropriate standards have been reached to ensure that claimed skill outcomes have been achieved.

A key issue that has emerged is the lack of effective exchange of information between the states and territories about the outcomes of registration and audit of specific providers. This is of particular concern where organisations operate in several states. There is a need to explore the potential for legislation or another enabling mechanism to facilitate the exchange of information on RTOs in such instances.

To discharge its ultimate responsibility to safeguard the interests of users of the traineeship system and of taxpayers, the Queensland Government is developing and implementing a stronger, integrated performance-management framework. This framework includes improved auditing processes that:

- ❖ integrate the ARF and contractual compliance audits;
- ❖ improve audit processes through the delivery of a comprehensive training program to all individuals involved in audits;
- ❖ build additional impartiality into the system by having different auditors conduct initial and compliance audits;
- ❖ consolidate and improve industry involvement in the auditing process, particularly in rural and regional Queensland;
- ❖ simplify and accelerate recognition and auditing processes to strengthen performance evaluation and streamline Vocational Education, Training and Employment Commission procedures through the Registration Management Committee, a standing committee of the Commission delegated the relevant functions of the Accreditation and State Training Councils; and
- ❖ provide additional resources to state ITABs to enhance their capacity to contribute to the audit process.

However, greater national action is necessary in this area. If only one state/territory raises the bar for providers, mutual recognition would be undermined. Further, instead of seeking registration in jurisdictions with



higher expectations, providers would merely go to other jurisdictions for registration. For example, one provider that was de-registered in Queensland simply re-registered in another state and then sought to operate again in Queensland.

Under the ARF, insufficient recognition is given to the problems that arise for RTOs managing a complex web of accountabilities, and to the potential for unscrupulous providers to exploit that complexity to their advantage.

The consequences of this are most visible when considering the activities of training providers that operate in more than one jurisdiction under the ARF. It is assumed an organisation that is recognised by one jurisdiction as capable of delivering a product to the required standard is equally capable of doing so across Australia. However, the experience in Queensland has been that a training provider that is delivering competently in one jurisdiction will not necessarily do so in another, nor that a provider that has a successful fee-for-service business will be equally successful in meeting government expectations under User Choice arrangements. Indeed some of the worst examples of abuse of the traineeship system occurred where interstate providers were simply given User Choice contracts without any checking of their capacity to deliver.

Based on this experience, Queensland will require all contract holders to have been audited under the ARF in the state, but is concerned that this practice, if applied in all states, does not become a substitute for a separate registration process in each state.

Where a training provider chooses to take legal action against a state or territory purchasing authority, or vice versa over its contractual obligations, ARF compliance processes most likely have to be halted in that state or territory and possibly everywhere else.

It is possible for a training provider to argue that evidence gathered in an ARF audit in one jurisdiction could prejudice its case in the courts in another jurisdiction, thereby halting legitimate ARF compliance activities. Without tight monitoring systems across Australia, training providers that have their registration cancelled in one jurisdiction may be able to register in another.

There is a need for a revision of the ARF to look at capability to deliver as part of the scope of registration, without compromising the principle of mutual recognition.

Queensland believes that some amendments and additions are now required to strengthen the ARF in terms of operational procedures and protocols, and in terms of audit arrangements for interstate providers based on the practical experience with the first two years of the operations of the framework.

After considerable discussion during 1999, a model for a national risk management strategy is now under development. Queensland welcomes this development, but believes that there has been an unacceptable delay due to the lack of agreement between the states on this issue.

The adoption of a risk-assessment strategy, which identifies immediate risks in the current arrangements and may inform a longer term strategic evaluation program, will be a valuable initiative in attending to critical concerns with the implementation of the National Training Framework. The national system faces risks associated with public confidence, the appropriate use of public funds and training outcomes. A comprehensive, co-ordinated national approach is required as many of the risks result from the interaction of several factors within the National Training Framework and cannot be addressed independently of each other.

A valuable approach to addressing many of the risks would include:

- ❖ risk management in the form of ongoing control and monitoring processes to assure and check the 'health' of organisations, processes or systems against pre-determined benchmarks and expected outcomes; and
- ❖ periodic strategic evaluations of policies or practices to determine whether the overall outcomes to which they are directed are at risk and whether modifications may be required.

While in the main the responsibility for ongoing risk management rests with states and territories (with some specific responsibilities assigned to ANTA and DETYA), there is a need to recognise that attending to this responsibility can be strengthened through co-operation. It would be worthwhile to:

- ❖ share best practice;
- ❖ share information about outcomes, particularly in relation to mutual recognition;
- ❖ collaborate on identifying criteria to assist in refining and targeting control, monitoring and audit measures; and
- ❖ collaborate on scheduling and sharing outcomes from targeted audits of possible high-risk activities or training organisations.

In addition, the national policy framework requires strategic evaluation that has a clear national focus. A key focus for strategic evaluations, for example in the consistency of assessment practices and outcomes should be to ensure the integrity of, and public confidence in, the national training system, and that training outcomes are of high quality and are consistently delivered on a national basis.



Queensland believes that the finalisation on the national risk-management strategy should be agreed as an urgent priority early in the year 2000.

6. Inconsistent approaches to marketing and poor quality information and advice

In an increasingly competitive system, clients (students, apprentices and trainees, and their employers) require accurate and reliable information to make informed choices. However, the communication of change and the provision of information about new products and services have not been well handled at a state level or nationally.

New Apprenticeships were marketed at the national level prior to their availability in terms of the roll out and implementation of training packages and the industrial relations arrangements to support them. New Apprenticeships have in many cases been marketed to employers by emphasising the availability of incentives and minimum disruption to the workplace rather than outlining the rights and obligations of the parties particularly in terms of the development and use of training plans. In some cases commercial arrangements between NACs and RTOs have dictated the choice of provider rather than an informed choice by the employer and the trainee or apprentice.

In addition, it seems that there has been a lack of awareness by some NACs and RTOs of the requirements of training packages and the National Training Framework.

The term New Apprenticeship has created a great deal of confusion in industry. As with most states and territories, Queensland continues to use the terms apprenticeship and traineeship, which are well understood in their respective industries.

Queensland has undertaken a highly successful marketing campaign targeted at increasing intakes in traditional areas of apprenticeship. However, that campaign is presently running in parallel with the Commonwealth's New Apprenticeship campaign, perpetuating the existing confusion in terminology.

Queensland supports the development of an integrated campaign between the Commonwealth and the states to market apprenticeships and traineeships and a greater priority to the provision of accurate and reliable information to facilitate informed choices by students and employers.

7. Improving the capacity of training providers to operate in the national system

As outlined earlier in this submission, those most directly responsible for the delivery of training and other services have not been well served by the implementation arrangements of many training reforms. The cultural resistance to the introduction of competency-based training has resurfaced as providers have been required to re-think approaches to training delivery and assessment too often without the understanding or resources to make the required adjustment.

There has been a considerable investment in staff development over the years, however much of it has been poorly targeted in terms of emerging needs and priorities. Direct national expenditure on staff development has in fact declined in recent years, in part because of dissatisfaction with outcomes.

One highly successful program has been 'Framing the Future', which identified specific projects associated with the implementation of packages in individual providers and then disseminated the outcomes of those projects in terms of the skills and experience of the staff involved.

While a significant number of projects were funded through this initiative, most staff in TAFE and other training providers have not received the information and training required to effectively adapt to the new environment.

It is unlikely that, given the size and diversity of the range of providers in the training market, centrally developed and managed staff, and product development strategies will work. Rather, pricing and funding models will need to build in a margin for training providers to reinvest in these areas and in infrastructure, particularly to support flexible delivery.

In the short term, increases in prices paid may appear to conflict with the ongoing need to improve efficiency, however these allocations should be regarded as an investment in the future health and quality of the system with longer term efficiency benefits.

The Queensland Government committed \$12 million in revitalisation funding for TAFE in these areas that are being considered in the redevelopment of the User Choice price list and in future arrangements for TAFE profile funding and funds allocated through competitive purchasing.

A major new investment in staff development nationally, in the states and by RTOs themselves, is required together with an increased capacity for training providers to develop their own learning strategies and resources through pricing and funding models which allow providers to invest in these areas.

Conclusion

Queensland has done much to arrest the decline in the quality of traineeships, build effective relationships with key delivery agencies, clarify policies, re-establish confidence in — and the financial viability of — TAFE, and establish a more effective training market. However, Queensland is a partner in a national system and there are constraints on how much can be achieved within state borders.

This submission outlines a number of areas where enhancements to national arrangements are required. However, these measures in themselves will not be sufficient to deal with the inevitable difficulties and problems in the implementation process such as those outlined here.

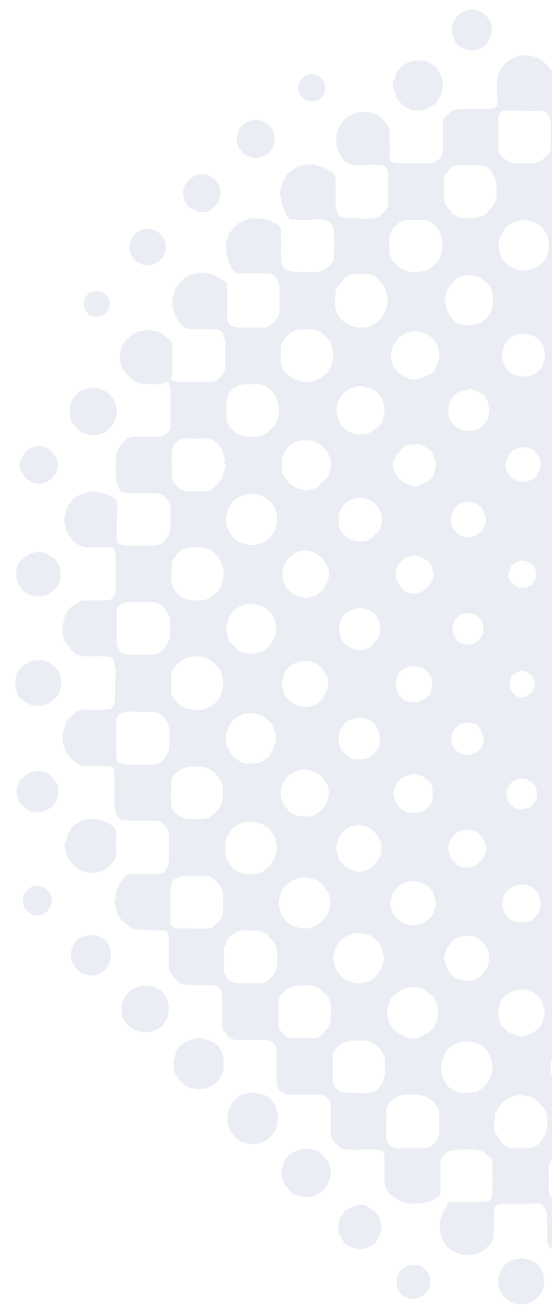
National training reform of this magnitude requires implementation strategies that include:

- ❁ roles and responsibilities for the various agencies involved;
- ❁ the articulation of objectives with timelines attached to them;
- ❁ agreed operational protocols, administrative arrangements and nomenclature;
- ❁ to the greatest extent possible, consistency between the Commonwealth and the states, and across state and territory borders in relation to criteria for incentives and payments to providers for apprenticeships and traineeships; and
- ❁ greater involvement by those directly involved in delivery in policy and product development, and an enhanced capacity to respond to and take advantage of new opportunities.

Traditional approaches to inter-government relations are not sufficient for these purposes. National training reform ought to be conceived as a national business that operates across borders. It should focus on ensuring that those most directly responsible for service delivery have a clear policy framework supported by agreed operational procedures and guidelines, the required resources and the access to information management systems so they can use new systems and products to effectively meet their clients' needs.

Glossary of terms

ANTA	Australian National Training Authority
ARF	Australian Recognition Framework
DETYA	Department of Employment, Training and Youth Affairs
ITAB	Industry Training Advisory Body
NAC	New Apprenticeship Centre
RTO	Registered Training Organisation



Notes



