Making a difference?
Exploring the impact of privately owned Registered Training Organisations in the Victorian VET system

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Declaration

This is to certify that:

(a)   except where due acknowledgement has been made, the work is mine alone;

(b)   the work has not been submitted previously, in whole or in part, to qualify for any other academic award;

(c)   the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program;

(d)   any editorial work, paid or unpaid, carried out by a third party is acknowledged;

(e)   ethics procedures and guidelines have been followed.

Joan McPhee

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Summary

This research investigates how the nature and scope of vocational education and training (VET) in Victoria has changed as a result of legislation passed in 1990 to enable privately owned Registered Training Organisations (RTOs) to provide government accredited training.

For my methodology I adopted an interpretive paradigm and used multiple data gathering techniques. These included the examination of primary historical and economic documents which demonstrated why the VET system changed in Australia and quantifiable statistics which illustrated how the system changed over the period covered; from 1990/1 to 2002/3.

In addition, semi-structured interviews were undertaken with a purposeful sample of 21 RTOs. The findings from these interviews were reported and interpreted to assist in exploring the impact of the entry of privately owned RTOs into the Victorian training market. My wide experience as a knowledgeable participant in the VET sector provided a third voice to those of the VET system and the interviews and acted as an underpinning device.

To help show how the meanings used by the policy makers to reform the VET sector at times differed from that of the practitioners operating on the ground, I used a form of 'framing' analysis deriving from discourse theory.

The terms used by the policy makers to frame the changes desired included 'responsiveness', 'flexibility', 'quality' and 'innovation'. Additionally policy makers expected the training system to become more diverse, more nationally consistent, more competitive and offer users more choice.

It became apparent that the increased diversity which I found, had unintended consequences – increasing the perceived complexity of the VET sector to those within it and affecting the extent to which national consistency has been achievable.

Another outcome which became evident from the interviews and from my own experience in the VET sector was that the Victorian RTOs on which this study focused, felt a degree of frustration, particularly with the Victorian regulatory authorities.

The evidence from my interviews illustrated how the privately owned RTOs in my sample provided relevant, customised and contextualised training, differentiated their services to ensure they met client needs, responded rapidly to changes in demand and exhibited considerable adaptability in their arrangements for training delivery. This adaptability extended, amongst other things, to the location, timing and mode of delivery.

I found that the quality issue proved somewhat problematic. The focus by the regulatory authorities on the Australian Quality Training Framework (AQTF) Standards as a means of ensuring quality of administrative processes did not guarantee that other aspects of quality such as standards of delivery, service and assessment of training would be attained.

In my concluding chapter, I have examined the consequences of my findings for some of the stakeholders in the system, namely the policy makers, the public providers, the private providers and researchers. My study demonstrates that, to a large extent, the aims of the reform agenda proposed by the policy makers when the VET training market was opened up have been achieved. However, I have proposed ways of reducing the degree of frustration and tension that was apparent in the system between the regulatory authority and the RTOs.

In relation to public providers, I have suggested ways in which these providers could improve flexibility and responsiveness. Working more cooperatively with private providers would enable the TAFE Institutes to build their capability and to learn about the leading edge practices which some private providers apply in their day to day operations.

My study has found that successful private providers have built strong customer relationships with their clients, partly due to their professional knowledge and expertise. It also suggests that those privately owned RTOs which operate in niche markets, deliver relevant training for those enterprises which operate nationally and which have adopted an adaptable approach to training to ensure client needs are met, have survived and grown, often on the basis of repeat business or word-of-mouth.

I believe that our knowledge and understanding of VET training markets nationally would be enhanced if my study was replicated in other states and territories. By learning more about the opinions and the day to day operations of privately owned RTOs operating in the system nationally, the policy makers would be better informed about the issues of concern and it could assist in future decisions about priorities and policy which will ensure the training market continuously improves and develops.

I have concluded that the entry of privately owned RTOs into the Victorian VET market has changed its nature and scope. The VET system is different to the one in place 17 years ago when the only accredited providers were TAFE Colleges. It is now more diverse, more responsive, more flexible, more nationally consistent and more aware of the need to meet client needs than it was at the end of 1980s. It is also more complex, and I have proposed possible action to alter the perception of the increased complexity that I found existed.

Acronyms

ACOTAFE	The Australian Committee on Technical and Further Education
ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council of Private Education and Training
ACTU	Australian Council of Trade Unions
AEC	Australian Education Council
AIG	Australian Industry Group (This organisation resulted from the merger of the Metal Trades Industry Association and Australian Chamber of Manufacturers)
AIM	Australian Institute of Management
ALP	Australian Labor Party
ANTA	Australian National Training Authority (abolished on 1 July 2005)
AQF	Australian Qualifications Framework
AQTF	Australian Quality Training Framework - these are the nationally agreed quality arrangements for the VET system agreed to by the ANTA Ministerial Council.
ARF	Australian Recognition Framework
ATRA	Australian Training Reform Agenda
ATTP	Apprenticeship/Traineeship Training Program
CBT	Competency Based Training
CBP	Community Based Providers
CEET	Centre for Economics of Education and Training
COAG	Council of Australian Governments
CRAFT	Commonwealth Rebate for Apprentice Full-time Training Scheme
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
DEET	Department of Employment Education and Training Victoria
DETYA	Department of Employment Training and Youth Affairs – Commonwealth
DEST	Department of Education, Science and Training - Commonwealth
EDNA	Education Network Australia
EFSC	Employment and Skills Formation Council
ESOS	Education Services for Overseas Students
FLAG	Flexible Learning Advisory Group
GTC	Group Training Company
GST	Goods and Services Tax
ITAB	Industry Training Advisory Board (Victoria)
LLEN	Local Learning and Employment Networks
MCEETYA	Ministerial Council on Education, Employment Training and Youth Affairs
MINCO	Ministerial Council which was the Ministerial Council which received advice from ANTA prior to its abolition

MOVEET	Ministers of Vocational Education, Employment and Training (This body merged into MCEETYA, a new Ministerial Council formed in 1993)
MTIA	Metal Trades Industry Association
NAC	New Apprenticeship Centre
NBEET	National Board of Employment Education and Training
NCVER	National Centre for Vocational Education Research
NFROT	National Framework for the Recognition of Training
NTB	National Training Board
NTIS	National Training Information Service
NTRA	National Training Reform Agenda
OETTE	Office of Education, Training and Tertiary Education (in Victoria)
OTFE	Office of Training and Further Education (in Victoria)
OTTE	Office of Training and Tertiary Education (in Victoria)
PD	Professional Development
PETE	Office of Post Compulsory Education, Training and Employment (in Victoria)
PETP	Priority Education and Training Programs
QA	Quality Assurance
RTO	Registered Training Organisation
SCH	Student Contact Hours
SPSS	Statistical Package for the Social Sciences
STA	Victorian State Training Authority
STB	State Training Board (in Victoria)
TAFE	Technical and Further Education
TAS	Tuition Assurance Scheme
TDC	Trade Development Council
TP	Training Package
TRC	Training Recognition Consultant
VECCI	Victorian Employers' Chamber of Commerce and Industry
VEETAC	Vocational Education Employment and Training Advisory Committee
VEF	Victorian Education Foundation
VET	Vocational Education and Training
VETAB	Vocational Education and Training Accreditation Board (in Victoria)
VETASSESS	An RTO which undertakes assessment-only services
VLESC	Victorian Learning and Employment Skills Commission (The organisation which replaced the State Training Board)
VISTA	An association of VET professionals

Chapter 1 – Setting the Scene

Introduction

This research investigates in detail how the training market has been opened up in the Vocational Education and Training (VET) sector in Victoria through the actions of state and federal governments. My study reports how the Victorian VET system has changed since privately owned Registered Training Organisations[1] (RTOs) have come onto the scene.

The specific question I seek to answer is:

> How has the nature and scope of the VET system in Victoria changed as a result of legislation which enabled privately owned RTOs to provide government accredited training?

To answer my question I have undertaken a range of research activities. I have reviewed political and economic reports and primary sources pertaining to the commercialisation of vocational education and training, and conducted a critical analysis of the quantifiable data available on private providers in the developing VET market. I have also interviewed a sample of privately owned RTOs to ascertain the nature of their operations on the ground and to identify their contribution to the Victorian vocational education and training sector. Each of these RTOs had been registered prior to December 1994 by the Victorian State Training Authority and was selected from the population of RTOs registered at that time or earlier. My focus is on the 'privately owned' RTOs, a classification I developed for this research. It limits the RTOs studied to those which have registered as Industry, Enterprise or Commercial RTOs.[2] Importantly, as a practitioner-researcher I have also drawn upon my own significant experience in the field.

My 'voice' is heard both as a storyteller and as a knowledgeable participant in the VET system. As a former Senior Lecturer in Economics and Industrial Relations, as a supporter of the commercialisation of the VET sector, and as a collaborator in Technical and Further Education (TAFE) projects and programs, I can speak from experience. I have also been an employer working within the VET system, and an innovator in training methods with a focus on outcomes. Furthermore, my role as a Training Recognition Consultant (TRC) for a seven year period immeasurably increased my knowledge and expertise about the Victorian VET training market.

A notable feature of both the state and federal governments' moves to introduce a training market is the use of slogans or catchphrases to communicate the objectives of the commercialisation of VET. For example, the

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[1] A Registered Training Organisation is an organisation which has registered with a state training authority to deliver nationally recognised or accredited training to clients or students. To become registered, it has to meet the requirements of the Australian Quality Training Framework and in the process of doing this, it has to apply to have the courses it wishes to deliver and/or assess as a registered RTO listed on its scope of registration. All RTOs in Australia are listed on the National Training Information Service website – there are approximately 4000 of them nationally. A more detailed discussion on RTOs can be found in Chapter 3.

[2] Prior to the term RTO coming into use in 1997, non-TAFE providers of accredited training were referred to as private providers. In Victoria they were registered initially in one of four categories. The category omitted from privately owned RTOs as defined above is that of 'community providers.' See Chapter 3 and Appendix A for a precise definition of each category.

opening up of the training market in the Victorian VET sector to competition from non-TAFE providers was, amongst other things, intended to "reduce duplication of training effort and <u>increase responsiveness</u> to training demand" (State Training Board Victoria, 1991, p. 27).[3]

In investigating the differences in the Victorian VET sector following commercialisation, I propose multiple reasons for the variations I identified. I have found that historical, political and economic contexts are all important in explaining why private providers came onto the national scene. For example, the economic environment faced by the governments in the early 1990s, namely, high levels of unemployment, and a need to improve the skills of the Australian workforce in the face of an increasingly competitive global market place, played a key part in driving changes in training provision. Furthermore, government and institutional reports such as those emanating from organisations such as the Employment and Skills Formation Council (ESFC) (chaired at one stage by Laurie Carmichael a well known union leader) advocated reform of VET. Decisions made by the Australian Industrial Relations Commission on the Structural Efficiency Principle, initially in 1988 (Callus, Morehead, Cully, & Buchanan, 1991), further contributed to the belief that radical reform of the VET system was necessary.

My research will add to existing knowledge and understanding of the Victorian VET system. The following section explains the background to the implementation of the legislation which allowed private providers or (as they are now known), Registered Training Organisations (RTOs), to deliver 'accredited'[4] training.

Background

As the 1990 report of the State Training Board in Victoria stated: the *Victorian Vocational & Education Act 1990* will provide a mechanism "for the accreditation of vocational education and training courses provided by TAFE institutions and other persons and bodies" (1990, p. 11). In 1991, when this Act was fully implemented, Victorian TAFE Institutes lost their monopoly over accredited training delivery. Within four years of the enactment of the *Victorian Vocational & Education Act 1990* there were 354 Victorian Registered Training Organisations (RTOs) (Office of Training & Further Education, 1994). By May 2002, a little over a decade after the Victorian legislation came into effect, nearly 1200 Victorian RTOs were listed on the on-line data base of the National Training Information Service (NTIS) (2002), a government agency responsible for providing information to the public about registered RTOs and other aspects of the VET system. Of these 1200 Victorian providers, nearly 80 per cent of them are categorised as either commercial, industry or enterprise providers – defined in this research as 'privately owned RTOs'.

The Victorian Liberal Coalition, in its electioneering for the 1992 election, announced its intention to take this commercialisation agenda a stage further, indicating that these non-TAFE providers would be able to access government funding for the delivery of accredited training through competitive tendering. The policy document stated that the Liberal National Coalition would provide

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[3] I have added the underlining in the quotations to highlight relevant slogans or other statements.
[4] An **accredited course** is a structured sequence of vocational education and training that leads to an Australian Qualifications Framework qualification or Statement of Attainment (Australian National Training Authority, 2005).

> … the opportunity for a range of existing and new institutions which provide acceptable training to achieve accreditation for their own courses and to be part of the credit transfer process; and [in addition] allow non-government providers to tender for the provision of government funded training courses … (Liberal National Coalition, 1992, p. 11).

Those opposing such a move felt it would result in the TAFE sector facing reduced funding, but such opposition did not receive support from either of the major political parties. Indeed, the process of commercialisation that began with the passing of the 1990 legislation under an Australian Labor Party (ALP) Government was continued under a Liberal/National Party government. As the Hon Haddon Storey, then a Liberal Opposition Member of Parliament, stated in parliament prior to the election:

> … we are moving into an era when training will be provided not only by colleges of TAFE but also by private colleges, which will operate in competition with TAFE colleges, and by private industry, through both in-house training and the training of people who are not necessarily employed by the particular companies concerned (Storey, 1992, p. 2).

Storey's statement confirms the support which both sides of government in Victoria had for commercialising VET training in the early 1990s. As became clear as the newly elected Liberal/National Party government's training policy unfolded, it saw industry playing "a central role in the planning and development of training" (Liberal National Coalition, 1992, p. 11).

The Victorian State Government was not the only proponent of commercialisation. Reforms in education and training at a national level also played a significant role in the changes in the Victorian VET sector.[5] Reform through commercialisation at the national level had been promoted as a strategy to meet the skill needs of a rapidly changing business and industrial environment affected by globalisation. The opening up of the VET sector had been a part of the Hawke ALP government's ideological support for economic rationalism.[6] However, the Hawke government's fostering of commercialisation in the VET sector appears to have been influenced largely by a need to reduce government expenditure as much as it was a strategy to meet the skill needs of a rapidly changing business and industrial environment affected by globalisation. The federal government believed that employers could contribute to the cost, or indeed pay for workforce training delivered in the VET sector. The perception was that, by having a range of providers (not just TAFE Colleges) offering training in the VET sector, the needs of enterprises for skill development could be met more readily and more effectively.

Purpose of study

This study seeks to throw light on, and illustrate how the entry of privately owned RTOs has changed the nature and scope of the Victorian VET system. I investigate the effect of the decisions made initially in Victoria, and ultimately at a national level, to allow a variety of training organisations to seek registration under the vocational education and training (VET) system.

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[5] The Victorian Government initiated what was to be far-reaching transformation of the sector and as is argued in this study, the development of the national system in the early 1990s took its lead from Victorian developments

[6] Economic rationalism is defined as "a form of political rationality in which (paradoxically) the market economy is substituted for democratic politics and public planning as the system of production and co-ordination and the origin of social ethics" (Marginson, 1993) p. 56).

My investigation of the opening up of a training market in the Victorian VET system spans a twelve year period from the date of the implementation of *Vocational Education & Training Act 1990* ("Vocational Education & Training Act," 1990) to the end of 2002. Some other studies covering the growth of marketisation in the VET sector in other states and nationally are reviewed, to check to what extent they are comparable with my study and whether they corroborate or contradict my findings. My study will provide a possible basis for comparing the Victorian scene with other Australian states and territories. The identification of the commonalities and differences between Victoria and other states would be achievable for a researcher wishing to build on my study.

I believe this research will help inform, and possibly influence, future policy development in Victoria, particularly in the marketisation of public services. As those who operate within this VET system well know, nothing is static – the abolition of the Australian National Training Authority (ANTA), the introduction in Victoria of new legislation affecting VET, and the shifting focus of politicians at both federal and state level on aspects of the VET system, illustrate some of the changes made during the period that this research has been undertaken. At the time of finalising this thesis, a new federal ALP government has been elected and we now have (almost unprecedented) ALP governments in place in all states and territories, as well as federally. In this unprecedented political scenario, it is not unreasonable to suggest the VET landscape will continue to change. However such changes will be for other researchers to document.

I now turn to a brief overview of my chapters to reveal how I tackle the task of assessing the extent to which the impact of privately owned RTOs has changed the nature and scope of the VET system in Victoria.

Thesis structure

My study comprises eight chapters; the content of these is outlined below. It should be noted that instead of a special chapter reviewing the literature, I have opted to examine and comment on the relevant literature within its context in the relevant chapters.

In this chapter, I briefly explain what I have set out to do; the purpose and desired outcome of my investigation; and how I propose to answer my research question.

I argue the case in Chapter 2 for my methodological approach which is an interpretive and pluralist inquiry. I introduce two key theoretical concepts drawn from socio-linguistics. One key concept is the idea of 'framing' which is used to clarify the process of policy agenda setting. Another key concept, related to framing, is that of 'discourse'. Throughout the thesis I refer in particular to two different but related discourses. There is the policy discourse put forward by a diverse group of stakeholders in the VET system; and there is the discourse of practice – which reflects what the RTOs and their staff find in operating under the system on the ground. The interaction and differences between these dissimilar VET discourses emerge throughout the study. In this methodology chapter I explain my research design. I also discuss how my tacit knowledge and experience of the VET sector (i.e. the researcher as instrument) adds a further dimension to the multiple methods I apply.

My methods form part of a multi-dimensional approach to assessing the importance of the changes I identify and use several sources of data which give voice to multiple perspectives. The VET research deemed particularly relevant to my study is outlined. The data collected are quantitative and qualitative.

The ideologies of the incumbent governments at both state and federal level are canvassed in Chapter 3, as these help explain why reform to the VET system took place. In Chapter 3, I also clarify and interpret the meaning of the key concepts and slogans used in my study. I name the specific catchphrases of government policy makers using framing analysis. I interpret the meanings of these slogans through the documents published by both Victorian and Commonwealth Governments. These meanings reflect the policy discourse of the VET system.

In Chapter 4, I investigate the extent to which the VET system, both in Victoria and nationally, changed over the period covered by my research. A diagram, presented in this chapter, sets out in a time line the reports and events which occurred and which have relevance for the VET sector. The system 'voice' is heard in Chapter 4 and is represented mainly by the slogans and rhetoric used by policy makers to communicate what might be achieved through the reforms to the VET system. This chapter provides the general background for my investigation.

An examination and analysis of the data available from a number of sources on the Victorian training system are dealt with in Chapter 5. The focus shifts from the broad macro view onto the changes in Victoria in particular. The statistics present a detailed picture of privately owned RTOs, their growth over the period studied and possible reasons for the fluctuations in that growth. This chapter also compares my data with similar statistics available from the National Centre for Vocational Education Research (NCVER) and a survey undertaken and reported by Harris, Simons and McCarthy (2006b).

In Chapter 6, I report my interview findings with key representatives from a purposeful sample of privately owned RTOs and identify a number of key themes which emerge from my findings. The chief executives and managers interviewed represent the voices of the providers. At this point, the focus moves into more detailed micro-analysis at the provider level, and into the discourse of practice, which is seen to be more grounded and a step or two removed from the macro-discourse of public policy.

In Chapter 7, an interpretation of the data is carried out, drawing on quotations from the transcripts to express the voice of the RTOs interviewed. In this chapter, I also draw on my substantial experiential knowledge of the VET system, gained as a senior training executive, consultant and member of various VET boards and committees.

In Chapter 8, I assess the impact of the changes I have identified. In particular, I consider the way the slogans used by the policy makers are interpreted by the privately owned RTOs I interviewed - and how these interpretations have re-shaped the VET system. I examine the extent to which the rhetoric about 'responsiveness', 'flexibility', 'diversity', 'national consistency' and other slogans has, to a substantial extent, been successful in achieving the outcomes desired by policy makers.

In this final chapter, I indicate in some detail the influences which privately owned RTOs have had on the VET system. I explore the degree to which the system has become more responsive, more flexible and has moved towards delivering training which is more relevant than prior to the entry of private providers. I also consider the consequences of the reform of the VET system in relation to quality, diversity, competitiveness, choice and consistency.

In concluding this final chapter, I review the consequences of my investigation for a number of stakeholders in the Victorian VET sector, including the policy makers, private and public providers and researchers. My final chapter leaves us in no doubt that the entry of privately owned RTOs has made a difference. They have changed the nature and scope of the VET system in Victoria.

Chapter 2 – Methodology and Research Design

Preamble

In this chapter, I explain how my research methodology has evolved and the way it shapes the collection and analysis of the data gathered. The epistemological position is interpretive and my methodology is qualitative (Travers, 2001). The study sits within the tradition of post-positivist interpretive inquiry (Caulley, 1994) and uses data gathering techniques which weave together four threads of evidence and which are described as pluralistic. These threads include: historical and economic data based on a review of the literature, statistical information about Victorian RTOs gathered from state government data, qualitative data from interviews conducted with Chief Executive Officers (CEOs), or their nominated representatives, of a purposeful sample of RTOs and my own personal perspective as an experienced practitioner in the field. I also identify a number of research studies which covered areas which were relevant to my study and which may confirm or contradict my findings.

In this chapter, I outline my data gathering methods, the perspectives addressed through this data and how I apply the techniques of triangulation to address any personal bias. I also explain how the multiple perspectives and the sources of data, which are the basis of this research, have been woven together into a narrative structure.

By way of introduction to my methodology and research design, I open this chapter with a description of two theoretical concepts which I have used in analysing my data, particularly my historical information. The first is 'framing analysis' which I have adopted to critique policy makers' use of language, slogans and rhetoric on the reform agenda in the VET sector. The second is discourse theory which enables a distinction to be made between the meanings and interpretations of VET policy makers and those of VET practitioners. If this distinction is made, it helps in the understanding of the outcomes of my findings. (Virgona, Waterhouse, Sefton, & Sanguinetti, 2003)

Framing analysis

Rein, cited in Pick (2006), described a frame as a way of integrating the features associated with a particular world view, or orientation to the world. In his words

> A frame is a way to understand the things we say and see and act on in the world. It consists of a structure of thought, of evidence, of action and hence of interest and of values. In brief, a frame integrates theory, facts, interests and action... (Rein cited in Pick, 2006, p. 230)

A frame is one way of dealing with complex issues and having them understood by the man in the street (Reese, 2007). Framing is employed by governments and communicators, consciously and sometimes unconsciously, to present information that resonates with their audience. It is used as a tool to help reduce the complexity of the issue at hand (Reese, 2007).

The work of Lakoff and Johnson (1981) and the Rockridge Institute (2006) illustrate how framing is used by communications experts in developing media messages. One example which arises in relation to this study is

that of the use of the term 'opening up' in relation to the training market. Opening up has all sorts of positive connotations in a liberal democracy: greater freedom (of movement, expression, trade etc.); a reduction of government control; admitting of more diversity; and of movement in a positive direction. Without pausing to analyse 'opening up'; we can feel reassured that things are going in the right direction. Hence the opening up of the VET market is framed as an inherently positive development.

The concepts associated with the various forms of framing help throw light on how the policy rhetoric of the VET system (at both state and federal levels) has been driving reform. Governments of all persuasions, and other power brokers, attempt to ensure that the slogans used to communicate their reforms are seen as desirable. By applying framing analysis we can see the way this process works – it simplifies complicated concepts and, in that sense, those receiving the messages expressed through the slogans can more readily understand and hopefully support what is intended. However, as this study finds, it has become apparent that stakeholders in the VET system do not all necessarily assign the same meanings to the slogans being used.

Ryan (1999) discussed the importance of rhetoric in policy making. He viewed policy rhetoric as being "about the framing of the policy agenda" (1999, p. 107). Ryan argued that Dawkins, when the Minister for Employment and Industrial Relations, used carefully chosen rhetoric to set his agenda which was that "the States' vocational education systems – concentrated in the public TAFE institutions – had become unresponsive to the real needs of industry and required a major overhaul" (1999, p. 106).

Framing analysis is used by David Pick to examine shifts in higher education policy in Australia over the past two decades. Pick relies on the work of Martin Rein who maintains

> …that policy decisions can be scrutinized through the use of constructs for simplification that can vary with the theoretical prism being used to understand reality. This is because the social reality that public policy addresses consists of multiple descriptions; it is complex and multi-dimensional. (Rein, cited in Pick 2006, p. 230)

The simplification to which Pick (2006) refers is demonstrated in the policy rhetoric of VET by the use of expressions such as 'choice', 'responsiveness', 'client focus', 'demand driven system' and 'flexibility' (Department of Employment & Training, 1991-1992; State Training Board Victoria, 1990, 1993, 1999, 2000). These, and other terms such as marketisation and commercialisation, have acted as frames for the policy reforms being initiated. The various meanings attached to these slogans are taken up in the next chapter.

Discourse Theory

The work of Foucault (1972) cited in Virgona et al. (2003) explains that meaning is constructed through social processes of engagement and interaction with others.

> The discourse of a given social group shapes the ways words are used and what they mean. Within particular discourse communities, meanings come to be shared and commonly understood. Discourses also shape what is acceptable or permissible; hence they encapsulate values and ideology. (Virgona et al., 2003, p. 13)

In this study, two different but related discourses emerged in relation to the changing VET landscape. Prima facie, the policy makers and practitioners often appeared to be talking about the same things, such as 'flexibility' and 'responsiveness' in VET. However closer investigation reveals that their meanings are not necessarily as consistent as some might suppose. On the one hand there is the discourse of the policy makers, politicians and bureaucrats. The other discourse is that of those involved in VET practice, whether it is an RTO working within the regulatory framework, or their trainers delivering programs at the workplace or within the RTO to its client groups. Inevitably these two discourses, or discourse communities, interact and overlap as policy seeks to influence practice and vice-versa.

This study explores how the policy makers and others used 'frames' to identify what they hoped to achieve as a result of the reforms in VET. However, as Virgona et al. suggest these slogans or rhetoric have been formed by these groups as abstract and de-contextualised concepts "which makes sense only at a distance" (2003, p. 14). In some instances they may be impracticable or slightly different in the real world where the action occurs. The practitioners who work on the ground may assign a different meaning and interpretation to some of the slogans used to communicate the reform agenda. Once put into practice, the meaning of some of the catchphrases is no longer the same. Hence the context and the grounded understanding of the practitioners may differ from that of the policy makers. As a consequence inherent tensions arise from the differing discourses. In recognising and acknowledging these differences, this research identifies these tensions and unintended consequences which are discussed in later chapters.

In determining my methodological approach, I have read the literature and reflected on the research process. As Wellington puts it I have been involved in the "business of choosing, reflecting upon, evaluating and justifying the methods [to] use" (2000, p. 22).

Methodology

The epistemological approach I adopt for this research project is described as an 'interpretive inquiry'. This is explained by Caulley as follows:

> Interpretive inquiry is concerned with how the participants in an inquiry interpret and give meaning to their world. It is also said to be constructivist inquiry since it is concerned with how the participants see or construct their world. (1994, p. 4)

As outlined in Chapter 1, the study investigates a major shift in VET policy – the introduction of private training provision into a sector which previously provided accredited training only through public sector institutions. This investigation is carried out from the perspective of the policy makers by analysing the government's policies and associated documents. In addition, I examine the perspectives of a sample of privately owned RTO managers using the interview data I collected. My purpose for this study is to foster understanding from multiple perspectives, using a common sense approach to the interpretation of meaning (Neuman, 1997). In using an interpretive paradigm, I allow for "multiple realities" (Lincoln & Guba, 1985, p. 84).

Lincoln and Guba propose the existence of a number of levels of reality (1985). As will become apparent in this research, "constructed realities" by Lincoln and Guba (1985, p. 84), are reflected in my findings. My findings and analysis occur within a context which is subject to different interpretations. The multiple constructed realities I address may yield a different perspective if undertaken in another time, another place and with a different sample of RTOs being interviewed. I do not set out to prove a case but to explore a complex phenomenon from multiple perspectives, noting in doing so that my own stand point, whilst relevant and legitimate, is also culturally and political laden. In Neuman's words:

> … reality is very strongly shaped by our cultural beliefs, thoughts or mental images of it. We can never fully escape the powerful influence of our thoughts. We cannot test theories against hard, objective facts because all facts are shaped by formal or informal theories … (Neuman, 1997, p. 45)

The position I adopt is in contrast with the positivist paradigm in which the nature of reality is considered to be objective and singular and set apart from the researcher, implying that there is a singular truth that is capable of being discovered. Discovering 'truth' is discussed at length in the literature (Allan & Skinner, 2002; Crotty, 1998; Garman, 1996; Lincoln & Guba, 2000; Travers, 2001). But as Lakoff and Johnson suggest "we do not think there is such a thing as objective (absolute and unconditional) truth, though it has been a long-standing theme in Western culture that there is …" (1981, p. 159).

As Lincoln and Guba suggest, "realities are wholes that cannot be understood in isolation from their contexts …" (1985, p. 39). Accepting that this is so, justifies the attention I have paid to the contextual issues. It also leads to recognition that the findings from this study, in relation to the RTOs interviewed, may have some transferability in some other context (Falk & Gunther, 2006). Examples of this transferability include similar research on aspects of the VET system in other states of Australia or in relation to other types or categories of RTOs operating in Victoria. The value of my study, even without the ability to generalise, is in enabling comparisons to be made recognising both similarities and differences (Caulley, 1994).

The stories, examples and quotes that emerge from the interviews for this study provide a variety of viewpoints. There are, in effect, different voices being heard in this study. In simple terms we can say there is the voice of the system, the voice of the providers participating in the study – and there is my own voice as a critically enquiring practitioner-researcher engaged in the field. These various voices and the descriptive statistics discussed in Chapter 5 comprise the so-called "thick description" (Caulley, 1994, p. 15). The 'voice' of the VET system is expressed through slogans and language (i.e. policy speak) which is examined in the next chapter. Where appropriate, quotations from the transcripts are used to represent the voice of the RTO in Chapter 6.

Research design

My research design can be likened to a three-stranded rope. These strands together convey and underpin the study by being intertwined to form a multi-faceted account of the impact of private training provision on the VET sector. The rope's strength is enhanced by the contribution made by each of the strands of data collection. The researcher provides the underpinning to help bind the strands together more strongly. The experience and the tacit knowledge I bring to the study has been an important part of the research process.

The rope metaphor is used to emphasise the extent to which I have cross validated my data to add rigour and credibility to my research and boost the level of trustworthiness of my account.

The first strand of the research design comprises an examination of the evolving shape of the VET system within a political, economic and historical context. This has entailed a critical reading and analysis of keynote reports, speeches and publications which have contributed to the system voice described above. In a sense, this system voice is somewhat disembodied as no single person or body has claimed ownership of it. However, if pressed, I would say this voice is that of senior policy makers, at state and federal levels, and it in turn echoes the voices of influential industry and employer lobbies and peak groups.

The second strand of the research design consists of a purposeful sample of 21 privately owned RTOs which have been interviewed. These represent the multiple and diverse voices of a group of private providers in the VET sector. This voice is grounded in the actual opinions of those interviewed. Substantial qualitative data deriving from these face-to-face interviews are analysed.

The third strand of the research design involved the collection and analysis of statistical data concerning the establishment of private VET provision in Victoria. Most of the statistics were provided by the Office of Training and Tertiary Education (OTTE), and these were augmented with data from National Centre for Vocational Education Research (NCVER) and the Australian National Training Authority (ANTA). The information available enabled me to trace the movements in registrations of privately owned RTOs over the period being reviewed and to identify additional information, such as the level of qualification levels and the type of courses which were offered by this type of provider.

This research design is illustrated in Figure 2.1 below. Here the main question is the commencement point and identifies what is being researched. The interpretive paradigm involves a qualitative methodological approach and I use a variety of data gathering techniques to enable me to answer my research question. The system voice and the voice of the providers describe what has changed in the VET system. The critical input of my voice underpins these three strands and is represented in the diagram as overlapping each of the strands to a degree. All of the data and the analysis are backed by my wide experience in the field of inquiry, prolonged engagement with the sector and considerable tacit knowledge (Caulley, 1994).

How has the nature and scope of the VET system in Victoria changed as a result of legislation to enable privately owned RTOs to provide government accredited training?

Primary documents 'voice of the 'system'. What changed and why?

Interpretive paradigm

Qualitative methodology using multiple data gathering techniques. Application of triangulation including: perspectives gained from primary government and government agency documents, interviews with RTOs, researcher's experience and quantitative data collected on the nature and scope of the training market.

Quantifiable data – statistics

The researcher as an underpinning device and expressing my 'voice'. What changed?

Interviews with RTOs express multiple provider 'voice'. What changed?

Making a difference?
How have things changed with the entry of privately owned RTOs and what are some of the consequences for stakeholders?

Figure 2.1 – Research design

Despite the extent to which these strands are interwoven, writing up a thesis is a linear process. The individual strands of a rope may be intertwined but the rope itself has a beginning and an end; and whilst it may be stretched taut, it may also have twists and unexpected turns. Thus a story-line emerges, based upon the data derived from the multiple threads of the enquiry.

As my research design shows, my main question has been operationalised as three sub-questions

1. What changes occurred in the VET system in Victoria and federally over the period researched?

2. Why did these changes occur?

3. What impact have these changes had on the VET sector?

My voice: The researcher as instrument

My own professional role as an active participant in the field, in which my research project sits, has contributed to my research design. My knowledge of the VET system and data collected through my practitioner role are key components of the data set for my study. This reflects the "self as an instrument" approach proposed by Garman (1996, p. 27) and enables the tacit knowledge I have gained over many years as a training practitioner and manager in public and private vocational education and training to be taken into account. My background gives me a unique perspective on the introduction and implementation of legislation to enable registration of private providers.

The concept of the 'human instrument' assigns the role to the researcher as the "primary data-gathering instrument" and as such I "interact with respondents and objects …" (Lincoln & Guba, 1985, p. 39). In Lincoln and Guba's opinion, "only the human instrument is capable of grasping and evaluating the meaning of that differential interaction" (1985, p. 39). Further, because "all instruments are value-based and interact with local values… only the human is in a position to identify and take into account (to some extent) those resulting biases" (Lincoln & Guba, 1985, p. 40). Having said all this in favour of the 'human instrument', I am mindful that the advantages that this brings, need to be weighed against the degree of trustworthiness which exists (Lincoln & Guba, 1985).

A number of naturalistic inquiry characteristics sit within this concept of the human instrument. These characteristics include the ability to respond to situations which arise in the course of the research, the adaptability of the researcher, the tacit knowledge displayed, the ability to process data when they become available, the opportunities provided for clarification and the opportunity to explore atypical responses (Caulley, 1994, pp. 5-6). Later chapters demonstrate these characteristics.

Caulley has drawn attention to the role of "tacit knowledge" (i.e. knowledge gained from experience and not shareable in words) (1994, p. 6). As a part of the research process, it can enable insights and hypotheses to be developed and furthermore, "the human instrument is the sole instrument that can build on tacit knowledge…" (Caulley, 1994, p. 6). Thus my background and experience are of value in undertaking this project.

My voice as a data source

My work roles of direct relevance to the VET sector have included:

- Being a manager in a large national industry association which became one of the early RTOs with its own accredited Certificate in Supervision. I was responsible for gaining this accreditation and the registration of the RTO in January 1992.

- Being appointed by the Governor-in-Council as employer representative on the Vocational Education and Training Accreditation Board (VETAB) in Victoria from 1993 to 1995.

- Working as a Training Recognition Consultant (TRC) delegated by the Victorian Department of Training and Tertiary Education[7] to assist organisations which desired to become RTOs in the Victorian VET system. It should be noted that the detailed work undertaken in the TRC role is not always fully understood by those outside the system so in this thesis I have taken the opportunity to explain a TRC's role in some detail.

- Being a member of the Business Skills Victoria Training Board in 1994.

- Since 2002, acting as an evaluator for the Australian National Training Authority (ANTA) and later Department of Education, Science and Training (DEST) of finalists in the Small Training Provider Award for the annual Australian Training Awards.

To expand somewhat on the brief description of my work role: While studying part-time for my undergraduate degree I spent six years with a large public company. This was followed by four years of part-time secondary teaching and then 15 years at Caulfield Institute of Technology as a lecturer/ senior lecturer in Economics and Industrial Relations.

I returned to industry in the mid-1980s, spending 10 years working with an industry association, the Metal Trades Industry Association (MTIA), now the Australian Industry Group (AIG). My appointment at MTIA was that of Training Manager. This training management role encompassed delivery, development and implementation of training programs which were suitable for first line managers and supervisors in manufacturing and (to a lesser extent) in the service sector. These programs were mainly related to supervisory and employee relations issues. While working in the Industry Association, both award restructuring and enterprise bargaining were among the changes occurring in the industrial relations scene. Thus I experienced at first hand the development of policy within the Association on award restructuring, together with the member companies' and unions' responses to this policy development. The issue of gaining greater flexibility within the manufacturing workforce and the imperatives of improving the skills, especially at the supervisory and trades level, were an important part of the work in which I was involved. During this time I had the opportunity to apply innovative approaches to training and to collaborate with unions in the training of consultative committees.

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[7] The area of the Victorian Department of Training and Tertiary Education which has been responsible for registration and recognition of RTOs has had a number of names over the years – they include Office of Training and Tertiary Education (OTTE), Office of Training and Further Education (OTFE), Office of Post Compulsory Education, Training and Employment (PETE) and Office of Education, Training and Tertiary Education (OETTE).

I worked at Caulfield Institute of Technology, in the intervening years, between working in a public company and joining the industry association. During this time, I monitored part of the Tertiary Orientation Program being delivered on Caulfield Institute's behalf by Moorabbin TAFE and developed a distance education subject for the TAFE division of another Institute of Technology. I also completed a Master of Commerce by research, the topic being whether technology could be shown to be a significant determinant of industrial relations in the pulp and paper industry. In the mid-1980s a team of researchers, including myself, investigated the training needs for middle managers and supervisors in Victoria (Gleeson, McPhee, & Spatz, 1987). The project, which was funded by the then federal Department of Industrial Relations, involved interviews with a random sample of Victorian members of the Metal Trades Industry Association.

During the 10 years with the Industry Association, representation on bodies such as the Metals and Engineering Industry Development Committee, Business Industry Skills Training Board and the Vocational Education and Training Accreditation Board (VETAB)[8], provided an opportunity for me to learn about, and participate in, the early development of the VET commercialisation in Victoria. This required a detailed knowledge of the early policies of VETAB as my role involved ensuring that the National Framework for the Recognition of Training (NFROT) principles operated effectively in Victoria. It also entailed a review of, and changes to, policies that were intended to meet the needs of Victorian participants in the VET system. Additionally, my role included consideration of applications, and the consequent approval of newly accredited programs in the VET sector submitted by both public and private providers to panels of which I was a member.

My role within the Industry Association involved overseeing the development and management of projects which resulted in courses in award restructuring and in accredited training. This was in the early 1990s just as competency based training (CBT) and the National Training Reform Agenda (NTRA) were gaining momentum.

An accredited course, entitled the Certificate of Supervision, was developed and designed for the Association and initially this was the only course on MTIA's scope of registration. Its development had been funded by the Victorian Education Foundation (VEF)[9], and its introduction pre-dated the Karpin inquiry (1995). At a later date, a Workers' Compensation Certificate was designed, developed and accredited by the State Training Authority for delivery to member employees in both the MTIA and the Victorian Employers' Chamber of Commerce & Industry (VECCI). This second qualification was made possible by additional funding support from the VEF.

On retirement from the Industry Association, I established my own consultancy, working initially for a number of companies as a contract-training manager. During this period, I also worked on a number of

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[8] VETAB was established in 1991 to provide advice to the State Training Board (STB) on accreditation policies & procedure, accredit courses where no Industry Training Advisory Board (ITAB) existed, coordinate & develop linkages with courses offered by other sectors of education and industry and monitor & maintain accreditation standards.

[9] The VEF was established in 1987 to help fund projects in education and training in Victoria. It was funded through a voluntary diversion of 0.1 per cent of state payroll taxes paid by Victorian companies and government authorities.

government projects including a benchmarking project with three VET institutions.[10] I carried out an investigation of industry's position on the extension of the Modern Australian Apprenticeship System into schools (McPhee & Shearer, 1997) on behalf of the Australian Chamber of Commerce and Industry (ACCI). I also completed assignments for three universities with TAFE divisions. For one of these I developed a number of their policies and procedures. In the other two I established a 'Women in Leadership' Program. This program was extended by RMIT University (one of these universities) for five years with myself as Manager on a part-time basis. During this time, amongst other things, I developed and implemented a mentoring scheme for all women staff. I also managed a project that entailed a number of women staff at RMIT working together to develop and manage a website for the 'Women in Leadership' Program.

Following the merger between Caulfield Institute of Technology and Monash University, I served for 10 years on Monash University Council. During this period, I was a member of a number of Council subcommittees including Animal Ethics, Biosafety, Honorary Degrees, Special Professorial Appointments, Audit, Physical Resources and the Executive Committee. I also sat on numerous Professorial Selection Committees.

In 1999, I took up an opportunity to become one of the Training Recognition Consultants (TRC), delegated by the Victorian State Training Authority (STA), now referred to as OTTE, to assist organisations which wished to become RTOs. Initial appointments to this role had been made prior to 1999. My opportunity to gain this position occurred when the State Training Authority invited expressions of interest for the appointment of additional Training Recognition Consultants. At the end of 2006 I resigned as a TRC. OTTE provides regular and ongoing professional development for this group of consultants to ensure they remain aware of changes to policy and regulations. All TRCs, including myself, were required to successfully complete a quality-auditing program to ensure competency for the implementation of the new Australian Quality Training Framework (AQTF) in 2001/02.

This has meant that over the seven-year period of being a TRC, I have advised and assisted in excess of 100 organisations to become RTOs, or to extend their existing Scope of Registration. In addition, the TRC role includes supporting RTOs with internal audits, verifying their compliance with standards following audit or auditing them for re-registration. The experience and knowledge gained as a TRC ensures a very close familiarity with the training system. I need to have knowledge of the changes that occur in the system. This is important as RTOs regard TRCs as people with an intimate knowledge and experience about the AQTF Standards and the attitude and expectations of the State Training Authority (STA). RTOs perceive TRCs as being authoritative and able to advise what the requirements of the State Training Authority are for an RTO to be compliant with the AQTF Standards.

While the relationship between myself as a professional and my research is a critical element in my study, my relationship to my research 'subjects' is still one that retains a research distance – unlike the relationship described by Caulley, who perceives participant observation and unstructured open-ended interviews as

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[10] Texskills, RMIT Faculty of Education and Training and Western Metropolitan College of TAFE were the three VET institutions involved in the project.

enabling the inquirer to become "close to the phenomenon being studied" (Caulley, 1994, p. 4). The maintenance of this distance is an important element in the process of ensuring the validity and reliability of my data.

This rather lengthy description of my background and experience indicates the extent to which the "human as instrument" and the "tacit knowledge" aspects of interpretive inquiry can be seen as playing a significant part in this research, its analysis and its conclusions (Caulley, 1994, pp. 5-6). It also demonstrates the extent to which the inquirer (myself) and the inquired (the research) are "bound together as one" (Caulley, 1994, p. 4). Further, it illustrates the extent to which 'on the ground' or 'hands on' experience and knowledge is brought to bear to add a further voice to that of the policy makers and those interviewed.

Validity and reliability

In undertaking this study, as much care as possible has been taken to avoid the promotion of a particular idea or the expression of a particular prejudice arising from my background and experience. In using an interpretive approach it is assumed that the "inquiry is value-bound" (Lincoln & Guba, 1985, p. 161). Each researcher, including myself, has a set of values and possibly inherent (or subconscious) prejudices. I strongly support the VET system and its potential for increasing the skills of the Australian workforce. Hence my study is one which looks for evidence of positive change, and which regards critique as a contribution to system improvement.

Features which assist in the assessment of the changes emerge, principally from my ongoing analysis and interpretation of the interviews. As Neuman puts it, the analysis involves looking for "patterns or relationships" (1997, p. 420). By applying a form of triangulation I have been able to cross validate my research. The historical review, statistical data collection, interviews and analysis comprise the multiple methods applied. This triangulation has assisted to establish a degree of trustworthiness, reliability and credibility, (Arksey & Knight, 1999; Wiersma, 1995; Williamson, Burstein, & McKemmish, 2000). Triangulation has its critics including Blaikie (1995) Mason (1996) and Silverman (2000) who maintain that a combination of methods is founded on different epistemological and ontological assumptions which limits its value. Yet by using multiple methods our understanding is enhanced and a more complete study achieved (Arksey & Knight, 1999).

Any inconsistencies which have arisen are dealt with in later chapters. Where possible, the reasons for these are explored and taken into account in discussing my findings. But in the end it must be said that "the various forms of triangulation can produce at best only an expanded interpretive base in a study, rather than an objective account" (R. Smith, 2000, p. 135), and as Patton cited in R. Smith concludes "there is no magic in triangulation" (2000, p. 135).

Consideration of fairness is put forward as a means of gaining authenticity. This can be regarded as "a balanced view that presents all constructions and the values that under gird them" (Caulley, 1994, p. 18). The recognition that different values exist is dealt with by presenting, clarifying and specifying, where

appropriate, the values underpinning aspects of the research in as balanced a manner as is possible (Caulley, 1994).

The way in which a variety of methods has been applied is discussed in detail later in this chapter. I believe the findings ultimately drawn from this study are likely to be more reliable as a consequence of these multiple methods (Wellington, 2000).

Wellington (2000) in explaining the meaning of validity and reliability acknowledges that these two terms are difficult to define and to understand. Nevertheless, Wellington (2000) suggests that validity and reliability are the main criteria for judging the trustworthiness of the research. Others including Smith (2000) have contributed to this debate. Lincoln and Guba (1985) suggest that reliability is not prized for its own sake but as a precondition for validity. Furthermore, Lincoln and Guba (1985) acknowledge that achieving trustworthiness is no easy task.

Ultimately, however it is important for my study to be believable and useful. This amounts to ensuring that the evidence gathered from multiple sources will provide, amongst other things, insights and add value to my thesis (Garman, 1996). The quality of my research aims to match that judged by Garman (1996) as being good. In Garman's terms it should ring true, be structurally sound, be of sufficient rigour, be useful, be recognisable as a "truly conceivable experience" and be relevant and ethical (1996, p. 19). It would be satisfying if the reader also found it to be vital, enriching and pleasing.

Multiple methods provide a cross checking of information and help to avoid bias

> … so that even though you are focusing on the subjective view of the informant [in an interview] you take into account and examine what you regard as possible sources of bias in his or her account and your own analysis and interpretation (Minichiello, Aroni, Timewell, & Alexander, 1995, p. 187).

As Neuman puts it

> A qualitative researcher takes advantage of personal insight, feelings and perspective as a human being to understand the social life under study, but is aware of his or her values or assumptions. He or she takes measures to guard against the influence of prior beliefs or assumptions when doing research. Rather than hiding behind "objective" techniques, the qualitative researcher is forthright and makes his or her values explicit in a report. Qualitative researchers tell readers how they gathered data and how they see the evidence. (1997, p. 337)

Given that it is not possible to avoid the influence of the researcher's values on the inquiry, what is proposed is that these differences be "presented, clarified, and honoured in a balanced, even handed way, a way that the several parties would agree is balanced and even-handed" (Caulley, 1994, p. 18).

In undertaking this research I have been mindful of the issues raised above. As required, the RMIT University Human Ethic's Committee approval has been obtained for my research. This Committee required that consent by those interviewed to participate is at the very least 'informed' and that privacy and confidentiality are maintained by the researcher. It ensures that the students meet its requirements relating to the conduct of their research and the legislation which exists on privacy. As Minichiello et al. (1995) put it, "the code of morals we apply to the research process" (p. 192) is specified. In Denzin and Lincoln, a chapter

by Christians takes up the philosophical issues of ethics and politics in qualitative research (Christians, 2000). Other aspects, also canvassed in Denzin and Lincoln, extend to the questions of deception (1998).

It is maintained that no question of deception has or will arise in relation to this study. The issue of accuracy is accounted for in that the interview transcripts are digitised to enable the researcher to re-listen and reflect on the words of those interviewed. In the process, I can enhance the accuracy of the interpretation of the data collected. I believe that the requirements of the RMIT processes, and the methods adopted by me in the use of the material gathered have helped to ensure that an acceptable standard of conduct and judgement has been attained.

The main research question has been amended since I began this thesis. The wording of the original question was "What has been the significance of privately owned Registered Training Organisations on the nature and scope of the VET system in Victoria." It seemed too vague to enable the differences that were found in the VET system in Victoria to be clearly enunciated. These modifications occurred after a first draft was completed. It became apparent from the outcome of the interviews and the analysis that modifications were necessary. One of the features of an interpretive paradigm is the application of an inductive process and this was certainly evidenced by this thesis (Caulley, 1994; Williamson et al., 2000).

Like many qualitative studies, numerous iterations, reviews and changes have been undertaken as multiple sources of data have been collected and analysed. One of these added features was the idea of making explicit the different voices. Another was the additional interviews undertaken of informed participants in the VET system to seek their opinions and to enable comparison and contrasts with some of the views arising from the interviews of the 21 RTOs. As explained earlier, I also decided to use framing analysis and recognise the policy/practice discourse debate, as ways to throw light on policy rhetoric and practices on the ground. The next section sets out the various techniques of data collection used for this study.

Research methods

The two major research methods used for this study involved the collection of data. The information for this study was further augmented by my experience as a Training Recognition Consultant. Firstly, data were gathered from primary source documents to provide the historical and economic context and to identify what changes occurred in the Victorian VET sector and why those changes took place. The standpoints expressed in the historical documents reviewed and the economic material consulted have contributed a macro perspective.

Additionally, quantifiable statistical information was obtained to illustrate the development of VET in Victoria. The information gleaned about 88 privately owned RTOs from which my purposeful sample has been drawn and the 21 RTOs in the purposeful sample who have been interviewed yield micro level information.

Secondly, the interviews undertaken with a group of privately owned RTOs produced further information, both quantifiable and qualitative. This information helped add to our knowledge of what changed in practice.

While I was working on my study, a number of relevant research studies were also being carried out. Where appropriate, these were used for comparative purposes. These have been identified in the section below prior to consideration of the research techniques adopted and explained above.

Research studies

The focus of my review of other studies has been limited to those which covered areas that seemed to have the potential to provide confirmation or contradiction of the findings from my research. Two national surveys, one undertaken by Anderson (2005) and the other by Harris et al. (2006b) are of relevance and are dealt with throughout the research where appropriate. A study undertaken by Dumbrell (2003) who interviewed six privately owned RTOs across three states in a number of industry sectors is also covered but in somewhat less detail.

Two state-based studies, one in Queensland (Kell, Balatti, & Muspratt, 1997) and the other in Western Australia (Saggers, Moloney, Nicholson, & Watson, 2002) have been examined in Appendix C. Comparisons and contrasts have been drawn with these and with my own findings. A number of other studies including Hoggard and Bloch (n.d.) and Billett and Hayes (2000) were examined but were not deemed suitable for comparisons to be made with my research.

In 2001 Anderson, with support from NCVER, undertook a national survey to identify the impact and outcomes of market reform in VET (D. Anderson, 2002, 2005). Anderson's study aimed "to evaluate, from a national perspective, the impact and outcomes of market reform in VET, particularly competitive tendering and user choice …" (2005, p. 9).

The Anderson study focuses on 'quasi-markets' and the effect of market reform on both RTOs and their clients.[11] Overall, Anderson

> … aimed to examine the structure, composition and dynamics of markets in VET; identify the impact and effects of market reform in VET on providers, and by implication their clients; evaluate the outcomes, both intended and unintended, of market reform in VET (2005, p. 16).

The Anderson study adopts a somewhat different focus and uses different methods than I apply in my study. My objective is to discover how the nature and scope of the VET system in Victoria changed as a result of legislation enabling privately owned RTOs to provide government accredited training. As discussed earlier, I seek to do this using different lenses – including the views of the providers themselves and my own experience as a practitioner-researcher. Nevertheless, without the market reforms reflected as an outcome of

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[11] The definition of a quasi-market from the Anderson report (2005) is included here as it is a critical element of the focus of that study: "Quasi-markets operate according to the principles of choice and competition and replace monopolistic state providers with competitive independent ones. They are 'quasi' because they differ from conventional free markets in key ways: providers compete for public contracts, rather than private fee-paying clients; consumer purchasing power is either centralised in a single purchasing agency (as in the competitive tendering market) or allocated to users in the form of vouchers rather than cash (as in the user choice market); and, in some cases, consumers are represented by agents (for example, New Apprenticeship Centres) instead of operating by themselves. By subjecting the financing and provision of public services to competition, quasi-markets are intended to overcome the perceived defects of traditional public service approaches to resources allocation. Theoretically, quasi-markets offer the possibility of promoting "increased efficiency, responsiveness and choice, without adverse consequences in terms of increased inequity" (Le Grand & Bartlett 1993, p.19 cited in Anderson, 2005, p. 49)

legislation, privately owned RTOs would not have existed so, to that extent, there is a connection between Anderson's work and mine. The difference in focus between my study and Anderson's has made it difficult to undertake any direct comparisons or contrasts. Despite the difficulties, some points of similarity and differences have been extracted. They are incorporated into the text of my study.

A telephone national survey of RTOs was completed during 2003 by Harris et al. (2006b). A presentation of the results at the 2005 Australian Council of Private Education and Training (ACPET) Conference was followed up by a published report.

The population of the Survey includes an additional category to the RTOs I interviewed for this study. This category is the Community Access Centres (CACs). Twenty-six per cent of the total group responding to the survey were CACs (Harris et al., 2006b, p. 21). This affects the comparability of the data with my research, although where it has been possible to exclude the data for the CACs from the Harris et al. data, I have done so.

Other information from the Harris et al. (2006b) survey encompassed consideration of the size of the RTOs surveyed, (assessed by student enrolments and staff numbers), the number of staff employed, the extent of their accredited training, modes of training delivery, the areas most commonly being delivered and the level at which they were delivered. Where comparable, these will be taken up in the appropriate sections of my research.

As mentioned above, another relatively recent study of a more limited nature was undertaken during 2003. It related to issues for policy, practice and practitioners (Dumbrell, 2003). Dumbrell's research involved interviews with six privately owned RTOs across three states. As far as I could gather from the report, two of these were in Victoria, one in inner Melbourne. The industry sectors included tourism/hospitality, manufacturing, information technology and the provision of pre-vocational programs. Four of the six RTOs he interviewed were also Group Training Companies. The Dumbrell study is referred to in later chapters.

Review of historical and economic data

I have used historical data to "describe, analyse and interpret the past" (Wiersma, 1995, p. 231). Wherever feasible, primary source materials have been consulted. In undertaking this task, external and internal criticism, synthesis of the information from the materials and formulation of tentative conclusions based on analysis and interpretation of the materials sourced have occurred to some degree (Wiersma, 1995).

Unfortunately, I experienced some difficulties accessing a number of primary sources of data in Victoria. For example, acquiring copies of Minutes of the State Training Board meetings through a Freedom of Information request, proved fruitless. The information eventually provided was incomplete and lacked continuity. Nevertheless, Hansard for the Parliament of Victoria, Annual Reports of the State Training Board (until its abolition) and Annual Reports of its successor, the Victorian Learning & Skills Commission, have all yielded valuable historical information on policy decisions in Victoria. The documents and reports which were available have helped build a picture over time of the changes in VET but despite my best endeavours gaps exist in the data I obtained.

The Hansard which provides transcripts of federal parliamentary proceedings and the many reports emanating from the federal sphere have contributed to the national picture. A chart (Figure 4.1), included at the beginning of Chapter 4, summarises key events and reports considered of importance. In using a number of these documents, I am mindful of the warning given that the source may lack objectivity or validity (Lancy, 1993, p. 249). At the same time, however there is the potential for documents to be a valuable source of information. Such data can add to the ways in which the plausibility of facts are checked and provide another means of building trustworthiness. As Rury, the author of this particular chapter in Lancy puts it

> … historical inquiry goes well beyond simple description … [and] the acceptance of a particular historian's point of view depends as much on the views of his/her audience, as it does on the quality of the evidence of arguments he/she can muster (1993, p. 249).

The main purpose of the historical inquiry has been to identify why the reforms and changes in the VET system occurred, both in Victoria and nationally. A picture is painted of the significant players at that time – both in the political and industrial arenas. Political history has been the main focus, although aspects of economic history and historical events relating to the changes in the education and training system have also been discussed.

I have reviewed some secondary sources including Goozee (1995; 2001) and Rushbrook (2004). As Lancy puts it:

> … like other forms of qualitative research, historical inquiry and writing do not follow easily prescribed or linear paths of development … there is no "cookbook" approach to doing historical research … (1993, pp. 268-9).

However this historical review does not stand alone. It is one strand of the rope referred to earlier. It is part of a multi-layered enquiry.

Amongst other things, the historical review helped me to determine what questions to ask in the interviews. It also aided my understanding of the environment in which the alterations to the system occurred and the rationale for many of the changes identified.

Economic data

I considered the extent to which macroeconomic issues such as employment, inflation, consumption, investment, imports, exports and money supply should be investigated. I believe all of these issues have played a part in the shaping of VET. If it had not been for the high inflation of the 1970s and the wages explosion which took place consequently, the high levels of unemployment reached in the 1980s might never have occurred. Thus the need for labour market policies to address high unemployment has contributed to the changes in the shape of VET. The dynamic nature of the environment is reflected in the observation that at the time of concluding this study, concerns about perceived skills shortages are re-shaping the VET landscape. But macroeconomic issues are not at the heart of this study. For example, one aspect of macroeconomics, not dealt with, but potentially important in its effect on the Balance of Payments, occurs with the export of vocational education and training by privately owned RTOs. Two of the RTOs I

interviewed reported that they enrolled significant numbers of overseas students. However, the extent to which privately owned RTOs contributed to export dollars has not been explored in any of my discussions.

At an earlier stage of this research, I thought that a focus on market analysis might have been appropriate. As Marginson has said "the formation of markets has been a feature of education in industrialised countries" (1997, p. 5). However, as the research design evolved I felt that this approach would not be entirely adequate. Other researchers have focused on markets and economic factors (D. Anderson, 2005, 2006; C. Selby Smith, 2001; C. Selby Smith & Ferrier, 2000, 1996). Although these studies have not specifically investigated privately owned RTOs as a special category, some of these reports provide a point of comparison throughout my research.

The jury is still out on the influence which industrial relations issues have had on the shaping of VET. I believe these matters have played quite an important part. Evidence for this claim, in relation to the Australian Council of Trade Union's (ACTU) influence and the Industrial Relations Commission's decision on structural efficiency principle, is canvassed. As a branch of economics, industrial relations practices and influences are taken as a 'given'. I have considered below other economic concepts and/or issues, which are seen as a more critical part of the research process when it comes to analysing and interpreting the interviews.

I have undertaken a limited assessment of the effect of competition policy, competitive tendering and user choice. Also, I have been mindful of the influence which the Hilmer inquiry (1993) into competition policy had on the Australian National Training Authority (ANTA) and state governments. I believe it contributed to their willingness to open up the training market. I have not attempted to measure economic benefits and costs of commercialisation. Economic rationalism which is discussed in the next chapter is one of the key concepts underpinning the VET reform agenda.

I have collected and analysed quantifiable data to assist in establishing what has happened in the overall VET system in Victoria over the period in question. The data enabled the growth of the Victorian VET sector to be explored and to identify the part played by privately owned RTOs in that growth over time. The data have illustrated the structure, size, composition and changes in the training market in the Victorian VET sector. I have used this quantifiable data as a means of describing the sector and its shifting profile.[12] The quantitative data collection did not attempt to gather *all* data that might conceivably be gathered on VET markets, or private providers. Such a broad trawl was beyond the scope and the purpose of this study.

For example, I did not ascertain the financial viability of the providers when I interviewed them. Nevertheless, all had been in business for a period well in excess of 10 years, and on that basis, one would assume, they had remained financially viable.[13] The nature of this study has meant that some other economic

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[12] I learnt how to use the Statistical Package for the Social Sciences (SPSS). I applied frequency and other measures to data relating to the 88 privately owned RTOs registered at the end of 1994. However SPSS is more suitable when large numbers are involved and no further application of it has been attempted.

[13] Unfortunately, one Commercial RTO which specialised in distance education went into receivership at the end of 2005. It had been a family company operating in the training field for many years and had been purchased by a New Zealand Company after I conducted my interview with its CEO.

concepts are not examined. For instance, the elasticity of demand in relation to fees charged, the extent to which the RTOs under consideration have actually met market demand and the real nature of the competitive market which exists are not explored.

Initially I hoped that OTTE would supply information on market share and the size and the significance of government funding for the different categories of privately owned RTOs. This information did not eventuate due partly to changes in structure of the department and partly because of changes in personnel. This means it has not been possible to clearly identify or articulate the market share of privately owned RTOs. The lack of this and other relevant information results in there being gaps in my data despite my best efforts to eliminate them.

I deal with other economic issues where they arise. Features which could be recognised as economic have emerged from the analysis of the data. One example of these features has been the extent to which the RTOs interviewed have been niche providers, fulfilling a specific market demand for a specialised type of training. Other issues which are explored include the increase in the supply of training available, the extent of service differentiation as well as relevance, adaptability and quality assurance.

Economic analysis is relevant in the identification of new markets which RTOs have created. It might enable consideration of the extent to which RTOs have gained market share at the expense of TAFE Institutes. However, as noted above, such analysis is not possible in this study due to the lack of available data. Ultimately this makes it impossible for me to judge the relative importance these economic influences play in the overall assessment of the effect of Victorian privately owned RTOs on the VET sector.

Quantitative data such as the number of participants in programs and completion rates have not been obtained. I am not claiming that these, and other economic measures mentioned above, are unimportant. Rather, a deliberate decision has been made in designing this research to focus on qualitative issues. It should be noted that other researchers have dealt with economic issues (Access Economics Pty Ltd, 2004; Burke, Costello, Malley, & Shah, 1998; Gallagher & Anderson, 2005; Kilpatrick & Allen, 2001; Long, 2002).

Interviews

Sampling

Sampling aims to identify a suitable group which is representative of a chosen population. Different types of sampling are possible (Caulley, 1994, p. 7). I considered a random sample to be unsuitable for this study as I did not intend to generalise from my sample. Furthermore, the focus of this research is such that it is not proposed that the sample chosen is representative of the entire population, as is the situation with random sampling.

Drawing on my background and experience, I do not believe the major question being pursued warrants drawing a sample from the total population of privately owned RTOs. Instead I have limited the sample to a stratified purposeful sample which is, in my opinion, justified because of the benefits to be gained. The selection of the sample is based on the characteristics of a particular subgroup which facilitate comparisons.

By using a purposeful sample I anticipate that the understanding of certain selected cases will be enhanced and improved (Caulley, 1994, p. 8).

The purposeful sample comprises privately owned RTOs categorised as Commercial, Enterprise and Industry RTOs. Appendix A identifies why the independent schools were omitted from this definition. The RTOs, from which the sample has been selected, had been registered with the Victorian State Training Authority before December 1994 and remained registered at 12 May 2002. These RTOs offer courses which have either been accredited by the Victorian system as a private provider course owned by the RTO, or have gained approval to deliver existing Victorian crown copyright courses (or in some cases been granted credit transfer into a state accredited course).[14]

The detailed data supplied to me by OTTE covered the period up to 24 July 2002. I believed that those RTOs which had been registered prior to December 1994, and were still operating eight years later, were the most appropriate group to interview. Their longevity in the system says something about their staying power and their perceived success in terms of long term survival. I anticipated that the information obtained from this group would be more illuminating than selecting a sample which encompassed all privately owned RTOs recorded on the Victorian National Training Information Service (NTIS). Restricting the sample in this way also reduced some of the variables which might have otherwise been present. These variables included: being new start-up operations, the influence of the introduction of Training Packages and the impact of the implementation of the AQTF.

A further characteristic of this type of sampling proved to be the uncertainty about the final sample size in advance of commencing the study (Caulley, 1994, p. 9). Initially, I intended to interview up to 50 RTOs. Data obtained and explained in Chapter 5 indicate that by November 1994, 88 RTOs were registered[15] in Victoria (Office of Training & Further Education, 1994).

It was from this group that the 26 RTOs approached were initially selected. Of these, 21 agreed to be interviewed. Various reasons were given by the five RTOs for refusing to be interviewed and I did not pursue the matter further. In any case, 21 of 88 represents a substantial sample. Furthermore, the purposeful sample comprised approximately the same proportion of each category of provider as the number in the much larger population of these types of RTOs in 2002, the year that OTTE provided the data. Once the remaining 21 RTOs had been interviewed (between October 2003 and February 2004), I felt that there was sufficient information to analyse and interpret without increasing the sample size.

After completing the major interviews, I undertook an additional two interviews with experienced and knowledgeable informants. One of these was a TAFE Director in a university TAFE Division. The other was, at that time, National Executive Officer of the Australian Council of Private Education and Training (ACPET). However, in the last mentioned instance, the choice of interviewee arose more because of former positions he had held when the VET training system was opened up to private providers than because of his

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[14] It needs to be remembered that Training Packages were not introduced until 1997.
[15] Of these 88, a check of the status of these RTOs was made in 2002 and a further 11 had terminated their registration.

role in ACPET. I believed that this would enhance the interpretation of the data collected during the earlier interviews.

Access to a list of all private providers (Office of Training & Further Education, 1994) enabled me to ascertain the names of all those Victorian organisations registered to deliver vocational education and training. This list provided information about the category of provider so it was possible to identify all commercial, industry and enterprise providers registered at the end of December 1994. At the time of the selection process, the providers listed in an OTFE publication (Office of Training & Further Education, 1994) were checked against the list of RTOs (at May 2002) which had been made available to me by OTTE. Those which were no longer named were assumed to be terminations, although it was recognised that they might have changed their names. The RTOs to be interviewed were then selected from the list, taking into account their current location and when they had first registered. As mentioned before, the proportion which each category represented in the total listing of RTOs in the system in Victoria in 2002, has also been taken as a guide to determine how many should be interviewed in each category. In 2002, 1099 RTOs were registered in Victoria. Of these, 760 fell into the category of privately owned RTOs. These were classed as Commercial (413), Industry (237) or Enterprise (110).[16] The RTOs interviewed comprised 10 Commercial, seven Industry and four Enterprise RTOs**.**

Having discussed the approach to selecting who should be interviewed, I now examine the basis for the choice of the type of interviews carried out.

Choosing the interview process

Interviews enable the interviewer to gain access to information of different kinds "… by asking questions in direct face-to-face interaction …" (Minichiello et al., 1995, p. 62). The literature on interviews identifies a variety of approaches (Arksey & Knight, 1999; Fontana & Frey, 2000; Minichiello et al., 1995; Wiersma, 1995) but ultimately:

> … the type of interviewing selected, the techniques used, and the ways of recording information all come to bear on the results of the study. Additionally, data must be interpreted, and the researcher has a great deal of influence on what part of the data will be reported and how it will be reported. (Fontana & Frey, 2000, p. 660)

The advantages and disadvantages of different types of interviews are debated at some length in a number of publications (Arksey & Knight, 1999; Minichiello et al., 1995; Wiersma, 1995). I have not discussed them in detail here. However, the discussion below canvasses some of the issues.

A structured interview lies at one extreme of interview approaches. It is more likely to be associated with positivist research than with qualitative research (Arksey & Knight, 1999; Minichiello et al., 1995). The shortcomings of this type of interviewing led me to the conclusion that the structured interview would be unsuitable for my purpose.

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[16] See Table 5.1 for the detailed data.

The unstructured interview lies at the other end of possible approaches (Arksey & Knight, 1999; Fontana & Frey, 2000; Minichiello et al., 1995). It includes field work, oral history and can simply be a controlled conversation geared to the research interest (Arksey & Knight, 1999). In contrast to a structured interview, the list of questions to be asked may be non-existent, or comprise broad topics or themes (Arksey & Knight, 1999). I decided that this approach was not appropriate either.

I determined that a semi-structured interview method should be adopted for my study. I developed a set of questions and piloted them with some RTOs to test their suitability. Using this process, I explored areas of interest to the interviewer and the interviewee. Answers which went beyond the exact intention of the questions being asked were obtained (Arksey & Knight, 1999). I was able to review the data gathered for underlying themes and interpretations. I also used a modified form of content analysis (discussed shortly).

To add support to my decision to use a semi-structured interview as my preferred technique, a number of the RTO CEOs who were interviewed, expressed concern that they were continually being asked to answer surveys and structured questionnaires. Indeed, in one or two instances, they told me they had hesitated to see me as they thought I wished to undertake '*yet another survey*'.

Support for using a face-to-face, semi-structured interview technique is provided by Arksey and Knight (1999). The characteristics described by them for this type of interview fulfil the approach used in the interviews for my research. Furthermore, the flexibility of a face-to-face interview enabled me to obtain views and information which went behind the data. The benefits specified for qualitative interviews far outweighed those of other types of interviewing (Arksey & Knight, 1999; Minichiello et al., 1995). I was also aware that comprehensive national surveys had been undertaken by Anderson (2005) and Harris et al. (2006b). As mentioned earlier, I anticipated that these surveys would provide useful and possibly comparable data to augment my own work. However, neither of these studies had been published at the time of my interviews. Nevertheless, the contents of these surveys have been taken into account throughout the thesis as their publication occurred during the course of my writing up my results.

To overcome some of the disadvantages of face-to-face interviews raised by Arksey and Knight (1999), I applied the normal protocols in relation to confidentiality and provision of information to the interviewees, in accordance with the university's requirements. Obtaining agreement from the purposeful sample selected to be interviewed did not prove difficult. This was I believe, mainly because of my background and experience in the VET sector. This enhanced the degree of trust and rapport which I was able to establish.

In each instance I wrote to the CEO of the RTO, and followed this up with a telephone call. The information relating to the name of the CEO was sourced from the National Training Information Service (NTIS) website. I arranged an interview time with the CEO or the person he or she had nominated for me to interview. Interviews took place at the offices of each of the RTOs.

I sent the interview questions to the interviewee prior to the majority of interviews. Appendix D contains the questions asked. At the commencement of the interview, information obtained from the NTIS website was checked with all those who were interviewed. It enabled me to verify and explore details of the scope of

registration of the RTOs. Seeking opinions about issues occurred later in the interviews. Although I sometimes varied the sequence in which questions were asked, the interviews, with very few exceptions, covered all the questions and provided an opportunity for open-ended discussion (Arksey & Knight, 1999; Minichiello et al., 1995).

By asking questions which enabled some quantitative data to be collected, I hoped that the degree of diversity or commonality would be revealed. I did not specifically define the terms used in the questions and, in most instances, the interviewee did not query what they meant. I also encouraged them to seek clarification if they were doubtful about the meaning of any question. Answers to the questions on innovation, networking and costs and benefits, for example, did not present problems for the interviewees.

Towards the end of each interview I sought the interviewee's view on two particular issues. One was the implementation and perceived outcomes of the Australian Quality Training Framework (AQTF). The other related to what they felt might happen in the future to RTOs and to the open training market. At the end of the interview, I invited each person to raise any matters which they felt had not been covered during our discussions. I used more open-ended questions for the interviews of the two informed interviewees.

I weighed up the pros and cons of audio taping (Arksey & Knight, 1999; Minichiello et al., 1995) and I decided the advantages outweighed any disadvantages which might arise in relation to frankness in the interview. Agreement was sought from each person I interviewed to allow me to audio tape the discussion. On occasions during an interview the tape was turned off, at the request of the interviewee, to allow comments to be off the record. I took notes as an additional *aide memoire*. Exact transcription is a lengthy and expensive process (Arksey & Knight, 1999; Minichiello et al., 1995) but the digitising of the tapes made it possible for me to locate specific quotations with relative ease when writing up my findings.

I considered the possibility of holding focus groups or group interviews but in the end did not deem them necessary (Arksey & Knight, 1999).

I was conscious of the need to gain trust and establish rapport with the interviewees. Indeed, in undertaking all the interviews, I was very conscious of the issues of validity, credibility, reliability and consistency (Arksey & Knight, 1999; Minichiello et al., 1995).

The process of making sense of the data collected in the interviews has been based on the expectation that my data would suggest themes, features, theories or questions which I could pursue (Lincoln & Guba, 1985). Thus the issues and features have emerged from the data.

A limited form of content analysis has been applied to the interview data collected for this study. As Neuman explains, "content analysis is a technique for gathering and analysing the contents of text" (1997, p. 272). In order to undertake this task a form of coding needs to be devised. As Wiersma suggests, the coding enables the researcher to "see what they have in the data" (1995, p. 217). My coding has been based on words or phrases used by the interviewees (Neuman, 1997, p. 275). I listened to the tapes a number of times and consulted my written notes from each interview. This helped me judge the frequency, direction and intensity of the content of the interviews (Neuman, 1997).

The interview transcripts provide a rich source of qualitative information and the goal of maximising their potential has entailed a process of listening to, and reflecting on, the voices heard. Reflection has led to further interpretations of what the interviewees said. The later chapters report the findings of the interviews, and the features which emerge, including quotations from transcripts.

Summing up

In this Chapter, I have explained my rationale for selecting an interpretive methodology with a range of mixed methods. This interpretive methodological approach is justified with reference to the relevant literature.

The use of 'framing analysis' as a tool is outlined. This tool assists in explaining how the government's catchphrases helped push the reform process. I have also briefly explained the relevance of discourse theory for my study.

I have set down my research design in a diagram. This design is likened to the strands of a rope as a way of illustrating my mixed methods and multi-layered approach. The design assists in explaining the perceived methodological strength achievable by using triangulation. The intertwining of the strands of the rope to some degree reflects the non-linear process which has been followed.

I have specified the multiple techniques I have applied and I have discussed them in some detail. My role as a participant in the field is also described; I give details of my experience in, and knowledge of, the Victorian VET sector. I explain other techniques, including the review of other studies of relevance, the collection of historical and economic data, the reasons for the sample chosen, the type and process of the interviews conducted with the RTOs.

My multiple methods add to the reliability, credibility and trustworthiness of the study. In addition, this approach enables the voices of the main players in the system to be heard. Qualitative cross validation through historical research, statistical data collection and analysis, together with the analysis and interpretation of the interviews undertaken with the 21 RTOs have been part of a triangulation process.

Chapter 3 – Key Concepts Framed and Explained

Introduction

The focus in this chapter is on the conceptual underpinnings of the arguments which lie at the heart of this research. These underpinnings play an important role in assessing how the nature and scope of the Victorian VET system has been altered by the entry of privately owned RTOs. I use the notion of frames and framing to clarify the key concepts used in the training and industrial reform agenda by government. By considering how complex agendas are framed and thus packaged for popular consumption, we can see how the concepts which those involved in the reform agenda took for granted, have been unpacked and, in the process, critically examined.

I begin by discussing the rise of economic rationalism with reference to the relevant literature and the influence of this neo-liberal policy in shaping arguments for change in the structure and composition of the VET sector. The review of the literature on this topic, amongst other things, documents the ultimate failure of post-war Keynesian economic policies and the rise of market forces in the face of new global economic perspectives.

The first concept to be explained in this chapter is the market and the way this concept was constructed through the training reform agenda as the predominant frame in which to reconceptualise VET. The marketisation of VET described in this chapter contributes to the sub-question posed in Chapter 2 relating to what changes occurred. In this chapter, I have partially explained why some reforms occurred. This in turn contributes to the second of the sub-questions set out in Chapter 2 which relates to why these changed occurred. I then unpack the VET training market in terms of accredited vocational education and training (being the product) and the different categories of Registered Training Organisations (RTOs) which have emerged in the reform process. These RTOs are the main agents of distribution of accredited training (i.e. the suppliers).

Next, I discuss the slogans used by policy makers to frame the debate about why VET should change. The key concepts include 'responsiveness', 'flexibility,' 'quality', 'innovation', 'diversity', 'national consistency' and 'competitiveness'. In interpreting the meanings assigned to these concepts by governments and the public service, I suggest that these meanings are not necessarily the same as those given to these slogans by others participating in the reform agenda (i.e. the privately owned RTOs). In this way I introduce other expressions or catchphrases. Many of the slogans used by the policy makers are abstract and decontexualised. However, for the RTOs the meaning of these slogans is related to what happens in practice. This leads to different interpretations of these slogans as a later chapter discusses, particularly in relation to quality and national consistency.

Economic rationalism - the argument for change

As McCracken (2003) puts it, "ideologies … remain a valuable tool for ordering, defining and evaluating the political landscape…" (p. 10). In this study, an analysis of prevailing ideology helps us to understand why

changes have been made to the VET sector. The failure of post-war Keynesian policies, and the subsequent rapid growth of globalisation (Quiggin, 2000) were preludes to the emergence of 'liberal' and 'neo-liberal' ideologies. The public policy which gave precedence to an economic policy of marketisation, and the inclusion of private rather than public ownership has been well documented (Campbell & Halligan, 1992; Considine, 1994; Davis, Wanna, Warhurst, & Weller, 1989; Halligan & Power, 1992). As Kendall suggests

> … the philosophical differences between liberalism and neoliberalism are slight: it is certainly the case that all the elements of neoliberalism are contained within liberalism – responsibility, self-government, private rather than public ownership, an essentialisation of the market …, and so forth … Neoliberalism, then, at one level is an emphasis on certain well-established liberal themes. However, as political practice, neoliberalism is distinctive: in the neoliberal political landscape of the 1970s and 1980s … in Australia … there were stringent attempts to remove the 'nanny' state, to put an end to a perceived culture of welfare dependence and to reinvigorate the nation by giving free rein to individuals' own entrepreneurial proclivities … (2003, p. 6)

Before exploring the tenets of economic rationalism aligned with neoliberalism, it is necessary to establish the basis of Keynesian economic policy. Simplistically, Keynesian policies have been predicated on the application of macroeconomic policies to stimulate the components of demand that comprised Gross Domestic Product (GDP). Hence, increased government spending (one element of GDP) was believed to boost demand and drive down unemployment. If it was deemed necessary to improve the level of employment, the government budgeted for a deficit, even if in the process the required borrowing added to overseas debt. Demand management economic policies were practised widely in the post-war era with relative success. Indeed as Capling, Considine and Crozier (1998) put it

> There is no doubt that Keynesian policies contributed to the period of unprecedented prosperity, growth and stability which characterised the twenty-five year period after the end of the Second World War (1998, p. 9).

To these writers "it was the combination of … internal problems with the globalisation of financial capital that sounded the death-knell of post-war Keynesianism" (Capling et al., 1998, p. 9).

The new problem which emerged in Australia in the 1970s has been referred to as 'stagflation'. This term describes a situation where high levels of unemployment and inflation are experienced simultaneously. The Hawke government sought to control the growth of wages in order to control inflation. However, an increase in foreign debt occurred and a move towards market liberalisation was favoured by the federal policy makers (Capling et al., 1998, p. 9).

Beeson and Firth believed

> … the emergence of neoliberal political rationality, therefore, has been associated with a transformation in the image of the economy as an object of government from one seen as essentially national and self-contained to one that is seemingly transnationalised and locked in relentless international competition … (2005, p. 6).

This is not the place to attempt to unpack the globalisation, neo-liberal debate. However, as diversification of the provision of education and training has been perceived as one outcome of globalisation, it is relevant to see how this was regarded at the beginning of the 21st century. Seddon and Marginson (2001) writing on globalisation's impact on Australia stated

… diversity in education and training is applauded as a positive development that enhances the opportunities for learners to choose their preferred educational program. But the evidence suggests that in the context of neo-liberal globalisation, diversification of provision becomes sharply aligned with existing patterns of inequality and injustice. Markets advantage the advantaged and disadvantage the disadvantaged … diversification is also increasing because marketisation drives innovation. Work intensification encourages teachers and managers to work smarter, not harder. It leads to educational targeting, the development of market niches and an orientation to serving particular interests … (2001, pp. 212-3)

This study does not attempt to investigate the extent to which diversification of training services has led to inequality and injustice as the above quotation suggests. However I have taken into consideration the extent to which marketisation has driven innovation and the extent to which the privately owned RTOs under this study have gained niche markets.

Beeson and Firth (2005) maintained that government reports including the Garnaut (1989), the Karpin (1995) and the Hilmer (1993) Reports had a critical role in the overall reform agenda at the federal level. For example, they maintain that "the Hilmer Report reflects and attempts to operationalise a neoliberal political rationality" (Beeson & Firth, 2005, p. 8). The Karpin Report was viewed by them:

… as a comprehensive blueprint for promoting the agenda of market-driven reform, especially at the micro level. Indeed, the Karpin report may be seen as a logical extension of Garnaut and Hilmer, attempting to consolidate neoliberalism at the level of the individual… (Beeson & Firth, 2005, p. 9)

Further, Beeson and Firth contended that the Labor leadership in Canberra had nullified the trade union movement through a combination of the 'Accord' and the acceptance by the ACTU of economic rationality. Added to this, is their perception that union power had been diminished as there had been a sizeable reduction in trade union membership. Thus "successive governments [have been able] to institute neoliberal reforms with little opposition …" (Beeson & Firth, 2005, p. 12).

Pusey's study (1991) of the public service has described the rise of economic rationalism in some detail. Although some of Pusey's critics maintain that he over-simplifies and misinterprets his own survey data, the pre-eminence of economic rationalism in Canberra throughout the Hawke, Keating governments and following the re-election of the Liberal/National Party in 1996 has not been questioned (Argy, 1998; Campbell & Halligan, 1992).

When the Victorian ALP Government initially gained office in 1982, it attempted to follow a Keynesian approach to economic policy. This was despite the Labor government in Canberra pursuing a different line after its election in 1983. Considine and Costar (1992) suggest that the Victorian Labor Government "… declared war on the neo-classical economic orthodoxy of the federal treasury" (p. 5). The period Labor was in office in Victoria was also described by these same writers as having exhibited styles of policy making which began with a "participant" style, followed by a "managerialist" mode and finally reached a point where the policy-making methods were "reactive" (Considine & Costar, 1992, pp. 186-7). However, it was conceded that

… no modern Australian state government can consistently pursue interventionist economic policies when the federal government is committed to a diametrically opposite program … (Considine & Costar, 1992, p. 1).

Thus in ideological terms, Labor in Victoria might have wished to operate differently to its federal counterparts, but the desire proved to be unachievable. In addition, a lack of consistency by the Victorian ALP Government in its public policy approaches was apparent, no doubt in part due to the critical economic issues which faced state governments during this period (Considine & Costar, 1992).

The Liberal Coalition swept the ALP from office in Victoria in October 1992. This new government headed by Kennett appeared to be more in tune with the economic rationalism prevailing in Canberra. Indeed, Costar and Economou have claimed that "the Kennett government has succeeded in applying economic rationalist and neoliberal ideas to public policy to a greater extent than any other Australian government…" (1999, p. xiv).

During the Kennett years, privatisation of government owned services such as public transport, the generation and distribution of electricity was successful in contributing to the reduction of the enormous debt with which the Kennett government was faced. However the extent to which this action occurred in active support of economic rationalism will not be debated here.

In the end, whatever the motives or the terminology, the Victorian Government put into practice principles which reduced the extent of direct government intervention and control and which also extolled the virtues of free markets. The upshot of this was profound and, for some areas within the VET sector, traumatic. For the first time the TAFE system in Victoria faced significant competition from private providers. The private sector gained opportunities to participate in providing recognised vocational education and training.

The market as a frame for VET

The market is an economic concept. It can be defined as "a group of firms and individuals in touch with each other in order to buy or sell some good" (Mansfield, 1982, p. 21). In the case of the VET training market, (discussed further below) the focus is on the firms we have labelled 'privately owned RTOs'. The term individuals, is broadly representative of these RTOs' client groups. Further, the connection between these client groups is that of obtaining services (rather than goods) which are VET services, essentially training, although as we shall see other services which go beyond the simple delivery of training are offered by private providers to clients. These services are bought and sold, as are goods in a market – the fee payable being the price. However, it should be noted that the fee or price for services in the VET market is further complicated by the involvement of government funding and government incentives for training through a range of administrative processes, targeted policies and programs.

The focus for this study is on a segment of registered providers that are suppliers or sellers of training and assessment services. For my purpose, further limitations on the scope of the market are imposed. This study includes only those suppliers that have registered in Victoria with the State Training Authority to deliver nationally accredited courses. More particularly, my study draws upon the opinions of a specified segment of those registered sellers.

On the demand side, the client groups requiring the training services of RTOs are diverse. The term 'client' incorporates students, companies and other organisations which use the services of the RTOs included in the study. Such clients may be part-time, full-time or casual employees, overseas or domestic students, not for profit organisations, government bodies, companies operating nationally or members of those industry associations which are Industry RTOs.

If we turn to a microeconomics text, market structures are described in terms of perfect competition, monopolistic competition, monopoly, or oligopoly. As discussed earlier, TAFE was seen as being in a monopolistic position when it was the only supplier of accredited training for the vocational education and training sector.

For perfect competition to exist four conditions must be met (Mansfield, 1982, p. 248):

1. Each participant in the market is so small that no individual buyer or seller can affect the price of the product or service – that is, there are many buyers and many sellers.

2. The product of any one seller is the same as the product of any other seller – that is, the product or service is undifferentiated.

3. All resources are able to enter or leave the market or readily switch from one use to another - that is, all resources are completely mobile.

4. All buyers and sellers have perfect knowledge of relevant economic and technological data.

Such a market structure is most unlikely to be found in reality, and is certainly not found in the VET sector. We will see later that the RTOs in the Victorian system proactively differentiate their services. Indeed I have argued that this is one of the approaches by privately owned RTOs to 'being responsive'. It is also apparent that perfect knowledge by buyers does not exist in the VET sector market. This assertion is illustrated in Appendix B and in the discussion on user choice.

Nevertheless, the market, however restricted in terms of formal labels such as 'competitive' and 'oligopolistic', has led to more choice being available to a number of the client groups identified above. So we need to be clear about the meaning of choice. Appendix B which discusses how aspects of 'user choice' have played out in the training system includes the following definition: "the flow of public funds to individual training providers which reflects the choice of individual training providers made by the client" (Appendix B). This national policy allows employers, and the apprentices and trainees they employ, to choose which RTO they will use for their structured training and assessment and to negotiate aspects of that training, including location, mode of delivery and timing of delivery.

I have taken some account of the effect of user choice through consideration of its relative importance for the privately owned RTOs interviewed for the study. The interpretations of user choice and its perceived success by those in the VET system have received very adequate coverage in the literature and will not be repeated in detail here. (Australian Chamber of Commerce & Industry, 2001, 2002; Ferrier & Anderson, 1998; Ferrier &

Selby Smith, 2002, 2003; Fooks, 1995; Hendy, 2003; Schofield, 1999; C. Selby Smith & Ferrier, 2001; J. Selby Smith, 1998).

The VET training market

Until 1990, when the Deveson Report was released, the VET sector was not perceived as a training market – TAFE Colleges were publicly funded and were the sole providers of accredited training. Thus, the decision to allow other training organisations, outside the TAFE sector, to deliver accredited training brought about a massive change in the VET training environment. A VET training market was created and although a distinction was initially made between private and TAFE providers, this disappeared when from January 1998, the term Registered Training Organisations was introduced for all providers, and TAFE Colleges became part of the total VET training market.

Reference to markets in relation to the VET sector and/or in connection with RTOs, tends to be modified by terms such as 'competitive', 'open', 'private', and 'thin' according to different points of view. A competitive training market is one where there is competition among all providers of VET. As Anderson puts it "the key assumptions [applying are] that competitive markets allocate resources more efficiently and effectively than centralised state planning, and that client choice ensures a better match between supply and demand" (2005, p. 15). An open training market is said to be one which allows for open competition among public and private providers in VET (Department of Education Science & Training, 2005). A private training market is one which allows for registered providers which are not public institutions to operate within the market to offer accredited training. Thin markets occur "… where the number of students undertaking a particular qualification only warrants funding for one or a small number of providers…" (D. Anderson, 2005, p. 7).

In this study the spotlight is on the Vocational Education and Training (VET) system and its 'training market'. The definition of the training market that I have adopted is: that part of the vocational and education training system which provides accredited courses delivered by Registered Training Organisations (RTOs) registered in Victoria. The key components of this definition are:

- that the courses provided are accredited
- that they are delivered by RTOs
- that these RTOs are all registered in Victoria

These RTOs can comprise government, public or private companies or institutions, community or voluntary organisations, industry organisations, or public or private enterprises – the key is that each has become registered to deliver accredited or nationally recognised courses. Appendix A lists the categories which the Victorian State Training Authority applied from 2002 to those seeking registration.

The definition I have adopted excludes any non-accredited training provided by RTOs or other training organisations. The Allen Consulting Group defined the VET market as "that part of the education and training system which provides individuals with the skills and learning <u>expressly required</u> by enterprises and industry" (Allen Consulting Group, 1994b, p. 5). This definition allows for non-accredited courses by

referring to the learning and skills 'expressly required' by enterprises and industry. Indeed some research has indicated the extent of employer scepticism about formal training and qualification (Ridoutt, Hummel, Dutneal, & Selby Smith, 2005; Townsend, Waterhouse, & Malloch, 2005). Informal and/or unaccredited training forms part of the education and training available to students and employees within the Victorian system, but this type of training has not been investigated here. Only accredited training is taken into account. The question I pose focuses on the impact of the entry of a particular group of Victorian RTOs (i.e. privately owned RTOs) on the VET sector. I consider it impracticable and beyond the scope of the main question to try to gauge the extent and impact of unaccredited training undertaken by the RTOs which were interviewed.

Accredited training

The AQTF Standards define an accredited course as a "structured sequence of VET that has been accredited by a state or territory course accrediting body and leads to an Australian Qualifications Framework (AQF) qualification or statement of attainment" (Australian National Training Authority, 2005, p. 15). Thus 'accredited training'[17] encompasses training which is either

- a Training Package qualification or part thereof (i.e. individual units of competence),
- an accredited course which an RTO has put through the accreditation system operating in Victoria,
- a qualification which has been accredited by a State Training Authority and has been developed using state government funds (and as such is referred to as a 'crown copyright course') and
- an accredited Crown copyright or privately owned accredited course which an RTO has gained permission to use from the copyright owner.

In the parlance of former ANTA staff the term 'nationally recognised training' was preferred to 'accredited training'. One could argue that the voice of the system through ANTA preferred the connotation of the training being nationally recognised – in other words this was its preferred frame. Certainly I acknowledge that this terminology can be advantageous in a system that is endeavouring to gain national portability and recognition. But, as we will see later, such a goal has not been achieved universally, at least not in the eyes of some of those who were interviewed. These interviewees represent a different voice to the system rhetoric which coined the phrase.

Both nationally recognised training and accredited training refer to training programs which RTOs have sought to put on their Scope of Registration and which are listed on the National Training Information Service (NTIS) website. The types of accredited programs for the privately owned RTOs interviewed for this research feature in the data I obtained.

Other forms of accreditation exist. For instance, software packages owned and accredited by vendors for the delivery of their products (e.g. Microsoft) or professional associations (such as the CPA Australia) which accredit their users or members, providing they complete the specified training. Such programs may or may

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[17] The term 'accredited' is used synonymously with 'nationally recognised training' throughout this thesis.

not be part of nationally recognised training and, in some instances, may even be more valued than VET credentials listed on the NTIS.

Registered Training Organisations

An RTO is defined as

> An organisation registered by a state or territory recognition authority to deliver training and/or conduct assessments and issue nationally recognised qualifications in accordance with the Australian Quality Training Framework (Department of Education Science & Training, 2005).

The DEST glossary indicates that RTOs can be

> TAFE colleges and institutes, adult and community education providers, private providers, community organisations, schools, higher education institutions, commercial and enterprise training providers, industry bodies and other organisations meeting the registration requirements (Department of Education Science & Training, 2005).

The term 'Registered Training Organisation' has not always been used to describe accredited training providers. Initially, the Victorian legislation (1990) referred to non-TAFE providers as 'private providers'. These private providers are differentiated from TAFE Colleges in some statistics and published material available (Office of Training & Further Education, 1997a). However, at both state and national level the term RTO was introduced to apply to all registered training providers (State Training Board Victoria, 1998b).

> From January 1998, all training organisations – including TAFE Institutes – which issue AQF qualifications and Statements of Attainment, will need to be registered. Under the ARF [Australian Recognition Framework], registration is related to the provision of products and services within an agreed scope … Registered training providers are now known as Registered Training Organisations (RTOs). (Australian National Training Authority, 1998, p. 1)

The categories which this study has defined as privately owned RTOs include:

- Commercial providers which supply "fee-for-service programs to the general public" (State Training Board Victoria, 1993, p. 25). The Application for Registration form referred to such organisations as "commercial providers [which] charge students fees for training" (State Government of Victoria DEET, 2001). This type of provider was registered "subject to safeguards covering the financial security of students fees" (State Training Board Victoria, 1993, p. 25).
- Enterprise based providers – provide accredited "training within an organisation for its own employees" (State Training Board Victoria, 1993, p. 25).
- Industry based providers include organisations that offer accredited "training to an industry sector" (State Training Board Victoria, 1993, p. 25). This last category includes industry associations, professional associations and group training companies. A detailed explanation of all categories of providers is provided in Appendix A.

A fourth category of private provider included in the Victorian definition of 'private provider' is the 'community based provider'. Appendix A defines 'Community based providers' which are omitted from my study. The national survey undertaken by Harris et al. (2006b) suggests that various labels have been attached to private providers, each giving a slightly different emphasis to their key characteristics. My

purpose is to isolate the 'privately owned RTOs' to determine, if possible, the impact of this particular group on the Victorian VET sector.

The early categories used for registration of private providers (at least in Victoria) were not always an accurate classification of the provider. This was particularly the case when RTOs in the early 1990s sought registration as industry based providers because their focus was on delivering training in only one industry. However, as the activities of some of these RTOs expanded into other industries, they should have been re-classified into the commercial category of provider. In some instances this re-classification may have occurred when they applied for re-registration, in others, no change was made. For this study, the categories in the purposeful sample correspond with my definition of privately owned RTOs.

It should also be noted that from the beginning of 2002, when the new AQTF was introduced, the categories of RTOs were further subdivided by the Victorian State Training Authority (STA). This meant that more precise classifications were allocated to newly registered RTOs, but it is doubtful whether existing RTOs changed their categories. This list is provided in Appendix A.

So far we have established a meaning for the VET training market, determined what comprises an accredited course, and distinguished between private providers, RTOs in general and privately owned RTOs. I turn now to the more complex issue of exploring the meaning of the rhetoric used by public policy makers. 'Slogans' enabled both federal and state governments to communicate intended changes to the VET system. The slogans were shorthand expressions for the objectives governments wished sellers or suppliers of VET to attain. In using key words and catchphrases like 'responsiveness' and 'improved flexibility', complex ideas could be conveyed to the users of the VET system with relative ease. It is open to debate whether the meanings public policy makers assigned to these terms were the same as the meanings assigned by those receiving the messages. However, the rhetoric has been apparent in the pronouncements of the Victorian State Training Board (STB) and various federal government bodies over the period of this study. As will be seen, I have chosen to reframe or reconceptualise a number of these key concepts. This reframing has occurred in the light of the findings from the interviews and from my own knowledge of the system.

The State Training Board Annual Reports provide an insight into the meanings given by the system to the slogans used. For example, the STB saw its voluntary registration system being implemented during 1991 as one which

- [would] provide a mechanism for the state-wide recognition of skills obtained in approved training courses other than those provided by TAFE Colleges;
- reduce[s] the need to repeat studies when moving from one provider to another [portability];
- further develop[s] the State Training System by promoting compatibility between providers of vocational education and training courses;
- respond[s] to the emerging demands for increased training provision in industry;
- provide[s] a flexible approach to the recognition of vocational education and training delivered by State Training System Providers; and

- provide[s] for a consistent standard and quality of training outcomes in the State Training System. (State Training Board Victoria, 1991, p. 27).

Thus in 1991, at least, the STB placed its voluntary recognition system within the neo-liberal market-driven frame of reference which was in place. The system was to be "responsive" to emerging demands, "flexible" in its approach and consistent in the "quality" of its training (State Training Board Victoria, 1991, p. 27). Those involved in the reform process identified further benefits arising from the new registration system such as relevance, quality, efficiency and effectiveness (National Board of Employment Education & Training, 1996).

Key components of the training reform frame

In this discussion, I unpack the ways in which the Victorian VET system rhetoric in particular framed the case for reform. Responsiveness, innovation, flexibility and quality are shown to be closely aligned with market driven commercialisation policies. It was broadly understood that the changes desired in the VET sector would not happen without private sector providers as agents and levers for change. In using the term commercialisation I draw on Marginson's definition which distinguishes between commercialisation as "the introduction or extension of one or another characterstic of markets; such as user charges, or competition for public funds…or the creation of an entrepreneurial management required to increase private income" and "privatisation" which "refers to the transfer of production, or means of production, from government (public) sector ownership to private ownership" (Marginson, 1997, p. 36).

A Hansard report of the second reading of the VET (Amendment) Bill in Victoria endorsed an earlier belief I have expressed about the degree of support for the opening up of the market and commercialisation by both sides of the political spectrum (Parliament Victoria, 1992). It is worth noting that Ives quoted an extract from testimony given by Moran, at that time General Manager of the State Training Board. Moran had said in relation to the TAFE sector and private providers "… we have added value with declining resources and received a lot of acknowledgement on a national basis for the reforms we have pioneered, which other States have picked up, often with some enthusiasm" (Parliament Victoria, 1992). Moran went on to become the first General Manager of the Australian National Training Authority (ANTA) in May 1993. It could well be argued that many of the ideas and the rhetoric which had first emerged in Victoria were adopted by ANTA so that the claims made in Chapter 4 that Victoria was "leading the pack" can be corroborated.

Flexibility and quality were also seen as part of the solution to achieving a demand driven system. As expressed by the Victorian triennial strategy of 1993/4, the goal of moving from a supply driven to a demand driven system was thought achievable

> … by increasing the proportion of the budget allocated through tendering, extending the range of flexible learning options [and encouraging] flexibility of response to clients [as well as moving] from an emphasis on quantity of provision to an emphasis on quality [achieved] by implementing a flexible and responsive curriculum development process; promoting best practice and system wide standards in resource management, professional development, education effectiveness, planning and quality management and by improving quality systems for registration, accreditation and recognition (State Training Board Victoria, 1994, p. 10).

The following discussion defines the key concepts used and is undertaken with reference to the theoretical constructs of framing and discourse identified in the last chapter. As will become apparent, the meanings expressed by the Victorian players, highlighted below, have not always corresponded with those assigned by ANTA and others at the national level. Furthermore, as we will also see in Chapters 6 and 7, the interviewed RTOs which are operating in the field have given different interpretations to a number of these concepts.

Responsiveness

By 1992/3 the STB report saw responsiveness in terms of

> … further increasing responsiveness to industries' needs [taking] greater account of enterprise-level training requirements; exploring new approaches in providing curriculum, course modes and work-based training; improving capacity to identify industry needs, and focusing on training outcomes, rather than inputs and throughput (State Training Board Victoria, 1993, p. 17).

A number of the catchphrases used – for example 'being client focused' could be subsumed into the meanings unpacked for responsiveness. ANTA was conscious of the need for having a "client-focussed culture" (Australian National Training Authority, 1994, p. 8).

'Responsiveness' is not an absolute term. The issue is whether an organisation or a policy is being responsive to something "readily" (Fowler & Fowler, 1975) or "positively" (Compact Oxford English Dictionary, 2006). It could be a matter of timing, or identification of an improvement in meeting needs. Thus the readiness with which an RTO supplies a product or service, when it is perceived as being required, is one aspect of responsiveness. Another might be the readiness to adjust or adapt what is being supplied to meet any change in the requirements of clients. In the latter instance, this could encompass the idea of customising or contextualising training material. These examples amount to responsiveness and are reflected in the rhetoric used by the public policy makers. This approach to responsiveness, using the term in a generic sense, also incorporates the concept of providing 'customer service'.[18]

The idea of responsiveness has been used as a goal to be strived for in terms of the economic benefits that could arise. This has been expressed by Anderson who stated

> [the] objectives of market reform in VET have been to increase the efficiency, quality and responsiveness of VET provision to industry, thus increasing the productivity and international competitiveness of the Australian economy (2005, p. 12).

This certainly implies a causal relationship between responsiveness to industry and the possibility of increasing productivity and Australia's international competitiveness.[19] However, this study has not pursued whether the objectives of market reform have been achieved in terms of productivity or competitiveness in the macroeconomic sense. The fact that market reform may increase the supply of training does not in itself

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[18] The terms 'customer' and 'client' have been used interchangeably in this research although it is appreciated that they are not necessarily synonymous terms.

[19] The Commonwealth submission to the Taylor review of the ANTA agreement (1996, p.121) argued that "the establishment of an open, competitive and responsive 'training market' [is] a critical means of enhancing Australia's competitiveness in international markets, as well as achieving training reform objectives concerned with increases in efficiency of delivery and responsiveness, greater choice for clients and improvements in quality …"

guarantee that it will increase Australia's competitiveness in global markets. Other factors may be at work which militate against such an outcome, for example lower labour costs in other countries competing with Australia in these global markets.

It could also be argued that some of the above areas incorporated into the term responsive could as easily be included in the 'quality' debate – particularly in relation to meeting customer or client requirements. The discussion on quality takes this up later.

Responsiveness revisited

The term 'responsive' can be seen as a somewhat reactive term. Another interpretation of responsiveness is that a provider of VET can judge how it can deliver its services within the limits of its skills, resources and capacity. Operating in the economic environment of a market place, this could be interpreted as 'differentiating its product or services' from that of other providers to create and build client satisfaction.[20] This concept of service differentiation is expanded upon in later chapters.

Another way of perceiving responsiveness is to incorporate the idea of 'relevance'. Relevance here includes the principles of customisation and contextualisation. In VET this encompasses knowing the context within which the training will occur. The content of material, the type of assessment undertaken, and the examples used can be customised and contextualised to help ensure that the training is pertinent, authentic and relevant to the needs of the recipients. Responsiveness perceived in this way is a more proactive concept than is suggested in earlier discussion of this term.

'Customising and contextualising' programs refers to having programs tailored to be relevant to the target market. The ANTA glossary which appeared on the DEST website defined contextualisation as "the addition of industry or enterprise specific information to a unit of competency to improve the standards' relevance to industry" (2005, p. 56).

Customisation was also defined in this glossary as

> … tailoring to individual requirements; [in vocational education and training], the process of tailoring a program to meet the specific needs of clients. Customised qualifications are devised by Registered Training Organisations, created through combining competency standards drawn from two or more different endorsed Training Packages to create a new qualification outcome. Such qualifications must meet the requirements of the Australian Qualifications Framework, the Customisation Policy of the National Training Quality Council and the customisation advice of the relevant Training Packages. (Department of Education Science & Training, 2005)

The DEST glossary definition was a somewhat narrow notion of customisation than some clients of the VET system would regard as appropriate. Townsend et al. (2005) in their study highlighted issues relating to VET responsiveness and considered the extent of customisation that might be appropriate. They found that employers believed that Training Packages need to be interpreted from the Company's viewpoint. The

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[20] The concept of product differentiation in microeconomics is more commonly discussed in relation to the degree of homogeneity of a product in a market place and the extent to which a potential seller can 'differentiate' his product from a competitor. However, it is acknowledged that, in the services sector of an economy, differentiation based on location and quality of service are relatively common. (Caves, 1977)

willingness or the ability of an RTO to make its material and assessment relevant to the requirements of its company client or students is, as already indicated above, another dimension of responsiveness. It further illustrates how an RTO can or does differentiate its service. I acknowledge that customising or contextualising can also be claimed as illustrations of being flexible.

Contextualisation and customisation are manifestations of the ability to be responsive, relevant and client focused.

Further support for the concept of 'relevance' as a different way of perceiving responsiveness, is apparent in the views of employers researched and written up in a number of recent studies (Australian Chamber of Commerce & Industry, 2002; NCVER, 1997; Townsend et al., 2005). The employers were, in many instances, more concerned about the relevance and usefulness of the skills and abilities demonstrated by those who were trained, than by the qualifications that might be gained.

The idea of responsiveness outlined here encompasses some aspects of the slogans explored earlier. But the intention in the above section has been to see the terms from the privately owned RTOs' perspective and how they have acted on the ground. Differentiation of service has enabled the RTOs to remain part of the system and to have survived and succeeded, despite the shifts which have occurred in the rhetoric. The extent to which RTOs have been prepared to customise and contextualise the training they deliver for their client group has been an important element of differentiation by RTOs and is a more proactive way of looking at responsiveness. Examples of these practices are described later in Chapter 7.

Flexibility

Dictionary definitions refer to being flexible as being "adaptable" or "versatile" (Fowler & Fowler, 1975) or "able to change or be changed to respond to different circumstances" (Compact Oxford English Dictionary, 1975).

From a Victorian perspective, the issue of flexibility continued to be related to the processes of recognition of VET until the 1995/6 STB Report. Flexible delivery was extended to encompass a strategic direction of on-line delivery that would be stimulated and facilitated through the establishment of an electronic network called "Education Network Australia" (EDNA) (State Training Board Victoria, 1996). The federal government made funds available for RTOs with innovative approaches under the flexible delivery policy initiative and, initially at least, its expressed priority was for funding e-learning and on-line delivery projects. It could be inferred from this that the system saw flexibility as being all about e-learning and/or on-line delivery. As we shall see later, this particular and relatively restricted notion of flexibility provides a marked contrast with the way in which the privately owned RTOs interviewed indicated flexibility worked for them. It helps to demonstrate how the voice of the system differed from those operating on the ground. Examples of these practices are described in Chapters 6 and 7.

The relatively narrow meaning of flexibility described above contrasts with the meaning of flexibility exhibited in interviews – it extended to how privately owned RTOs delivered, designed or assessed courses, the timing of the delivery and assessment itself and the variations in the learning modes or methods used. To differentiate the above ideas of flexibility, the term 'adaptability' is applied to the examples given by the providers interviewed.

Quality

Quality is defined in the Australian Quality Training Framework (AQTF) Standards as "the ability of a set of inherent characteristics of a product, system or process to fulfil requirements of customers and other interested parties…" (Australian National Training Authority, 2005, p. 17). Another meaning is provided in a report to the Victorian Qualifications Authority (PhillipsKPA, 2005). This states that

> Quality is all about meeting customer needs (stated and implied) – and customer in the VET context includes the regulator and all other stakeholders (including students, employers, parents, training organisations, other bodies granting mutual recognition and DEST) … (2005, p. 47).

The above definitions imply connections – one with the product or process fulfilling requirements of interested parties including customers. The other focuses on meeting customer needs, where the customer includes all stakeholders. However, for the purpose of this analysis, quality has been treated separately from client or customer. For this study, the term 'quality' has been taken to mean "a level or degree of superiority or excellence" (Oxford Concise dictionary, 1975). Nor as suggested above, does the term customer in this research include all stakeholders. For example, parents, DEST and the State Training Authorities have not been perceived in this light by the privately owned RTOs I interviewed – their focus has been on their customers – whether employers, employees or students.

References to quality featured in State Training Board reports in the early nineties although we will see that the focus changed over time. The emphasis given to quality in terms of consistency of standard from the 1990/1 STB Report was expanded in the next year in the Department of Employment and Training Report where it saw 'quality assurance' as, amongst other things, a way to "assist the operation of an open and competitive market for training [and] to ensure that training services provided are of high quality" (Department of Employment & Training, 1991-1992, p. 32). This was translated into the following quality assurance activities – accreditation, authority to conduct accredited programs, registration of private training providers, endorsement of courses for overseas students, apprenticeships and traineeships. These meanings assigned by the State Training Board policy makers are necessarily abstract – they are not based on actual experience on the ground. This is in contrast to the practical experience of RTOs which have sought both quality outcomes and compliance with the quality assurance requirements imposed by the Australian Quality Training Framework Standards in relation to their procedures and processes.

By 1993, the priorities in terms of quality included "promoting competition for funds between public and private providers to improve the quality and efficiency of service provision" and "promoting high quality

vocational education and delivery" (State Training Board Victoria, 1993, p. 17). This latter extension to competition for funding reflects the Liberal Coalition policy articulated earlier and illustrates how the framing aligned issues of quality and choice to help drive the commercialisation agenda.

The Australian National Training Authority (ANTA) agreement had as one of its initial objectives "an effective training market with public and private providers" (Taylor, 1996, p. 30). This reflected the stance that quality and effectiveness were thought more likely to improve if the training market was more competitive.

Following the ALP's return to government in Victoria on 1 May 1996 the priority about quality improvement shifted. The STB sought to review the Apprenticeship and Traineeship system and to freeze user choice and contestable funds at 1999 levels for at least twelve months. This was to enable the desirability of further competition in the training market to be assessed (State Training Board Victoria, 2000).

Each of the frames the government policy makers articulated in relation to quality was intended to drive improvements in quality.

Reconceptualising quality

As will be apparent in later chapters, which report the findings of the interviews and discuss the themes which emerge from these findings, the quality concept is complicated, contested and problematic. In the next chapter, I relate the approaches to quality assurance developed nationally. These actions commenced with the introduction of the National Framework for the Recognition of Training (NFROT) in 1992 and the Australian Qualifications Framework (AQF) in 1995. Further refinements and improvements resulted in the introduction of the Australian Recognition Framework (ARF) from 1998 and the Australian Quality Training Framework (AQTF) from 2002. At the time of writing, these quality assurance processes are continuing to change with the evolution of AQTF2007. All have played a critical part in trying to achieve quality of process.

To all intents and purposes, the achievement of quality is interpreted by those interviewed in terms of their ability to control it, or to be compliant with the quality assurance (QA) requirements imposed under the above framework. However, in some instances, RTOs interviewed felt that achievement of the ISO quality standard ISO9000[21], which is more universal in its acceptance in industry, was of greater importance than the QA conditions imposed by the AQTF Standards. In each of these examples, the quality issue has been perceived by the RTOs in question in a practical and grounded fashion. It will become apparent as this study proceeds that this adds to the problematic nature of the quality debate.

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[21]ISO 9000 is a worldwide standard for quality management and assurance which certifies the process or system used. The standard comprises a family of international standards which cover design, procurement, production, quality assurance, and delivery processes for everything from banking to manufacturing. As Blom & Myers (2003, p. 12) put it "… the ISO series of standards [are] a system of certification that require certain quality processes to be implemented …"

Innovation

Innovation was raised on a number of occasions by the State Training Board in its reports – for example it thought the system needed to become "open-market orientated, with innovations and achievements taking place at the enterprise level…" (Department of Employment & Training, 1991-1992, p. 15).

The pursuit of innovation has been ongoing. Kosky, as Minister for Education in the ALP government, issued a ministerial statement on innovation during 2002 (Department of Education & Training Victoria, 2002) which was a macro viewpoint of innovation. Amongst other things, it tied innovation with customisation and improved flexibility. Specific initiatives included establishing a fund for TAFE Institutes to "trial new initiatives in innovation, emerging skills and industries from existing resources" (Ferrier, 2005, p. 31). Another scheme seed funded the development of *Specialist VET Centres*. TAFE Institutes, RTOs and Adult Education Institutes were eligible to seek funds to set up these Centres. A third initiative was the establishment of the *Local Learning and Employment Networks* which were intended, amongst other things, to create a "cooperative approach to planning at the local level" (Ferrier, 2005, p. 29).

As Ferrier describes it, the approach taken by Victoria is a "whole of government approach" which amounts to articulating "a broad set of innovation policy objectives for the state as a whole and a strategy … to meet them" (2005, p. 16). The desire for innovation in the VET sector, expressed through policy utterances and funding allocations was one of the hoped for outcomes of the reformed VET system. The statement by the Victorian Government on innovation in 2002 indicated that its objectives would include "building an educated and highly skilled workforce – supported by a high quality and flexible education and training system" (Ferrier, 2005, p. 26). Innovation was also used in the policy rhetoric emanating from federal policy makers.

Reconceptualising innovation

The definition of innovation I have adopted is the one cited by Mitchell (2003b). Mitchell's definition (adapted from Williams) describes innovation as "the implementation of new and improved knowledge, ideas, methods, processes, tools equipment and machinery, which leads to new and better products, services and processes" (Williams cited in Mitchell, 2003b, p. 1). This definition best fits the situations described later in this study. Mitchell is well known for his work on innovation and change within the VET sector. In many instances, the innovative activities identified by those interviewed illustrated improvements in teaching practice, services provided, and use of technology.

The application of innovation on the ground and at the micro level is more in keeping with the Mitchell definition. The RTOs interviewed described what they considered to be innovative. Several noted that what they considered routine was sometimes considered innovative by those outside the RTO or in other places within the VET system.

From the above discussion it is possible to identify what the early rhetoric meant, particularly in Victoria. In summary – it could be said that:

- 'Responsiveness' was viewed as something to be achieved through meeting industry's training needs. This implied a somewhat reactive approach to industry demand.
- 'Flexibility' was initially related to the recognition process for becoming accredited. Later, the emphasis on flexibility shifted to on-line or e-learning approaches as an additional way of achieving flexibility to meet the training demand.
- 'Quality' was seen through the lens of formal quality assurance processes (with an eye primarily on administrative processes and documentation).
- 'Innovation' was related to providing a means of directing funds taking a 'whole of government' approach as illustrated above.

In this discussion, I have commenced unpacking the ways in which the Victorian VET system rhetoric in particular framed the case for reform. Responsiveness, innovation, flexibility and quality are shown to be closely aligned with market driven commercialisation policies. It was broadly understood that the changes desired in the VET sector would not happen without private sector providers as agents and levers for change.

In the next section, I explore additional concepts which the system uses in its rhetoric. I explain and interpret the meanings of slogans like, exhibiting greater diversity, being nationally consistent and being more competitive.

Diversity

In terms of dictionary meaning, 'diversity' is "unlikeness, different kind, variety" (Concise Oxford Dictionary). My research has shown that diversity is apparent in relation to differences between providers, their philosophies, values, client groups, methods of delivery, markets in which RTOs operate and other aspects of their operations. But as the discussion below and later chapters indicate, diversity itself is somewhat problematic –increased diversity has added to the complexity of the VET sector and to the difficulties of achieving national consistency.

Deveson, (1990) as a proponent of an open training market, saw increased diversity as an intended outcome. In Victoria, the public policy makers had signalled a "commitment to increased diversity and competition in the delivery of funded training …" (State Training Board Victoria, 1994, p. 17). At the national level, ANTA included amongst its national priorities in 2002 recognition of

> … diversity of learners using the VET system. Each learner has different needs, and the challenge for VET is to deliver products and services that motivate learners, that address their specific needs, and help them achieve their learning goals…(Australian National Training Authority, 2002, p. 25).

Surveys undertaken by Anderson (2005) and Harris et al. (2006b) have pointed to diversity in relation to choice. In Anderson's study (2005) the issue of diversity is linked with choice mainly because that survey sought to establish the impact of market reform in quasi markets. Diversity of providers and training options were among the measures Anderson (2005) used to establish the extent of diversity. Anderson stated that "outcomes appear to be positive in relation to choice and diversity…" (2005, p. 10).

Harris et al. (2006b)[22] concluded that

> The overall picture painted here of private providers is one of a substantial and diverse training sector. It is substantial in terms of its number of students, number of staff and range of qualification levels. It is diverse especially in its modes of delivery, staffing arrangements and funding arrangements. (2006b, p. 56)

Throughout this study consideration is given to the extent of diversity which is exhibited by the RTOs I interviewed. Diversity has been an outcome of the changes made in the VET system and, as later chapters indicate, the perceptions of those working within the sector see the training system as being very complex. Indeed this perception of complexity was a major criticism of the VET system made by employers participating in an Allen Consulting Group survey of 1998 (1999).

The other matter for further consideration, alluded to briefly above, is the extent to which the presence of so much diversity reduces the probability of achieving national consistency in the VET system, and whether in the end this is a desirable or practical outcome. This issue is further canvassed in Chapters 7 and 8.

National consistency

Proponents of consistency at the national level emerged from the Kangan era onwards. Dawkins in 1989 stated that there was an urgent need "for action to improve the quality, consistency and equity of our national training arrangements" (Dawkins, 1989, p. 4). In seeking to improve national consistency Dawkins stated:

> The government recognises that complete uniformity of the training process itself is neither desirable in principle nor achievable in practice: different approaches will be necessary according to the needs and circumstances of different individuals, industries, States and regions…these legitimate differences should be accommodated within a common framework which recognises the need for nationally consistent standards, transfer of credit and portability of qualifications … (1989, p. 24).

This concept of national consistency is further illustrated in the following extract from a speech given by Beazley, as Minister for Employment, Education and Training, when he introduced the Bill on the Australian National Training Authority. He claimed

> … the national system, and the creation of the National Authority marks a significant stage in Australia's development as a clever and a capable country. For the first time, the vocational education and training sector will have a secure funding base on which to plan … the Government [has honoured] its own commitment in One Nation to provide secure and substantial funding for vocational education and training on a triennial basis … there will be a consistent national approach to planning for vocational education and training, with common and agreed national goals, a national strategic plan and national planning parameters forming the basis for individual State training profiles, jointly developed between the Authority and State training agencies … for the first time, there will be an independent statutory authority to oversee and participate in the planning and funding arrangements for vocational education and training … [comprising] a board of five independent members, chosen for their acknowledged expertise and providing for a strong industry representation in the development of the national system … A central aim of the new system will be to promote closer, more effective interaction between industry and vocational education and training providers… A clear aim of the national system will be the promotion of a more effective training market, comprising public and

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[22] This survey encompassed community education providers within its definition of private providers and is not directly comparable with my findings.

private provision of advanced technical training and further education opportunities… (Beazley, 1992. pp. 1-3)

The underscoring in the passage above is my emphasis. The idea of national consistency being applied in the last two quotations is not uniformity, but rather stability, compatibility or reliability. It is a macro view of how being consistent at all levels of government in all states should work. Indeed it could be said that the consistency sought here implies agreement between the parties on a course of action which will promote the effectiveness of the training market and achieve national goals. It is also clearly intended that there are not meant to be differences in approach to VET in each state. The above implied agreement is however decontextualised and abstract – those who made the policy decisions are not actively involved on the ground. In contrast, the RTOs which are expected to work within the system as practitioners view what is a desirable outcome for national consistency somewhat differently. National consistency is different for the trainer in an RTO. He or she is looking for different outcomes and viewing this concept from different perspectives to those of the policy makers. They are operating in different discourses.

As we shall see as this study unfolds, the issue of achieving national consistency on the one hand and having greater diversity on the other implies an inevitable tension. This tension can be seen particularly at the micro level with RTOs trying to have the state training authorities take the diversity of the RTOs' size and style of operation into account and also to provide the promised national consistency at a macro level.

Each State Training Authority aimed for consistency in applying the Quality Assurance (QA) standards but this was in relation to their own decisions or those of their agents, rather than in terms of being consistent nationally. This consistency meant that once all accredited training organisations were re-named RTOs, it was expected that the rules or standards would apply equally to them regardless of their funding source. However, it was intended by the policy makers who finalised the AQTF Standards that the policies and procedures of an RTO should be "consistent with its scope of registration and its scale of operation" (Australian National Training Authority, 2005, p. 3). This particular approach was not generally practised – rather the interpretation of compliance with AQTF Standards tended towards a one-size-fits-all approach. Unfortunately this translated into the government auditors, responsible for ensuring RTO compliance in Victoria specifically, imposing unrealistic and unsuitable requirements on RTOs which were diverse in their size, scale, scope of operation and industry coverage. At times a government auditor might expect an RTO to change its policies and procedures to meet the individual quirks of the particular auditor. Corroboration of the comments just made is aptly put by PhillipsKPA (2005). In its report it said that "a more consistent approach to registration and audit could be implemented across the post-compulsory education and training system" (2005, p. 3).

Competitiveness

By the time ANTA was abolished in 2005, over 4000 Registered Training Organisations were listed on the National Training Information Services' (NTIS) website. This compared with just over 300 RTOs on the National Register in 1994 (National Training Board, 1994). This significant increase in the number of providers nationally has resulted in many more potential competitors operating in the VET training market.

This desire for greater competitiveness in the training market was expressed as early as 1990 at the Special Ministerial Conference on Training, which considered the Deveson Report (1990). This Conference, amongst other things, "supported the development of a more open and competitive national training market" (Department of Employment & Training, 1991-1992, p. 36). The Commonwealth saw "competition … as a mechanism for not only reducing costs and improving quality but also for providing changes to the form of delivery of training, e.g. on-site or distance learning and customisation of training" (Taylor, 1996, pp. 122-3). By the end of 1997 when the revised ANTA agreement was being endorsed for the period from 1998 to 2000, one of its goals was "the adoption of a competitive training market" (State Training Board Victoria, 1998a, p . 5).

The move to encourage competitiveness was also apparent in the allocation of a percentage of government funds "through contestable processes" (State Training Board Victoria, 1998a, p. 7). Indeed the ability of private providers to tender for funding was designed, according to the STB, "to formally acknowledge the role of private provision in the [State Training System] STS and signal a commitment to increased diversity and competition in delivery of publicly funded training" (State Training Board Victoria, 1996, p. 37). Further discussion on how this contestable funding expanded in Victoria is covered later.

The assumption that is derived from the market frame is that more competition will result in better quality and greater efficiency, particularly in TAFE, as it was competing with private providers for government funds which would impact on its student numbers and its market share. The extent and form of this competition on the ground however, is not quite as simple to illustrate. Nevertheless the argument will be put that competition between providers is now present, and that the extent to which it is thought significant varies according to the perceptions provided by those interviewed and by others writing about the sector.

The use of the term 'competitiveness', in relation to the rhetoric, is itself also interesting. This is because earlier government concern lay in the lack of Australia's international competitiveness in a global economy and the belief that education and training needed to be reformed to achieve better skills to enable Australia to compete in the world marketplace.[23] But competitiveness is not just a matter of skills and training; other considerations are also important. The labour costs which apply in other countries can have a significant effect on Australia's competitiveness. For example, labour costs in many Asian countries including China are significantly lower than ours.

However, the actual extent to which the market needs to be competitive has not in my view been clearly enunciated. Policies relating to user choice and competitive tendering for government funds have provided evidence of actions taken to encourage providers to compete for funds under specific programs (i.e. Priority Education Training Program (PETP) and Apprenticeship/Traineeship Training Program (ATTP)) which would result in funded places for their students. The effect of the Hilmer inquiry (1993) into competition policy is another aspect of competitiveness which government policy makers sought to address in education

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[23] This was reinforced by the Commonwealth Government in its submission to the Taylor review (1996).

and training as well as in other sectors. The measures to improve responsiveness and the need to consider the Hilmer views on competition policy were identified as part of

> … government policy to drive improvements in the responsiveness, quality and efficiency of TAFE through development of the training market. Measures to encourage development of the training market have included … the registration of private providers of training; the allocation of a proportion of government funds through contestable processes and the application of the National Competition Policy. (State Training Board Victoria, 1999, p. 21)

It appears, however, that policy makers assume that more competition within the VET market results in greater competitiveness within the national economy, and in turn, the extent of competitiveness within the global economy. Certainly there may be more competitiveness in the VET training market than prior to commercialisation; but as suggested above, other factors outside the VET market may contribute to, or hinder, any improvement nationally and globally.

Summing up

The role of economic rationalism has been documented by reference to the political literature of the time to help explain the move in the VET system towards marketisation. I have shown that the shift from Keynesian policies was mainly due to the changing economic environment Australia faced in the years following the Second World War. These changes included Australia's inability to compete internationally, the impact of globalisation, an unsatisfactory balance of payments position, unacceptably high unemployment and high inflation. The market as an economic concept and the establishment of a VET training market have been explained.

By the end of the 1980s, the perception was widespread that innovation and the development of a highly skilled economy and a global perspective could help to overcome Australia's economic problems. The need to improve the training system may in itself have led to changes but not necessarily to such extensive commercialisation. Without the economic rationalism push at the time and the consequent opening up of the training market, the changes may have been quite different.

The definitions or explanations, provided in this chapter, endeavour to provide meanings for the concepts which have been dealt with throughout this study and as they have been used by the different voices. The interpretations which I have applied in analysing and identifying the ideas emerging from the interviews have been made to define the concepts as precisely as possible.

In later chapters, it will become apparent that unintended consequences arise from pursuing the goals enunciated above. One is the extent to which the system has become more complex. Another is the presence of various tensions in the system - between those which regulate it, on the one hand, and those trying to participate in it and meet the requirements imposed on them, on the other.

In this chapter, I have examined what is at the centre of this research: the conceptual underpinnings of the argument for market driven commercialisation. I have used the notion of framing to assist in our understanding of the way the government's reform agenda was promulgated to provide a vision of what

those driving the system hoped to achieve. Some differences in the discourse between policy and practice have also been raised in this chapter. I have also presented an indication of how my research leads to a re-conceptualisation of the meanings assigned to the language of the policy makers.

The key concepts which I have discussed play an important role in assessing the impact of privately owned RTOs on the nature and scope of the Victorian VET system.

Chapter 4 – The Shifts in and Shape of VET

Preamble

In Chapter 3, which dealt with concepts impinging on the VET system, I identified the meanings conveyed in slogans used by public policy makers to frame the reform agenda in VET. These and other key terms introduced in that chapter set the stage for exploring the changes in the shape and direction of the VET system in Victoria and nationally.

In this chapter, I examine in detail major changes in policy and practice in VET in Victoria and nationally, from the late 1970s until 2003. The discussion further addresses my first sub-question about the way the Victorian VET system changed. In particular, I discuss the emergence of the concept of the marketisation of the VET system. A number of factors pushed the need for marketisation. They included a need for strategies to enable an improvement in the national skill base in an increasingly global competitive market, the national economic environment which exhibited unacceptable levels of unemployment and a political environment which saw economic rationalism as the preferred road to follow.

The chronological diagram (Figure 4.1) below summarises the reports, reforms and critical government decisions in Victoria and nationally. This diagram provides a viewable frame. It is a means of bringing the complexities of the period of training reform in both the medium and long term into diagrammatic format. Figure 4.1 includes key political and economic events and milestones which have had an influence on the shape of the VET system. It records labour market policies, changes in government, economic crises, such as the stock market crash, and the many government and semi-government reports which have been a feature of the period under review. This is, in effect, a graphic representation of the socio-historical and political context of my study.

The matter of national consistency is also taken up again in this chapter. It has become apparent, as this study has proceeded, that the search for national consistency has led to unexpected consequences and contradictions.
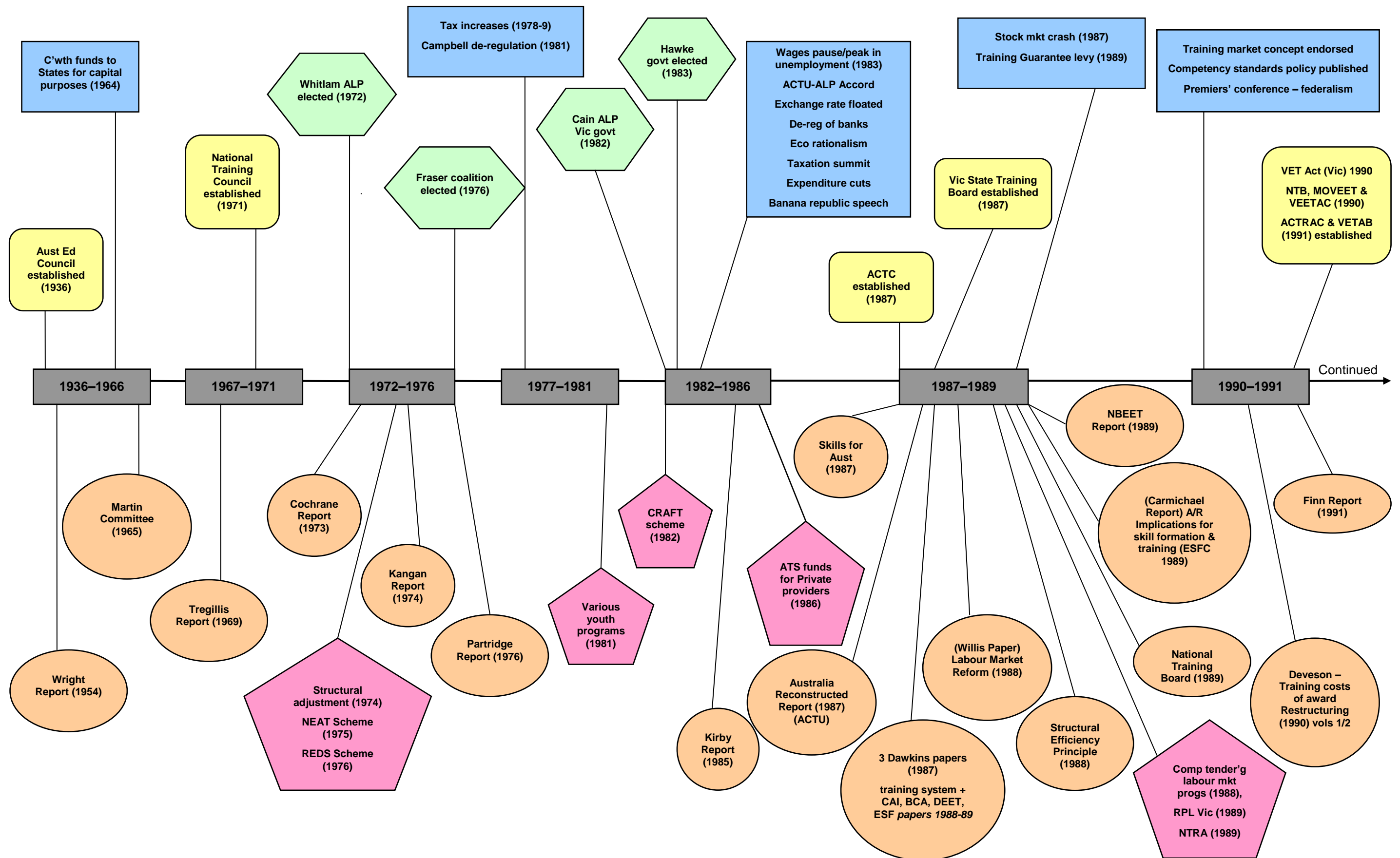
Figure 4.1 – Chart of events: Chronological diagram 1936 to 2003
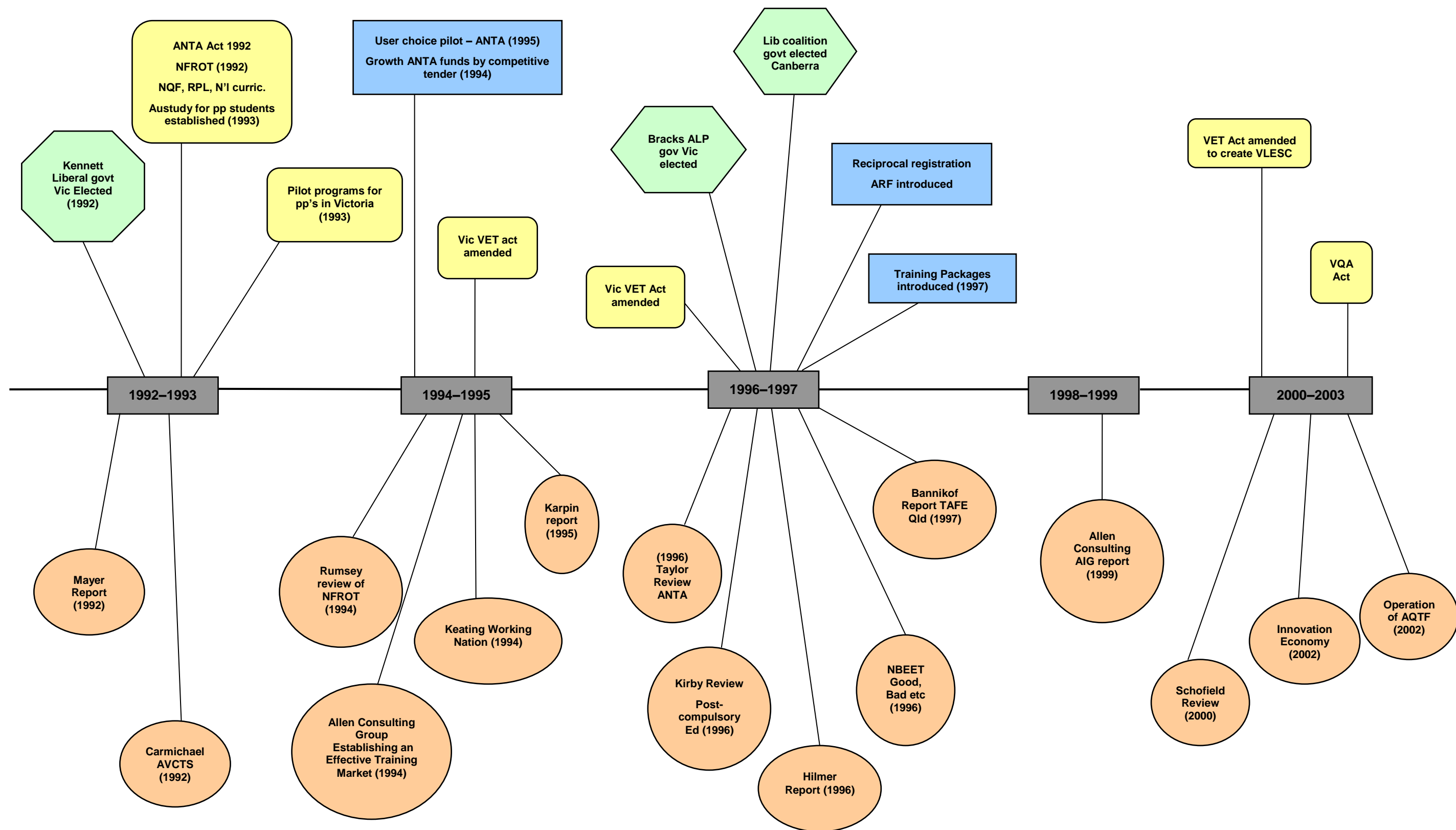
Figure 4.1 – Continued

Figure 4.1 portrays an exponential increase in the number of events which, either indirectly or directly, have had an impact on the nature of skills in demand, on the organisation of vocational training and on its use as an instrument of government policy. In the 10 years between 1987 and 1997 twenty reports were published covering issues which both directly and indirectly related to vocational education and training. Specific examples include the establishment of the National Training Board (NTB) (National Training Board, 1990), the legislation which brought the Australian National Training Authority (ANTA) into being at the national level and amendments to the Victorian VET Act. White papers from federal government ministers in successive ALP governments expressed concern about skills and labour market issues. There were national and state-based studies commissioned to examine such issues as training costs under award restructuring and reviews relating to training market reform were published over this period. As the next section shows this contrasts with the period between 1936 and 1986.

The shaping of VET explored

The chart begins in 1936 when the Australian Education Council (AEC) was established. This signalled an interest by the federal government in education although the Constitution had left the responsibility of education to the states. VET was not included in the coverage of the new body and AEC recommendations were, in the main, for federal financial assistance for schools.

The term 'vocational education and training' would have been an unfamiliar expression to those in the technical education sector prior to the Second World War. 'Technical education' had been the usual terminology. Stephen Murray-Smith has described the development of technical education during the late 19th and early 20th century in detail (Murray-Smith, 1965).

In 1954 a national report into apprenticeships was referred to by Rushbrook as "Australia's first national report on technical education" (Rushbrook, 2001). The Martin Committee Report (1964), followed 10 years later and nearly 30 years after the AEC was established. It was apparent there was a lack of interest in VET nationally as Martin focused on the needs of tertiary education which excluded technical or trade training.

Four years after the Martin Committee Report, the Tregillis Report (1968-69) helped draw attention to technical education at the national level. It gave an account of a tripartite mission to Europe in 1968/9 to investigate skill development. The purpose of the mission had been to investigate the way skilled workers were trained in Europe so that the criteria for the selection of migrant tradesmen and their recognition could be established. The report made recommendations for improving training within Australia, adding to the pressure for a national approach to technical education. But more significantly, in the light of future action, Goozee noted that

> … Australia remained the only country where there was no general co-ordination of training on a national basis to ensure a uniformity of training methods, a uniformity of standards and a common acceptance of qualification …(1995, p. 18).

The chart reports chronologically the inquiries set up by government in the 1970s, in particular the Australian Committee on Technical and Further Education, (ACOTAFE) commonly referred to as the Kangan Report (Australian Committee on Technical & Further Education (Kangan Report), 1974). To some extent, this inquiry set to rights the perceived lack of a national approach to VET (1974, p. 90). The ACOTAFE was established in 1973 to

advise on the "amount and allocation of any financial assistance for TAFE and the condition under which such assistance should be granted" (Fooks, 1994, p. 38). It was this report, entitled *TAFE in Australia: Report on Needs in TAFE* (1974), which introduced the term "TAFE" (i.e. technical and further education). Kangan also created a mechanism for interstate cooperation and enabled federal intervention in the conduct of training.

The Kangan Report was described by Goozee, in her history as having a "dramatic effect on technical education in all states" (2001, p. 10). Twenty years after Kangan, Kirby felt that it had – "undoubtedly brought a new respectability to technical and further education" (P Kirby, 1994, p. 90).

All state governments have, at least to date, retained their traditional roles as the sole providers of recurrent funds for vocational education and training. This situation has existed since 1912 in Victoria when technical education passed

> … from the control of primary teachers and came under the hand of men [sic] professionally competent to direct it, men [who] saw that real technical skills had to be linked with industrial requirements (Murray-Smith, 1965, p. 185).

Nevertheless the Kangan Report went beyond examination of funding needs alone. As Schofield points out, the Kangan Report presented a new paradigm

> – a pattern of concepts, theories and values … processes which acted as a locus for a professional commitment to a TAFE ideal which, even today, 20 years later, is difficult for the subsequent national training reform agenda to quickly eradicate (Schofield, 1994, p. 58).

In discussing the processes arising from Kangan, Schofield expressed the opinion that

> … the report was remarkably silent on the question of industry involvement. Apart from emphasising the importance of the role of industry in course advisory committees, there is little mention of industry's role in the new TAFE system. (1994, p. 73)

However, as we shall see later, the role of industry was of much greater concern to the Australian Labor Government from the late 1980s. This concern is demonstrated in one sense at least by the quantity of reports and actions identified in Figure 4.1.

On the other hand, Schofield saw several legacies of the Kangan Committee as significant. These included: improving the quality of TAFE curriculum, pointing to the National Framework for the Recognition of Training (1992), the Recognition of Prior Learning (1993), the National Qualifications Framework (1993), the development of national curriculum and a systematic approach to course revision (Schofield, 1994, p. 67). Whether this is so or not, is perhaps not as critical an issue for this thesis, as the fact that these legacies all represented recognition that somehow Australian vocational education and training needed to be nationally focused. In other words, it was believed that greater consistency and efficiency could result from achieving a national focus. Kangan pre-dated the market driven economic rationalism which emerged during the 1980s. Indeed Kangan reflected the policy directions of the post-war Keynesian period.

Goozee claimed the period between 1976 and 1982 was a "golden age" (2001, p. 38) for TAFE.

> …TAFE continued to grow, was held in high esteem by governments and finally acquired an identifiable role in the education spectrum. It was also a period of increased Commonwealth intervention in TAFE

policies and programs as succeeding government inquiries saw TAFE as a vehicle for implementing change. (Goozee, 2001, p. 38)

Figure 4.1 documents many of the labour market schemes which aimed to alleviate the rising levels of unemployment through provision of training. The impact of these schemes has not been canvassed here, although, in investigating their effectiveness, Webster concludes that on balance,

> …wage subsidies [have proved to be] the most cost effective type of program… [but] wage subsidies are not considered suitable for many of the most disadvantaged types of job-seekers nor are they easy to use in times of low job growth … (2000, p. 250).

The critical link made at the federal level between unemployment and training occurred through the combining of these two areas into a single government department (Goozee, 2001, p. 79). This action could thus be seen in a number of lights: as a response to the prevalence of economic rationalism, as a way of dealing with the high and rising unemployment levels, as an outcome of the changes in industrial relations and/or award restructuring and/or as a means for the federal government to fund VET. No matter which of the above predominated, the impact of this action was substantial. Amongst other things, a plethora of white papers and reports emanated as a consequence of the creation of this mega-department.

Carmichael (1989) and Mayer (1992) are regarded as playing significant roles in the formation of a national VET system, even though they worked as outsiders. Observations made by Predl, Chairman of the Victorian TAFE Board from 1984 to 1987, confirmed the importance of their roles. Carmichael's influence as the Chairman of the Employment and Skills Formation Council (ESFC), and Mayer's influence through his report on key competencies (1992), were the examples cited in the discussion with Predl.[24] Figure 4.1 alludes to other reports emanating from the ESFC during the late 1980s. Predl expressed the view that publication of *Australia Reconstructed*, (Australian Council of Trade Unions/Trade Development Council, 1987) in a sense, had shifted the focus of the reform agenda away from TAFE/ VET and towards industry. Further, Predl, along with many participants in and commentators on the development of the national VET system came to perceive that this new agenda had resulted in industry people becoming the "real drivers" (Smith, 2006).[25]

But at this point, I want to return to the events which shaped VET nationally.

National Training Reform Agenda

In Schofield's opinion the National Training Reform Agenda (NTRA) was the "second revolution for TAFE" (1994, p. 57). She expressed the belief that this agenda diminished the role of individual needs which was the Kangan focus and asserted "the primacy of a labour market orientation relative to an educational and social one" (Schofield, 1994, p. 61).

The Allen Consulting group described the NTRA as

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[24] In a personal interview with Helen Smith (2006)
[25] The issue of industry driving the VET system is a problematic one which when examined carefully is not necessarily borne out by events. The work of Chappell (2003) and Chappell, Hawke & Schofield (2002) on the extent to which the VET sector has been industry led is not conclusive. The expectations of Dawkins and others in government in the 1990s do not appear to advance the expectation that industry involvement will be greater than in the past. Mechanisms were established to ensure appropriate representation on bodies which would enable industry to have a say.

> … a loosely related collection of government policies progressively agreed by Ministerial Councils between 1989 and 1994, whose common element is that they are all directed explicitly towards reforming aspects of Australia's approach to skills formation (1994a, p. 17).

The concepts which formed the basis of the NTRA did not all emerge at the same time but evolved over the period 1982-1989. As the Allen Consulting Group saw it, the NTRA was a response by trade unions and government to "the economic challenges facing Australia in adjusting to the new more open competitive environment" (1994a, p. 17).

The inadequacy of Australia's skill base and vocational preparation was highlighted in a number of reports, particularly *Australia Reconstructed* (Australian Council of Trade Unions/Trade Development Council, 1987). The visits to Sweden, Norway, Austria, West Germany and the United Kingdom made by the ACTU representatives and others highlighted the inadequacies of the Australian situation.[26] One outcome of the ACTU mission was the recognition that economic restructuring needed a training system which could deliver significant improvements in the skills and capabilities of the Australian workforce in both manufacturing and other sectors. The recommendations made in the report were taken into account in *Skills for Australia* (Dawkins & Holding, 1987). Dawkins who had been appointed the Minister for Employment, Education and Training in 1987 and Holding who was Minister for Employment Services & Youth Affairs were the proponents of the recommendations – providing yet more evidence of the integration of labour market and industry policy.

Labour market necessities, skills inadequacies and the focus on the need for responsible and adaptable labour markets, all played a part in the ultimate upheavals which occurred. The prevalent view was that the existing TAFE system could not meet the needs for skilling Australia and for successfully implementing the training seen to be associated with award restructuring[27] (Carmichael, 1989; Dawkins, 1989). So it was not surprising that the shape of vocational education and training was changing, particularly at the national level. It was clear that these events, and others included in Figure 4.1, were the early drivers for the opening up of the vocational market to private providers. Indeed, the actual process of award restructuring could be seen as another of the main external influences on training reform, along with opening up of the economy to overseas competition and the pressure to raise quality and reduce costs (Allen Consulting Group, 1994a).

In addition to the reports already cited, a number of others which dealt with industry training and the need for significant change were tabled in Federal Parliament (Dawkins, 1989, 1990, 1992; Dawkins & Holding, 1987; Keating, 1994a, 1994b, 1994c). Thus, it seems somewhat presumptuous to identify any single process as the only, or even the major, reason for the training reforms which evolved as the NTRA.[28] The NTRA was yet another

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[26] The inadequacies identified in relation to labour market and training issues went to such matters as insufficient workers with the required skills, problems of entry and re-entry into the labour market and school-to-work transition, lack of support for on the job training, inadequate job placement and the need to integrate labour market policy with industry policy. The 10 recommendations made as a consequence of these deficiencies were seen by the Mission Report to enable skills formation to be promoted and to achieve a responsive and adaptable labour market with tripartite involvement.

[27] The decisions of the Australian Industrial Relations Commission in the 1988 National Wage case on the Structural Efficiency Principle were the drivers for the Award Restructuring and also entrenched the concepts identified as part of the NTRA (Allen Consulting Group, 1994a, p. 17)

[28] The collection of initiatives identified as the NTRA were in the Allen Group's view–
- Competency Based Training,
- Competency standards,

catalyst for the emergence of an open training market and the entry of private providers, especially as one of its elements included the operation of a training market. All its elements had been identified as priorities for training reform in the late 1980s. To reinforce the importance that award restructuring played in this equation, Dawkins maintained that it would

> … generate substantial pressures on the training system in areas such as training needs assessment, curriculum development, national training standards and accreditation, competence assessment processes, staff development, and improvements in access to training for disadvantaged groups … (1989, p. 46).

The outcome of all this was that funds were forthcoming from the federal government to support these measures.

It was the last element of NTRA which has proved significant for my study. This was the support for the opening up of a training market to enable private providers to offer accredited training and thus add to the supply of that training in the market place.

The ultimate goal – ANTA and a national system?

Considine (1994) made much of the difficulties within the Australian Federal system with achieving agreement to new initiatives on a national scale when they impinged on state governments. This was in part due to the need for both levels of government to agree (state and federal in the case of education) before any major policy or program development could occur (Considine, 1994). The fact that the government managed to get all ministers to agree to the training market reforms at all seems even more remarkable when compared with the difficulties faced by earlier governments in implementing national policies (Davis et al., 1989).

The negotiations between the federal, state and territory governments for the first ANTA Agreement were, it would seem, ongoing in a period when the ultimate goal for some in the federal sphere was a takeover of TAFE by the Commonwealth.[29] Another possible spin on a takeover was added by Schofield (2005) in a keynote address to the 2005 AVETRA Conference in Brisbane.[30] Schofield referred to the critical role political dynamics play and the perceived willingness of the states to give away functions to the federal government in exchange for extra funds. She identified the ANTA agreement by the state governments as being mainly due to the concern that all of the states had at that time. This concern was that Victoria, with its parlous financial position, was in danger of agreeing to Keating and Dawkins actually taking over VET completely (McPhee, 2005).

- Nationally Recognised Training,
- National Curriculum, Delivery & Assessment,
- Entry level training
- Access & Equity,
- Funding for Training,
- Training Market (Allen Consulting Group, 1994a, p. 18)

[29] Lawson commented in a second reading speech on an amendment to the VET Act that "the former Federal Minister for Employment, Education and Training, Mr Dawkins … wants the Commonwealth to take over the TAFE system and has made an offer to that effect. The State government is tempted by the thought of transferring responsibility for the TAFE system to the Commonwealth government because of its current financial constraints, but that would be a retrograde step …" (Lawson, 1992). While, Worth in a speech on the ANTA Amendment Bill 1998 had said "The former Labor government began negotiations with the aim of the Commonwealth assuming responsibility for vocational education and training …" (Worth, 1998).

[30] At the time of the ANTA agreement, Schofield was a high level bureaucrat in the South Australian public service.

To some, the danger remains. For example, the recent establishment by the federal government in 2005 of its own funded technical colleges (Department of Education Science & Training, 2006-2007) is seen by some as a means of funding and influencing VET at the expense of the states. Furthermore, the requirements for each state to agree to particular conditions in order to gain the funding they require for VET, is seen by some as adding to the creeping federalism.[31]

The literature available on the ways in which VET needed to change from the early 1990s through to the 21st century is prolific. The employer bodies' reports added to the government commissions and reports. Both the Confederation of Australian Industry (CAI) (1988) and the Business Council of Australia (BCA) (1988) put forward proposals for reform of VET. This overview has endeavoured to capture the essentials.

Before I identify what happened at a national level in the 1990s, I want to examine how Victoria was affected by what was happening nationally.

Victoria – From TAFE to VET

In terms of Victoria, an economic strategy document was produced by the Labor government in 1984 (Department of Management and Budget Victoria, 1984). It acknowledged weaknesses in the Victorian education and training system. Amongst these weaknesses were the

> … lack of co-ordination between those involved in post-compulsory education and training [and] lack of clarity in the roles of federal and state governments in the administration of individual education and training programs (Department of Management and Budget Victoria, 1984, p. 88).

The economic strategy document reported that a review had been established of

> … the post-compulsory education and training system … [to be] the responsibility of the Minister of Education … [with an] interdepartmental committee comprising senior officials from these departments and other agencies … to service this on-going review. The review's objectives included improving the responsiveness of education/training institutions to the needs of the community and industry and more flexibility in the production of education and training programs, and better access to education and training for individuals, including those already in the workforce. (Department of Management and Budget Victoria, 1984, p. 88)

As the above extracts indicate, the notion of improved responsiveness and flexibility in education and training was being canvassed in Victoria before the Commonwealth Labor Government turned its attention from industry restructuring to the role of education and training as an enabler of new industry agendas. Cathie, who had become the Minister for Education in the second ALP Cain government after March 1985, made further significant changes to the way in which the TAFE sector was administered in Victoria. A key change was the abolition of the TAFE Board and its replacement in November 1987, with the Victorian State Training Board (STB) (State Training Board Victoria, 1989). The major differences between the TAFE Board and the STB were, first, the location of the latter within the tripartite policy framework that had been used by the Hawke government as a device to involve employers and unions with industry change strategies; and second, the engagement of the supreme training

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[31] It is even possible that in seeking to ensure that the VET system is truly national, funding for private providers will be allocated directly by the federal government, rather than through the current user choice decision making currently delegated to the states.

governance agency (i.e. the STB) in the implementation of industry skill formation rather than the training of individuals. The State Training Board, appointed by Cathie, had Deveson of Nissan as its first Chair (Goozee, 1995). Its initial tripartite[32] membership of 12, included representatives from employer groups, trade unions and education bodies. By 1988/9 the STB had expressed the view that "Victoria is becoming well-placed to address the skills formation issues arising from our changing economic and social circumstances" (1989, p. 20).

A paper prepared for the ESFC (1991) had identified the strengths and the weaknesses of TAFE Colleges, their past and future needs. The paper included, amongst other things, a detailed analysis of what needed to change for this transformation to occur in relation to TAFE (Employment & Skills Formation Council, 1991).

Rushbrook (2004) reviewed TAFE in Victoria. In doing so, he proposed that

> … to account fully for the conditions that led to technical and further education's emergence in Victoria from a position of neglect to one of prominence within the public and private sector is to undertake an excursion into the three decades preceding it … at both state and federal level (2004, p. 1).

He concluded that

> Vocational and adult education began as a series of community-based education and training institutions that perpetuated and adapted themselves according to the reflexes of local industry and the expressed needs of local citizenry. The sector was accordingly flexible and responsive. This was its strength. Over time flexibility and responsiveness were mitigated by wider economic and political forces that colonised the system. Technical and further education began to serve new masters – state-wide and national interests, with community defined as the nation and individual needs defined by national and global political and industrial agendas. The sector, however, was still expected to be flexible and responsive. This became its dilemma. It remains. (Rushbrook, 2004, p. 25)

The messages about the demands to be placed on training by award restructuring and the potential role for the TAFE system would seem to have been acknowledged by the STB through an expansion in the TAFE College system in Victoria. By June 1993, there were 30 Victorian TAFE Colleges, including three universities with TAFE divisions (State Training Board Victoria, 1993, p. 22). However, at June 2000, the Victorian TAFE system comprised "14 TAFE Institutes and five universities with TAFE sectors" (State Training Board Victoria, 2000, p. 52) due to a number of mergers and amalgamations.

Along with the expansion of TAFE, the STB had requested consultants Pappas Carter Evans and Koop (1988) to identify how the TAFE system "might develop commercial activities to respond to the increased demand for company specific and post-initial training related to award restructuring" (State Training Board Victoria, 1990, p. 17). Interestingly, the report to the STB found "TAFE colleges are well positioned to expand their share of industry funded training" subject to addressing such things as "increasing staff flexibility, [and] encouraging colleges to be flexible through a more decentralised environment and promotion and encouragement [to staff]" (State Training Board Victoria, 1990, p. 17). The extent to which TAFE has achieved flexibility and responsiveness in comparison with the privately owned RTOs studied in this research has been taken up in my concluding chapter.

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[32] Tripartism in this sense is being used to describe the Victorian State Government's appointments to bodies like the STB on the basis of ensuring that employers, unions and the bureaucrats were represented. Some viewed this as meaning that the appointments were not necessarily of those with appropriate expertise for the work to be undertaken.

Other desired reforms were on the agenda for the STB in that same year. These included an intention "to promote cross-crediting and articulation of courses between providers of vocational education and training and other sectors of education so as to maximise progression of students" (State Training Board Victoria, 1990, p. 12). A Recognition of Prior Learning (RPL) model was also announced "to formally recognise the variety of skills gained through daily work experience and in-house training programs"[33] (State Training Board Victoria, 1990, p. 25).

The 1990 Victorian Act was of far greater importance in its provisions relating to opening up the training market than to the reforms identified above. The reforms in Victoria were announced well in advance of the ANTA agreement. By the time the ANTA agreement was signed in July 1992, Victoria had registered 61 private providers (State Training Board Victoria, 1993, p. 51). Victoria could well claim it was leading the field, firstly, in its application of neo-liberal and commercialisation policies and, secondly, in adopting strategies to address skill formation. In its Annual Report for 1992, (Department of Employment & Training, 1991-1992, p. 36) the Department of Employment and Training claimed a major role in framing the national objectives. It maintained that these reflected its goals and objectives. Indeed the Department of Employment and Training report for that year traced the Victorian sector's progress against each national goal (Department of Employment & Training, 1991-1992, p. 38).

In March 1991, the STB gave consideration to the need to further streamline the registration process and make it more accessible (State Training Board Victoria, 1992). In doing so, the State Training Board claimed it was seeking to meet the needs of its industry membership.

However, the more onerous requirements imposed on RTOs over the next 10 years, especially the Australian Quality Training Framework (AQTF), added to the tensions which existed between those who regulated the training and those who supplied the training. This tension was mainly about the balance between ease of access and compliance with regulations. In more recent years, a further element has emerged; that of the government not only being the regulator but also supplying training through the funding of TAFE, purchasing training from private providers (and others) and perceiving itself as a customer.

And so the scene is set for the examination of the growth of the training market in Victoria. This growth is traced in the next chapter on the Victorian training sector. Before moving on however, the national changes are canvassed below, dating from the operation of the ANTA agreement. It was to have "full effect from 1 January 1994" (Beazley, 1992, p. 1). By focusing on the federal scene we are able to identify those issues which impinged on the Victorian VET system.

The Australian National Training Authority

The changes made to VET at a national level have been significant in their impact and influence on the way VET has emerged nationally in the late 20th century and beyond. The original reason for the formation of the Australian National Training Authority (ANTA) was stated to be, "to equip [Australia's] young people with the skills

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[33] The RPL issue has not been dealt with in any detail in this research. However, my experience indicates that it is more prevalent and more easily dealt with by privately owned RTOs.

necessary to make their way in an increasingly competitive world economy" (Australian National Training Authority, 2004-2005, p. 6). As The Hon KC Beazley, the incumbent Minister for Education, Employment and Training in the Labor government at the time the ANTA Act was passed, stated in his second reading speech

> [The ANTA] agreement was reached after a sustained period of negotiations, during which the needs for a national and properly funded system of vocational education and training were balanced against the constitutional reality that vocational education and training remains primarily a responsibility of the States (Beazley, 1992, p. 4).

The rhetoric reflected in the early ANTA reports needs to be aired at this point. For example, the 1994 Annual Report stated its priorities as being:

- to build a <u>client-focussed</u> culture,
- to create and promote opportunities for lifelong learning,
- to advance <u>a national identity</u> for the system,
- to <u>reward innovation</u> and best practice approaches.

The priorities were intended to:

- provide strategic direction while ensuring the States and Territories retained <u>flexibility</u> to set their own priorities,
- <u>strengthen the quality</u> and performance of the system and <u>make it more flexible and responsive,</u>
- support the important reforms already underway. (Australian National Training Authority, 1994, p. 8)

In explaining what it meant by flexibility, the 1994 Annual Report identified flexible delivery in terms of "providers [increasing] their range of delivery methods, including the use of advanced communication and information technology, and innovative on-site delivery …" (Australian National Training Authority, 1994, p. 10). This at least, acknowledged an extension of what flexibility meant beyond that identified in the STB reports discussed in an earlier chapter. Indeed, this view of flexibility, although still focusing on delivery methods, comes closer to the examples found in interviewing the privately owned RTOs.

The ANTA national strategy, expressed in 1994, had action plans which would provide greater responsiveness into the system. This was to be achieved by being

> … more client focussed, concentrating on customer needs and preferences [the key being] <u>an open training market</u>, where clients have <u>maximum choice</u> among a diverse range of public, private and industry providers (Australian National Training Authority, 1994, p. 17).

As for quality – that was thought to be achieved "by providers striving for best practice and by assuring quality … [through encouraging and funding] best practice approaches" (Australian National Training Authority, 1994, p. 18). On the ground this included the implementation of the National Framework for the Recognition of Training (NFROT) and agreement on the implementation of the Australian Qualifications Framework (AQF)[34] (Australian National Training Authority, 1994, p. 14).

ANTA's birth, its achievements and its demise have been well documented. The discussion which follows has drawn on how ANTA saw itself historically in its final Annual Report (Australian National Training Authority, 2004-2005).

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[34] These have been discussed in greater detail below.

The legislation entitled *Australian National Training Authority Act* was passed in late December 1992. A board was appointed with the then Managing Director of IBM Limited, Finn AO, as the initial Chairman. The priorities developed by this Board were approved by the Ministerial Council of Commonwealth, State and Territory Ministers (MINCO) in June 1993. Significantly, in the light of earlier comments about the complexity of the national training reform agenda, MINCO requested the Board (in late 1993) to consider

> … strategies for simplifying this agenda … the results [being] a range of new initiatives … [amongst these were] <u>user choice</u>, closer integration of processes of standards and curriculum development, <u>quality assurance</u> and a stronger and more coherent set of state and national industry training advisory bodies (Australian National Training Authority, 2004-2005, p. 6).

Training Packages[35] were the next "revolution in industry's role in defining national skill standards" (Australian National Training Authority, 2004-2005, p. 6). Their appearance dated from 1997. The story of their development and implementation need not be dealt with here in detail although their importance in the overall training reform cannot be overestimated.

A review of the ANTA agreement, undertaken in 1995 (Taylor, 1996) concluded that, despite progress under the ANTA arrangements, much still needed to be done. Some of the initiatives are detailed in ANTA's historical account and are outlined below. But perhaps of more significance for this study, is the statement by MINCO in reference to the 2001 agreement. MINCO said that "the partners have achieved a great deal, including a major expansion of vocational education and training". The report continued "… clients, however, particularly national employers were still <u>tripping over state boundaries</u> and <u>quality wasn't consistent</u> across the country" (Australian National Training Authority, 2004-2005, p. 7).

The Coalition Minister for Employment, Education, Training and Youth Affairs (Kemp) in his speech to Parliament in 1998 saw the new ANTA Agreement being a way of ensuring the quality of training through the Australian Recognition Framework (ARF). The other initiative Kemp identified as being of major importance was the introduction of Training Packages. In his view, Training Packages were a "whole new approach that creates the basis for moving away from cumbersome and rigid arrangements based on external course accreditation" (D. D. Kemp, 1998, p. 2).

It was a further four years, before the next step in quality assurance occurred. The AQTF was introduced with full implementation by 1 July 2002. More will be said below about the AQTF and its perceived impact on the privately owned RTOs which were interviewed for this study, as well as the outcomes of surveys reviewing its implementation (Kellock, 2003; KPA Consulting, 2004).

Other initiatives mentioned by ANTA in its report (2004-5) included a review of Training Packages, an updating of its Industry Training Advisory Boards and the conducting of a number of skills forums. But in October 2004, the Prime Minister, Howard announced ANTA's abolition to date from 30 June 2005. ANTA's responsibilities were to be transferred to the Department of Education Science and Training (DEST) (p. 8). In concluding this history, ANTA stated that it had left

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[35] Training Packages are defined and discussed in more detail later in this chapter.

… Australia with a <u>competitive training market</u> of more than 4,000 private and public registered training organisations, offering <u>portable, industry-led skills and qualifications</u> to around 1.7 million people – one in every eight working-age Australians (Australian National Training Authority, 2004-2005, p. 8).

The degree of success achieved by ANTA is not under debate here. Chappell (2003) believed that the involvement of industry in VET had on the whole led to positive outcomes. This would not necessarily be a standpoint which all stakeholders in the system would endorse. Nevertheless, as can be seen from my interviews, apart from one Industry RTO interviewee who had expressed opposition to ANTA's intentions to replace the Industry Training Boards with a new form of advisory body, namely Industry Skills Councils, the privately owned RTOs were not critical of the work ANTA was doing. It needs to be remembered, however, that my interviews occurred prior to the demise of ANTA.

In reporting ANTA's demise, Smith stated:

> The announcement took many by surprise, not least senior staff and Board members of ANTA. It appears that the abolition of ANTA was not the subject of extensive consultation with stakeholders as State and Territory governments expressed unanimous surprise at the speed of the federal government's move. Although many commentators had been forecasting the demise of ANTA for a number of years, the speed and decisiveness of the announcement were unexpected … (A. Smith, 2004, p. vii)

Frameworks for national consistency– Pious hope?

Returning to elements which have contributed to the way the national system has operated, I now want to review the role of the

- Australian Qualifications Framework (AQF),
- The National Framework for the Recognition of Training (NFROT),
- The Australian Recognition Framework (ARF) and
- The Australian Quality Training Framework (AQTF)

These frameworks have played a critical part in the search for quality of process and national consistency. I also discuss some aspects of the introduction of Training Packages, as Training Packages represent a means of enhancing national consistency.

Australian Qualifications Framework

The Australian Qualifications Framework (AQF)[36] provides RTOs with a means of determining the level and nomenclature for their qualifications. With the introduction of Training Packages, it could be argued that the importance of the AQF has diminished. However, as will be seen in later chapters, a number of privately owned RTOs have retained their own accredited courses which are subject to the AQF.

The AQF was introduced on 1 January 1995 and was fully implemented over a five year period. Its purpose, importance and operation are described on its website and are not reproduced here. The various state governments

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[36] The AQF is a unified system of national qualifications in schools, vocational education and training (TAFEs and private providers) and the higher education sector (mainly universities).For further information on the AQF check the website address: http://www.aqf.edu.au

and the federal government working as the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) agreed that organisations operating in the VET sector which wanted to issue AQF qualifications, had to be registered by a state or territory training authority as an RTO. Thus the framework forms part of the conditions which all RTOs need to meet if they are to be registered.

The AQF's role goes beyond VET as it identifies qualification levels for all post-compulsory education and training. It outlines qualification levels from VET Certificate I level right through to post-graduate study at university level. As the marketisation of the system has evolved, those privately owned RTOs which have moved into the tertiary university sector are still bound by the regulations and the nomenclature of the AQF. The AQF contributes to the national consistency of qualifications in the Australian training market for post-compulsory training.

National Framework for the Recognition of Training

The initial efforts to provide for national consistency and quality in the accreditation of courses in Australia led to the establishment of the National Framework for the Recognition of Training (NFROT). NFROT dated from August 1992. It arose as an intergovernmental agreement and set out national principles relating to accreditation of courses, registration of training providers, credit transfer, recognition of prior learning, and assessment. The framework set out 10 accreditation principles and those courses which complied were nationally recognised (Office of Training & Further Education, 1992). One of the principles related to customisation of courses and stated

> … courses submitted for accreditation shall provide for customisation to meet the particular needs of clients and at the same time preserve the integrity of the courses. To recognise the diversity of training needs, courses should be designed so as to facilitate customisation. (Office of Training & Further Education, 1992, p. 5)

NFROT was reviewed during 1993 (Rumsey, 1993). However, its replacement was not implemented until 1 January 1998. This suggests that the initial review did not see any critical issues with the Framework. It was during that period that I served on the Victorian Education and Training Board (VETAB) which applied the principles of NFROT to the providers it registered and whose courses were accredited. As far as I can recollect, the extent of customisation was discussed at meetings when it arose and the principles were consulted and adhered to on all occasions.

This Framework, which remained in place between 1992 and 1998, provided the basis for national consistency. However, as we shall see in later discussion, the interpretation of the principles by each state authority has not necessarily resulted in greater national consistency in practice.

Australian Recognition Framework

The implementation of the Australian Recognition Framework (ARF) in 1998 was intended

> … to ensure that decisions made by organisations exercising devolved powers are of sufficient consistency and quality to enable nationwide mutual recognition of training products and services … it will provide national standards for the recognition of RTOs to:
>
> - deliver training, assess competency and issue qualifications, or

- assess only and issue qualifications;
- receive delegated powers from State Training Authorities to:
  - Accredit their own courses, and/or
  - Determine their own scope of operations (extend their training delivery or assessment operations into new programs with an endorsed training package, into new training packages, or into new accredited courses) (Office of Training & Further Education, 1997a, pp. 3-4)

A pamphlet issued by the Australian National Training Authority (Australian National Training Authority, 1998) provided more details about this Framework. It saw "mutual recognition [as] being at the core of the ARF" (p. 1), allowing RTOs to be accepted and recognised by other RTOs.[37] Importantly, it claimed that RTOs would be able to operate in another state or territory without having to go through a further registration process. It also reinforced the role this Framework was to play as a key quality assurance mechanism within the VET sector. It set out the requirements which registration imposed including external audit of RTOs and ongoing self-evaluation and review (Australian National Training Authority, 1998). At that time, it also maintained that

> … the new recognition arrangements, combined with the flexibility offered through Training Packages and other initiatives … allow RTOs to provide a more flexible, responsive service to enterprises and other clients, in that they will have greater:
>
> - Responsibility to deliver quality products/services;
> - Choice in relation to the scope of registration;
> - Flexibility through Quality Endorsement to change the scope of registration and/or to self accredit courses;
> - Opportunities to establish partnerships with organisations or enterprises seeking to deliver and assess competencies on-the-job;
> - Flexibility in the development of training program content and delivery approaches; and
> - Flexibility to operate across State/Territory borders. (Australian National Training Authority, 1998, p. 2)

Privately owned RTOs were expected to operate within this system and to meet the requirements on such things as mutual recognition of courses. ANTA also espoused the notion that there should be improved flexibility and opportunities for partnerships. As the findings from the interviews indicate, goals such as flexibility to operate across state and territory borders have been problematic issues for the Enterprise RTOs. This is not because of their reluctance to do so, but rather because of the inability of the individual states to fully implement what this Framework intended.

It would be reasonable to conclude that mutual recognition arrangements contributed to national consistency in relation to portability and recognition of qualifications Australia-wide, although it must be said that difficulties have been experienced by privately owned RTOs from time to time. The Office of Training and Tertiary Education (OTTE) provided a special application form for any RTO wishing to have qualifications on its scope recognised because it proposed to deliver that training in another state. The initial practice was simply to complete a form requesting the Victorian State Training Authority to notify the appropriate training authorities in states and territories. Ultimately this practice was modified because the Victorian State Training Authority wanted an RTO to only request mutual recognition in another state or territory within three weeks of commencing to deliver training

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[37] The term RTO was used to refer to all providers, both public and private from 1 January 1998 – see earlier discussion on RTOs in Chapter 3.

in that state. This actually caused some concern and confusion when funding in other states required the RTO to gain the mutual recognition prior to training commencement.

The Australian Quality Training Framework

The implementation of the Australian Quality Training Framework (AQTF) in mid-2001 by all states and territories signalled a new process of quality assurance. It was thought it would be a vast improvement on the ARF.

A formal definition of the AQTF states that it is

> … the nationally agreed recognition arrangements for the vocational education and training sector. The Australian Quality Training Framework is based on a quality assured approach to the registration of training organisations seeking to deliver training, assess competency outcomes and issue Australian Qualifications Framework qualifications and / or Statements of Attainment and ensures <u>the recognition of training providers</u> and the Australian Qualifications Framework qualifications and Statements of Attainment they issue, <u>across Australia</u>. (Department of Education Science & Training, 2005)

At the time of writing, the Australian Quality Training Framework (AQTF), endorsed by the Ministerial Council of ANTA with full implementation by 1 July 2002, is still current. At the end of 2003 the AQTF was reviewed. A report went to the Ministerial Council in November 2004 (KPA Consulting, 2004). The widespread consultation undertaken

> … revealed a strongly held view across all stakeholder groups that the AQTF is a major improvement over its predecessor – the Australian Recognition Framework. The AQTF has, however, come with an increased cost, both for States and Territories in operating a system with more regulatory rigour; and for RTOs in ensuring compliance with the Standards. (KPA Consulting, 2004, pp. 4-5)

Two other reports, which are dealt with later in my study, sought to identify the effect that the introduction of the AQTF had on members of the Australian Council of Private Education and Training (ACPET) in one instance, (Kellock, 2003) and Victorian RTOs on the other (Samuel, 2003).

Minor changes to the AQTF were introduced in 2005 and more significant changes came into effect from 1 July 2007.[38] The implementation of the AQTF met with a mixed reception by those who were to be covered by it. Its effect was welcomed by some of those interviewed and criticised by others.

In practice, the AQTF Standards have been open to different interpretations by those auditing RTOs. An effort was made by ANTA to address this by holding moderation sessions on the AQTF Standards. Representatives from all states and territories gathered at workshops to discuss how the Standards should be interpreted by those responsible for auditing or verifying compliance. I was fortunate enough to attend one of these. It was apparent from the debate and discussions which occurred, not only between those in different states but even between those who had come from the same state, that uniformity in application of the Standards was never achievable. Indeed it could be argued that even the possibility of consistency in application has been questionable.

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[38] The AQTF arrangements have been revised in response to a Council of Australian Governments (COAG) agreement that the Standards should be reviewed and amended to place greater emphasis on quality skills outcomes. (Victorian Government, 2007)

The Victorian regulatory authority appoints auditors to undertake government audits and delegates the task of verifying compliance to Training Recognition Consultants (TRCs). Each of those undertaking these tasks has a standpoint on what each AQTF Standard means. In addition, the bureaucrats who have the responsibility for administering the system have an opinion, and from my experience, this has sometimes differed from those undertaking audits or verifying compliance. All this makes it difficult to achieve consistency at the state level, let alone at the national level.[39] At this point, where policy is being operationalised in the field, we see the intersection between the discourse of policy and the discourse of practice. This intersection can be a place of some confusion, and sometimes conflict, between different interpretations.

A further paradox arises in that the government auditors act in many cases like police officers, rather than taking a role which encourages and values an approach by those operating on the ground. In practice, compliant RTOs seek to demonstrate continuous improvement and development of their systems and processes to a higher standard.

In implementing the AQTF Standards it was initially believed, at least in Victoria, that the differences in the size and scale of operations of RTOs would be taken into account by government auditors. However, it became apparent that a one-size-fits-all approach tended to dominate the attitude of government auditors. I found, when I was a TRC, that the non-compliances identified by government auditors for small RTOs which were usually one person businesses, often in a start-up stage, were not so much because the policies and procedures they had developed were non-compliant, but rather because government auditors wished changes to be made to reflect their own views about how the particular RTOs should operate. This implies that the intention to encourage and allow diversity was overwhelmed in the application of the AQTF Standards.

These examples relate to Victoria. I have not explored what happened in other states. However, what is important here is the inherent contradiction between the micro level application of a set of national standards to a diverse range of RTOs and the macro existence of these same standards to gain national consistency.

Training Packages

The intention when national Training Packages were introduced from the middle of 1997 was to

> … replace the existing competency standards and accredited courses. Accredited courses [were] … to continue to be used for training delivery if no training package existed. (Office of Training & Further Education, 1997b, p. 1)

If no national competency standards were in place no national Training Package would be introduced.

Training Packages are defined as

> … an integrated set of nationally endorsed standards, guidelines and qualifications for training, assessing and recognising people's skills, developed by industry to meet the training needs of an industry or group of industries. Training Packages consist of core endorsed components of competency standards, assessment guidelines and qualifications, and optional non-endorsed components of support materials such as learning strategies, assessment resources and professional development materials. (Department of Education Science & Training, 2005)

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[39] I acknowledge that language is always open to various interpretations and that this inevitably makes it even more difficult to expect a consistent interpretation by all those involved.

Their development and implementation are given extensive coverage in the literature and are not dealt with here in detail. Training Packages have been reviewed, praised and criticised by others who have published reports, theses or articles (Australian Council for Private Education & Training, 2003; Australian National Training Authority, 2003c, 2003d, 2003e, 2004b; Down, 2002, 2003; Grace, 2005; Hawke, 2003; E. Smith & Keating, 2003; H. Smith, 2006; Stewart, 2000).

By January 2005 there were 81 training packages. Nine of these had been developed specifically for named enterprises. (DEST website accessed 31/12/05). Training activity using Training Packages had increased from 8.5 per cent in 1998 to 41.2 per cent by 2002 (Blythe, 2004). Blythe's report suggested that they have become "an important feature of the VET system in Australia" (Blythe, 2004, p. 6). The report identified the purpose of their development to

> … address the requirements for <u>nationally consistent</u> training and assessments which is more industry-relevant, particularly in terms of workplace learning, as well as to enable training delivery itself to be <u>more flexible</u> and varied … (Blythe, 2004, p. 6).

However as Blythe has suggested above, the implementation of Training Packages has been another way in which national consistency has been supported. Blythe (2004) described the pre-training Package environment as one where

> … previously, VET providers developed courses and, if they wished to have them recognised nationally, submitted them to state or territory accreditation bodies for endorsement. While these bodies <u>aimed for national consistency</u> by accrediting courses in line with the principles outlined in the National Framework for Recognition of training, the courses were still developed independently. The process was often lengthy and there was a perception that technical and further education (TAFE) courses were given precedence over non-TAFE courses. Furthermore, there <u>was minimal industry involvement</u> in course development ... (2004, p. 6)

To some extent, the opinions expressed at interview by those RTOs which had had their own programs accredited could be seen to challenge Blythe. In at least five instances, the courses were believed to be very relevant to industry needs and had been developed with support and input by industry.

Another more jaundiced position on Training Packages has been expressed by Hunter (2001) who saw Training Packages as management tools

> … that are grounded in a particular school of management theory: Scientific Management. It is proposed that Training Packages have little to contribute to the learning process and are, in effect, highly detailed job descriptions. (2001, p. 1)

Others saw the development of Training Packages as providing an example of industry involvement in the system. The perceived success of this involvement has been canvassed by others (Australian National Training Authority, 2003c, 2003d; Down, 2002, 2003; Dumbrell, 2003; Grace, 2005).

Summing up

In this chapter, I have painted a picture of the VET system both in Victoria and nationally. My main purpose has been to detail the changes which occurred in VET policy and practice both at the state level and nationally. Relevant literature has been reviewed. The National Training Reform Agenda, the part played by the Australian National Training Authority and the development of the commercialised VET system in Victoria have been

discussed. The role of the Australian Qualifications Framework has been described. The approaches to quality assurance (ARF and AQTF) have been explained. I have also examined the intended outcomes of Training Packages. The shaping of VET and the influences on these shifts have been the critical issues in this chapter.

The shape of VET in Australia has been influenced by policies and/or institutions established over the period. Later chapters examine what these changes have meant for privately owned RTOs and the VET system generally.

The chronological chart (Figure 4.1) identifies the key government and institutional reports which have been published over the period, as well as recording milestones of importance to the VET sector. No matter how one perceives the period leading up to the increase in commercialisation of the VET sector in Victoria, there is little doubt that all the reports by government representatives and others contributed to the significant changes made to VET. The prevailing perception was that, in its current form, VET could not deliver what was required to meet the skill needs of industry to enable it to compete internationally. Further, it was clear that the objective of achieving an "efficient, responsive and integrated training market" was believed possible (Allen Consulting Group, 1994a, p. 28).

In this chapter, I have also explored the move to marketisation and the reasons behind it. The issue of national consistency and its perceived importance as a goal has been explored. The problematic nature of achieving consistency has been raised and will be taken up again in later chapters.

Chapter 5 – Private Providers in the Victorian Training Market

Preamble

In this chapter, the focus shifts from the national arena to a more detailed analysis of Registered Training Organisations in Victoria. I trace, in some detail, the growth of and changes in the training market in Victoria to see how privately owned RTOs fit into the Victorian VET landscape. State and Commonwealth Government data on the establishment and nature of Registered Training Organisations are used to present a picture of the Victorian VET sector from 1990/1 to 2002/3. I analyse this data to identify the key factors influencing the growth of the Victorian VET market and the changes which occurred in the type of providers and the nature of the market. The picture of growth and development of the Victorian VET sector I describe helps to answer the sub-question related to identification of the changes taking place in the system.

The tables and figures, set out in this chapter, identify the structure, size, composition of and fluctuations in the Victorian VET training market for all categories of RTOs over a thirteen year period. The data include all RTOs listed on the National Training Information Service's (NTIS) website as registered in Victoria by the State Training Authority through the Victorian Office of Training and Tertiary Education (OTTE) which has been the principal source of the statistical data for this study. To extend the overall picture of the system I have supplemented this data from relevant research studies including survey results by Harris, Simons and McCarthy (2006a; 2006b), as well as data published by the National Centre for Vocational Education Research (NCVER) and the Australian National Training Authority (ANTA).

The information obtained tells us what types of RTOs are registered in Victoria. However, limitations in the data collected by state training authorities means that it is not possible to compare the relative significance of these RTOs in terms of student numbers (either enrolments or completions), or the type or level of courses offered by all Victorian RTOs. The figures and tables show peaks and troughs in the new registrations of RTOs over the period. I suggest possible reasons for any fluctuations. The pattern of growth and the fluctuations which occur over time are of value in gauging the effects of opening up the training market and in pinpointing the impact of some government policy decisions on new registrations of the different categories of RTOs over the period.

I exclude data on unregistered organisations in Victoria which provide non-accredited vocational education and/or training for segments of the training market. The definition of a training market I use for this research, limits that market to RTOs offering nationally recognised training and which are registered by the Victorian State Training Authority over the period being reviewed.

In addition to charting the overall pattern of RTO registrations in Victoria between 1991/2 and 2002/3 I have analysed information gained in relation to 88 privately owned Victorian RTOs.[40] This group of RTOs comprised the original sample from which those RTOs to be interviewed were selected. The original sample of 88 included

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[40] The Statistical Package for the Social Sciences (SPSS) was used to analyse the information obtained.

RTOs in the enterprise, industry and commercial categories. All these RTOs had been registered prior to December 1994 and remained as providers at the date at which the research project commenced (i.e. 2002)[41].

Details of which Training Packages are used by this group of RTOs are provided. In addition, accredited courses and RTO owned programs of these particular providers are examined. The data obtained also reveal the AQF levels of qualifications delivered by this particular group of privately owned RTOs in 2002/3. A limited form of comparison with the NCVER published material and with the survey undertaken by Harris et al. (2006a, 2006b) is incorporated into the analysis to highlight any similarities and differences with those which emerge from the 88 providers examined.

In analysing the data on privately owned RTOs I also consider the way in which the Victorian Government funds privately owned RTOs through competitive tendering. Some user choice issues are also discussed. The allocation of Victorian Government funding is traced since the first pilot program for RTOs occurred in 1992/3 (Storey, 1993, p. 1). The data proved difficult to gather as a consistent time series. However, details of competitive tendering and the role of the Victorian Government in funding training provision for privately owned RTOs since the training market has been opened up have been revealed. The extent of privately owned RTOs' access to these government funds through Priority Education and Training Programs (PETP) or Apprenticeship/Traineeship Training Programs (ATTP) has been outlined.[42] The literature and publications covering public funding for TAFE Institutes are readily available to those interested in this aspect of government funding and I have not examined this type of funding.

Registered Victorian private providers 1990/1 – 2002/3

Figure 5.1 shows the number of registrations of all categories of providers cumulatively for the period 1991/2 to 2002/3.[43] We see that the number of registrations for all RTOs grew from less than 100 providers in 1991/2 to a peak of just under 1200 in 2001/2. The largest number of new registrations in any one year occurred in 1998/9. It is also noteworthy that an actual decline in new registrations occurred between 2001/2 and 2002/3. However, this did not translate into a decline in RTOs overall. Discussion about the reasons for the changes identified is dealt with below.

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[41] As explained below the category of provider within these three types was not always an accurate reflection of the definitions provided by the government. In those early days of registration the provider chose its category when applying for registration. This aberration was corrected in relation to the 21 RTOs interviewed – they were re-classified by me where it proved necessary. But for the above analysis, correction for all 88 RTOs was not undertaken.

[42] These terms have been explained in a footnote in Chapter 2.

[43] Appendix A details the category definitions used in the figures and tables presented in this chapter.
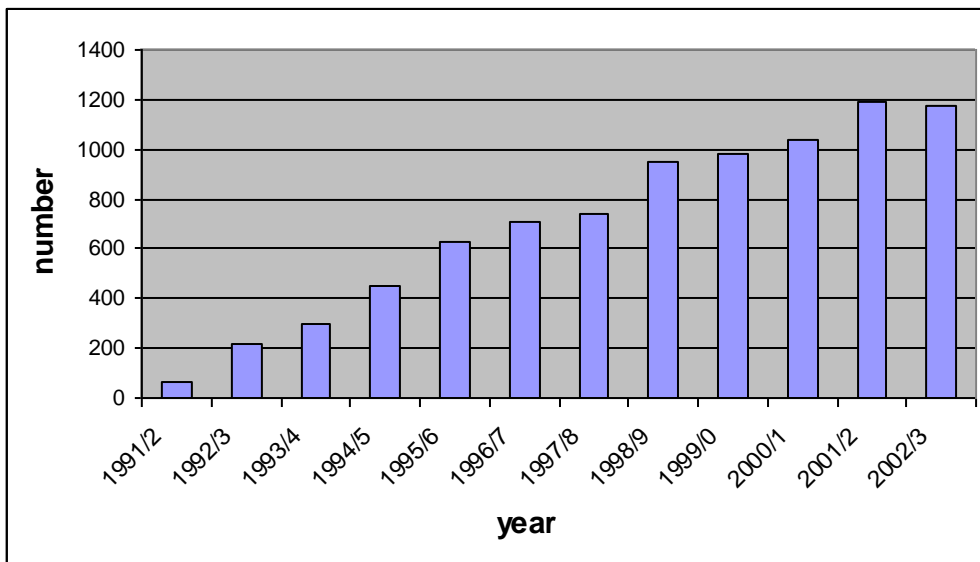
Figure 5.1 – Cumulative registrations of accredited providers: Victoria 1991/2 to 2002/3

†Source: Appendix E, Table E.1

Figure 5.2 below shows the net new registrations of all private providers in Victoria over the period 1991/2 to 2002/3. These figures were derived by deducting the terminations in a particular year from new registrations in that year. The data demonstrate the extent to which net new registrations fluctuated from year to year over the period. For example, in 1994/5, the net new registrations are approximately double those of 1993/4. In contrast, the net new registrations in 1996/7 are well below the figure for the previous year. The number of net new registrations in 1997/8 is also low relative to previous years. However, the net new registrations for the 1998/9 year are extremely high and represented the peak of net new registrations in any one year over the period for which the data are available.

TAFE Institutes and universities with TAFE divisions are excluded from data in Figures 5.1 and 5.2. The early annual data omitted TAFE Colleges. It was not until the term 'Registered Training Organisation' took over as terminology for all providers in 1997/8 – both public and private – that TAFE Institutes were included in the statistical information made available about all RTOs.[44]

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[44] There were 30 TAFE Colleges in 1993 but this was reduced to 24 after 1997/8. Five TAFE Colleges are TAFE Divisions within Victorian universities. I have used the term TAFE Colleges interchangeably with TAFE Institutes but it should be noted that the amalgamations which took place in recent years led to the larger TAFE Colleges being referred to as TAFE Institutes.
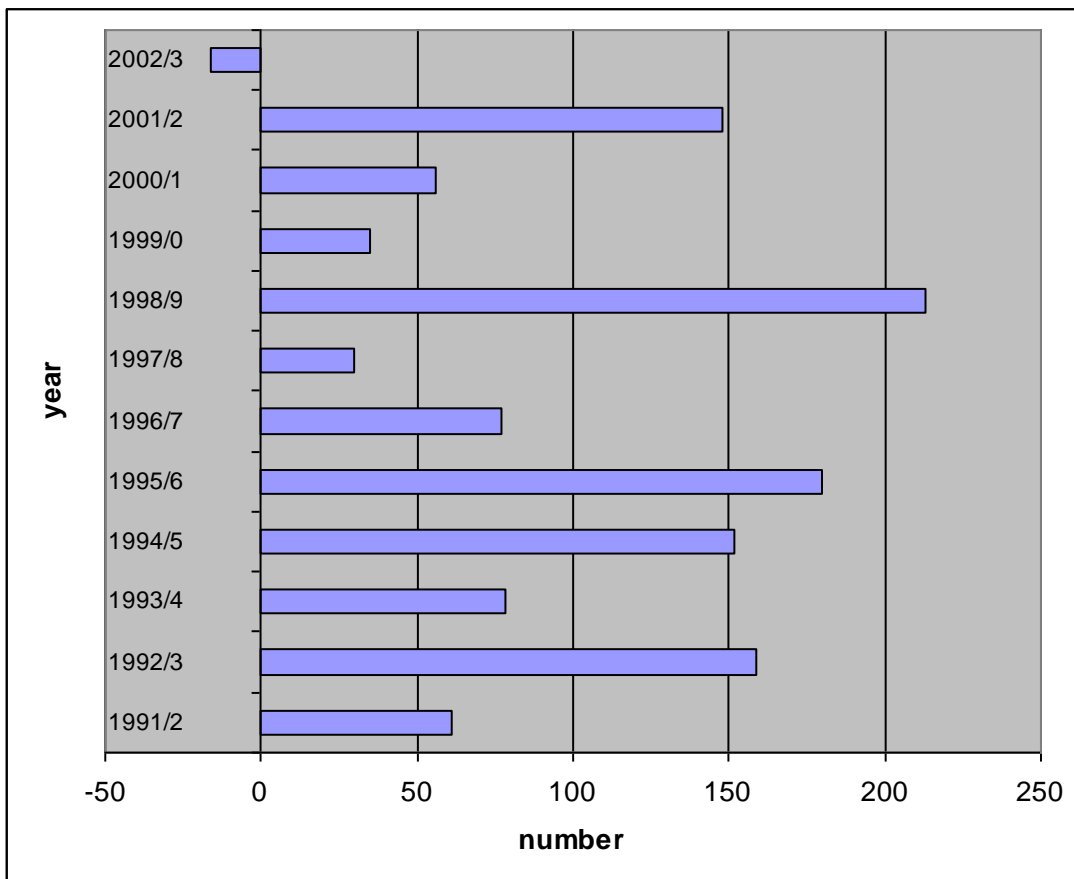
Figure 5.2 – Net new registrations of accredited private providers: Victoria 1992/3 to 2002/3

†Source: Calculated from Appendix E, Table E.1 and other data provided by OTTE for terminations

Explanations of fluctuations

I believe government policy decisions – both new policies and changes in existing policies –explain why the fluctuations in net new registrations have occurred. These policy decisions include

- changes in the level of funding of private providers through competitive tendering (discussed below),
- the establishment of the Australian National Training Authority (after July 1992),
- the extension of VET into Schools (from 1997) (Department of Education Science & Training, n.d),
- the commencement of user choice (from 1997/8),
- the introduction of Training Packages (from 1997) and
- the introduction of the Australian Quality Training Framework (AQTF) (from the beginning of 2002).

In particular, the extension of VET into Schools encouraged more public and private schools to become RTOs and as Table 5.1 below illustrates, this category of RTOs grew quite markedly after 1997. Other policy decisions and changes which encouraged the growth of RTOs include the establishment of the Australian National Training Authority, the commencement of user choice, and the introduction of Training Packages. The implementation of the Australian Quality Training Framework from the beginning of 2002 had a reverse effect. Some RTOs found it impossible to comply with the more rigorous (and consequently more costly) accountability requirements and terminated their registration.

Table 5.1 indicates the growth of different categories of providers. The date of an RTO's initial registration is the basis for recording the data. By using the initial registration date, year by year fluctuations in registrations over the period are apparent. Terminations, changes of name or renewals which might have occurred over the period are not accounted for in this table. Providers are categorised, as this assists in demonstrating the composition, diversity and/or variety of providers in the sector.

Table 5.1 – Registered Training Organisations (RTOs) according to date of initial registration

Year of Initial Registration (Financial Year)	Commercial RTOs		Industry RTOs and Professional Associations		Enterprise RTOs		Community Access Centres		Adult Education Centres and Adult Migrant Education Providers		Schools		TAFE		Total all RTOs
	Number	% of total for year	Number	% of total for year	Number	% of total for year	Number	% of total for year	Number	% of total for year	Number	% of total for year	Number	% of total for year	
1990/1	6	75	1	13	0	0	1	13	0	0	0	0	0	0	8
1991/2	6	30	6	30	5	25	1	5	2	10	0	0	0	0	20
1992/3	15	17	13	15	7	8	17	19	28	32	8	9	0	0	88
1993/4	17	40	10	24	3	7	4	10	7	17	1	2	0	0	42
1994/5	13	25	19	37	7	13	3	6	8	15	2	4	0	0	52
1995/6	29	31	26	28	14	15	7	7	9	10	1	1	8	9	94
1996/7	18	27	19	28	7	10	11	16	8	12	1	1	3	4	67
1997/8	42	45	21	22	13	14	8	9	6	6	3	3	1	1	94
1998/9	53	29	33	18	20	11	14	8	7	4	55	30	3	2	185
1999/0	80	44	41	22	19	10	14	8	3	2	24	13	2	1	183
2000/1	65	42	31	20	11	7	18	12	3	2	25	16	0	0	153
2001/2	69	61	17	15	4	4	8	7	1	1	14	12	0	0	113
Total	413	38	237	22	110	10	106	10	82	7	134	12	17	2	1099

Notes:
(i) Percentages have been rounded up.

(ii) For TAFE Institutes, 'year of initial registration' is not a true reflection of the initial registration. It is assumed the dates provided arise as a consequence of name changes or mergers which have occurred over the period.

(iii) Two TAFE Institutes did not have any initial registration date so the date used is 5 years prior to the date given for re-registration.

(iv) Refer Table 5.2 for terminations

†Source: Data provided to the author by Office of Training & Tertiary Education (OTTE)

The provision of VET programs in schools, already alluded to above, represents one significant change. This occurred from as early as 1992/3. Table 5.1 indicates that the escalation in the registration of schools as RTOs dates from 1998/9. This table shows that only nine schools were registered up to the period 1993/4. Yet, according to other data obtained as a result of my membership of the Vocational Education & Training Accreditation Board (VETAB)[45] at November 1994, 12 private secondary colleges (which included Catholic schools) and 25 state secondary colleges were registered (Office of Training & Further Education, 1994). By 2001/2, school RTOs represented 12 per cent of all RTOs registered in Victoria, demonstrating a significant contribution to the number of RTOs in the sector.

Table 5.1 indicates that the 106 Community Access Centre (CAC) RTOs registered at 2001/2 represent 10 per cent of all Victorian CAC RTOs at that date. If the other community type providers, like Adult Education Centres (AEC) and Adult Migrant Education (AME) providers are incorporated into this count, the number registered in 2001/2 totals 188. This represents 17 per cent of all RTOs.

One additional point needs to be made regarding the relative importance of TAFE Institutes. The data provided by OTTE show that 17 TAFE Institutes represent only 2 per cent of all providers in the system. Needless to say, this is no reflection of the critical contribution they make in terms of size, infrastructure, student numbers and course variety. It serves to drive home even more, the gap which exists in our knowledge of the size of the Victorian training market and the contribution made by each type of RTO to the sector.

Table 5.1 also shows a decline in the number of new registrations of Industry and Enterprise RTOs after 1999/2000. The relative importance of Commercial RTOs remains dominant, with them representing 38 per cent of all registered RTOs in Victoria in 2001/2. The next highest proportion is that of the Industry RTOs which represent 22 per cent of the total registrations in 2001/2. The last of the categories of providers defined as privately owned RTOs, is that of Enterprises. Enterprise RTOs represent 10 per cent of all registrations in 2001/2.

Terminations

As already mentioned, one of the shortcomings of Figure 5.1 is that terminations which occurred over the period have not been taken into account. Table 5.2 shows the total terminations of all RTOs (except TAFE Institutes) registered in the categories listed at July 2002. Not surprisingly, the terminations in each of the categories included in this study remained proportionate to the relative importance of that category, when compared with all registrations. Some of the terminations arose because an organisation changed its name or its legal status, thus being noted as a termination on the one hand, and a new registration on the other. The 167 terminations represented 14 per cent of all registrations and I would argue that this denotes a relatively low percentage of terminations for the 12 year period. To check the veracity of my contention, I compared the number of terminations over this 12 year period with those for only one year, namely 2002/3 by undertaking a physical count from information I receive as a Training Recognition Consultant (TRC). The period 2002/3 was the year immediately following the introduction of the AQTF.

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[45] This discrepancy in the information reinforces the definitional issues relating to RTOs and the statistical information published by OTTE.

Table 5.2 – Terminations for private providers between 1990/1 and 24/7/2002.

Category of Provider	Number of Terminations	Percentage of all Terminations
Commercial	66	40
Industry	35	21
Enterprise	27	16
Schools	12	7
Community Access & Adult Education Centres	27	16
Total	167	100

†Source: Data provided by Office of Training & Tertiary Education (OTTE) to the writer at 24 July 2003 but only providing data on terminations up to 24 July 2002.

My physical count of terminations for 2002/3 showed that 88 RTOs had ceased to be registered.[46] This was more than half the number which terminated over the previous 12 years.

New registrations over the 2002/3 year were also physically counted as these were not included in Table 5.1. There were 86 new registrations, a net loss of two RTOs to the system in that 12 month period. This number of new registrations in 2002/3 was well below the number that registered each year in the previous four years.

The outcomes of government audits being undertaken to determine the extent of compliance with the implementation of the AQTF mainly explain such high termination figures in such a short period. From my own experience, it was apparent that a number of RTOs, established under the original registration conditions, proved unable to meet the new Standards set out in the AQTF. These RTOs agreed to forego their registration once the extent of their non-compliance was demonstrated by government auditors. The figures also suggest that those contemplating forming new RTOs were somewhat discouraged from doing so in the period immediately following the implementation of the AQTF Standards.

Privately owned RTOs in Victoria

Overview

In this section, my focus is further sharpened as I deal with the data available on privately owned RTOs in Victoria as these organisations are the particular focus of this study. Table 5.3 details the registrations of these providers on an annual basis between 1990/1 and 2001/2.

Table 5.3 – Privately owned Registered Training Organisations (RTOs): Annual registrations each financial year according to date of initial registration – 1990/1 to 2001/2

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[46] This figure of 88 terminations in the year is co-incidental and has no connection with the 88 RTOs which were the subject of the SPSS analysis explained earlier.

Financial year	Commercial RTOs	Industry RTOs	Enterprise RTOs	Total private RTOs	Percentage of Total all RTOs	Total all RTOs
To 30/6/91	6	1	0	7	87.50	8
1991/2	6	6	5	17	85.00	20
1992/3	15	13	7	35	39.77	88
1993/4	17	10	3	30	71.42	42
1994/5	13	19	7	39	75.00	52
1995/6	29	26	14	69	73.40	94
1996/7	18	19	7	44	65.67	67
1997/8	42	21	13	76	80.85	94
1998/9	53	33	20	106	57.29	185
1999/0	80	41	19	140	76.50	183
2000/1	65	31	11	107	69.93	153
2001/2	69	17	4	90	79.64	113
Total	**413**	**237**	**110**	**760**	**69.15**	**1099**
Percentage of Privately Owned RTOs	54	31	15	100		

†Source: Data provided by Office of Training & Tertiary Education

The total registrations of privately owned RTOs represented just over 69 per cent of all RTOs in the Victorian system. Table 5.3 disaggregates these privately owned RTOs into the three categories which are covered in the study.

Commercial providers represent just over 54 per cent of all the privately owned RTOs, the industry providers comprise 31 per cent and the enterprise providers, 15 per cent. However, each category's market share cannot be determined from this information. OTTE statistical data which might have assisted with finding market share relate mainly to publicly funded RTOs which are required to report details of their training to the State Training Authority. Without market share information, the importance of the registered private provider market as a supplier of VET relative to the total VET training market cannot be determined with any degree of accuracy.

Only those RTOs in Victoria which receive government funding under Priority Education and Training Programs (PETP) or Apprenticeship/Traineeship Training Programs (ATTP) are currently required to report to OTTE information about the qualification being undertaken by each student, the individual competencies being studied by each of their clients, nominal school contact hours, proposed commencement and completion dates, delivery modes, trainers, assessment details, including dates and outcomes, the date competency achieved and a record of training progress. RTOs are also required to advise any withdrawals and record any Recognition of Prior Learning or Credit Transfer if applicable (Office of Training & Further Education, n.d.).

The maximum number of RTOs in Victoria which received government funding in any one reporting period has never exceeded 300 Victorian RTOs.[47] Thus, except occasionally, when an RTO voluntarily provides data to OTTE, over 70 per cent of RTOs do not provide any information to the State Training Authority. It is disappointing that so little is known about the different categories of private providers; for example, their size, throughput, types of programs, levels of programs, markets but at the time of writing up this research, no progress had been made in correcting this gap in the statistical collections for Victoria or nationally.

Focus on 88 privately owned providers

Data relating to a group of 88 registered private providers[48] which were recorded on the National Training Information Service's (NTIS) website have been analysed using the Statistical Package for the Social Sciences (SPSS). Of these 88 organisations, all were registered at November 1994 (Office of Training & Further Education, 1994):

- 30 were listed as Commercial,
- 26 were listed as Enterprise and
- 32 were listed as Industry RTOs.

Figure 5.3 shows the highest level of AQF qualification which is offered by this particular group of providers offered.[49]

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[47] A request was made to OTTE for information on government funding by category to be made available but owing to the restructure of the Division which occurred around the time of the request, the request was unsuccessful. Data reported on government funding in the section on that topic have been obtained through reference to the Annual Reports of the STB and VLESC but as the reader will note, the lack of uniformity of reporting has made meaningful comparisons from one year to the next almost impossible.

[48] As explained earlier this group formed the basis for the selection of the purposeful sample of 21 RTOs interviewed. All of these RTOs were registered at November 1994 and remained registered in May 2002.

[49] A check made later in July 2002, indicated that a further 12 of the original 88 had terminated their registration but the data discussed in this section relates to the original 88 privately owned RTOs.
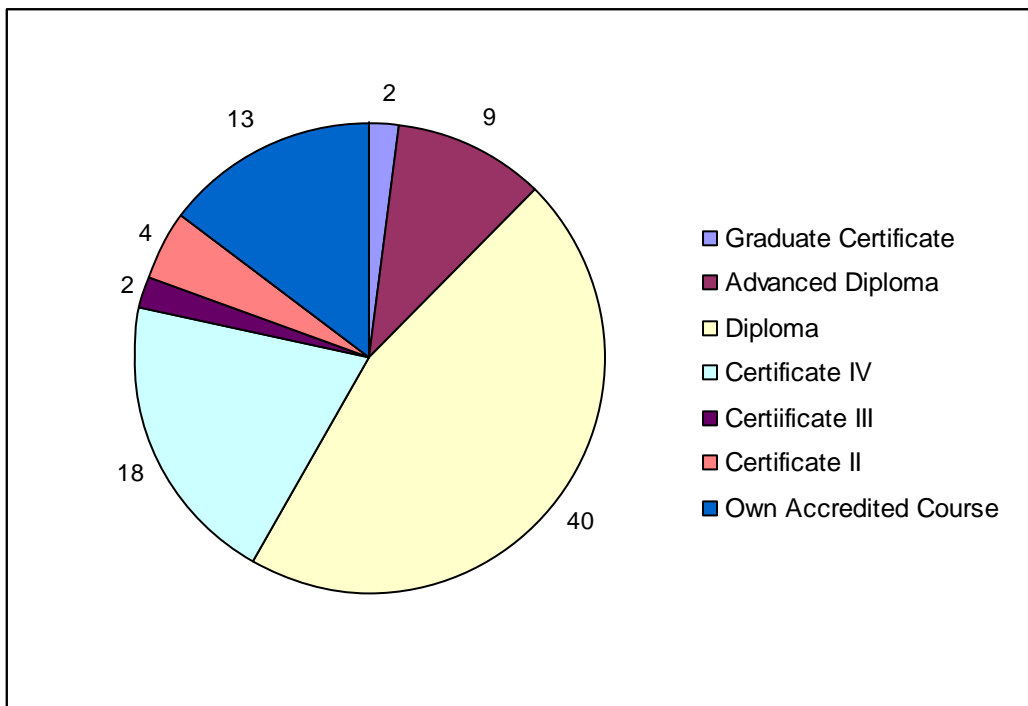
Figure 5.3 – Highest level of qualification offered by 88 RTOs: Victoria July 2002

 (Source: Appendix E, Table E.2)

Somewhat surprisingly, 11 of these RTOs offered post-diploma qualifications as their highest qualification. These comprised either Graduate Certificates or Advanced Diplomas. The next highest qualification offered by this group was a Diploma. Indeed nearly half the RTOs in this group offered the Diploma as their highest qualification. As suggested in the discussion below this too, is unexpected. Twenty per cent of the RTOs in question offered Certificate IV as their highest qualification. Fifteen per cent (i.e. 13) offered their own accredited course as the highest qualification.

The anecdotal evidence in secondary sources about the level of courses offered by private providers has been that the most common qualification on their scope is at Certificate III level or lower. This is thought to be due to the funding opportunities seen to be available to providers through competitive tendering for government funding under the PETP and/or ATTP schemes.[50] However, the figures for the 88 privately owned RTOs recorded in Figure 5.3 above indicate that these providers were offering higher AQF qualification levels than one might have anticipated.

The national study undertaken by Harris et al. (2006b) includes data which indicate the number of each type of private provider issuing qualifications at various levels in 2003 (p. 37). This information is not comparable with my data as I only considered the highest level of qualification they offered. However, it does show that there were more private provider survey respondents issuing qualifications up to Certificate IV than for Diploma and above.

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[50] Anderson (2006), provides further discussion on this particular issue.

The NCVER data which reports those RTOs which receive government funding[51] confirm that Certificates I to IV predominate.

NCVER data for 2002 (NCVER, 2003a, 2003b) show information about the number of student course enrolments in Victoria at the various AQF levels. The figures are not strictly comparable with my data. Firstly the focus of my data is on the highest AQF level each RTO offers while the NCVER data show the number of students enrolled at various AQF levels. Secondly, the NCVER data include levels which are not AQF nominated levels. Thirdly the AQF level for Diploma encompasses all qualifications at that level and above.

A number of adjustments have been made to better align the different data sets.[52] Figure 5.4 shows the proportions for the adjusted NCVER data.
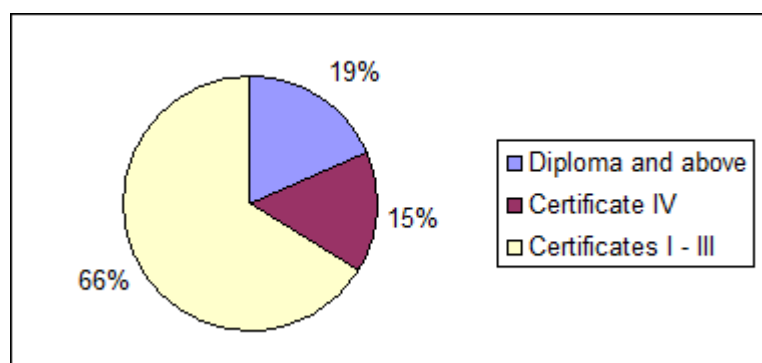
Figure 5.4 – Adjusted NCVER data – Proportion of students enrolled in courses at various AQF levels in publicly funded RTOs nationally, 2002

†Source: NCVER, 2003a, 2003b

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[51] In an email from Knight of NCVER of 1 March 2005, he advised me that "many private RTOs which receive government funding to deliver training only report government- funded activity: they do not necessarily report their fee-for-service activity, although many do (the practices of state training authorities are as much a factor here as anything else). Some private and industry/Enterprise RTOs which do not receive any government funding already report on a voluntary basis, and NCVER has been working with organisations like ACPET, ACCI etc. to increase the extent of voluntary data submissions …"

[52] The data from NCVER were adjusted to omit the non-AQF levels listed (secondary education, non-award course, miscellaneous education, subject only (no qualification) and to combine Certificates I, II and III. The data from the 88 RTOs were adjusted to add the levels above Diploma to the diploma figures.

Figure 5.5 shows the proportions for the same AQF levels offered by the 88 private providers which have been analysed in this section.
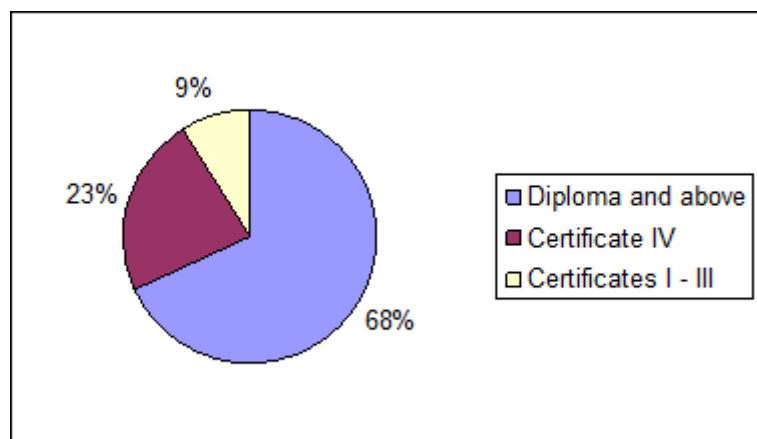
Figure 5.5 – Proportion of 88 private providers offering courses at various AQF levels, 2002.

†Source: Calculated from data in Appendix E, Table E.2

The above diagrams provide two sets of different but related information. On the one hand Figure 5.4 shows for RTOs reporting to the NCVER, the proportion of student enrolments at different AQF levels. On the other hand, Figure 5.5 shows for the 88 privately owned RTOs the proportion with these AQF levels on their scope of registration. Although not strictly comparable, they do highlight a significant difference; i.e. the publicly funded RTO data reported by the NCVER have a higher proportion of students enrolled at the lower levels of the AQF qualifications than the 88 RTOs. The 88 RTOs whose data are provided show that the proportion of these with higher level AQF qualifications on their scope is significantly above the NCVER figure.

Without knowing the number of students that were enrolled in these courses in the 88 RTOs in question, it has not been possible to clarify the variations between these figures. Furthermore, it is hardly surprising to find that the NCVER data give these results when government policies on funding are directed towards entry level employees undertaking apprentices or traineeships leading to Certificate III and/or II level qualifications.

Although it is difficult to make statistically valid comparisons, the available information suggests there may be reason to question some of the commonly held assumptions about the AQF levels which privately owned RTOs deliver.

Using the Australian Training Products Catalogue classification of industry areas, Appendix F, Table F.1, demonstrates the extent to which these industry areas, and the Training Packages within them, are on the scope of the 88 Victorian RTOs whose data are analysed. As Appendix F, Table F.1 indicates, half of the RTOs have the Assessment and Workplace Training area on their scope of registration. A third of them have the Business Services area on their scope. The next highest area is the Wholesale, Retail and Personal Services field with nearly one quarter of the RTOs showing this industry area on their scope.

Statistics for 2002 (NCVER, 2003b) included in Appendix F, Table F.3, give details of the number of units of competency attained within each Training Package for students Australia wide. In terms of absolute numbers, the

Hospitality Industry Training Package has the highest number of units of competency attained by students, followed by Community Services, Information Technology and Business Services.

The comparison between my data and those of the NCVER is problematic. The most that can be said is that the order of importance, in terms of number of units of competency completed by students in a particular Training Package, does not coincide with the order shown in Appendix F, Table F.1 relating to the industry areas of the 88 Victorian providers. The data contained in Appendix F, Table F.3, which is adapted from Table 25 (NCVER), covers publicly funded RTOs for all states and territories, and this further reduces its comparability, although it does indicate the areas that received support from public funding in 2002.

An analysis by Harris et al. (2006b, 2006a) shows the proportion of each type of organisation offering fields of education (which do not precisely equate to the industry areas in Training Packages). Examination of this information for the privately owned RTOs indicates that management and commerce, followed by health and food, hospitality and personal education are the main areas of training delivered by the enterprise, industry and commercial training organisations responding to the survey (Harris et al., 2006b; 2006a). This more closely aligns with, and tends to confirm, the dominance of business qualifications found amongst the 88 Victorian RTOs I have analysed.

Appendix F, Table F.2 summarises the data by the number of industry areas on the scope of registration of each of the 88 RTOs. Only seven RTOs have eight or more industry areas on their scope. At the other end of the scale 19 of them have only one industry area on their scope of registration. Sixteen of them have two industry areas and seven have three industry areas.

A closer look at the data by category of provider enables a further breakdown of this information – see Table 5.4.

Table 5.4 – Type of RTO and number Training Package industry areas on the scope of registration of 88 RTOs by type of provider

Type of RTO	1 to 3 areas		4 to 7 areas		8 or more areas		Own accredited course		Total all types	
	Number	%	Number	%	Number	%	Number	%	Number	%
CTO	14	50	9	32	2	7	3	11	28	100
IO	14	47	5	16.5	5	16.5	6	20	30	100
EO	14	78	1	5	0	0	3	17	18	100
Total	42	55	15	20	7	9	12	16	76	100

†Source: Appendix F, Table F.2

Over half the RTOs have between one and three Training Package industry areas on their scope. The number of RTOs with this range of industry areas is evenly divided amongst the three categories of RTOs. However, in terms of the proportions, 78 per cent of the Enterprise RTOs have between one and three Training Package industry areas on their scope. It is apparent that this is to ensure that they are able to provide training in their core business in fields such as automotive, retail, chemical or manufacturing.

A closer examination of the industry areas amongst the Industry RTOs fails to reveal any particular pattern. Three of these Industry RTOs are unions, each with a different number of industry areas on their scope. In the case of the industry associations, of which there are four, two have six industry areas and the other two have three industry areas.

Table 5.4 indicates that 16 per cent of the RTOs had no Training Packages on their scope. They had their own accredited courses or permission to deliver 'crown copyright' courses in Victoria. There are no figures available either from NCVER or the Harris et al. survey (2006b) to enable a comparison to be made. However, it needs to be remembered that, at one stage, it was thought that RTOs would not need to retain their own accredited courses once Training Packages covered all industry areas. This has clearly not been the case in Victoria, at least for this group of RTOs.[53] Further discussion of this supposed anomaly has been taken up later.

Scope of registration issues

Size, measured by throughput is not necessarily related to the number of Training Package industry areas on the scope of Commercial RTOs. In the next chapter, I identify the size of the RTOs interviewed by the number of qualifications each issued annually (defined by me as throughput). It might be anticipated that the larger the Commercial RTO in terms of throughput, the more Training Package industry areas it might have had on its scope. However, the knowledge gained from the interviews of a number of these RTOs did not support this assertion. One of the two Commercial RTOs amongst the 88, with 10 industry areas on its scope, was one of the RTOs I interviewed. It could be classed as a 'medium-sized' RTO based on the AQF qualifications and/or Statements of Attainment it issued annually. It would be considered small however if the number of its permanent staff is taken into account. The joint CEOs, a part-time bookkeeper and a part-time administrative assistant are the only employees. However, when necessary, this RTO uses additional sessional trainers to meet demand. This particular RTO worked with many companies in different industries. Nevertheless, when I interviewed them I found that, although this RTO had so many areas on its scope, it had in fact been regularly delivering programs in only four of the industry areas. These four areas were Food Processing, Community Services, Business, Assessment and Workplace Training. The CEO I interviewed also indicated her intention of culling the scope of registration to eliminate those courses that they are no longer delivering.

In contrast, one of the very large Commercial RTOs amongst the 88 RTOs, whom I also interviewed, had six Training Package industry areas on its scope, five of which were business related and the sixth was in the Tourism and Hospitality industry. This RTO employed approximately 50 staff in Victoria although not all of them were necessarily permanent employees and its throughput approximated 1000 students annually.

Following the tightening up of requirements with the full implementation of the AQTF in July 2002, a number of RTOs in the system in Victoria culled their scope of registration quite substantially. The AQTF Standards 7, 8 and 9 require an RTO to have access to appropriately qualified trainers, and to have developed strategies for training and assessment if they wish to have a program remain on their scope. This culling of scope is sometimes

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[53] In 2002, 87 courses were accredited in Victoria – the largest proportion were non-AQF short courses and the most prevalent among the AQF level courses were Certificate IV and Diploma levels. (Office of Training & Further Education, 2003)

undertaken proactively by the RTO and sometimes it is required following a government audit of that RTO's compliance with the new AQTF Standards.[54]

The Assessment and Workplace Training industry area (BSZ) is, as already mentioned, on the scope of half of these 88 RTOs. Seventeen of them were Commercial, 19 were Industry and eight were Enterprise RTOs.

The above analysis emphasises the extent of diversity of industry areas covered on the scope of these 88 Victorian privately owned providers. This is demonstrated in Appendix F, Table F.1.

Terminations revisited

It should be noted that analysis of the data for the 88 RTOs discussed in this section, indicates 12 terminated their registrations between November 1994 and 2002. Two of these terminations were Commercial RTOs, two were Industry RTOs and the remaining eight were Enterprise RTOs. This represents 14 per cent of all this group of RTOs which is in line with the proportion of terminations reported for all private providers in Table 5.2 above. However, the preponderance of Enterprise RTOs in this group compared to the number for all providers further reinforces the perception discussed earlier: namely that the implementation of the AQTF led to a number of companies determining that the compliance requirements were too onerous to justify continuing to remain registered for training which was not believed to be part of their core business. An alternative explanation may be that the companies in question no longer receive government funding.

In the next section of this chapter, I consider competitive tendering and user choice funding issues. These issues are not central to this research but nevertheless play a part and, I believe, warrant some discussion.

Government funds and the training market

User choice

'User choice' has been, and remains, a well known catchphrase in the VET system. As Appendix B indicates, the government's intention is for user choice to enable VET providers to meet client needs "through the encouragement of a direct and market relationship between individual providers and client*"* (Appendix B) and thus improve VET's responsiveness.

Arrangements announced in June 1997 by the Federal Minister at the time, Kemp, referred to user choice operating from January 1998 for

> … all off-the-job training for commencing apprentices and trainees … in a national market … [with] clients able to choose their provider regardless of whether the training is conducted in their home state or interstate, and regardless of the State or Territory in which the training provider is based (D. Kemp, 1997, p. 7).

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[54] Data on government audit outcomes provided by OTTE to TRCs indicated that in 2003 and 2004, compliance by all RTOs audited for the various elements of Standard 7 which covered the competence of RTO staff was at best 75 per cent. For the elements of Standard 8 which covered various aspects of Assessment, compliance was at best 82 per cent. Compliance for the various elements of the learning and assessment strategies for Standard 9 was at best just over 80 per cent but as low as 25 per cent for one or two of the elements.

Studies undertaken since the introduction of user choice have voiced criticisms and made recommendations for changes to user choice funding arrangements (Australian Chamber of Commerce & Industry, 2001, 2002; Ferrier & Selby Smith, 2002, 2003; Fooks, 1995; Hendy, 2003; C. Selby Smith & Ferrier, 2001; J. Selby Smith, 1998). It is not intended to delve into the detailed world of user choice here but a link between user choice and other rhetoric has been made along the way by those involved in this area. For example, user choice is seen as a means of promoting "flexibility, responsiveness and innovation" (C. Selby Smith & Ferrier, 2001, p. 10). User choice also meant that privately owned RTOs had an opportunity to compete for students who previously had no option but to attend a TAFE College if they wished to gain accredited qualifications.

Schofield (2000) in her review of the quality of training in Victoria's apprenticeship and traineeship system identifies a number of quality outcomes arising from the introduction of user choice. These outcomes include having

> … more innovative and flexible approaches to training … stronger focus on client service … greater responsiveness in the system to industry and employer needs … strengthened capacity within RTOs to balance supply and demand for training [and for a] … more effective use of resources by RTOs to develop niche expertise for competitive advantage … (Schofield, 2000, p. 27).

In a more recent paper, a number of concerns are raised about user choice. These include a need for a more consistent approach to costing and pricing and to ensure that users have all the information to make a choice (Ferrier & Selby Smith, 2002). Hendy (2003) as the CEO of the Australian Chamber of Commerce and Industry (ACCI) presented a paper at the Australian Council of Private Education and Training (ACPET) Conference in 2003. He put the employers' views on user choice, raised some criticisms and specified what needed to be done. A report by Ferrier and Selby Smith (2002) also considered the opinions of employers in metropolitan and regional areas of the effectiveness of user choice in meeting their needs.

I have not researched the access of employers to user choice funding through New Apprenticeship Centres (NACs) which manage the Commonwealth Government incentives. This is partly because, from an RTO's perspective, this funding is a fee-for-service revenue-earning source of funds and is not paid directly to the RTO by the government. Consequently, the extent to which privately owned RTOs benefit from this type of funding is not revealed in any current data. However, it is clear from the statements above that being able to choose the provider that meets one's needs is likely to reinforce and expand the opportunities available to privately owned RTOs to compete in the training market with TAFE Institutes.

Competitive tendering

By 1997, government funding, through a competitive tendering system, had been part of the Victorian scene for some time. Funding allocated through competitive tendering for Apprenticeship/Traineeship Training Program (ATTP) and Priority Education and Training Programs (PETP) arose as a consequence of Victorian Government policy decisions. Government funds flowed directly to the RTO to support those trainees who met the requirements of the Victorian State Training Authority's contracts and funding arrangements. The government policies established priority areas, either for new apprentices, or other employees in Victoria working in the designated priority industries. The government purchased the RTOs' services in the training market to meet these priorities

with contractual arrangements set out in a performance agreement. Prior to the entry of private providers, the government was providing these services rather than purchasing them.

In the years since the introduction of ATTP and PETP, many refinements have occurred to the performance agreements which RTOs have had with the Victorian State Training Authority (STA). A brief outline of the expectations spelled out in the performance agreements for ATTP and PETP for 2004 is provided in Appendix H. I have used the 2004 performance agreement on the assumption that the STA improved these agreements from year to year. Such improvements would be likely to occur, partly as a result of their experience with RTOs receiving funds, and partly due to the Schofield review which examined the training arrangements under these agreements (Victorian Learning & Employment Skills Commission, 2004a, 2004b).

My interviews indicated that a number of those which received government funding in the past decided that the requirements were too onerous to seek such funds now. This in the end is a value judgement which each RTO has to make – in reporting Performance Agreement requirements I merely wish to indicate what these contracts contained.

Appendix H indicates that, for an RTO to gain funding through the competitive tendering system, it must meet terms and conditions laid down in the State Training Authority's performance agreement to the STA's satisfaction. A number of the RTOs interviewed expressed opinions about the perceived burden government placed on them in relation to meeting these performance agreements. However this is only one side of the coin.

To receive funds under competitive tendering arrangements, RTOs need to meet the eligibility criteria established by government, including financial viability and the expectation that they will obtain the necessary clients to meet their contractual obligations. Furthermore, an application to OTTE for funding does not guarantee that funding will be forthcoming at the end of the tendering process, even if the RTO is fully compliant and has suitable clients. Applicants for funding inevitably exceed the numbers receiving it. However, anecdotal evidence suggests that possible access to government funding has been an incentive for some RTOs to enter the system. As discussed later, the privately owned RTOs I interviewed did not on the whole suggest that government funding possibilities alone motivated them to seek registration as an RTO.

Victorian Government funding for registered private providers

Victorian Government funding for registered private providers occurred initially in 1992/3 when a pilot group of private providers was allocated funding for the delivery of accredited programs (State Training Board Victoria, 1993). The Victorian Liberal National Coalition Government signalled its intention to enable private providers to tender for government funding in its policy document on VET, issued prior to the 1992 election (Liberal Coalition, 1992). The Liberal Coalition government perceived that encouraging enterprises to become RTOs would be one means of forging closer links with industry and also of achieving demand driven training.

The Hansard for the Parliament of Victoria reported that

> … in 1993 more than 30 private providers received $2 million of state government funding to create an additional 2000 training placements. They include large companies such as Kodak, Siemens and Carlton and United Breweries. (Storey, 1994, p. 5)

A similar arrangement continued in the next year. The report in the Victorian Hansard indicated that

> … so far this year 41 private providers have been allocated over $3 million to create an additional 3000 places. They include Ford Motor Co., Pilkington, Blue Circle Transport Co. and Southern Cement. (Storey, 1994, p. 5)

Again in 1994/5, government funding was allocated in two rounds across all sectors. The figure quoted was $5.4 million, and Enterprise, Community based and Commercial RTOs offering training in priority industry areas were considered as potential fund recipients (State Training Board Victoria, 1995, p. 21).

In 1995/6 an unspecified number of private providers successfully tendered for a part of the $41.68 million made available that year. The funds were allocated through "open tendering between private and public providers" (State Training Board Victoria, 1996, p. 30).

By 1996/7 government funds, subject to competitive tendering, equalled 10 per cent of the total funds available for VET ($50 million) (State Training Board Victoria, 1997, p. 16). The allocation in that year was broken up between Priority Education and Training Program (PETP) $32.5 million, Traineeships $12 million and pre-vocational training of $5.7 million. Registered private providers received a proportion of the above amounts but the exact dollar sum was not indicated.

By 1997/8 the proportion of government funding open to competitive tenders had risen to 15.5 per cent and amounted to $77 million, with 60 per cent of this being allocated to 86 registered private providers (State Training Board Victoria, 1998a).

By 1998/9, the contestable proportion of funds had increased to 19 per cent, i.e. $98.2 million, with just under half ($42.7 million) being provided to TAFE and registered private providers for PETP. The rest, $55.5 million, was allocated for either traineeships or apprenticeships (State Training Board Victoria, 1999).

On the face of it, contestable funding offers an incentive to registered private providers to expand their accredited training provision. Indeed in 1997/8 the Board contemplated 30 per cent of funds being contestable by 2000 and 40 per cent by 2005 (State Training Board Victoria, 1998a). However, this objective was to be reviewed in 2000. As far as I could ascertain the 40 per cent goal has never been attained.

After 2000, verification of the proportions of funding in dollar terms for registered private providers and others has proved difficult as the Victorian Learning and Employment Skills Commission Annual Reports provide data in terms of student contact hours (SCH) only.

By 1999/2000 the contestable allocation reached 25.4 per cent but no precise figure is given. As already mentioned, the data in that year focused on Student Contact Hours (SCH), without providing a dollar equivalent. Registered private providers received 16.4 million SCH (an increase of 40 per cent on the previous year), while TAFE received 60.5 million SCH – a decrease of 4.8 per cent on the previous year (State Training Board Victoria, 2000).

The STB was abolished by the Labor government in 2000 and replaced by the Victorian Learning and Employment Skills Commission (VLESC) which commenced operations in March 2001 (Victorian Learning & Employment Skills Commission, 2001). The two Annual Reports available from the VLESC, at the time of writing, indicated

that the percentage of SCH available for competitive tendering continued to grow and the proportion of the total allocation made to private providers also increased.

In 2001 the PETP program was allocated \$19.5 million for the purchase of training (Victorian Learning & Employment Skills Commission, 2002, p. 22). Over 150 registered private providers participated in the program – representing over 15 per cent of the total number of registered private providers as defined in this study. In this same year, the budgeting allocation for user choice arrangements (ATTP) was \$49 million, with the training being delivered by 230 providers (referred to in the above Annual Report as non-TAFE Institute registered training organisations) (Victorian Learning & Employment Skills Commission, 2001, p. 18).

However in 2002, a smaller sum (\$14.5 million) was allocated for PETP, and, of the 219 Registered Training Organisations which sought this government funding, 150 received an allocation (Victorian Learning & Employment Skills Commission, 2002). This was less than 13 per cent of all registered training organisations. Just over 300 providers were contracted to deliver government funded training under the apprenticeship and traineeship user choice arrangements in 2001/2, the amount allocated being \$58.6 million (Victorian Learning & Employment Skills Commission, 2002, p. 22). This represented just over 25 per cent of private providers in Victoria.

Government funding is mentioned by Anderson in discussing the efficiency aspects of market reform in his national study based on a survey undertaken in 2001:

> … the increasing reliance of a large proportion of private providers on government funding suggests that contestable funding processes may have resulted in unnecessary duplication between public and private VET providers, with potentially adverse implications for systemic efficiency (2005, p. 28).

My own data somewhat challenges Anderson's claims regarding the reliance of a large proportion of private providers on government funding. As the data included in this chapter show, at most one third of the private providers in Victoria received government funding at least, over the period 2001/2. Furthermore, in Chapter 6, which describes the results of my interviews, 16 of the 21 respondents indicated that they had not sought government funds under these schemes at the time of interview and that, except in the case of the regional RTO, those which still received government support from these programs maintained it was not a significant part of their revenue.

Another possible point of comparison in relation to government funding arose in the Harris et al. survey results (2006a, 2006b). The data indicated that 24 per cent of those surveyed were self funded and did not receive any form of government funding (2006a, p. 55), and just over 25 per cent reported that "they funded their accredited training activities for Australian students from government sources only" (2006b, p. 9). If the adult/community providers are excluded from the figures, the proportion of those receiving government funding only for all Enterprise RTO respondents is 30 per cent. It is 25 per cent for Industry RTOs and it is 15 per cent for Commercial RTOs (2006a). These figures cover all states and are not strictly comparable as they relate to those RTOs which reported receiving government funding only. Nevertheless, the information suggests that the proportion of those responding to the survey who received some form of government was much higher than for the RTOs I interviewed.

Further analysis and more data are needed to draw useful conclusions about the influence of government funding in Victoria on the growth of registered private providers. However what can be said at this stage is that

- "The proportion of funds for training delivery allocated through contestable arrangements involving Priority Education and Training Program tender and user-choice, for apprenticeships and traineeships, grew from 1.2 per cent in 1995 to 25.4 per cent in 1999 …" (State Training Board Victoria, 2000, p. 13).

- The number of registered private providers which successful gained government funds in Victoria totalled 86 in 1997/8 for traineeships and apprenticeships (State Training Board Victoria, 1998a). This represented less than 12 per cent of all registered providers (i.e. TAFE and other publicly funded providers). However by 2001/02 the number of those receiving funding under competitive tendering arrangements from the Victorian Government had risen to 300 (Victorian Learning & Employment Skills Commission, 2002, p. 22), representing over 25 per cent of all Registered Training Organisations in that year. However, this meant that 75 per cent of the RTOs registered in the Victorian system did not receive government funds in this form.

Summing up

I have provided information, in this chapter, about the composition and structure of VET providers in Victoria. Evidence of the changes which occurred in the VET sector in that state has been canvassed and trends in RTO registrations, in general and by category, have been examined. I have also investigated which AQF level predominated and identified which Training Packages were on the scope of registration of a particular group of RTOs.

The following findings are of particular relevance to my study:

- That the highest AQF levels (i.e. Diploma and above) were offered by nearly 70 per cent of the 88 privately owned providers. This contrasted with other data which showed that 66 per cent of students enrolled in courses (as recorded by the NCVER) were mainly enrolled in Certificates I to III. Although the comparability of the data is somewhat problematic, the information highlights the need for more knowledge about all the private providers' operations in the Victorian system. The variation in the AQF levels gives just one example of conflicting statistical information.

- That, by and large, the fluctuations in private provider registrations can be attributed to changes in government policy. It is apparent that the VET sector training market is affected by government policy to a greater extent than would be the case in traditional markets. In traditional markets, customer demand and competition might be expected to have a greater impact than government policy.

- That the implementation of the AQTF Standards, at least in the short term, significantly affected both the terminations and new registrations of private providers. As will be seen in the next chapter, two surveys undertaken (Kellock, 2003; Samuel, 2003) and the comments made by the 21 interviewees give another perspective on the effect of the AQTF on RTOs.

- Analysis of the statistics highlights the degree of diversity in the Victorian VET sector in relation to the range of Training Package industry areas being delivered and in the variety of areas which privately owned RTOs have on their scope of registration.

The intended benefits from user choice have been given some attention. Government funding through competitive tendering for ATTP and PETP funds in Victoria has also been traced to provide an overview of its growth in Victoria throughout this period. Although the proportion of privately owned RTOs receiving that funding never exceeded 25 per cent of the total of this group, the funding has nevertheless been perceived by some researchers as a significant factor in the expansion of the number of RTOs over the period. The user choice discussion presents a macro level view of government purchasing decisions over the period but it also provides a contrast to the opinions expressed by the RTOs I interviewed. This is taken up in the next chapter.

Chapter 6 – The Providers and Their Provision

Preamble

In Chapter 4, I outline the policy shifts in the national VET landscape. In Chapter 5, the focus is sharpened with an analysis of the state context and, in particular, data drawn from a sample of 88 privately owned Victorian RTOs. In this chapter, I sharpen the focus even further by reporting the findings from the interviews conducted with 21 of the 88 privately owned RTOs. The semi-structured interview questions are provided in Appendix D.

The material presented in this chapter provides a foundation for judging the significance of the changes which occurred in the Victorian VET system once privately owned RTOs came on the scene. Thus, I have partially addressed the third sub-question posed in Chapter 2, namely: what impact have these changes had on the VET sector.

I begin by profiling the interviewees and the RTOs in some detail. Finally, I elucidate key themes that have emerged from the interviews. In so doing, I shed light on the way that the 21 privately owned RTOs operate in the emerging VET market in Victoria and examine a number of qualitative dimensions arising from the interviews. Ultimately, the material in this chapter provides the basis for assessing the impact of privately owned RTOs on the Victorian VET sector.

Comments made in interviews with a TAFE Director working in a TAFE Division of a university and with the National Executive Officer of the Australian Council of Private Education and Training (ACPET) are included in this chapter. Findings from other relevant studies, along with reflection on my own experience, provide additional perspectives in this and later chapters.

Profile of the RTO interviewees

This section summarises the information obtained about the representatives I interviewed. As indicated earlier in this study, not all those interviewed were CEOs. However, I ascertained details of their length of service, background and experience in the industry as I felt that this might have an influence on their knowledge, expertise and the opinions they expressed.

Title/Length of service and gender

The interviews were conducted with a Chief Executive Officer (CEO) or a nominated senior manager of each Registered Training Organisation (RTO). Twelve of those interviewed were CEOs. Five of these had formed the Company and remained its CEO at the time of interview.

Twelve of those interviewed had been with the RTO for 10 years or more. The longest serving person had been with his organisation for 27 years. This longest serving manager had been in the training area of the Industry RTO for which he worked, well before the shift towards commercialisation. Indeed he was working in this organisation at a time of significant industrial relations change.

It was apparent that many of the opinions expressed by the interviewees had been based on a number of years working as, or within, privately owned RTOs in the Victorian system. Having had, as noted earlier, considerable experience in the field myself, I was well prepared to evaluate the relative experience of the interviewees. For the most part, I was confident that I was dealing with well informed interviewees. Their collective experience spanned the period which has already been described in earlier chapters and which Figure 4.1 illustrates.

Figure 6.1 identifies the gender of all those interviewed. Overall the gender balance was relatively even. Two of the five female CEOs owned their RTO (one was a joint managing director with another woman). Six additional women interviewed had been nominated to act as a substitute for the CEO. Thus it could be concluded that women were well represented. No discernible gender bias, or gender based differences in responses have emerged.
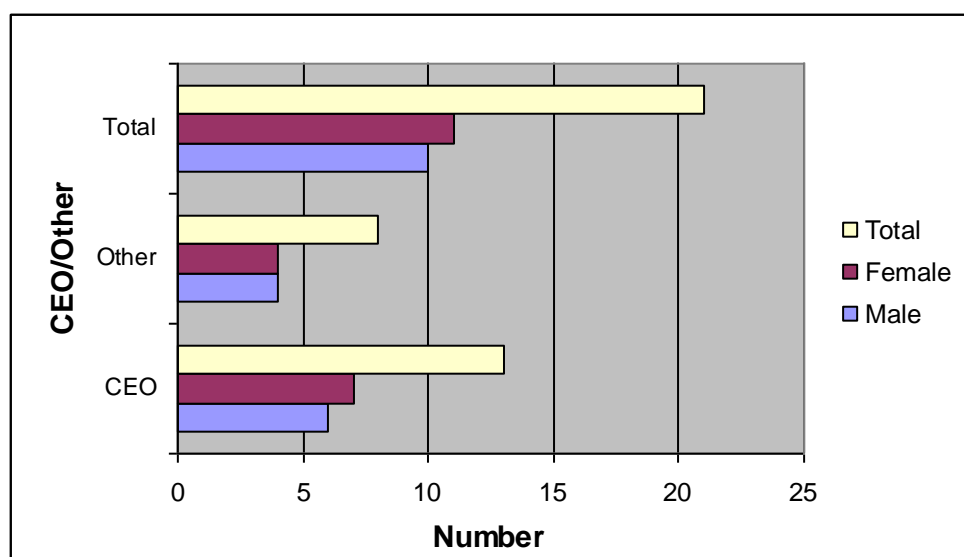
Figure 6.1 – Gender of RTO interviewees

†Source: Appendix E, Table E.3

All of those interviewed in the four Enterprise RTOs were women. All but one of them had been nominated by the CEO to meet with me. The one CEO I met in the Enterprise RTO category headed a training institute which had been set up inside an extremely large national company in the services sector. Of the seven interviews conducted with Industry RTOs, three were with women. Of the 10 Commercial RTOs interviewed, four of them had women CEOs, all of whom agreed to meet with me.

Quality of the interviewees' responses

In analysing the outcomes of these interviews, I gave consideration to whether any distinction should be drawn between the responses by those who had been nominated by their CEO to meet with me and the responses from the CEOs. I thought that perhaps the interpretation and attitude to aspects of the interview questions might differ according to the hierarchical position of the interviewee. It became evident, in undertaking this analysis, that the important issue was not so much the ranking in the hierarchy of the person interviewed but whether the interviewee had access to the information being sought.

Most respondents were generally experienced and well informed. In two instances, however, the nominated managers were not well informed on all the issues I wished to discuss. One of these managers was from a large Commercial RTO and the other from an Industry RTO. They had compensated for their lack of personal knowledge by researching the answers to the interview questions which had been provided in advance. Another interviewee who had only been with the RTO for a short time, had an in-depth knowledge of the VET system and of RTOs in general. In this case, he included a member of his administrative staff to confirm any information about which he was uncertain. It appears that even the length of employment in the privately owned RTO did not affect the quality of the information provided.

I do not believe my study has been compromised by this judgement. Where it seemed necessary, I endeavoured to clarify the questions being asked. It was important that the interviewees understood that all information was valued and helped to throw light on the content being discussed (May, 1993).

Figure 6.2 below indicates the informants' experience in VET. Ten of those I interviewed had been involved with training for periods in excess of 11 years. I did not obtain the exact number of years that two of the Enterprise RTOs interviewees had had in training, although in both instances it would have exceeded five years. It would be reasonable to conclude that more than half of those RTO representatives I interviewed were very well informed about the training sector and had had considerable experience of that sector. Therefore, their responses in particular could be perceived as emanating from a group of very knowledgeable informants.
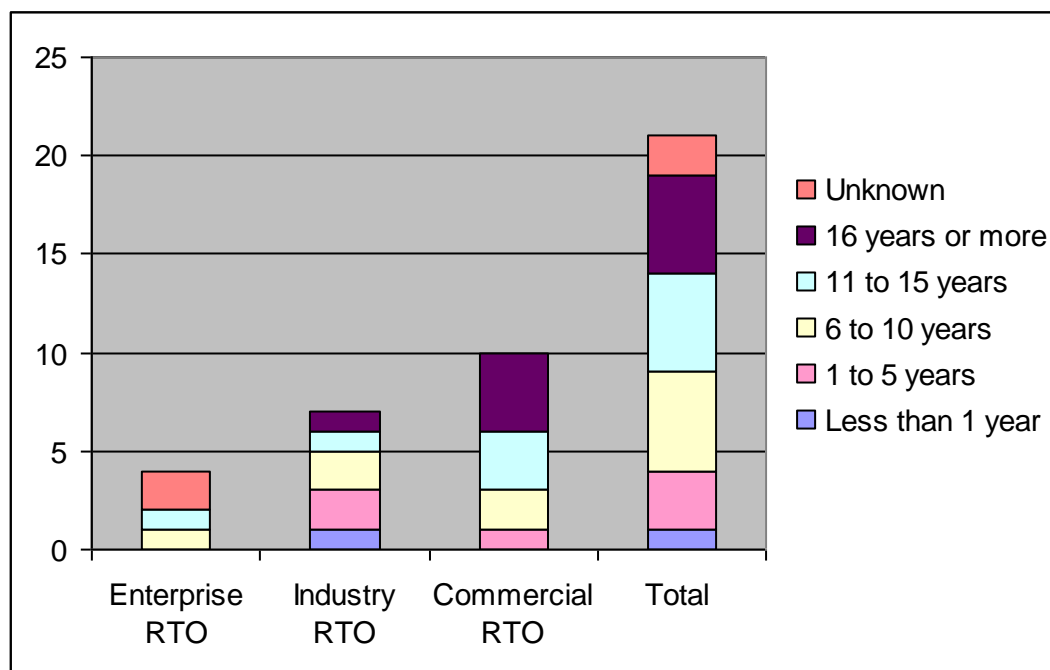
Figure 6.2 – Informants' experience in the VET sector

†Source: Appendix E, Table E.4

Attitudes of interviewees and their background

I thought that the background of the interviewee might have helped explain some of the attitudes or opinions expressed about some of the more qualitative issues which have been dealt with during the interview. Three of

those interviewed had worked in the TAFE system at some stage of their career. One of these, a CEO, had been a TAFE teacher. The other two had been delegated by their CEO to see me, one being a large Commercial RTO and the other an Enterprise RTO.

Two of those interviewed had backgrounds in social welfare. One was now the CEO of a Commercial RTO in a niche market that had no connection with her social welfare background. The other was the Training Manager of a large Industry RTO. In four of the RTOs, the interviewees had previously had Human Resource roles such as Organisation/Development Management, Training coordination, Personnel and HR Services.

Four other CEOs interviewed had moved into the RTO from training management within a specific industry. Another five had become CEOs because of their business and/or management experience. In one instance, the CEO's family had owned the business.

Of the smaller Commercial RTOs, one CEO had a psychology qualification with a PhD. He had specialised in safety and quality assurance and delivered training for large national companies. He mixed his management consulting and training roles together to meet client requirements. Two other small Commercial RTOs had similar backgrounds. Within some of the smaller RTOs, the CEOs performed the marketing, training and management roles.

Overall, the backgrounds of those interviewed represented a variety of experiences. This diversity helps explain the particular relevance of programs provided, the ability to differentiate services offered and the focus on satisfying their clients' requirements.

Profile of the RTOs in this study

Categories of RTOs and the 'age' of business

The proportion of RTOs interviewed in each category reflects the weight of each category of provider within the Victorian system. Of the interviews conducted,10 were with commercial providers, seven were with industry providers and four were with Enterprise RTOs.[55]

Eight of the Commercial RTOs interviewed had been in business prior to 1990. The other two Commercial RTOs had been established in 1991. With one exception they are all still in business 15 years later, a fact that suggests that this group of RTOs is able to adjust to market needs, be responsive and maintain their relevance in satisfying their client's requirements. Responsiveness in this sense is a 'proactive' rather than a 'reactive' concept. It involves investigating client needs to ensure delivery of relevant training rather than just delivering a standardised or pre-prepared training program, regardless of context or experience of the clients.

The four Enterprise RTOs had been operating well before 1991. Of the seven Industry RTOs, two were group training companies and both commenced their operations in 1982. The remaining five RTOs in this category were industry associations in a variety of fields. These associations have been in business for many years in Victoria. The actual age of their business was not discussed at interview.

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[55] Appendix A defines these categories.

Location of the RTOs

Seventeen of the RTOs interviewed are located in suburban Melbourne; three are situated in the central business district (as defined by Melway, maps 1A/1B). Only one of the RTOs interviewed is located in regional Victoria (a group training company classified as an Industry RTO). However, as discussed below in the section on location of training markets, the location of each RTO has not affected the breadth or type of market in which it operates.

Structure and size of the RTOs

All 21 RTOs are incorporated. The type of incorporation covers companies which are proprietary, public and limited by guarantee.

Table 6.1 shows size of RTO for each type of provider. Size has been determined by "throughput", based on an estimate by the RTO of the number of Statements of Attainment and/or Certificates issued each year to participants. For the purpose of indicating the relative size of the RTOs interviewed, I believe that throughput gives an adequate indication of their activity. Table 6.1 shows that more than half those interviewed are classified as large, with the remainder evenly spread between medium and small.

Table 6.1 – Size* of RTOs interviewed by type

Type of RTO	Small	Medium	Large
Commercial	2	5	3
Industry	2	0	5
Enterprise	1	0	3
Total	5	5	11

* Definitions used of size in terms of throughput:

Small – less than 100 p.a.
Medium – up to 250 p.a.
Large – more than 250 p.a.

Five of the seven Industry RTOs are classified as large, using a throughput approach. In the case of the regional Industry RTO, most of its students undertake four year apprenticeships. This meant that its throughput was not really comparable with RTOs which enrol trainees or students whose courses can be completed within three months.

All the Enterprise RTOs interviewed are large companies with workforce numbers well in excess of 1000. However, the classification of one Enterprise RTO as small is a consequence of my definition to establish size. The enterprise is large, but the training component is small.

Another way to gauge size would be to ascertain the number of staff engaged in each of the RTOs interviewed. However, the degree of flexibility in staff numbers and the variety of employment arrangements make it difficult to form judgements on this basis. For example, the regional Industry RTO employs 13 full-time instructors. The total

staffing in the training section is 17, with some sessional and contract staff used, if required. The small and medium commercial providers had the bulk of the training services delivered by their CEO but some of them had sufficient throughput to be judged to be medium sized even though, on the basis of staff numbers it might have been anticipated that they would all be considered to be small in size.

The importance of training in the RTO business

Training was the core business for eight of the 10 Commercial RTOs. Two Commercial RTOs undertook consulting work in their areas of expertise for their company clients. In addition, one of the Industry RTOs interviewed was mainly engaged in training activities, but more to ensure that the teachers who were authorised to deliver programs on its behalf were adequately trained to do so.

None of the Enterprise RTOs, except the training institute division of a very large public company, was engaged solely in training. As suggested earlier, I believe that the burden of complying with the new AQTF Standards was perceived by a number of Enterprise RTOs as being too onerous in the light of the subordinate role that training played in some of these types of RTOs. Likewise, the 15 Enterprise RTOs with whom I have worked rarely saw training as a core activity. Indeed there were only three in which training was a high profile activity, mainly because of the nature of the business. In one instance, it was a retail fast food organisation, and in another the workforce was engaged in construction activities in the transport industry. In the third, training had become a high profile activity due to the safety issues the company had experienced.

I believe that multifunction RTOs have a more heightened awareness of the critical importance of meeting client needs and, as a consequence, anticipate requirements for training or investigate what the client needs before determining content or level of qualifications appropriate for delivery. The perceived effects of being a multi-function RTO will be taken up in the next chapter.

Why RTOs sought registration

The reasons for seeking registration and the perceived benefits gained, elicited varied responses from those interviewed. Folklore has previously suggested that private providers in Victoria were keen to gain registration in order to obtain government funding through the competitive tendering process. Investigation of the reasons and benefits perceived by the RTOs in seeking registration which are discussed below do not, in the main correspond with other research on these matters. For example, Anderson (1994) discusses motives for becoming an RTO in relation to the commercial colleges as being mainly in terms of their profit motive while my interviews reveal RTOs had a variety of motives which suggest that profitability of the enterprise was not necessarily their major motivation.

Commercial RTO representatives had various opinions. One felt there was a *'marketing advantage'* in being an RTO. Three other small commercial provider CEOs saw RTO status as '*ensuring credibility'.* Another of the providers felt that it added to his *'professionalism'.* Another perspective was that '*the market expects accredited training'.* One small commercial provider saw multiple reasons for seeking registration. These included to gain an

... opportunity for funding, [the introduction of] *the training guarantee levy* [and using] *whatever opportunities were available as an RTO to go into companies* [to extend our business] *... if I wasn't an RTO I wouldn't know about the latest material ...*

A somewhat larger commercial provider CEO operating in a niche market wanted her students to have *'travel concessions ... as few students had cars ... and were paying their own fees'*. Travel concessions were initially limited to students undertaking accredited training in TAFE or university programs. Such travel concessions did not become available to other training institutions until they were allowed to enter the accredited training market under the Victorian VET Act in 1991. Another advantage cited by a Commercial RTO, also operating in a niche market was that his students would be eligible for Austudy, (introduced in 1998), if they were enrolled in an 'approved' course.[56] Yet another advantage of registration mentioned by a commercial provider related to pathways. This medium-sized Commercial RTO's accredited Advanced Diploma program articulated into a degree program offered at a metropolitan university. This was seen as an important motivation for seeking registration. In each of these instances, the benefits that flowed to their students were highlighted, although it could be argued that such benefits would also provide a competitive advantage for the RTO.

Perhaps surprisingly, another of the medium-sized commercial provider CEOs maintained that he had to be an RTO, as the '*unions would only recognise accredited training'* in the field in which he specialised.

Another expressed the assumption that if one had nationally accredited training, client needs were being met. The course in question related to a unit of competence in the hospitality area that students who were to work in that field had to have completed, prior to being eligible to work in the industry. Thus it seems that this comment was not quite as naïve as it sounded.

One large industry provider representative stated that it *'basically became an RTO to put in quality control'*. In the same interview, she stated as further justification for registration that

> *... RTO status gives us credibility ... the biggest credibility is ... the relationship we have with our industry ... so* [we] *already had credibility, but the RTO status ... is crucial particularly in Asia. We would not have succeeded in either South Africa or India ... without the RTO status ...* [it's] *the first thing* [potential clients] *want to know.*

Some enterprise and industry provider interviewees see control over their own destiny in training as a key motivation for registration. Interviewees viewed this control aspect as ensuring they had the skills and knowledge to judge the capacity of other RTOs to meet their training and assessment requirements than would non-RTOs. Enterprise and Industry RTO representatives in particular saw this ability to control the quality of RTOs which provided services for them as an important element of their day to day operations. They felt they would not have had this knowledge as a customer of the training services of other RTOs if they had not themselves been an RTO. Although subject to compliance requirements, the ability to control what was being done apparently outweighed any perceived inconvenience of having to comply with AQTF Standards.

Enterprise and industry provider respondents gave multiple reasons and/or benefits for registration. These included

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[56] Austudy requires the student to be aged 25 and over, be an Australian permanent resident and studying an approved course full-time at an approved institution. (see Centrelink website at http://www.centrelink.gov.au/internet/internet.nsf/payments/).

- *'quality control purposes'*,
- *'to get government funding'*
- *'providing skills which are portable as* [they are] *nationally recognised'*.

For a large manufacturing enterprise representative it was that '*no one [*had*] the specialist knowledge needed for the training … TAFE does not have the knowledge of the business nor the equipment'*.

One Industry RTO representative felt there was an '*added prestige in being an RTO'* and in having its own accredited program. Indeed he commented during the discussion that they had recently had their specialised management Certificate IV and Diploma course re-accredited at some considerable expense, and that this had occurred in spite of the fact that Training Package courses are available in the general management field.

The one regional Industry RTO interviewee maintained that his organisation had became an RTO *'so we could deliver the required training ourselves, in our own way, and in our own time … TAFE was not flexible enough'*. By becoming an RTO, its own training would be recognised so its students would not have to repeat training at the local TAFE College. Another reason put forward by representatives from those RTOs with overseas students, was the need to gain registration on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS).

Even if the reasons and benefits are considered in groupings according to the category of provider, a considerable mixture of motivations is evident. On balance, I feel the commercially orientated provider interviewees saw the reasons and benefits in relation to status, credibility and/or competitive advantage more than the other categories of providers, at least in the data arising from this study.

Extent of government funded training

Over three quarters of the RTOs interviewed did not receive any government funding through the Victorian Government Priority Education and Training Program (PETP) or Apprenticeship/Traineeship Training Program (ATTP) schemes at the time of interview (see Figure 6.3). Five of the 16 RTOs which no longer received funds indicated that they had done so in the past. As one provider put it:

> [it was] *not worth while … government PETP in 2003* [170 places] *represented a drop in the ocean in comparison with all the training we deliver…* [It is] *… too costly to run and accountability issues* [are] *too difficult …* [We] *found the work load and the audit … too burdensome …*
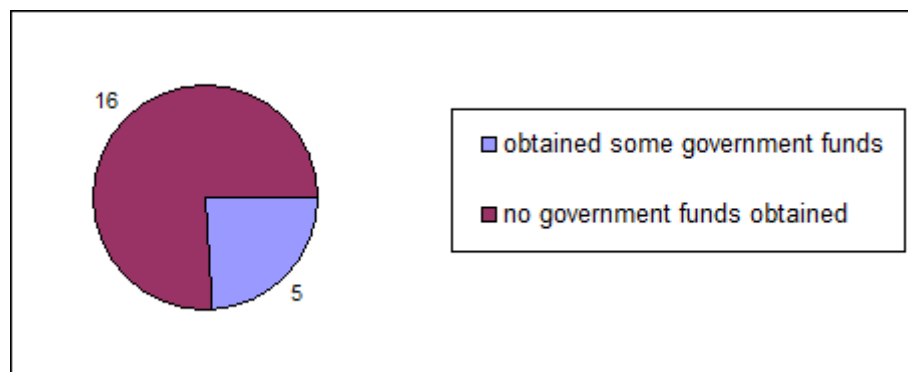
Figure 6.3 – RTOs interviewed and government funding

The CEO of the RTO whose main client group enrolled in distance education programs, expressed the opinion that it was too difficult to apply for any Victorian Government funding as identification of nominal hours and time limits for its distance education courses was hard to determine. Furthermore, she felt the hurdles were just too high to justify investing the time in trying to gain government funds. This latter view was also the main reason that the five RTOs which had received such funding in the past had decided not to seek funding again.

Of the remaining five RTOs receiving funds through either the Apprenticeship/Traineeship Training Program (ATTP) or the Priority Education and Training Programs (PETP) all but one, maintained it represented a small proportion of their total training activity. In one instance, it was as low as 1 per cent, in another 2 per cent. Only one of all the RTOs interviewed indicated that ATTP/PETP funding represented a significant portion of revenue. This representative estimated that government funding represented somewhere between 50 per cent and 60 per cent of the RTO's total training. This was the regionally located RTO, most of whose students were apprentices.

It would appear that, at least for many of these 21 RTOs, competing for Victorian Government funding was not seen as either a desirable or necessary goal. Drawing on my experience with a number of my clients, any generalisation about competing for government funds being a popular or desirable goal is however, arguable. Although, if one accepts that the interviewed RTOs are reasonably representative of the RTO population, it would seem that those RTOs which have been in the sector since 1994, have found the gains to be made from government funding not necessarily worth the effort. This finding casts doubt on the assumption that access to government funds has been a primary motivator for becoming an RTO.

Nevertheless, any generalisation on government funding remains tricky. On the one hand, I have worked with a number of RTOs which have attracted significant government funding through the ATTP and/or PETP schemes. By successfully meeting their obligations, specific RTOs have maintained or increased their allocation of funded places, and have built successful, viable and compliant RTOs. Some of the areas covered by these RTOs include community services, food processing, health support services, customer contact, hospitality, retail and wholesale operations and business services. One of these RTOs, operating with significant funding, and in a variety of the areas identified above, has been an RTO since 1994. However, that RTO was not one of my purposeful sample. There have been other providers, delivering in similar fields to the list above, which have been unable to meet their contract delivery obligations, subsequently deprived of their allocations and found to be non-viable and non-compliant in a number of areas. Diversity once more provides an apt description of the situation.

Other types of government funding received by the RTOs interviewed, through their client companies, or directly, include

- the Workplace English Language & Literacy programme (WELL) funds which two Commercial RTOs and one enterprise provider have gained,[57]
- Youth Employment Scheme (YES) funds which one industry provider mentioned[58], and

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[57] The Workplace English Language & Literacy (WELL) Program aims to fund "organisations to train workers in English language, literacy and numeracy skills". (Department of Education Science & Training, 2007b)

- Leverage funding – gained by one enterprise provider from the Department of Innovation, Industry and Regional Development (DIIRD), a Victorian Government department.[59]

Another industry provider receives substantial training resources (approximately 40 per cent of its total training budget) from an industry fund which is set up by government legislation. In another Industry RTO, Incolink subsidises the costs of running accredited Occupational Health and Safety programs.[60]

Two RTOs mentioned user choice funding, paid to their client by the federal government as incentives and subsidies. However this type of funding does not flow directly to the RTO from government but is paid as a fee-for-service by the client company receiving such subsidies.

In discussions on government funding it was apparent that, in the past, a number of the RTOs had received support from federal government labour market programs. This source of funds has also been identified in the study done on Queensland RTOs (Kell et al., 1997). Three of the Industry RTOs indicated that they had received direct government support for careers or project officers and/or for development of training materials.

Those RTOs which reported WELL, YES, or leverage funding are not required to report their statistics to NCVER. Yet, one RTO indicated that the effect of having WELL funds flow to his client companies has meant that the proportion of his accredited training has increased from 10 per cent to approximately 60 per cent. Furthermore, the CEO of this RTO commented that WELL programs and, in earlier years, labour market programs, could have represented as much as 80 per cent of his business. However, he added that the importance of these as contributors to his revenue had fluctuated considerably over the years, particularly when '*training lost its priority in companies*'. It is worth noting, however, that the RTOs interviewed, all of whom had been involved in the sector over the long haul, do not perceive the ability to gain government funds, from whatever source, as the means of their long term survival.

Location of training markets

Although most of the RTOs interviewed are located in the metropolitan area of Melbourne, the markets in which these RTOs operate extend beyond state boundaries. In some instances, these RTOs have overseas students. Anderson found that

> Only a modest proportion of registered training organisations were found to be delivering nationally recognised training across state/territory borders. However, a considerable number are competing for business outside their local markets, particularly in rural/regional markets and also, to a smaller degree, in export markets. (2005, p. 10)

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[58] This scheme provides traineeships and apprenticeships to those aged 15 to 24. They are placed in a Group Training Company or in the instance cited, the RTO was an industry body which was eligible to train such students. (Victorian Government, 2007)

[59] Details of this Victorian Department's strategic plans and priorities can be found on the Department's website (Department of Innovation Industry & Regional Development, 2007)

[60] Incolink is a redundancy fund for the Victorian building and construction industry which amongst other things provides training subsidies for its members. For further details see: http://www.incolink.org.au

The detailed data from the Anderson survey stated that "17% of all RTOs … identified metropolitan areas, and 14% of RTOs … identified rural/regional areas, in another State among their three main areas of delivery" (2006, p. 112). These figures include both TAFE and non-TAFE providers.

Interstate operations

The importance of interstate operations varies according to type of RTO and client group serviced by these RTOs. Overall, 13 of the 21 delivered training interstate. The four Enterprise RTOs which are all national companies train their own employees in other states.

Four of the Commercial RTOs have national clients for whom they train outside Victoria. These four RTOs provide workplace trainers for company clients who use their services in other states to ensure consistency in training outcomes. Only two of these four have a significant proportion of interstate training. In one instance, it is thought to be around 50 per cent of that RTO's total training. One large commercial provider has training facilities in New South Wales (NSW) and Queensland, as well as Victoria where it is registered. NSW enrolments outnumber those in Victoria. Not unexpectedly, the distance education Commercial RTO had course participants outside Victoria, mostly on the eastern seaboard.

One large Industry RTO which auspices secondary school teachers to deliver its training, operates throughout Australia. It issued over 3000 certificates in 2003. This RTO estimates that interstate clients represented approximately 30 per cent of its total throughput. The only other industry organisation that trained interstate maintained that its interstate training represented only a very small proportion of its training.

Eight of the RTOs interviewed have not delivered any training interstate. This figure includes those Industry RTOs which are industry associations. The two group training company RTOs do not deliver interstate training.

Anderson's conclusion that a "modest proportion" (2005, p. 10) of RTOs operates interstate, does not in my opinion hold up for the group of RTOs I interviewed. My own experience as a Training Recognition Consultant (TRC) confirms that interstate activity by Victorian RTOs is considerable. An examination of my own client group indicated that over 40 per cent of these operated interstate.

The Harris et al. study (2006b) also ascertained the extent of interstate operations. The study found that three quarters of the nationally surveyed private providers operated in one state only. Additional information obtained from providers which did not participate in the survey (2006a) indicated that more than 50 per cent of each of the industry and commercial training organisations delivered in only one state, and 45 per cent of the enterprise based organisations delivered in only one state (p. 51). As already indicated above, the responses received from my interviews indicated that well over half of the 21 RTOs interviewed delivered interstate. All four of the Enterprise RTOs delivered interstate and only two Industry RTOs delivered interstate. Commercial RTOs comprise the remainder of those privately owned RTOs which delivered programs interstate. The figures emerging from my interviews in relation to enterprise and commercial providers are higher than those found in this national survey. However, the proportions are about the same in relation to industry providers.

Overseas student enrolments

Two of the large Commercial RTOs have a significant number of overseas student enrolments. In one, only 20 per cent of its total enrolments were local Victorian students. The remainder of the students came from a wide variety of overseas countries, mainly China, Korea, Indonesia and Eastern Europe. The other large commercial provider with significant numbers of international student enrolments operated from a single campus situated in an outer suburban Melbourne. The distance education provider had overseas students from 32 countries but not all of these were studying accredited courses. The CEO of one large Industry RTO indicated that its export market had grown substantially but this related to its teaching materials rather than its student enrolments.

No relationship is apparent between the breadth of an RTO's market and its size as measured in Table 6.1. Indeed, the most that can be said about the breadth of market, size and type of RTO is that considerable variety has been found. Variations in the importance of overseas student enrolments were also found.

Type of client group

Fourteen of the RTOs stated that their client groups are mainly employed. In some instances the employees are undertaking courses because the company for whom they work has organised the training. In other instances, the students were undertaking training to gain the skills needed to carry out their role in their company. In the case of one industry provider, it maintained that 90 per cent of its students were employed and that most attended courses held at the RTO's facilities in the daytime.

The three Commercial RTOs which delivered most of their training in the workplace to full-time employees of client companies indicated that the job roles of the students varied considerably. Some were operational/shop floor employees, others supervisors or foreman and others senior managers.

At least two of the four Enterprise RTOs stated that they provide accredited training for their workers, whether they are full-time, part-time, casual or temporary workers. This may be a reflection of the changes which have occurred in the employment arrangements in enterprises. Alternatively, it may reflect the need to ensure that even casual or temporary workers receive sufficient training to operate effectively in these enterprises, and to ensure the company meets any legislative compliance requirements.

The remaining seven RTOs cater mainly for students who enter their courses straight from school, students currently in schools, overseas students who are studying full-time and, in one instance, distance education students. The last mentioned group may or may not have been employed and would be studying on a part-time basis.

Two of the Commercial RTOs with their own permanent training facilities catered for both full-time and part-time students. In one of these RTOs, the difference in delivery strategy according to the type of student was deemed to be very important. As the CEO stated

> *we have always had a flexible delivery approach ... in that the course is delivered in two totally different ways ... our full-time cohort is students coming straight from school and they have always had a lot of support in their first year ... A lot of the focus is on ... giving them skills to enable them to work in industry ... The part-time course [is held on] ... evenings, weekends, weekends away ... Those people are already working in the industry ... so the focus there is not so much on employability skills but the nuts and bolts ... of the [specialist skill] ...*

Location of training delivery

Eight RTOs stated that training takes place at the workplace of their client companies or, in the case of Enterprise RTOs, at their own training facilities. Ten of the RTOs operate at their own permanent locations where they conduct the major part of their training. All Enterprise RTOs have training facilities in each of the states in which training occurs.

One particularly large Industry RTO delivers its training at various locations in suburban Melbourne, as well as at its own training facilities. The RTO named the quantity of training undertaken and the need to go to its client group (mainly its members) as reasons for its training locations, some of which are located outside the central business district. Another Industry RTO stated that although it did training at its own sites it had its *'training centres ... set up as workshops, not as classrooms'*.

The distance education RTO sent its educational printed material to its students wherever located. Students could enrol on-line at any time. Email was used for communication between the tutor and student. This RTO also offered some corporate training. It used its distance education materials supplemented by face-to-face tutorials. The tutorials were held at the company's premises or rented premises. It should be noted that this particular RTO was purchased by a New Zealand company and went into administration at the end of 2005 (Australian Council for Private Education & Training, 2006).

One Commercial RTO hired appropriate training facilities near airports. The airports were used for the fieldwork part of the training. The large Industry RTO auspiced all its accredited training subject to the trainers doing two days professional development with the RTO. The appropriately qualified teachers who delivered this training were located mainly in secondary schools or similar organisations all over Australia. At the time of the interview the RTO had '*250 auspiced institutions.'*

It is apparent that the type of client group, the needs of its customers and the markets which the RTO services influence where training takes place.

Training Packages and courses on RTO scope of registration

Of the 19 Training Packages on the scope of these 21 providers, the courses which were most commonly in use at that time included Business Services BSB01and Assessment & Workplace Training BSZ98 qualifications. Nine of the RTOs delivered Business Services qualifications at various levels. Eight of them delivered BSZ40198 Certificate IV in Assessment & Workplace Training. No other particular industry area Training Package predominates amongst the 21 RTOs I interviewed.

Appendix F, Table F.1 shows the dominance of the Business Services Training Package for the 88 privately owned RTOs analysed - half of these RTOs had the Assessment and Workplace Training Package (BSZ98) and 29 had the Business Services Training Package (BSB01) on their scope of registration. This reinforces my interview data shown in Appendix G, Table G.1 which summarises the Training Packages on the scope of registration of each of the RTOs interviewed for this study. It indicates the areas currently and/or regularly delivered from these Training Packages by the 21 RTOs. For example, two of the RTOs regularly deliver qualifications from four Training

Packages. One provider has nine different Training Packages on its scope, and stated that it regularly delivered courses from six of them. Six of the RTOs only have qualifications or units of competence contained in Training Packages on their scope of registration.

Some courses still on the NTIS listing for these RTOs were either delivered 'less frequently' or 'not at all'. In a number of instances I was told that the RTO was in the process of seeking removal of some courses from its scope of registration. Other RTOs were contemplating changes or additions due to the need to meet compliance requirements of the AQTF or because they no longer delivered them.

Figure 6.4 illustrates the variety in the type of courses on the scope of registration of these RTOs. Courses from non-Training Package sources featured, particularly in the case of Commercial RTOs. The data indicate that the scope of Enterprise RTOs has been restricted to Training Package qualifications.
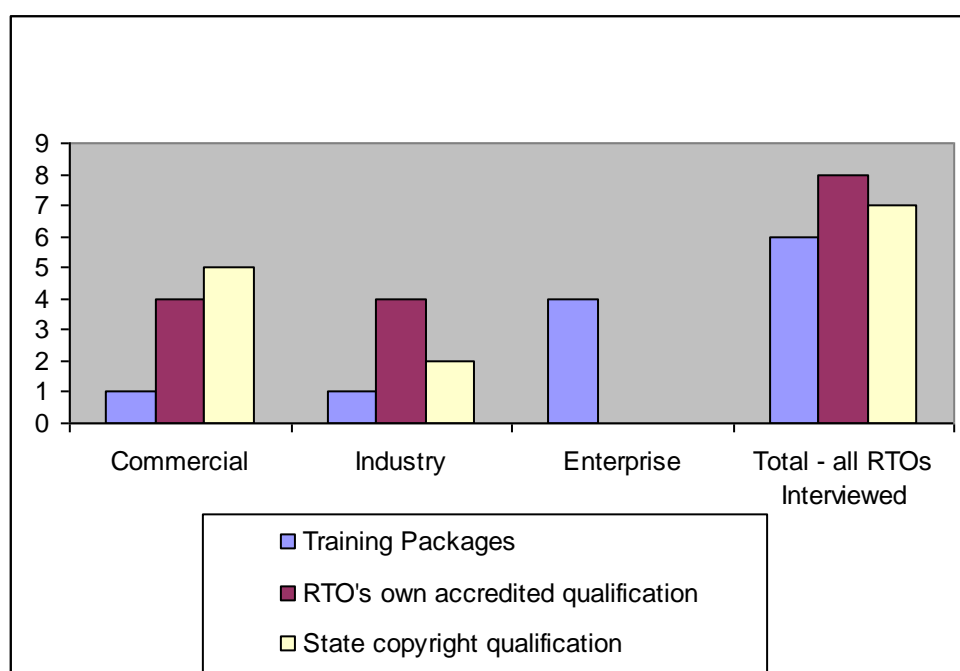
Figure 6.4 – Type of qualification offered by RTOs interviewed

†Source: Appendix E, Table E.6

Note: Some of these RTOs offered Training Packages as well as their own accredited curriculum but in these instances the count focused on the RTO owned or Victorian 'crown copyright' courses offered.

Some of these RTOs provide courses which are designated as 'crown copyright' courses. A few RTOs also provided qualifications developed by other privately owned RTOs, from whom they have gained permission to deliver the qualification. The overall picture is one of variety in the type of accredited course and areas covered by these courses. Although it is apparent that the extensive use of qualifications contained within Training Packages has reduced the popularity of own accredited courses, it has by no means removed them altogether.

If an RTO wishes to gain approval for its own qualification or short course, it applies to the Victorian Qualifications Authority (VQA). A national set of guidelines is available and where possible, courses are expected to incorporate units of competence from existing Training Packages. Additional unique units of competence in a qualification or course can be added (and justified) in an application for course accreditation.

Proportion of total training which was accredited

The extent to which accredited training has been recognised as the norm in the training market is still open to debate. For this reason, I explored with those interviewed the importance, in percentage terms, of their accredited or nationally recognised training. Figure 6.5 shows for each RTO, the proportion of its total training which was accredited.
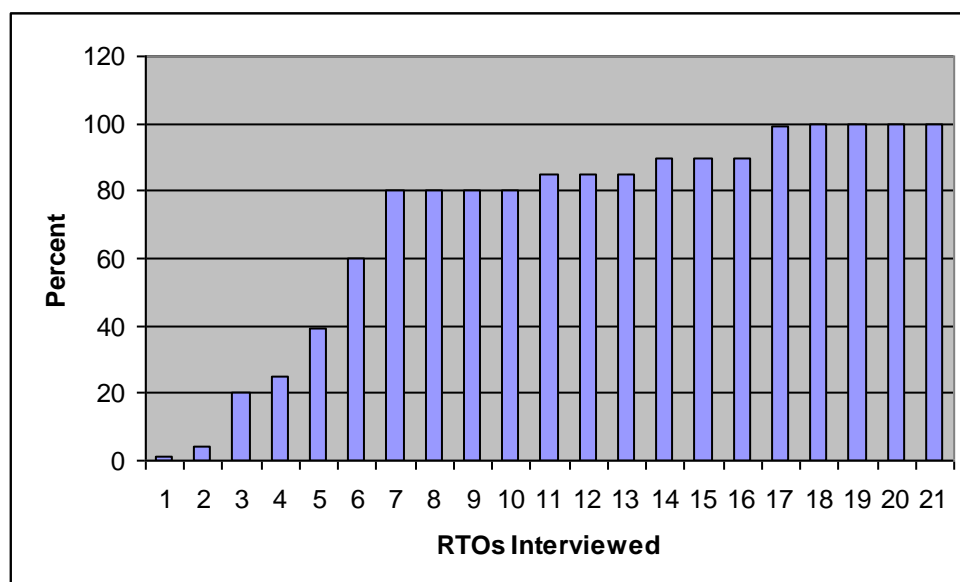
Figure 6.5 – Proportion of total training which was accredited in interviewed RTOs

Fifteen of the 21 RTOs identified accredited training as representing between 80 per cent and 100 per cent of their total training. One of the 21 RTOs interviewed had no accredited training occurring at the time of interview. One group training company (an Industry RTO) estimated that its accredited training represented no more than 1 per cent of all its training. The perceived importance of accredited training as a quality indicator is taken up in the next chapter.

Modes of delivery

The style of delivery adopted by nearly all RTOs interviewed was referred by them as being either *'face-to-face'* or '*classroom'*. So, in a sense, one can identify this form of delivery as the 'norm' for this group of RTOs. This perception of this form of delivery being the 'norm' is confirmed by the data from the Harris et al. survey (2006b) which found 77 per cent of respondents reported training delivery being "face-to-face internally" followed by 58 per cent reporting "on the job in workplaces" and 53 per cent reporting the use of "face-to-face in rooms outside of their training organisation" (p. 39). Other training methods reported by the respondents included self-paced, Recognition of Prior Learning (RPL), flexible learning, assignments, correspondence, videoconferencing and videos but the proportion of the replies indicating these as the predominant mode of training were significantly lower than the other methods.

The information below indicates that other modes of delivery are used by most of the RTOs I interviewed, mainly in association with some face-to-face delivery. Seven of the RTOs made particular mention of using Recognition of

Prior Learning (RPL). A number indicated that practical work and the interaction which occurs in a classroom has been an important part of their learning strategies.

The nine RTOs which delivered at work sites did not necessarily deliver on-the-job training.[61] A variety of delivery methods were in place, ranging from one-on-one sessions with a trainer to classroom style training in large or small groups.

The four large Enterprise RTOs all used the term '*blended solutions'* to describe their training delivery. This term described a combination of

- on-the-job training and assessment,
- formal classroom sessions,
- computer based or e-learning,
- short sessions using employee experts,
- Recognition of Prior Learning (RPL),
- on-the-job coaching by supervisor or others,
- providing materials on CDRoms
- distance learning and
- 'block' training in workshop sessions away from the workplace.

Further examples given included access to the RTO's website to raise queries and setting pre-reading prior to classroom sessions. Twelve of the RTOs ran their programs away from work sites either in their own dedicated training facilities or at central locations. Other examples of delivery modes outside the norm included: the use of training days between shift changes and dedicated training time being made available when machine changeovers are being implemented.

One commercial provider maintained that its

> *Course is and has always been hands on ... we have extensive facilities ... a dedicated studio with equipment ...* [There is] *always an emphasis on learning by doing ... a lot of project work ... also*[we] *have in our course a minimum of two industry orientation modules ... which require students to work for clients ...* [This is] *not what you would call only sitting in a classroom ...* [classes are combined with] *learning on location* [and] *... a lot of ... learning by doing ...*

The Training Manager of one large Industry RTO[62] found that its member participants preferred block training over two full days – usually a Friday/Saturday. Its delivery arrangements provided for two weeks followed by a two week break to allow students to complete assignments. This same RTO also runs half day seminars and workshops. These are held in the late afternoon or evening (i.e. from 3 pm to 8 pm or from after 5 pm to 9.30 pm). This allows the students to attend sessions after they have finished work. As the interviewee stated, the delivery strategies are

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[61] I have defined on-the-job training as "training which occurs at a work site and does not involve any face to face class or group work, but rather depends on a visit from a trainer who ascertains progress and assesses the trainee on self paced training which has been undertaken by the trainee, normally during working hours*"*.
[62] This large Industry RTO had been defined as large according to throughput. It had been estimated that 10,000 Statements of Attainment or qualifications had been issued in 2004. However, this figure was considered to be exceptionally high.

designed to suit the needs of the trainees and the different segments of the industry's membership. The importance of ensuring the content is relevant to the participants was emphasised constantly throughout this interview.

> *... trainers are from industry ...* [the courses used are written] *and mapped against an accredited Certificate IV in management* [this led to] *... a 300% increase in delivery of the course ...* [which can be used] *as part of professional development in the industry ...*

Another industry provider offered both evening and daytime classes – daytime classes predominated, even though it estimated that 90 per cent of its student group was employed. The daytime classes were usually held as full day sessions in classroom format, or if shorter in length, from 9am until lunchtime. This was, they believed, what students wanted.

Block training in short sessions was favoured by one group training company. This regional RTO used this mode of delivery when its employees were not required in a workplace and could attend full- time training. As the interviewee put it:

> *... sometimes* [we] *get apprentices back for a short time and in that downtime we can deliver the training ...* [It has meant] *that the apprentices can do much more and it can be related to their work ... we get a better apprentice at the end of the day ...* [also] *we may only have one or two in training ...*

The extent of diversity in the mode of delivery described above demonstrates a high degree of adaptability in arrangements in place in these RTOs. It also illustrates recognition by the RTOs interviewed that such arrangements facilitate their ability to meet client groups' needs.

Staffing and trainer arrangements

The RTOs interviewed described a variety of staffing arrangements. These arrangements have received attention by a number of researchers. In particular, Harris et al. (2006b) investigated the type of staffing arrangements which existed in the RTOs they surveyed.

I have explored the staffing issue by type of RTO to see whether any pattern emerges or if any consistency can be identified. The outcomes of the interviews throw doubt on the validity of some of the anecdotal criticisms levelled at privately owned RTOs about their staff. What my interviews indicate however, is the diversity which exists, whether intended or not.

Enterprise RTOs

All four Enterprise RTOs use their own permanent company employee trainers to deliver their accredited courses. In one instance, the number of trainers cited exceeded 80 but this was for delivery of programs nationally in a very large enterprise and, in two other instances, the enterprises each used approximately 40 trainers to deliver at their different sites. In the other three Enterprise RTOs full-time company employees deliver training but do not work as trainers in a full-time capacity. They usually possess training qualifications as well as the appropriate expertise in the area in which they are training.

Harris et al. (2006b) found that "by far the largest providers by numbers in each of the three staff categories were the enterprise-based organisations, which had an average of 119 fulltime, 39 part-time and 75 casual staff" (p. 45).

The Harris et al. data relate to an average so are not comparable with my information, although they do confirm a preference by Enterprise RTOs to use full-time staff.

Industry providers

The arrangements in the Industry RTOs varied considerably. One of the large industry providers employed 40 staff in its training area. Many of these trainers had been practising in the field prior to becoming trainers.

As indicated earlier, the regional Group Training Company had 13 full-time instructors who are employed as permanent training personnel. It expected these trainers to have

> *... recent industry experience. You can train people to be trainers in a lot of cases and they can work with experienced trainers to develop the skills.* [We want trainers who have] *a genuine interest in young people, an industry background and an interest in training.*

In contrast, another industry organisation has only two permanent employees on its staff, one of whom is a trainer. However, innumerable trainer/teachers are trained on a regular basis and auspiced to deliver its own accredited program; this training is a condition of the auspicing arrangement. At the time of interview I was advised that a Training Package had now been developed and had been adopted for use by this Industry RTO. The use of the Training Package has not changed the process the RTO used for auspicing teachers/trainers to deliver courses on behalf of this RTO. The materials the RTO has developed provide '*resources for teachers and learners ... [they] are a very detailed map for teaching/learning ... [and are] copyright to the organisation and tied to the auspicing arrangements.'*

Of the remaining Industry RTOs, two had their own training staff and also used industry experts on annual contracts to deliver the training. One large Industry RTO employed a mixture of staff, including trainers, writers, project officers, managers and administrative personnel. It used both internal and external industry experts to deliver its training and engaged additional sessional trainers if required. Another sub-contracted the delivery of its accredited training to a TAFE Institute. Only two people worked in the training area in the last mentioned Industry RTO.

The Harris et al. survey (2006b) found industry organisations exhibiting "a very strong preference for employing fulltime … rather than part-time or casual staff …*"* (p. 45). The arrangements I describe do not directly compare with those obtained by Harris et al. (2006b). Their study categorised the staff types into full-time, part-time and casual. My interviews only elicited information about the type of contracts on which staff had been placed – for example whether employed on an annual contractual basis or by the session.

Commercial providers

The CEOs in three of the smaller commercial providers delivered most of the training themselves. An additional administrative or accounting officer was employed, usually on a part-time basis. However these RTOs engaged extra trainers on a sessional or contract basis to meet any demand they could not handle themselves. One RTO felt unable to make any long term commitments to staff due to the uncertainty of the work it might gain.

One large commercial provider described all his staff as employees. However, he indicated that the actual working times of the 10 trainers he employed varied considerably. One of the larger providers cited 50 staff overall as

employees in the training area but this included administrative staff, as well as trainers. However, this provider also contracted additional sessional staff when required. Another RTO used industry experts to train its students under a variety of arrangements. This provider had systems in place to ensure that staff members were familiar with the approach the RTO used and its training culture. These programs included mentoring and 'a buddy system'.

Use of contract staff predominates in Commercial RTOs, because of fluctuations in demand, and possibly because it gives the RTO more flexibility. Sessional trainers are mainly brought in to meet specific needs or peak demand. A stated preference for trainers who had industry expertise was expressed in a number of the interviews. As one large Commercial RTO put it: '*we need someone with experience of the job*'.

In summary, staff requirements varied according to the amount of training the RTO delivered, the length of a course, its level, and the approach to its delivery.

I did not find out the actual qualifications of the trainers at interview, so I have not examined their skills and/or capacity as trainers. Nevertheless, under the AQTF Standards, trainers are required to have the equivalent of the BSZ40198 Certificate IV in Assessment & Workplace Training and to possess vocational competence in the areas in which they train. The AQTF Standards allow experts to work in partnership with qualified trainers who can then supervise the industry expert.[63] Furthermore, the Standards require RTOs to encourage and provide opportunities for professional development. From my own verification of the qualifications possessed by new applicants for RTO status for whom I have worked, it is apparent that training qualifications and extensive relevant industry experience are commonplace and help ensure that trainers are appropriately qualified.

It was apparent from my experience as a Training Recognition Consultant that management in the RTOs with which I had contact endeavoured to ensure that those who delivered training on its behalf, used and intended to use well qualified personnel. Such trainers had experience in the industries in which they were operating and possessed qualifications which were more than adequate to meet the requirements of a trainer in the areas concerned. However, I did not investigate whether they could deliver the training and gain quality outcomes which were equal to or better than their fellow trainers in TAFE Institutes or indeed other RTOs.

One CEO of a small Commercial RTO maintained that he used '*people from industry … to run workshops or seminars*' during his courses but that 'u*nless you are qualified yourself you should not be doing the training*' He added that he had '*a fork lift licence, first aid qualifications, OH & S accreditation, Certificate IV in Assessment & Workplace Training and also letters after his name …*' He perceived that this evidence of proficiency was a '*marketing advantage*' and added that there were '*also benefits from being an RTO for a number of years*'. It would seem that the quality and ability this RTO's CEO/trainer possessed helped ensure his credibility. It confirms my opinion that the ability and expertise of trainers are important elements in ensuring the continued success as an RTO.

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[63] AQTF Standard 7.3 b and 7.4 provide for trainers to work together to conduct assessments if one of the trainers has the vocational competencies and the other has the assessment competencies. In relation to delivery the trainer is expected to hold an appropriate training qualification or be under the direct supervision of someone with those competencies and be able to demonstrate that he or she has the vocational competences to the level of training being delivered (Australian National Training Authority, 2005).

Promotional strategies

Marketing of one kind or another occurs in all the RTOs interviewed. In one manufacturing company, the unions had been used as a conduit to encourage employees to undertake accredited training. In another, a website on its intranet contained details of courses and provided a search capability. In a third, internally circulated published material provided a major form of communication, together with promotion and publicity of its graduations. One of these Enterprise RTOs put considerable effort into its graduation nights, believing that this provided a great opportunity to market its programs.

In three industry organisations, marketing has been directed only at members. Posters, flyers, trade nights, workplace posters, websites and/or direct mail are all used. However, all three of these RTOs commented that, in the future, they planned to focus more of their marketing beyond their membership. They intended to develop their databases and, where appropriate, use daily papers to advertise courses. It could be argued that the membership of these industry organisations provides a relatively captive market and that this reduces the need for active marketing. From my experience as a training manager of a large industry association I found that when marketing accredited training the Association had an advantage over commercial organisations as its members perceived that the Association's training would be relevant to their needs and specific to that industry.

One large Industry RTO covered a number of market segments. It used radio and TV advertising as well as trade nights. It also promoted courses in a biannual brochure and in its regular newsletter to members. The Training Manager regularly attended regional meetings as a means of gaining marketing intelligence about what training was needed by its different client groups.

The comment was made by one large Industry RTO that

> *marketing in the traditional sense doesn't work ... you've really got to do netmarketing now, you've really got to build relationships with a whole range of infrastructures that have an impact on it and then work out ways in which you can get your message across from there.*

In this RTO, extensive use was made of networks. Career nights and contact with schools, together with direct mail and local advertising, were also mentioned as ways of attracting interest in the programs this RTO offered. Any teacher who wished to be auspiced under the RTO's arrangements with organisations was required to undertake specific professional development provided by this RTO. Providing this professional development also helped promote the RTO.

Contact with schools through careers nights was used by some RTOs to promote their programs to potential students. This applied to one Commercial RTO operating in a niche market delivering its own accredited program. It also applied to the two group training companies. One Commercial RTO had an entry in the Victorian Tertiary Admission Centre (VTAC) guide. This particular Commercial RTO advertised in *The Age* each Saturday. This apparently provided sufficient promotion, along with word-of-mouth, to attract its part-time and/or mature-age students into its courses. Referrals from people in its industry and word-of-mouth were both mentioned as important ways to attract new students.

Another specialist Industry RTO uses email, word-of-mouth, bulletin boards and its managers to promote its accredited programs. In this RTO, management approval is required for the employee to participate in the training, thus marketing alone did not influence the choice of training to be undertaken. This RTO indicated that career progression depended on ongoing training and development so that attracting sufficient participants did not appear to be a problem. *'Area managers identify who is to do the training* [and to be promoted, employees] *'know they need the pieces of paper …'*

Commercial RTOs might have been expected to have a more focused and sophisticated approach to marketing. However, three of the small RTOs relied on word-of-mouth. One advertised in daily papers and another used direct contacts in industry. One Commercial RTO which operated in a specialist field relied mostly on direct mail. Another RTO's main form of marketing was to advertise in a specialist magazine in its field. Yet another of the larger RTOs made use of newspaper and radio advertising. The RTO with a focus on distance education used telemarketing and television in targeted regional areas. One Commercial RTO believed that being listed on the National Training Information System had proved to be an effective means of promotion for him. He received an average of two calls a month from companies making inquiries about his programs.

The two RTOs with international students have full-time marketing staff and/or send their senior staff overseas to promote their courses. Both regarded their websites as an important marketing tool. The strong connections both these RTOs have with tertiary institutions enable their overseas students to move from the VET system into the university system with comparative ease. This was perceived as an additional marketing strength. Referrals from past students and use of alumni were also identified as successful marketing approaches.

The fact that word-of-mouth and/or referrals are believed to be sufficient marketing for a number of the different categories of RTOs has implications for the perceived quality of their services, and in their ability to differentiate their services. It could help explain why they have remained in business over the period. Satisfactory experiences of existing clients have led to ongoing repeat business or referrals to new clients.

One of the difficulties faced in analysing the interviews and discussing the findings in this and the previous chapter is the extent to which the activities and operations of each RTO are unique to that RTO. In a sense this is part of the complexity which lies at the heart of the analysis and makes it difficult to assess significant issues. The characteristics revealed in this chapter provide a basis for the analysis in the next chapter where the 'voices' of the providers interviewed are heard.

Themes from interviews

A number of themes emerged from my interviews including the effects of the AQTF, relationships between RTOs and government bodies, the degree of competition and collaboration between RTOs and the extent of innovation and networking. These themes and my interpretations of the findings have helped me to determine the impact which private providers have had on the VET sector. Some of the issues and problems raised by the RTOs have also been identified in this section.

Perceived effects of the Australian Quality Training Framework

In this section, I compare the comments made by the interviewees about the impact of the Australian Quality Training Framework (AQTF) with the results of some national surveys undertaken after the AQTF's introduction (Harris et al., 2006b; Kellock, 2003; KPA Consulting, 2004; Samuel, 2003).

I asked the RTOs what effects the implementation of the AQTF had on their operations and whether they thought its implementation was 'good or bad'.[64] On the whole, the replies were positive, although some RTOs expressed disappointment. Comments such as *'too inflexible for small organisations', 'disappointed it was not sold as a quality system', 'good process but the wrong focus', 'liked the process but the standards are too prescriptive'* provide a taste of their opinions.

A Commercial RTO commented that one aspect of the introduction of the AQTF which he saw as beneficial was that '*private providers are beginning to be taken a bit more seriously but the trouble is that after years of hard work all the papers are interested in is when someone goes bust.'*

Examples of positive comments include:

- that the implementation of AQTF has improved the provider's internal administrative system;
- that it was better in the long run to have 'it' (i.e. the AQTF);
- that the playing field was more level, as TAFE Institutes had to comply with the AQTF as well.

Perhaps the most telling comment by an RTO was that its stance on the AQTF had '*depended on when we were asked ...* [We are].*more relaxed now* [as it is] *manageable for us.'*

One commercial provider CEO commented:

> *... we always tried to have good teachers - I don't know that the AQTF makes them better teachers, I really don't ... I'm disappointed that the AQTF hasn't been sold more as a quality system and managed by the government as a fabulous quality system. I think it is a lost opportunity and it's seen pretty much as compliance ...*

As mentioned earlier, surveys were carried out about the implementation of the AQTF. One survey, sponsored by ACPET, was undertaken in March 2003 and reported in September of that year (Kellock, 2003). The summary of its findings stated:

> Private RTOs recognise the need to ensure that the training delivered under a national training system is of high quality and meets a minimum set of agreed standards. Most also acknowledge that the implementation of the current quality assurance framework for the national training system, the AQTF, has provided some organisational benefits including improved systems, record keeping and version control. However, in almost all cases, private providers believe that the AQTF has done little to improve the actual quality of training delivery or product development, and that the benefits that the AQTF may provide are outweighed by the costs involved to RTOs in implementing the AQTF … (Kellock, 2003, pp. 3-4)

Another study undertaken for a Master's degree (Samuel, 2003) sought to establish the impact of the AQTF Standards on RTOs in Victoria. This survey asked RTOs whether they felt the implementation of the AQTF had resulted in an improvement in their operations and in the quality of training and assessment they delivered to their

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[64] See Appendix D for the wording of this interview question.

clients. Samuel reported that "… [The] majority of RTOs believed that the AQTF Standards have improved their operation to some extent … and have also improved the quality of training and assessment … to some extent" (2003, p. 68).

A third survey in 2004 reviewed the implementation of the AQTF Standards. Its Executive Summary stated in relation to the perspective held by privately owned RTOs – "that the costs of compliance with the Standards are high, the auditing onerous and the costs/benefits of the Standards problematic" (KPA Consulting, 2004, p. 4). This contrasts with my findings as only four mentioned AQTF in relation to costs. One of these maintained that the time commitment to meet the AQTF had been an additional cost. However two RTOs felt that the implementation of the AQTF had been a significant extra cost. Other RTOs referred to compliance costs as being their main cost burden. It could be inferred that the AQTF represented an extra cost burden for some RTOs.

The RTOs interviewed in my study were asked to identify the costs of being an RTO, and whether they believed these costs had changed significantly. Cost burdens identified by the RTOs interviewed included

- Staff wages,
- Travel costs,
- Costs associated with developing content of materials for courses to be delivered,
- Fees to add to an RTO's scope of registration,
- Fees and costs associated with gaining accreditation of a program through a State Training Authority,
- Professional development of its staff,
- Professional indemnity insurance fees,
- Annual registration paid to the Victorian State Training Authority,
- Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)[65],
- Education Services for Overseas Students (ESOS)[66] and
- Infrastructure costs such as buildings and equipment.

This list presents a diversity of perceptions about the major costs faced and interestingly does not include reference to AQTF related TRC costs for rectifying any non-compliances found at audit. Nor does it include reference to the need for a TRC to be engaged to verify that any non-compliance found by government auditors has been adequately addressed.

It is pertinent that RTOs faced many of the costs cited above even before the AQTF Standards were in place. In addition, the government appointed auditors undertook compliance checks in relation to Standards which preceded the AQTF.

It seems that on balance, the reaction by those I interviewed to the additional costs imposed by the introduction of the AQTF was reasonably positive, at least in relation to the administrative/management obligations it entailed.

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[65] To become registered, RTOs need to engage a TRC and to meet the requirements of the legislation. A fee is charged annually and tuition assurance is compulsory – all of which are additional costs for RTOs which enrol full-time international students.
[66] Information on these services can be found on the DEST website, if readers are unfamiliar with overseas student requirements (Department of Education Science & Training, 2007a).

The part played by the AQTF in the quality assurance debate is taken up again later.

Relationships with government

At interview, I asked about each RTO's relationships with government. I wanted to ascertain if the interviewee would differentiate that relationship with different areas of government e.g. state/federal, or in relation to different departments.

On the whole, a negative attitude was expressed about the extent of support received from the Victorian Office of Training and Tertiary Education (OTTE). One small commercial provider CEO maintained the '*government would like to have private RTOs disappear*'. The same interviewee said ...

> *... if we're committed to good quality training we should be able to participate in things like the Centres of Excellence which have been set up, ... and if we wanted to access professional development we have to pay for it even though TAFE gets it for free ... Yet to improve the quality of staff is important* [for us] *...*

Four Commercial RTOs maintained that they had no relationship with either federal or state government. One suggested that OTTE was '*unhelpful*' and '*was bureaucratic in its approach*' and furthermore, the '*government was out of touch with reality*'. Two others identified minimal contact with the state government. Those which did respond positively to having contact with the state government stated either that it was mainly through audit or reaccreditation processes.

An industry provider stated that he thought

> *private providers are seen by government as second cousins ... we don't get half as much correspondence from the state government as TAFE does ... I just don't think we're given the same level* [of attention] *or profile as TAFE ...*

Industry RTOs which did suggest they had a good rapport with government, nominated departments other than OTTE with which those relationships existed. One Industry RTO that felt that its relationship with state and federal government had been good stated that it had experienced tense relationships in the past, '*especially in the early days of the State Training Board*'. This particular RTO also discussed difficulties that it had had with the Australian National Training Authority. Another Industry RTO which had emphasised the critical importance of networking identified its dealings with numerous federal bodies, but stated that it had had little contact with OTTE.

An Enterprise RTO felt that the government was '*bureaucratic and slow ... excessively paper work guideline driven ... I hate dealing with them so much ... they change guidelines and then they change the name of the organisation ...*' However, one Enterprise RTO was more positive about her relationships with government, citing specific contacts that she had had with government and the bodies on which she served. One of these organisations was an industry training board and the other the reference group for the development of the credit matrix (Victorian Qualifications Authority, 2004).

Another Enterprise RTO believed that the VET system was still not '*truly national*'. In her opinion, despite nationally endorsed Training Packages and a national training infrastructure, the implementation of a really national training system had yet to be achieved. She explained: '*there have been significant changes in attitudes because of the changes in government and the changes in policies ... and there have been different guidelines and*

criteria state by state.' In the discussion she mentioned specific problems, including the timing of the implementation of new Training Packages in each state. She criticised the lack of consistency in this timing in each state. Further she maintained that from the viewpoint of a '*national RTO ... the national training system is hard work* [due to the variations] *in the implementation and interpretation of the AQTF in different states'.* Furthermore, she stated that '*bureaucratic attitudes are negative towards us'.* This large Enterprise RTO operates Australia-wide and the interviewee felt that the state government regulatory authorities failed to provide appropriate support.

The views expressed above by the enterprise provider were reinforced by an industry provider which expressed a very strong opinion on the issues arising from dealing with government:

> *... I hope that the process of national consolidation will continue because that is the frustration for me from day one –and that is because the funding is state based ... We really have to fix it so funding is not state based ... The most frustrating thing is that the fact that I still have to negotiate with eight different authorities ...*

Providers generally expressed disappointment about the lack of help from OTTE, either in obtaining information or in providing advice and support. The overall impression was that most RTOs interviewed had little contact with OTTE except to pay their annual registration fee, respond to audit compliance issues when and if they arose and seek re-accreditation every five years.

It would seem that the Victorian State Training Authority is not seen to be client focused or responsive in a proactive sense in its dealings with RTOs. Judging on the comments made, the Authority's approach is negative and some perceive its role as punitive. The above comments reflect tension between a number of RTOs and OTTE in particular. This will be taken up again in the final chapter.

Competition and collaboration

As Lundberg (1994) has suggested "… there tends to be a conflict of policy principles in the training reform agenda between competition and co-operation …" (p. 9). Seeking the opinions of the interviewees about the extent to which they face competition throws light on the perceptions of this group of RTOs about their competitors. The information gained is insufficient to make judgements about the extent of competitiveness in the market in an economic sense. However it does point to a number of illustrations of collaboration and cooperation within a framework of competing RTOs. This is reported in the following discussion.

One issue raised by one or two privately owned RTOs and by one of the additional informants related to TAFE competing in the new markets privately owned RTOs had established. The way it was put was that TAFE had stolen the niche market possessed by commercial sub-degree training colleges and had attracted government recurrent funds to do so. As a consequence, commercial colleges had moved into overseas markets in order to remain in business. In addition, the areas of accredited training which had initially been opened up by privately owned RTOs (including complementary medicine, hairdressing and beauty) were areas into which TAFE had now moved. The privately owned RTOs had initially exhibited entrepreneurialism by offering new fields of accredited training. However, their success had attracted the attention of TAFE providers who had entered these new areas (with government funding) and were now competing successfully against the privately owned RTO.

I have reviewed below competition, collaboration and cooperation in accordance with the category of RTO as I found that the views varied according to the type of RTO. The industry providers gave many examples of ways in which they had cooperated or collaborated with TAFE Institutes. This contrasted with the commercial providers who, by and large, did not mention cooperative arrangements with TAFE.

Competition and Enterprise RTOs

Not surprisingly, the four Enterprise RTOs do not see competition as a relevant issue in relation to delivery of training, as their own employees are their clients. Furthermore, these large Enterprise RTOs use a variety of other privately owned RTOs and TAFE Institutes to meet those training needs which fall outside their scope of registration. This evidence of collaboration and cooperation is apparent in all the Enterprise RTOs I interviewed. As one interviewee put it – '*we can't be jack of all trades'.* This particular enterprise had entered into a partnership arrangement with a university for courses beyond Certificate IV.

Competition and Commercial RTOs

Only one Commercial RTO CEO claimed that he had virtually no competition. He stated that *'he had 80 per cent of the market and* [that it was] *not so much that we do anything different but we do things properly'.* Having said that he added that TAFE and other private providers are ineffective competitors, because he believes TAFE Colleges in particular '*do not organise themselves for their short courses'* nor are they as responsive to their market as he is.

In the remaining nine commercial organisations interviewed, five believed their main competition came from TAFE. One of these said that '*in NSW it would be the TAFE system*' but that this was not the case in Victoria where, in the main, the competition came from other small RTOs. Those commercial providers which named TAFE as their significant competitor saw it as being able to compete on price and on volume, as well as its superior status and its resources. One small provider suggested that it was *'good for public providers to have smaller 'terriers' snapping at their heels.'* A medium size RTO felt that the competition it faced had increased. This interviewee thought her competition originally had come from a single TAFE Institute (which was part of a university) but commented that now other private providers and TAFE Institutes had moved into the same area.

In discussing this competitiveness issue, a number of the RTOs interviewed felt that TAFE lacked responsiveness, that reputation outweighed price considerations and that TAFE had not been able to provide the level of service that a small provider could offer. Findings from Anderson's survey (2005) about TAFE's perception of competitors provide some contrasts with the views of the interviewees. He maintained that …

> … TAFE institutes continue to dominate the primary and secondary industry training markets, although less so than prior to market reform. They appear to face more competition from a wider range of non-TAFE registered training organisations in most industry training and qualifications markets, but especially in those of the growing services industries/occupations.

> Despite efforts to place registered training organisations on an equal footing through 'competitive neutrality' arrangements, the 'playing field' is far from level. Around half of all TAFE institutes and non-TAFE registered training organisations identified at least one factor that restricts their ability to compete effectively. The most significant restriction on registered training organisations as a whole, and the second most significant restriction on TAFE institutes, is the capital cost associated with entering new markets. The main

restriction on the competitiveness of TAFE institutes is industrial awards and conditions for teachers/trainers; the costs of meeting community service obligations are also significant. The main competitive restrictions on rural/regional registered training organisations are their geographical location (thin markets) and difficulties experienced in attracting or retaining experienced or qualified teachers/trainers. Such restrictions increase production costs and disadvantage the affected providers. (2005, p. 10)

My study did not seek the views of TAFE providers but comments by the two additional informants I interviewed reinforce the TAFE/RTO competitive perceptions of one another. These observations have also been confirmed, to some extent, by the findings from the Harris et al. (2006b) survey. It found that the private providers which responded, particularly the Commercial and Industry RTOs viewed competition from TAFE providers as a relatively strong inhibitor to growth.

Different attitudes prevailed in the other four RTOs. In the distance education field, a direct competitor was mentioned. One of the big business Commercial RTOs interviewed nominated private business colleges rather than TAFE as its main competition. This RTO believed it had advantages over other organisations because of its joint venture arrangements with universities, as most of its students were *'looking for degrees'*. A smaller RTO nominated only two other RTOs as its competitors

One small RTO's CEO identified other similarly sized providers as competing in some of the fields in which it operated. The interviewee had particularly cited other small Victorian RTOs as competitors, and expressed the opinion that these RTOs competed on the basis of the trainers they used, the style of those trainers and the client services they offered.

Collaboration rarely emerged in discussions with Commercial RTO interviewees, although one or two of the smaller RTOs indicated that they worked or collaborated with specific Commercial RTOs when, and if, the need arose. As one of these RTOs suggested, it enabled him to harness their '*expertise, skills and trainers'* to meet a client's requirements when he did not himself possess those particular attributes.

Another felt the small private providers should work together more. In one instance a Commercial RTO's CEO mentioned that he had developed partnerships with other RTOs and also with organisations which were not RTOs, but who used his services to deliver accredited training and issue the qualifications achieved.

Competition and Industry RTOs

Specialist industry association representatives saw TAFE as their main competition. One also nominated other specialist organisations in the same industry (including the union) as its competitors. Two of the industry organisation interviewees did not see themselves as facing any competition.

One Industry RTO representative believed that generic business programs offered by a variety of institutions, including TAFE, competed with its specialist small business program. His organisation had contracted a particular TAFE Institute to deliver its specialist course. This arrangement had been put in place in 1993 and was still its preferred approach. Despite the competition from generic programs the course had continued to attract students, mainly he felt because of its direct relevance to the Industry Association's membership. Furthermore the method of delivery and the course outcomes were thought to meet industry needs and accorded with what the '*customer*

wants'. This provider also operated a group training company within its association and it used TAFE Institutes for that training, especially in regional areas.

Furthermore, Anderson found that

> … perceived competition is 'very strong' for a much higher proportion of RTOs as a whole (32%) than of TAFEs (18%). The survey findings suggest that competition is perceived to be relatively more intense by RTOs operating primarily in open and commercial markets than in quasi-markets funded by government. (2006, p. 108)

In summary, it seems that TAFE, whether or not it is in actual fact a significant competitor, is perceived to be such by a number of commercial and industry providers.

Collaboration/Cooperation and Industry RTOs

In nearly all cases, Industry RTOs quoted instances where they subcontracted some of their accredited training to TAFE Institutes. In one case, the RTO subcontracted other privately owned RTOs, to deliver its accredited training for its group employees or its client membership.

One of the Industry RTO interviewees indicated that her RTO was being encouraged by its management to be more cooperative in its training arrangements with other RTOs in her field than it had in the past. This RTO expressed the view that she would like to see '*organisations sharing more information and working together* … [and did not like] *the dog eat dog that tended to exist now …'* Another suggested it was keen to '*share knowledge'* with TAFEs. This last mentioned RTO acknowledged

> *we can't be all things to all people and need to be aware of the members' needs* [we] *have a wonderful relationship with the TAFE … we work with TAFE Colleges* [we] *can't possibly deliver all the training required …*

In one instance, facilities were shared with other RTOs. In another instance, training was shared with special arrangements in place with private providers and TAFE Institutes. One provider believed that TAFE could not meet all the needs of all categories of training and that '*choice was greater with private providers who could focus on specific needs of an industry'*.

The Industry RTO which auspiced its programs through more than 250 schools had cooperative arrangements in place with selected TAFE Institutes to ensure its system operated effectively. A metropolitan group training company nominated six TAFE Institutes, one university and unspecified privately owned RTOs including other group training companies, as being engaged at times to deliver appropriate training programs in trade areas to its group employees. The regional RTO maintained it had in excess of 25 RTOs undertaking training on its behalf. At the same time, it indicated that it was endeavouring to reduce this significantly as it was inefficient and administratively difficult.

The examples I have provided tend to support the policy push for more strategic alliances, more partnerships and more cooperation between RTOs, whether TAFE Institutes or privately owned RTOs. This point of view was also supported in an interview with an informed participant in the system. The claim was made that TAFE was caught in a '*time warp'*. Nevertheless, as indicated above there is some recognition that TAFE and private providers can and

should work together. These partnerships are not in any sense the same as the 'social partnerships' to which Seddon refers (Seddon & Billett, 2004). Rather these partnerships are arrangements which have an RTO, either public or private, enlisting the services of another RTO which has the ability to deliver the specific programs required on behalf of that RTO. In this instance, the RTO seeking such assistance is doing so either because it does not wish to expand its scope of registration or does not have the capacity or resources itself to deliver the training in question.

Extent of innovation

I asked each person interviewed whether they could describe anything innovative which had been undertaken within the RTO. The situations described by the interviewees incorporated the main aspects of Mitchell's (2003b) definition. These were implementing new and improved knowledge, ideas, methods and processes leading to better services, processes and products.

Improved ideas, methods and processes predominated in the examples provided. One large enterprise representative mentioned that its teaching materials are produced in a number of formats and this affects how the initial paper based material has been developed. The RTO felt this had been innovative because it recognised that different formats were necessary to meet different people's requirements and fulfil the RTO's business needs. This large national enterprise provider representative also described how the trainers had a standard data show on their laptops, so they could deliver the required training in an economical way, using a consistent approach when working in the organisation's regional locations around Australia.

One Enterprise RTO cited the CDRom packages they had and other enterprise providers cited e-learning material development as innovative. The e-learning material development was perceived as high cost innovation but was felt to be justified because specific business needs would be met by the outcomes. The materials each of these Enterprise RTOs described were interactive and available on-line and/or on CD.

Another relatively small commercial provider described as innovative a number of partnership arrangements which he had organised in relation to delivery of programs. He also felt that '*action learning*' needed to be part of courses if they were to be relevant. To him '*zeroing in on what is the issue for the client and what training I can put together to resolve those issues ... contextualising and customising ...*' is innovative. He described how this involved him going into the organisation and interviewing people to explore what training would be appropriate. He expressed the view that this rarely happened to the same extent in TAFE.

Other RTOs I interviewed identified their teaching practices as innovative. These practices ensured that their students gained realistic opportunities to demonstrate their skills or, as one representative put it, '*learn by doing*' either through work contracts, work placement or performance opportunities.

An industry provider saw itself as innovative as it didn't '*use lecturers but people that work in the industry ... only practitioners ...*' It also clustered appropriate units of competence to ensure that the training was integrated and relevant. Its training was contextualised to meet the immediate needs of its students.

The regional RTO described as innovative the opportunities that arose from contract work

> *... we deliver the training in our workshop and that involves a situation where we may have been approached to manufacture partitioning or gates as a local project – using local employment ... [we can] deliver training and assessment for the young people in something they can see the results of ...We incorporate as much as possible of this type of experience ... into their training ...*

In this way its students gained realistic opportunities to learn and demonstrate their skills.

Ensuring the relevance of the training was referred to by two providers as something innovative. One emphasised the necessity to contextualise training to the industry segment in which this Industry RTO operated. It provided its students with assistance, when required, with literacy and, as mentioned before, ensured that the competencies delivered related to the specific needs of its participants. This provider boasted a 98 per cent completion rate. Another RTO also felt that contextualising training was innovative and served the immediate needs of the relevant industry.

Innovation was mentioned in relation to the professional development one Industry RTO provided for its trainers. Professional development was viewed as one of a number of ways of achieving innovation by Mitchell (2003a) in his research on this issue. The need for ongoing professional development by this group arose in our discussion about the type of traditional classical training the teachers who delivered the program would have had at university and the need for them to *'understand the less traditional approaches'.* In the CEO's opinion, this translated into being entrepreneurial, recognising the opportunities for their students to link with their local communities and find ways to obtain funding support when undertaking VET programs.

Commercial RTOs identified a number of practices they considered innovative. One of these included ensuring that the materials and content delivered met the specific needs of the client. To achieve this particular outcome a trainer discussed the requirements of the client company and sought its objectives for the training prior to finalising a proposal. The RTO could then adapt and design teaching materials from the appropriate Training Packages to ensure those needs were met. Technical specialists were also sought from within the client's organisation to provide their particular expertise in the teaching process or to act as mentors for the students. The normal trainer always remained in the classroom as the technical specialist was providing input.

Creating simulation of the workplace in a classroom was another innovation described by a very large commercial provider with a high proportion of overseas students. A third RTO believed that adjusting its own existing courses to incorporate the units of competence and/or qualifications from Training Packages was innovative. Yet another RTO felt that it was '*creative with mixing and matching* [training materials]' from the Training Packages to better meet client requirements.

The use of industry people to deliver the training was also mentioned as being innovative. Yet another Commercial RTO cited innovation occurring due to the emphasis placed on employability in its program and the effort it made to maximise the performance opportunities for its students.

The approaches outlined above, on the whole, indicate a proactive approach to planning, developing and implementing training for its client companies.

Opportunities provided by 'Reframing the Future' activities have helped disseminate knowledge about innovative practices but there is a considerable amount of unmet demand for funding.[67] One medium-sized Commercial RTO had been identified as being innovative by the Emerging Futures' ANTA project (Mitchell, 2003a). In the CEO's own words

> [Our company] *... was included just recently in ... something called Emerging Futures a project managed by Ian Gribble. It was an ANTA project ... looking at innovation ... They identified ...* [that] *the way I ran the college was innovative ... it's just what I do ... I'm still not quite sure why they thought that was innovative ... I think it was probably just using a private provider to demonstrate responsiveness ... which I would argue, certainly in our college* [is] *the reason we've probably stayed in business ...*

The same CEO described as innovative the establishment, back in the 1970s, of the only privately owned training college in Australia in its specialist field. The CEO at that time had combined the training of the skills required to become a professional in the field with an awareness of why the techniques and skills were needed to achieve the results desired. This had grown out of his experience of the training in this area in public training institutions, which he felt to be totally inappropriate for the outcome the students desired.

Further examples of innovative practices, mainly in teaching and learning, are identified by Mitchell (Mitchell, 2003a). Flexible learning of various kinds is described in the Mitchell Report. However, in reflecting on the responses about innovation from those interviewed, I find that flexibility is not mentioned as something which is innovative. Rather flexibility and responsiveness are built in to so many aspects of the operations of the RTOs interviewed that they are taken as given and not thought to be particularly innovative. This is not to say that such given practices were not innovative but only that the RTOs interviewed did not include them in their discussion on their own innovative practices. It may be that the examples of adaptability and responsiveness discussed elsewhere in relation to the RTOs interviewed could still be seen as 'cutting edge'.

One further example from one of my own client RTOs warrants inclusion in this discussion. A Commercial RTO who works in the aged care industry has developed a two week entry level program, preparing its students for a traineeship in Aged Care. The areas covered include

- Professional work ethic
- Back care
- Basic care needs
- First Aid level two.

The outcome of this particular program reduced the Workcover claims made by its students during their course (to only one from a cohort of 70 students) and also reduced the withdrawal rate of students from the traineeship. The CEO believes this is because the students are in a better position to understand what is involved in undertaking the traineeship in Aged Care. This particular program is supported by the establishment of a 'buddy system' for the students. A qualified care worker from the organisation where the student is to gain its on-the-job experience is assigned to the student for the duration of the time they spend on-the-job. The nurse educator (i.e. the trainer in the

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[67] Statistics provided by Reframing the Future at March 2007 (Reframing the Future, 2007) indicate that 56 per cent of the participant groups were TAFE, 19 per cent private RTOs and 9 per cent industry. Unmet demand for funding from this source ranged from 41 per cent in 1999 to a peak of 64 per cent in 2004.

course) is expected to supervise and provide support. The trainer has a responsibility for up to eight students in this process. The comments the RTO has received in response to its survey in 2003 have been included in Appendix I. Although only six actual 'other comments' have been received from the total responses, I have quoted the student's words as they indicate a measure of appreciation and support for this entry level program.

Two RTOs expressed the opinion that innovation was being stifled in their organisations. One thought this was due to the requirements imposed on them to meet government funding training '*rules*'. The other felt that accreditation had the potential to stifle innovation.

The Victorian Government's 'Knowledge and Skills for an Innovation Economy' (Department of Education & Training Victoria, 2002) included the establishment of a fund to encourage innovation in TAFE Institutes. One small commercial provider felt strongly about its exclusion from access to this fund. As she put it in discussing quality training issues – '*… if we're committed to good quality training we should be able to participate in things like the Centres of Excellence which have been set up, but private providers were excluded.*'

The examples cited above demonstrate how a relatively small group of privately owned RTOs has achieved a variety of improvements. Some of the examples are relatively unremarkable but were nevertheless seen as innovative. Most relate to the implementation of ideas, methods and processes in relation to teaching, design of materials, and/or a focus on client needs.

Networking

For the purpose of my study, the meaning of 'networking' adopted is "an interlocking web of connections … based on collaboration …" (Cohen & Prusak cited in Mitchell, 2005, p. 1).

The extent of networking by those interviewed did not appear to depend on the category of provider or the responsibility level of those interviewed. All four Enterprise RTOs identified their membership of Industry Training Boards, ANTA committees and/or TAFE Boards as providing networking opportunities.

One enterprise provider representative cited her membership of Australian Institute of Management (AIM), the Australian Institute of Training and Development (AITD), and involvement with ANTA as sources of networking. Another Enterprise RTO interviewee perceived that networking opportunities also came from membership of various professional organisations including VETASSESS.[68]

Industry RTOs, in particular the two Group Training Companies (GTCs), were active networkers. One nominated VISTA[69], careers education, community based employment and school organisations as well as Industry Training Advisory Boards (ITABs) and Local Learning and Employment Networks (LLENs)[70] as some of its regular contacts. The regional GTC maintained close relationships with the local campus of a university and used industry networks of various kinds. The interviewees in these two GTCs were at different levels – one was the CEO and the

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[68] VETASSESS is an RTO offering assessment-only services (VETASSESS, 2008)
[69] VISTA "is a peak association for professionals working the Victorian VET sector" (VISTA, 2008).
[70] Local Learning and Employment Networks (LLENs) are a "Victorian Government initiative which bring together education providers, industry, community organisations, individual and government organisations to improve education, training and employment outcomes for young people in communities across Victoria."(Local Learning and Employment Networks (LLENs), 2006)

other had been nominated by his CEO to be interviewed. The level of the person interviewed in these two Industry RTOs did not appear to affect the perception of the value of networks in these two organisations.

One interviewee who had only been in the position for a few weeks emphasised the need for any networking to '*have outcomes*'. Another felt strongly that networking was '*extremely important*'. She felt she '*had to be involved to keep up to date and ensure support*'. She named networks which included government officers and connections in her own specialist industry as well as contacts with people with whom she had worked in the past and her membership of the appropriate Industry Training Advisory Board (ITAB). Another senior manager interviewed in an Industry RTO saw networking as useful and beneficial in some areas. She mentioned specific government and semi-government bodies as well as the relevant Industry Training Board.

Another Industry RTO representative maintained that he belonged to a training network and had involvement in national and state ITABs, but that he did not seek network opportunities. The CEO of the fifth Industry RTO believed strongly in the value of networking. As she put it:

> *Networks – that is our strength – I really know how to use networks ... you really have to build ... relationships ... across the whole education sector - private and government schools ... Then you have a whole network of people who feed those networks,* [including] *indigenous* [groups] *...*

Commercial RTOs exhibited less consistent viewpoints. Three of the smaller RTOs networked mainly with colleagues and business contacts and had very little to do with Industry Training Boards. A medium-sized Commercial RTO thought networks were of little use, although at a previous time he had belonged to relevant professional bodies. This contrasted with another medium-sized Commercial RTO who was involved both in her own specialist industry and professional networks as well as schools. This CEO played a very active part in the activities of the Australian Council of Private Education and Training (ACPET).

One large Commercial RTO's CEO viewed the industry people on its advisory panels both as a source of advice and as his network. Yet another large Commercial RTO's CEO interviewed felt that internal networking opportunities met her needs. She felt there was little to gain from external networks. This RTO belonged to the Australian Council for Private Education and Training (ACPET) but did not appear to have an active role in ACPET at the time of interview.

The last two Commercial RTOs also used networks. In one instance, one belonged to the appropriate arts networks as well as being an ACPET member. In the other, business networks were used, particularly in regional areas. One commercial provider interviewed commented that he was '*not good at networking*' and another said he '*did not do any* [networking] *now*'.

In reporting its research outcomes the Mitchell and Young paper (2003, p. 1) proposed that "more networks involving industry and training providers are required to fully respond to the many challenges of implementing a national training system." In identifying the challenges it included "ensuring that the training is demand-driven and client-focused and of an appropriate and consistent quality". These challenges also included "building relationships with a variety of stakeholders, including providers …" (Mitchell & Young, 2003, p. 1). The system rhetoric is alive and well in the above report.

The rationale expressed by those I interviewed about networks did not, in my opinion, reinforce the desired outcomes expressed by the system rhetoric. It was evident that those supporting networks had a variety of motives for doing so.

On balance, the motives for belonging to networks can be interpreted as enhancing a sense of belonging to the VET sector. The networks described are not limited to professional bodies but include ongoing contact with colleagues, clients and government bodies. Such contacts enable those RTO respondents operating in these networks to use the information gained to better inform themselves about client needs and, where appropriate, act in an advisory role to their clients to guide and encourage them to provide appropriate relevant training for their employees.

The Australian Council of Private Education and Training as a source of networking

One question I asked each RTO was whether they belonged to ACPET. Only eight of the 21 RTOs indicated that, at the time of interview, their organisations were members of ACPET. Of these eight, two were industry and five were commercial organisations. The remaining 13 indicated they had either not joined or had been ACPET members at some stage, but had since decided to discontinue membership. Of these, four were enterprise organisations, one of whom had belonged but had ceased to remain a member as it felt that '*ACPET could not represent its interests'.*

I explored why the RTO respondents belonged to ACPET. The benefits perceived included its value as an industry network and its insurance schemes.[71] One Commercial RTO indicated that he had belonged to ACPET when he first became an RTO but he had resigned only to re-join again more recently. He resigned because he did not think that ACPET had been proactive enough at the time of the introduction of the goods and services tax (GST). About re-joining, he said: *'our biggest step forward was to re-join ACPET and join the TAS scheme ...'.* This provider also felt that the information ACPET presented in its regular newsletter was very useful. (For those not familiar with the role of ACPET, Appendix J provides a brief overview.)

Ultimately, my judgement is that the gains which flow from networking opportunities depend to a large degree on how the networker in question perceives the need. For example, if he or she has complex problems to solve and is isolated from connecting with others, networks provide an opportunity for reducing the isolation. The same argument applies if networks are used to help learn what is going on in the market so that the RTO can respond to any changes which occur. Belonging to, and participating in, networks may be one way to increase an RTO's knowledge and help it offer better services to its clients.

Open ended responses

In drawing the interview to a close, I posed two open-ended questions. One related to the opinions of the interviewee about the future. To provide some direction, I mentioned accredited training and the training market as areas for possible consideration. A final question sought to ascertain whether the interviewee felt that they wished to add any other comment on a topic not raised during our interview.

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[71] Two Insurance schemes are offered by ACPET – one scheme for domestic and one for overseas students studying full-time in Australia.

A number of the RTOs thought that the training market was saturated, at least in Victoria. One Enterprise RTO was particularly critical of the number of RTOs from whom she received phone calls looking for work. In contrast to this, another Enterprise RTO felt it was beneficial that, with so many more accredited providers, it was possible to find the one you wanted.

During the discussion with one Enterprise RTO about using other providers to do training on their behalf, the interviewee commented that it was necessary to spend a lot of time with such RTOs to ensure that they were doing what was required.

The Industry RTOs also had a number of things to say about the training market. One stated: '*the big guys are eating up the little guys*'. In her opinion this meant that the potential for a flexible and responsive training market would actually be reduced. Another industry provider thought the numbers of RTOs needed to be rationalised and more support given to targeting skill shortages.

The above comments can be contrasted with those of the Commercial RTOs. One felt that '*the private ones will survive if they have a niche market*', while another complained they were at the '*whim of government policy*'.

One enterprise provider was fearful that the changes from Industry Training Advisory Boards to Industry Skills Councils would mean that the Training Packages might not be kept up to date and therefore maintain their relevance. However, on the positive side, an Industry RTO felt that the '*Training Packages have done what I wanted them to do – which was to provide a level playing field ... [but] as far as we're concerned they've gone backwards in terms of quality of content*'. She thought however that the '*Training Package will improve and be fixed up over time.*'

A view was put forward by another RTO that the Training Packages enabled or supported more flexibility. Yet another thought that more articulation was desirable and that there needed to be greater transparency in the system.

Dumbrell's study (2003) included both criticism and praise for Training Packages as follows:

> The substance of [the] criticism of the training package was that industry and RTO consultation had been done almost as an afterthought and seemed more designed to show that consultation had occurred rather than to undertake the task as a genuine exercise … (2003, p. 3).

However, Dumbrell goes on to say:

> … most other respondents [commented] favourably on the content of training packages [and] there was a perception that the process of reviewing training packages was becoming more efficient and leading to better products (2003, p. 3).

The feelings expressed by my interviewees about change were varied – in one instance the view was put that there was '*too much change*' while another maintained '*change is constant*'.

One small commercial provider expressed his concern about the lack of understanding in companies about accredited training and the lack of a training culture in Australian workplaces. He said: '*I wish that people could get their heads around the need for training*'.

Reports emanating from government also express disappointment with the lack of a training culture in Australian industry generally (National Board of Employment Education & Training, 1996). Indeed, the introduction of the

Training Guarantee levy in mid 1990 was seen by some to be one way of encouraging the development of such a culture.

At a more micro level, this awareness of training culture, at least within one RTO, was illustrated by a Commercial RTO. New training staff sat in on classes in this particular RTO to ensure that each trainer was aware of the RTO's culture in relation to training.

Summing up

In this chapter I have reported the findings from the interviews which articulated the views of the providers and provided details of training delivery. Both quantitative and qualitative information have been presented. The data report the characteristics of those interviewed, the structure and size of RTOs, their markets, the competition they perceived and where, how, to whom and when training occurred. I found considerable variety, particularly in relation to the location of training, the extent of involvement in delivery in states beyond Victoria, the client group being trained and the mode of delivery. Differences have also been found in the methods of marketing used by the RTOs and the type of staffing arrangements which exist in the different categories of providers. I ascertained the Training Packages RTOs used regularly, the type of courses on their scope and the proportion of each RTO's training which was accredited. Diversity emerged as a key theme from the data presented.

Although not universal, the perceived benefits and rationale for becoming RTOs focused on credibility, status and competitive edge. Where information has been available, I have made comparisons between my findings and those of other researchers. The anecdotal view that Commercial RTOs are motivated to register mainly to gain government funding is not supported by my findings.

A number of RTOs saw their main competition emanating from the TAFE sector. However, in contrast with this, others interviewed, used the services of TAFE Institutes to deliver training on their behalf. This was mainly because the scope or resources of that particular RTO was unable to provide all the training their organisation required. Examples of competition and of cooperation were evident amongst this particular group of RTOs. The examples of cooperation provided suggest a potential for further expansion of partnerships and alliances amongst providers in the future despite the competition that exists in the training market.

Innovative practices perceived by the RTOs interviewed have been described. The evidence from the interviews suggests that the RTOs have implemented a number of innovative practices. The relative importance of these in maintaining and expanding the activity, capability and opportunities of the RTOs in question will be discussed in later chapters.

I have canvassed the extent to which the interviewees used networks and for what purpose. Opinions on the value of networking organisations varied considerably and illustrate once again the diversity of views found.

Relationships with government were explored at interview. The overall feeling which emerged from the interviews was that, with a few exceptions, there was a perception that RTOs received little or no support from the Victorian Government department responsible for regulating Victorian RTOs. Indeed the replies exhibited a degree of tension and frustration with the state government. However, those RTOs which had dealings with the federal government

were not as negative in their views about their relationships with the areas they nominated. The tensions raised are dealt with again in Chapter 8.

Opinions varied about the future of RTOs. There was a perception by some that the training market was saturated. Another standpoint raised concerns about the lack of a training culture, particularly in relation to the Australian training market generally. Another expressed doubt about the ability of the system to keep Training Packages up to date. Some tensions and uncertainty were evident in these and other comments made.

The picture which has come to light from the material collected at interview has provided a rich canvas. Differences within each type of provider, and between the categories of provider, have been evident. The outcome has revealed a complex, colourful and diverse VET landscape for a purposeful sample of players in the system.

Chapter 7 – The Voices of the Providers

Preamble

In this chapter, I interpret my findings from the interviews described in the previous chapter and identify some of the differences in meaning between the system rhetoric and the practices on the ground. These findings are a result of a significant review and reflection on the information collected. The focus here is on assessing the effects that privately owned RTOs have on the Victorian VET system. This assessment is influenced by the ways that the training market concept is interpreted by the privately owned RTOs which I interviewed.

I explore, in this chapter, through the voice of the interviewees, the ways in which these RTOs operate on the ground, and how the provider voice and actual practice diverge from that of the voice of the system. I deal first of all with responsiveness and consider each area which in my opinion falls within the meaning of this concept. I argue that the ways the privately owned RTOs have been responsive is more proactive than the system rhetoric about responsiveness implies. My illustrations show how these particular RTOs differentiate their services. In the process, I demonstrate their in-depth knowledge and expertise used to help clients determine their training needs.

The other areas covered in the discussion in this chapter include being client focused, ensuring relevance (by customising and contextualising content and materials for training delivery) and being adaptable. In addition to the topics mentioned above, I suggest in this chapter, that the very survival of these RTOs is evidence of their ability to identify and respond to changes in the training market.

The section on quality in this chapter brings together some of the opinions of those interviewed about quality in terms of quality assurance processes. This encompasses the benefits perceived by the privately owned RTOs in having a degree of control over quality in relation to their methods of operating, and their knowledge of what to expect if they find it necessary to use other RTOs. It also considers the extent to which having accredited training is felt by these RTOs to provide another indicator of being a quality provider.

In this chapter, I have raised the question of consistency, both at the macro and micro level, as it is apparent that this issue has emerged as a theme, not so much from the interview responses but rather from my own experience in the field and from the information available in primary source material.

The themes which I canvass here make an important contribution to assessing the significance of the changes in the VET system, the third of the sub-questions posed in Chapter 2.

The voices of the RTOs I have interviewed are interpreted through the filter of my own knowledge and experience as a player in the VET system.

Responsiveness by focusing on client needs

The responsiveness examples in the interview findings indicate that privately owned RTOs have been very responsive in terms of the meaning assigned to this term in an earlier chapter.[72] In the extensive literature on the Vocational Education and Training (VET) sector, the term responsiveness has been used in government reports and other references as a slogan to capture one of the VET sector's visions for its reform agenda. These slogans and the framing which this technique involves have been discussed in an earlier chapter.

I have found that the way the system rhetoric promotes the concept of responsiveness and the interpretations provided by the voices of those interviewed do not coincide in all respects. My aim here is to assess the importance of the providers' views of responsiveness.

My other objective is to see whether the illustrations of responsiveness, provided in this chapter, contribute to the changes in VET in Victoria. Ultimately, I intend to determine to what extent these changes can be attributed to the presence of privately owned RTOs.

In the discussion with the RTOs interviewed, no distinction is made between the terms client and customer, and for the purposes of the following discussion these terms are interchangeable.

The interviews yielded evidence of these privately owned RTOs being very client focused. One niche provider put it simply '*RTOs have to produce what is required these days, if they don't they're out of business'*. Another believed that its trainers had to spend time in an organisation (that is, with its client) to identify how it operated and what the employees needed to improve their skills. Otherwise they could not meet client needs or produce quality outcomes in the training developed. This standpoint was summed up by the CEO:

> [we] *believe every workplace is a world of its own and we need to design materials which will reflect the needs and skills of those who are being trained.* [We] *use our experience to design it but do not use material that is already prepared –* [companies] *have their own priorities, their own way of dealing with things – our teachers all spend time before they start teaching talking to people in each workplace - they know what are the outcomes of the Training Package and that they have to achieve those, and from their experience, they know what to look for, and by talking to individuals they work out how they want to achieve the outcomes and how much outside material they might want to use to extend what they are doing in the workplace …*

This focus on investigating requirements and using the expertise of its staff to develop appropriate programs for clients is a proactive way of being responsive and ensuring clients' needs are met. The above approach has obviously worked well for this Commercial RTO. It has a small but viable business and has not had to market itself since 1991 when it became an RTO. To this RTO, what has been described above was believed to be just '*good practice'*.

Other relatively small commercial providers emphasised the importance of a client focus on more than one occasion throughout their interviews. Sometimes this involved expanding its scope of registration to ensure it could

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[72] It needs to be remembered that the responsiveness discussion which has been reported here has been directly related to the interview findings. These have not covered the whole field. For example, federal government incentives to companies for their employees to undertake training (available in accordance with DEST requirements) do have an indirect and significant effect on privately owned RTOs. It is acknowledged that responding to the potential new business arising from these government incentives could be viewed as another way in which privately owned RTOs have increased their fee for service activities.

meet his client's needs. This particular RTO's CEO acted in a consulting capacity when called upon to do so. The training often followed from the investigation of what was needed to achieve the goals of the client company. He offered interrelated services covering consulting, managing projects, developing customised training resources, delivering accredited training and undertaking assessment of the students of his client companies. The CEO felt that his ability to operate so successfully over the period has been partially due to '*ensuring personal credibility …* [and being able to provide a] *'personal level of service and quality trainers.'* Although the level of his company's activity has fluctuated over time, this CEO has maintained and built a strong business working in a number of different manufacturing areas with large national companies. He explained his approach to delivery of his programs:

> [The] *first reason is … company priorities …* [the] *… days of sending people on five day residential courses, except at senior level are over – the second one is that a lot of our clients have rotating shift, so we have to take that into account, and the third one relates to competency training. To my mind* [Competency Based Training] *probably denotes a different background to previous academic or learning experience, so for the attendees you need to break it up for their concentration span, as they are not used to spending too long in a classroom and we have to maintain the enthusiasm of the group …*

This particular provider exemplifies an RTO which applies a proactive form of responsiveness.

Another CEO contended that he could spend up to three days in preparing one day's training. This amount of time was needed to ascertain the skills required to meet the company clients' requirements. Such exploration entailed interviews with appropriate personnel in the client company.

A larger Commercial RTO, whose core business was in training, spoke about the critical need to meet her students' requirements. As she put it:

> *… the reason we have probably stayed in business for 30 years* [is because] *I always knew we had to listen to our people and if we weren't providing them with what they needed we wouldn't have a college …*

This CEO was passionate about delivering training in a way that would achieve outcomes and employment for its full-time '*school leaver'* group of students. However, the RTO adjusted its training approach for those already employed in the industry, or for those who were seeking a career change. As the CEO put it '*our delivery strategy … is always … very much in response to the cohort* [of students] *and they are quite different cohorts …'* In this sense, the RTO was differentiating its service to take account of the various backgrounds, age groups and perceived needs of its client group. Once again, this demonstrates a proactive response based on the knowledge the RTO possesses about its clients.

Another Commercial RTO was very focused on meeting his students' needs. He believed he should '*provide courses which meet the community's needs and expectations'*. Further he maintained that '*I know I'm not going to stay in business unless I do what the customer needs'*. In this instance, the student's needs and expectations were believed to be getting a job or completing a course before commencing a job already gained. In the latter case, the job had usually been given to the student client on the understanding that he or she would undertake the appropriate training. The training delivery and facilities developed by this RTO focused on the outcome. He stated: '*what we do that makes so much difference is that we pay attention to detail on everything. We dot the i's and cross the t's … we have lesson plans* [and] *walk around* [to monitor teaching] *…'*

One Industry RTO commented '*what suits* [the requirements of the customers] *... is the main reason for the formats being used ...*' and again, this same RTO representative said '*... we have ensured our courses meet our client needs ... and are relevant to the industry ...*'

The distance education provider felt that the best way to meet its client needs was to let a student try out different areas of courses to identify what particular qualification he or she wished to pursue.

It is relevant at this point to review the meaning of 'client satisfaction' provided by ANTA in Guidelines produced by the Authority (Australian National Training Authority, 2004a). A series of questions in these guidelines include reference to issues of responsiveness and have been paraphrased below as they reflect the ways in which ANTA believed client satisfaction could be ascertained.

> Would the client use the product or service again? Would the client recommend the services to others? How did the product compare to others used by the client? Did the RTO help them to secure their desired outcomes? Did the RTO customise or tailor the product or service or provide a 'one-size-fits-all solution'? Did the client give them the opportunity to provide regular feedback on the product/services as the client was using it: how did the RTO respond to that feedback? Was the response fast enough? If the RTO did not use the suggestions for improvement, did it explain why? Did the RTO tell them how we plan to use the client feedback in order to improve its products/services in future?

My findings, reported earlier about marketing and the extent of word-of-mouth recommendations or repeat business, support the thrust of the above questions. A number of RTOs interviewed identified '*word-of-mouth and/or referrals*' as ways they had successfully gained new business.

While I did not specifically question the RTOs about their evaluation practices; in the course of discussions, it became apparent that those RTOs which sought feedback from their clients acted upon that advice. The AQTF requires RTOs to seek feedback from all stakeholders and to use it to continuously improve their operations. My own experience with most RTOs, with whom I dealt, indicated that evaluation occurred in some form or other. In one instance, one of my clients had surveyed her students and had used the outcomes to seek additional funding from OTTE. She had not been successful in gaining additional funding but a copy of the evaluation form she used has been included in Appendix I with a summary of her results.

In the next section, I report examples of how RTOs interpreted the meaning of relevance in practice. I also provide examples of how these RTOs ensure that their services meet the needs of specific clients.

Relevance (i.e. contextualising and customising) as a quality issue

The interviews support the belief that contextualisation and customisation are critical aspects of providing quality outcomes (as students, especially adults, need to see the relevance and applicability of the learning). As one enterprise provider suggested '*their own trainers talk the right language*' while a Commercial RTO stated that our '*course is and always has been hands on – learning by doing*'. Many of the RTOs indicated that by using industry experts or skill specialists to deliver their training, the relevance and practicality of the training being undertaken was assured. Although Argyris and Schon (1978) suggest that people are not always aware of the beliefs,

assumptions and values which underpin their practice, I suggest the influence of Knowles (1980) and his emphasis on tapping the experience of adult learners has been apparent in the practices of a number of RTOs interviewed.

An Enterprise RTO emphasised that by delivering training for its employees it could make sure '*the programs are relevant and current for our employees so they provide appropriate development and contextualisation and customisation ...*' A large Industry RTO ensured that its courses were relevant for each segment of its industry by customising its courses to that segment and mapping them to the relevant Training Packages.

Another provider which focused on short courses indicated that it was

> *... not quite true that all our training is accredited ... there are sections which are added* [to the accredited training] *... we're not trying to train like a TAFE College ... remember that our goal is to get them a job and so we look at things on the basis of what they must know, what they should know and what would be nice to know ...*

The study by Townsend et al. found (2005) that employers desired to have training customised and made specifically relevant to the industry in which the trainee was working. This is further reinforced by Cully's findings that the "relevance of the training and the flexibility of delivery are more important to [the employers] than who provides it and whether or not it is accredited" (2005, p. 1). A study by Riddoutt et al. concluded that

> … large and small employers are seeking outcomes from training (and assessment) consistent with the perception of their business needs and also information relating to how competence contributes to satisfying those needs … (2005, p. 21).

The work being undertaken by the Consortium (Mitchell, Chappell, Bateman, & Roy, 2006) on quality supports the need for customisation and contextualisation of learning, as well as learning which includes real work experiences. Evidence of these has been provided from my interviews. It is apparent that customisation goes beyond the narrow notion given in the definitions provided by the Department of Education, Science and Training (DEST) in their glossary and reproduced earlier in this study.

Contextualisation of the curriculum around the needs of the group undergoing the training, and taking into consideration their goals or objectives, are seen as highly desirable objectives of workplace training (Townsend et al., 2005). Down (2002) reported an RTO participant had found that

> … what the Training Packages have provided is flexibility. [A Training Package] provides a framework to customise and to individualise to both industry and individual needs. It focuses on the achievement of competence to an industry standard which was not the case in the past, and … - if [assessment] is constructed and supervised well – [it] allows for relevance and practice in the workplace. (2002, p. 47)

However, one small Commercial RTO's CEO commented that there was a need for more uniformity in Training Packages. He felt it was difficult with some of the packages to actually work out what was required. He contended that it would be helpful to have someone available to comment on any customisation planned or changes made to Training Packages to ensure the rules were not being broken.

In my final chapter, I discuss how relevance and fitness-for-purpose can enhance the quality of training outcomes.

Approaches to adaptability

The system's rhetoric assigned a meaning to flexibility which was narrower and more focused on delivery modes like e-learning than the examples given by RTOs when discussing their operations. To make a distinction between the system's meaning of flexibility and that of the privately owned RTOs interviewed, I have used the term 'adaptability' to describe the perceptions of the RTOs interviewed. These RTOs saw various ways to meet client needs and/or the demands of a constantly changing training market which, in my view, demonstrate their ability to adapt. These examples relate to the timing of delivery, different methods of training, different locations and adapting the design of programs to meet client requirements.

Before I deal with the outcome of the interviews on adaptability I want first to review some recent studies which confirm the perceived significance of adaptability in meeting client needs.

Recent studies on what employers want from training have found that flexibility and responsiveness are seen as desirable features if the needs of employer clients are to be met (NCVER, 2005; Townsend et al., 2005). A report to the Business Council identified the need for greater flexibility and responsiveness in both the "way the content of training is developed and how this content is then delivered to learners" (Allen Consulting Group, 2004, p. 94).

However, it is worth noting that the Department of Education, Science and Training (DEST) glossary defines flexible delivery as a

> … range of approaches to providing education and training, giving learners greater choice of when, where and how they learn. Flexible delivery may involve distance education, mixed-mode delivery, online education, self-paced learning, self-directed learning, etc. (Department of Education Science & Training, 2005)

Further, it includes in its definition of flexible learning "the provision of a range of learning modes or methods" (Department of Education Science & Training, 2005). These definitions apply a broader meaning than is specified in the Victorian rhetoric recorded earlier and come closer to the examples described in this section. Both DEST definitions link flexibility to delivery of learning and focus on the individual learner as the client rather than the enterprise or organisation as client. In my opinion, the DEST standpoint is still somewhat narrower than how providers interviewed for this study interpreted being flexible or as I have termed it, being adaptable.

The Flexible Learning Advisory Group (FLAG) has defined flexible learning "as an approach rather than a specific form of VET … [which has in practice] tended to focus on those modes of flexibility that are supported or enabled by the use of technology" (I & J Management Services Pty Ltd, 2004, p. 16). This reinforces the influence of e-learning and other technology.

Adaptability in timing of delivery

One large commercial provider exhibited considerable adaptability in the times its courses were available. Its courses were available at weekends, on weekday evenings, or in the daytime.

As explained earlier in discussing mode of delivery, one large Industry RTO offered its training in block time. This RTO indicated that changing the format for the delivery of its existing courses led to a growth in member support

for those courses. Her comment was '[we] *had great courses when I first came but we could not get students as they* [the courses] *were not being held in a suitable format'*.

In another example, an Industry RTO ran three hour seminars and workshops in blocks. One Commercial RTO supported block training this way:

> *students learn more in block training as* [it is] *concentrated ... rather than spread over time ... If it is done at night* [here] *it is done three nights in one week rather than one night a week over three weeks.*

These RTOs are not bound by conventional calendars or semesters and/or breaks in semesters as is normally the case with TAFE Institutes.

A Commercial RTO stated that the timing of its delivery varied according to its cohort of students. If the students enrolled straight from school as full-time students they attended daytime classes. If the students were already employed, and had enrolled to improve existing skills and/or to seek a new career, their course was normally part-time and they attended at weekends and/or in the evening.

The regional Industry RTO named flexibility in the timing of delivery as the major reason for it becoming an RTO.

> *... we used to do a lot of the front end training under the CRAFT scheme which was funded by the Commonwealth and* [this was] *three to six months ...* [then] *they'd go to their TAFE course and have to do it all again so we wanted a way of recognising that training ... so that we could minimise the downtime that the apprentices had to spend undertaking their training in another way and we were also very conscious of the need to have flexibility with the training ...* [and be able] *to do it in our own way in our own time and structure it accordingly...* [Sometimes] *we had apprentices who were out placed with an employer and that arrangement stopped for whatever reason, then we could bring the apprentices back for a short time, provide them with some training while they were actually in a downtime ... it meant we could be flexible in terms of how we delivered* [our training]

Added to the above quote from this Industry RTO is the following example of how it was not bound by standard enrolment periods as TAFE Institutes usually are.

> *What we used to find was that we weren't in a position to be able* [to achieve flexibility in delivery] *with the TAFE colleges ... because they weren't flexible enough to be able to do that because they had their schedule and that was it ... sometimes you would have quite small groups ... sometimes we may only have one or two ...* [or for initial training] *they'll be full on big groups* [and sometimes] *they'll be smaller groups of ... 5 or 6.*

This same regional RTO described how they organised the initial apprenticeship training:

> *... we bring apprentices in and give them some initial training for about 3 months and during that time they are really in transition from school to work and they learn a lot about the basic way we operate – and they also do components of the first stage of their credential ... They are full-time ... in the classroom ...* [then they go out to an employer] *and we may not see them for up to six months and when they come back they have an opportunity to apply the knowledge they've acquired in the workplace ...*

Another Industry RTO had a qualification which was delivered through a joint venture with a TAFE Institute. As the RTO stated

> *we issue the piece of paper which is where we want to be ... we actually own the curriculum ... we have distance learners ...* [and classes are held] *in the evenings and at weekends supplemented by access to the web sites ... we have to be flexible.*

The contract with the TAFE Institute was of long standing and the above delivery requirements were included in the contract. The rationale for these arrangements was that they had proved to be the most convenient for the RTO's client base.

A very large Commercial RTO with a significant overseas student group has a '*rolling enrolment*' process. It enrols new students into its programs every five weeks. This means that a student can commence his or her 40 week full-time year at weekly intervals. In this way international students who are waiting to receive their student visas are able to enrol when the visa comes through. Once more, this demonstrates an innovative and imaginative way to adapt to the needs of its overseas students.

In the case of Enterprise RTOs, this timing issue has yet another dimension. In one enterprise the training occurs on special training days which form part of the shift cycle. The technology of the enterprise has influenced the timing of the training. These special training days occur every five weeks. In addition, this RTO provides an opportunity for e-learning which enables the student employee undertaking the training to fit it in with other work requirements.

An example of technology affecting the timing of training occurred in another Enterprise RTO. However, in this instance, training schedules were uncertain. As she explained it

> *Our production process is a continuous process and when that's happening all the guys are on deck but every now and then when we're changing colours ... it takes 3 or 4 days and when that happens they do training ... they do a lot of training during this time ... so you never know when you are going to be training ... sometimes on night shift it might be very quiet and things are going smoothly so a trainer might go in and work with them on the night shift.*

Fortunately for this Enterprise RTO, it used its own company employees as its trainers so the uncertainty about the timing of training did not present a problem. Internally written materials had also been developed which could be used by a trainee for an hour or so. Thus, the trainee did not have to spend extended time in a classroom. Furthermore, employees could study at their computers at their normal workstation when their work load permitted. As the Training Manager put it – '*we have developed material on-line and guys can go in at shop floor level and go in to the material at their work stations and do some training ... some of it electronic …* [we're] *very much into blended solutions ...*'

One of the commercial providers which had ongoing training commitments with large manufacturing companies in a number of industries, delivered training to shift workers when needed. This could occur during early morning, afternoon or evening shifts. In this sense, the technological requirements of a workplace (in one instance, the paper industry) resulted in trainers delivering programs outside a normal nine to five daytime slot.

Adaptability in delivery methods, location of training and design of programs

Delivery methods identified by those interviewed demonstrate considerable variety. A small commercial provider stated

> *… All training is done in the workplace – the hours and mode of presentation* [of training] *will depend on what they* [the companies] *want ... It could be workers being paid to attend* [the training] *out of hours, could be one on one, or it could be a small group* [which] *would be four or five or if in a classroom it could be up to 15.*

This quote emphasises the extent to which there is overlap between delivery methods and location of training. Overall it meets the description of differentiating services in whatever format ultimately meets RTOs' clients' needs.

Methods of delivery being practised by the RTOs interviewed include e-learning, distance learning, self-paced learning, paper-based material and interactive CDRoms.

Ongoing changes in technology have also expanded the variety of methods being used to deliver training. E-learning is one approach described by two of the Enterprise RTOs as part of their blended solutions.

One of the Enterprise RTOs which referred to its preference for blended solutions reinforced the stance that face-to-face teaching in a classroom as the main means of delivery was no longer necessarily deemed appropriate. It has instead become one of a number of strategies to be used when the occasion demands. The Enterprise RTO which uses e-learning when it is appropriate commented that

> ... *Some* [of our training] *would be classroom but it would be specialist stuff that we would have done by engineers or other specialists ... some of them would be only an hour ... very short sessions ...* [We] *have two good classrooms and do a lot of training on site.*

These examples bolster the notion that a number of delivery strategies are used by RTOs. A further comment by one of the Enterprise RTOs maintained that

> ... *employees did not accept the classroom based training which was the way the old accredited course was delivered and this was why it 'fell in a hole' ... The new program incorporates Recognition of Prior Learning and demonstration of ability to do it on the job with self assessment first* [they] *have to show evidence of being able to do it ...*

In one of the smaller Commercial RTOs, the CEO quoted a variety of training methodologies which he felt worked effectively for corporate clients. These examples included: '*on the job – using RPL … email backup … telephone conferencing and workshops…*' In some instances this RTO delivered its programs in regional Victoria and had found a variety of methodologies '*very effective'*.

In another instance, a degree of rigidity was exhibited as well as a degree of adaptability by a commercial provider who said

> ... *classes are all structured all the way through ...* [There is] *never a situation where* [the students are] *not with a teacher… in our purpose built classrooms ... but if they want to do a refresher they can come back in 12 months and do it for free –* [they can re-do] *any part of it they want ... we're very flexible ... They can come in any time they choose whether weekend or night or day ... We structure a course so it is not sequential ...*

The illustrations described demonstrate a willingness and ability of the RTOs interviewed to provide training in a variety of formats, in flexible ways, in accordance with clients' needs.

Where company clients are involved, the location of training depends on what proves best for the particular client. This approach is illustrated in earlier quotations from the interviews.

The term blended solutions referred to earlier, shows that a variety of locations, even at a workplace, is possible. Enterprise RTOs apply a very flexible approach to where training might occur – at the employee's work station

using a computer, on-site but away from the employee's work station, or informal learning on-the-job are some of the examples cited. One Industry RTO offered its courses at a variety of locations throughout metropolitan Melbourne and regional Victoria, to make it more convenient for clients who were working outside the central business district.

In contrast, with the lack of success which one Industry RTO had expressed about its efforts to offer on-line delivery, another industry provider believed that its on-line learning opportunities added value for its students. The CEO said

> *We have 19 of our modules on-line now and so you can do …* [any of] *these on-line …* [it is] *a value adding thing* [for the students] *… and I do think that learning is engaging in an activity and it doesn't have to have four walls …* [and on-line activities] *will break open more flexible ways for learning to go …*

This RTO has over 250 schools involved in its VET program around Australia. In addition, it encouraged the teachers to allow for the students to participate in community projects outside the schools to enhance student learning and skills.

The relative freedom provided by Training Packages to adapt a program from a package to meet specific client needs was apparent in the following comments by one of the small commercial training providers. The CEO said that:

> *… accredited training was a real positive … I like Training Packages rather than curriculum, as if you are a good teacher then Training Packages give you an outcome you have to achieve but does not tell you how you have to get there … it enables you to develop the curriculum you want to use … gives more flexibility… may involve more work but if you want the best outcome for learners it gives you the flexibility to achieve that … it enables those who have not been able to achieve before to be successful and shows them they can do it … and it will be recognised nationally and can go anywhere with it and this is a real plus …*

Responsiveness to demand/supply changes

The increased use of sessional teachers/trainers has been criticised as one negative aspect of the freeing up of the training market. However, this practice can contribute to the ability of an RTO to meet fluctuations in demand. The ability to act quickly and reduce the lead time that may be needed to respond to a change in industry or student demand for a particular course or program is perceived as an important element of being adaptable and responsive in the interviews I conducted. The staffing arrangements found in the RTOs interviewed confirm a fairly widespread use of contractors and/or industry experts. This could be seen as a positive means of privately owned RTOs meeting changes in supply and demand. However, without more definite evidence of the type of employment arrangements in place, I do not think that the RTOs interviewed perceived their flexible approaches to staffing arrangements to be anything more than the best way to meet changes in demand in a timely fashion.

One of the Industry RTOs commented about the difficulty that large organisations like TAFE Institutes have in responding quickly to changes in demand or making rapid decisions, at least in comparison with smaller more adaptable organisations. This adds to the perception that large organisations are less able to be responsive to ongoing change. In her words:

> *The trouble with TAFE is that they are so huge ... they just can't move ... and that's going to be their biggest problem ... they have to set their systems up so they ... have the power to do what they want to do ... it's the same as big business ... [TAFE] just can't move quickly ...*

One of the commercial providers interviewed indicated that the level of activity within his RTO could vary from week to week. At the same time, he provided an example of being requested to deliver a course in Sydney a week after the request had been made.

> *... Last week was very busy ... and we had a request by a company to do a course in Sydney in the next week and we did it ... I contacted the trainer who said he could go the next Tuesday or Wednesday and we put him on an aircraft and he delivered the training ... much to the company's amazement I think.*

Clearly, this reflects responsiveness as well as a willingness to meet client needs or, if one prefers, provide customer service. On probing further during this interview, it appeared that a rapid response was critical for the company which requested the training, as it would have lost an important contract if it had not been able to have its staff trained by this RTO within the time limit stated. This ability to respond in a timely way is unlikely to occur within a conventional TAFE Institute as the structures are such that it would take too long to be able to arrange for the course to be provided.

An Industry RTO commented that it could '*make a decision on the spot* [about the need for a course] *and ... get it out to members ... quickly and this is a difference between the RTO and the TAFE Institute'*.

Changes in regulations and licenses can lead to a temporary increase in the demand for compliance driven training to ensure that industry workers comply with, or are adequately informed about such changes. As already illustrated, privately owned RTOs are in a position to respond quickly to these changes. Indeed, my experience and knowledge confirms that much of this compliance driven training occurs in the hospitality, building, plumbing, finance, community services, health and food industries, either through accredited short courses, or specific units of competence from existing Training Packages which meet these regulatory requirements.

Earlier comments from RTOs highlight the difficulties they see in TAFE Institutes meeting increased demand for compliance driven training quickly. The presence of privately owned RTOs in the VET system has enabled much of this compliance driven training to be carried out expeditiously and effectively without undue delays waiting for approvals within the bureaucratic structures of large institutions.

Survival as evidence of responsiveness

The ability of privately owned RTOs to be responsive through the differentiation of their services could be partly measured by their survival and/or growth over time. It is my opinion that, at least for these RTOs, being in business throughout the 10 to 12 year period under review has been partly due to their capacity to anticipate and meet their clients' needs. Their understanding and knowledge of their clients enables many of the privately owned RTOs to add value and relevance to the courses they provide. Their long-term engagement with the industries, and/or clients, for whom they work gives them an insider view and a connectedness.

As indicated in the previous chapter, the RTOs I interviewed in the commercial and/or industry categories have not, in the main, been reliant on the availability of Victorian Government funding to survive. Rather they have concentrated on fee-for-service activity, mostly in the commercial training market.

One commercial provider has a well developed niche market with its own accredited short courses. In discussing the relative ease with which he can gain access to an airport for the required field work, he stated '*we've been in the business a long time and that makes it easy, we know everybody in the business and they know us'*. This RTO had not faced any significant competition from other RTOs at the time that this study was conducted. Other RTOs could have moved into the area to compete with this particular RTO if it was not performing. This responsiveness to its market as an insider is a more proactive outcome than the rhetoric on responsiveness has articulated.

Growth of scope in registration by an RTO is another way of judging the extent of its responsiveness. Using as evidence, the work I have undertaken as a Training Recognition Consultant (TRC) for various clients, it is apparent that extensions of scope by RTOs are the main source of expanding and/or responding to changes in demand from their client groups. Of the 60 to 70 RTOs with whom I have had recurring contact, I have received regular requests to assist them to extend their scope into new areas or new qualification levels of an existing Training Package. Extending an RTO's scope of registration is one way of it demonstrating responsiveness to the needs of its existing clients, training market generally and to any changes occurring in that market.

To obtain an extension, the RTO has to outlay expenditure to purchase the appropriate Training Package, if none of the areas it wants to move into are already on its scope of registration. To gain approval for any extension to its scope, it has to develop its learning and delivery strategies, access appropriately qualified and experienced trainers, and acquire the learning materials and assessment tools it intends to use. In addition to this, the RTO incurs a direct cost as a fee is charged by a TRC to undertake an audit for the Victorian State Training Authority. This audit is to ensure that the above requirements are met and the RTO is compliant with the AQTF Standards relevant to the proposed extension. The TRC recommends an extension be granted on the basis of the audit. Consequently, it is not something which is undertaken lightly by an RTO.

Of the RTOs who have been my clients and who were interviewed for this study, all of them had extended their scope. They achieved this by either adding new qualification levels to an industry area covered by a Training Package they already had on their scope, or by adding new Training Packages to their scope so that they could meet the needs of new or existing clients.

Before moving on to consider what came out of the interviews in relation to the quality issue, I want to acknowledge that links and overlaps are apparent in interpreting the meaning, and writing up the perceived importance of the themes I have examined. Further connections arise in my findings about client focus and the issue of quality. However, although I acknowledge that client focus and quality may indeed be linked, I have for the purpose of the following analysis treated them separately.

The issue of quality

The quality issue dealt with below covers a variety of perspectives, but still accords with the definition of quality canvassed earlier in this thesis. For many players in the VET system, quality has been problematic. This aspect will be discussed in greater detail in the final chapter of this study.

Determining whether the VET reforms have improved quality has been investigated by Anderson (2006); Mitchell, Chappell, Bateman and Roy (2006) and Schofield (1999, 2000, 2001) to name some of the studies researched. It should be noted that these investigations focus mainly on the extent to which the opening up of VET has improved or impaired quality. Furthermore, the area of quality being examined needs to be identified and unpacked. These areas include quality of training delivery and assessment, quality of staff and quality of the RTO's administrative processes. Other areas for possible exploration include the quality of outcomes for those using the system in terms of employment opportunities, benefits to graduates and more skills relevant to work, to name a few.

In this section on quality, I focus on whether the privately owned RTOs see themselves benefiting from the imposition of quality assurance processes on their administrative systems, being able to control their own quality, and finding indicators which suggest that they have been compliant with the quality standards in place. The issue of RTOs meeting the requirements of their customers has been covered in the discussion on responsiveness rather than here as a quality issue, although it is relevant to the consideration of quality. The evidence from my study suggests that the group of RTOs interviewed took quality seriously.

A number of those interviewed expressed opinions about their perception of the quality of trainers. One Industry RTO believed that the quality of training by private providers was better than that in TAFE. Another commented on the downside of employing sessional trainers rather than its own employees, believing that sessional trainers were '*sometimes good and sometimes bad'*. One Commercial RTO expressed the opinion that the quality of trainers has declined. Another moderated the performance of his trainers to ensure that they met his standards of quality delivery, and a third one viewed the quality of his trainers as one of the reasons for his success. A large Enterprise RTO believed that being an RTO enabled it to ensure its trainers had professional development (PD) appropriate to its needs to maintain quality. This PD entailed working at the operational level of the enterprise at least once annually to ensure the trainers remained up to date with the latest practices in its industry.

The major issue for those interviewed, and for my client group, was the process or quality assurance aspect of quality. Such processes focus on administrative systems and procedures and not on the quality of training delivery and assessment. Indeed, as one provider suggested '*the AQTF did not make our good teachers any better'*. The AQTF processes which focus upon administrative procedures do not provide any guarantees either about the trainer's ability in the classroom, or about the quality of the learning materials in use. As one provider put it '*the AQTF would be more acceptable if it changed the quality of delivery and programs'*. A number of those interviewed felt that this emphasis on organisational processes was unlikely to achieve genuine quality in relation to teaching and learning. Support for this viewpoint also came from the inquiry by PhillipsKPA (2005) which highlighted many of the issues arising from having a system which focused on quality of process and did little to

ensure the quality of training and assessment. The implementation of AQTF 2007 is recognition that quality needs to be focusing on outcomes and not just administrative processes.

These comments reflect a variety of opinions expressed by the RTOs interviewed and signal a degree of diversity about quality issues. By and large this reinforces other studies including Gibb (2003) who concluded that

> In the final analysis, it will be the implementation of quality systems in the classroom – the grassroots application of quality – which will determine the nature of the 'product' emerging from the VET system – a lifelong learner (2003, p. 64).

In the next section I report the perceptions expressed by those interviewed about Quality Assurance through the AQTF. I argue that the AQTF has not, and does not yet focus on the quality of teaching and learning processes in the manner suggested by Gibb (2003) and by my respondents above.

Quality assurance

The Australian Quality Training Framework (AQTF) which has been described in Chapter 4 provides the mechanisms for measuring the extent to which RTOs are compliant with the administrative policies and procedures it establishes. Here I have discussed the viewpoints about the AQTF expressed by the RTOs interviewed. Regarding the AQTF, they have reported that it

- formalised the processes and the documentation used,
- helped ensure client companies were more aware of their responsibilities in relation to delivery and assessment of their employees (especially if funding from government was involved),
- overcame the past deficiencies arising from the requirements for registration being too vague. In the past, RTOs thought processes had been left far too much to their own judgement and there was no one who would provide definitive advice. This was qualified by the comment that problems still existed due to lack of clarity of requirement in different states,
- '*culls out the bad providers*'
- '*It's good for the industry*' and that
- '*my AQTF is integrated with my QA system ... basically it fits in nicely with my quality accreditation (ISO 9000) and it makes my life a bit easier when both sets of auditors turn up.*'

As one Industry RTO Manager put it if you '*go back a few years* [before AQTF] *... it was unhealthy that anybody could become an RTO ...*'

Another Industry RTO stated that now that TAFE Institutes had to meet AQTF requirements as well, this made the playing field more level than it had been in the past. Nevertheless, others perceived that the playing field was still balanced in favour of TAFE Institutes.[73] Some of the reasons for this imbalance include recurrent government funding and TAFE Institutes having much greater access to resources and infrastructure than privately owned RTOs can ever hope to have.

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[73] Chapter 6 reports a view expressed by respondents to the Anderson survey (2005) indicating that restrictions imposed on the operations of TAFE Institutes prevented a level playing field being achieved – a somewhat contrasting view to that expressed by those I interviewed.

Not all those interviewed supported the AQTF – one enterprise provider thought that it was too complex. Also, one of the Industry RTOs believed that some aspects of the AQTF were too bureaucratic - although he conceded in the discussion that it *'might weed out the bad organisations …'* The meaning here of the term bad was not explored in the interview. However, from my own experience this can best be interpreted as those organisations which do not deliver relevant and appropriate training for their clients (a pedagogical issue) and which do not maintain adequate records of student outcomes (a QA issue). This comment also indicates that criticism of the potential impact of bad providers in bringing the sector into disrepute can come from authentic and reputable private providers as well as from the public sector.

Further areas of non-compliance identified by government auditors as unsatisfactory relate to AQTF Standards 7, 8 and 9. These cover whether trainers are qualified and whether adequate and appropriate training and assessment resources are in place. In addition, Standards 8 and 9 also expect attention to be paid to ascertaining learning needs and adequately assessing the competencies that comprise the qualification being delivered. The Standards emphasise whether the procedures are in place and will be carried out, not whether the outcome improves the quality in the pedagogy being employed (Australian National Training Authority, 2005).

One large Commercial RTO commented

> *… the AQTF would be more acceptable if it changed the quality of delivery and programs but it does not do that* [However further on in the interview she stated that] *the* [AQTF] *requirements made them do something to lift the quality of the processes which might not otherwise have been done … It means we have something operating across Australia and probably makes us stronger as a consequence … if* [a student] *transfers to another place in Australia doing the same course we know what the courses are because they are national …* [We] *always thought that having a uniform system was a good idea but by having the AQTF as a requirement it goes beyond a good idea … organisations know what the standard is for a uniformly offered course and this is helpful …*

As already stated, the implementation from 1 July 2007 of a new quality system known as AQTF 2007 intends to measure outcomes and may meet some of the above criticisms.

A number of those I interviewed felt that the implementation of the AQTF Standards did not guarantee better outcomes for students. As noted in an earlier chapter, one provider stated:

> *… I don't necessarily think that students see any difference … we always did evaluations … we always tried to have good teachers - I don't know that the AQTF makes them better teachers, I really don't …* [There was] *potential for the AQTF to be used as a positive thing when talking to parents and students but it is … cast in a role where we can't really do that …*

One view expressed was that AQTF requirements made little difference to the quality of the teaching performance of a good trainer. Having a compliance system which focuses on policies and procedures does not ensure RTO effectiveness or quality in relation to delivery and assessment. Indeed as an earlier quotation indicates, at least one Commercial RTO did not believe that the AQTF changed the quality of delivery. It only ensures that the trainer is qualified within the terms of the AQTF Standard and the trainer's performance in the classroom or elsewhere has not in any way been assessed as part of compliance.

One industry provider complained '*the instructors worry more about the audit than about the training'*. In small RTOs, I found anxiety and apprehension about the audit process. This apprehension has on occasions been well-

founded, as some government auditors have tried to impose their own stance on the RTO or have made pedantic and impractical interpretations of the requirements for small providers to follow. Yet, when the auditors received training under the AQTF Standards, they were encouraged to see their role as adding value. Data on non-compliances[74] confirm how few RTOs achieve a fully compliant audit. Praise or approbation of an RTO is rare and, knowing how hard some RTOs strive to meet the Standards set by the bureaucrats, it is disappointing to find their audit reports containing minor non-compliances. This can be extremely frustrating for the RTO when it has offered to fix the problem on the day of audit, but the auditor has refused permission. It is almost as if the government auditors are expected to find some kind of non-compliance.

Although there is evidence that a number of RTOs dropped out of the system when the AQTF Standards were first audited, the overall figures for total compliances have remained low. Of the average 20 compliance verifications per year which I have undertaken, only a very small number have had major non-compliances to be corrected.

On balance, it is my belief that the quality of processes of RTOs, brought about by the requirements of the AQTF, has led to an improvement in the quality of documentation in terms of administrative policies and practices but it does not guarantee any more than that. All RTOs, including TAFE Institutes, are required to meet the compliance requirements of the AQTF and are audited accordingly. This has not always been the situation. Even after the entry of privately owned RTOs, the Standards in place in Victoria were perceived as being applicable to the newcomers rather than to the established TAFE Colleges. This change can be seen as a positive contribution to improving the quality processes in place in TAFE due to the commercialisation of the system. TAFE Institutes are now audited and Institutes and private providers are subject to possible sanction if they fail compliance audits.

As a very small commercial provider put it:

> *… While we would always have to negotiate in the past what would happen – now we have to have documentation and it has to be signed off and this has made the companies much more aware of their responsibilities … and this flows through to delivery and assessment; things like having discussions of delivery and assessment method. … Our teachers always did this validation … at monthly staff meetings we shared materials and discussed what was being done … now we're documenting all that … we feel formalisation has been of benefit overall.*

Control over quality

I reported earlier that the motivations of RTOs for becoming registered included issues relating to quality. Quality control was one way that an Industry RTO described the quality issue. The Training Manager felt that, because the RTO was delivering the training itself, it did not have to depend on a local TAFE College. In his opinion, this meant that not only was the control of quality sustained but, more importantly, the RTO could ensure the training met its own needs. This regional Industry RTO maintained that the quality of its delivery was enhanced by providing '*live*' projects for its trainees to undertake as part of their training. Contracts for work were obtained from various businesses in the area and the training staff used this work as a practical way of ensuring the training

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[74] Data provided by OTTE to me as a TRC, indicate that fully compliant audits were rare events. For the period March to May 2003 only 2 per cent of all RTOs were fully compliant. For the period June/July 2003, 6 per cent were fully compliant while for October/November 2003, 7 per cent were fully compliant. For the period February to June 2004, only 3 per cent were fully compliant. The data are unclear whether these fully compliant audits relate to both AQTF and government funding audits but I believe both are covered.

for its students was relevant and of high quality. This regional RTO stated that *'basically we became an RTO to put in place quality control'.*

Enterprise RTOs also believe they have more control over the quality of their training as they are providing the training for their own employees. The other benefit perceived by all four of the Enterprise RTOs interviewed related to their knowledge of what to expect from any accredited providers they employed. This was best expressed by one Enterprise RTO which stated that

> ... [we are better] *able to judge the ability of an RTO we might use or better control the quality and relevance of what was provided by external RTOs in the areas that we did not have on our scope but required for our employees.*

Such views are not confined to Enterprise RTOs. Industry RTOs also felt that, where other RTOs have to be brought in to deliver, it has been possible to ensure a better quality of outcome than might otherwise have been the case. Reasons given for bringing in other RTOs include a higher than expected demand for a course or, to provide the training closer to the students if they are located outside the metropolitan area.

These RTOs are in effect wearing two hats. They operate as suppliers of training in one instance. In the other, they are acting as better informed consumers of services being provided to them by other RTOs. In this sense they are in a position to leverage change and raise the standards in the VET sector – at least in their perception.

Another industry provider asserted that it issued its own accredited credential to ensure that it maintained control over the quality of its program. It had developed the curriculum for its members but had licensed its delivery to a TAFE Institute. It believed that TAFE had the expertise in the field with which the Industry Association's course was aligned. However, the expertise was not, in its opinion, sufficient to justify relinquishing control over the credential it owned. This particular joint venture commenced in 1993 and, at the time of interview, was still in place.

One industry provider gave as its main reason for becoming an RTO to '*put in place quality control in terms of our course which has now been mapped to the Training Package.'*

Accredited training as a quality indicator

The extent to which the RTOs interviewed used accredited training provides a potential indicator of a degree of excellence. Training Packages, or courses which have been through a nationally approved accreditation process, are perceived as having an acceptable standard which implies quality. Data showing the range and type of Training Packages being regularly used by the 21 providers interviewed are presented in Appendix G. In addition, eight RTOs interviewed (four Commercial and four Industry RTOs) have gained accreditation for their own courses. Earlier data gave details of the extent to which the RTOs interviewed offered accredited training.

I recognise that quality is not guaranteed, just because the courses of an RTO are accredited. Nevertheless, evidence from the interviews helps supports this perception. For example, one Industry RTO felt that accreditation had given them *'greater recognition ... clients no longer asked how long a course was but asked if it was accredited ...'* In another instance, the CEO of a Commercial RTO saw accredited training as being '*good for the industry as* [we] *don't want mavericks coming in ... [it gives us] some control over the quality of training'.* The

perception has grown that accreditation adds to the potential for a better quality outcome than would be the case without it. In addition, users are better informed and more experienced in dealing with VET providers. It could also be partially attributed to the success of the system slogans in promoting the reform agenda.

My own experience with RTOs, both those interviewed and others for whom I have worked, leads me to the notion that the quality of materials and assessment practices varies considerably. I have seen excellent materials which a privately owned RTO has developed for its company clients. But I have seen other examples, including those from TAFE Institutes, where available training materials and assessment activities have been purchased and used without any adjustment or consideration of their relevance. As one small Commercial RTO indicated *'we need to design materials which will reflect the needs and skills of those who are being trained.'*

One Commercial RTO indicated that the reputation and skill of its specialist staff are the critical elements in its ability to attract students in a competitive marketplace. As he put it:

> *... where we will pick up students in spite of price ... usually comes down to being based on people's reputation ... they've heard she's good ... but if they're looking ahead they'll say well yes, it will be cheaper to go to another school but in two years time we'll be better placed to get a job ... This industry is more responsive to the schools' reputation ... You trade on the success of your graduates which in turn makes your school's reputation ... [Our] teachers also teach in ... summer schools ... [interstate] ... and [our] annual performances help keep the name of the RTO in the market place ...*

He thought the reputation (i.e. the quality) of the staff and the graduates had been the differentiating factor in his ability to compete - even though the fees of his competitors were usually lower because they received government subsidies. Another reason for the continuing success of this RTO was, he believed, the fact that the students had opportunities to perform for the public. This enabled them to practise their skills while undertaking their training and gaining skills which made them more employable. This level of integration and connectedness with the industry adds to the authenticity of this provider. The reputations of its staff and the participation of its students in public performances add to a perception by its potential clients that it is engaged with the industry in which the students ultimately hope to be employed.

The examples I have recounted demonstrate, in a number of ways, that privately owned RTOs believe that quality outcomes are achievable. In particular, the reputation of staff, the relevance of the RTO's materials and assessment and its ability to control quality form part of this notion. All of these suggest a degree of excellence or a level of superiority. Further, they demonstrate an alternative perspective to the adverse opinions expressed from time to time about the perceived lack of quality of various aspects of private providers' operations in the open training market.

Indeed one industry provider which only used experienced industry practitioners to deliver its training claimed that '*... private providers can provide a better quality of training* [than TAFE] *... and people who can afford it will buy that training...*'

The comments reported here from practitioners, together with the high proportion of accredited training delivered by the RTOs interviewed, and their survival and success over more than 10 years, support a judgement that, overall, attention to quality is a significant issue for the providers involved in this study. These RTOs desire quality outcomes for their client groups, whether companies, individual students or other organisations. The continuing

support received through repeat business and word-of-mouth recommendations further substantiate this judgement. The examples also suggest that the VET system has consumers who are now better informed and more sophisticated than they were prior to the entry of privately owned RTOs.

Other quality indicators

The use of a variety of new technologies applied to the delivery of training through on-line availability or e-learning material development is another potential area in which it might be possible to demonstrate a higher quality outcome. Alternatively it could be seen as a way to meet client needs. For example, one Industry RTO has developed on-line material for those schools whose students found that their existing school timetable prevented them attending some of the timetabled course. Two of the Enterprise RTOs mentioned that they were devoting resources to develop e-learning materials to increase the flexibility of the learning opportunities for their employees undergoing training. However, on balance, I find it difficult to support the viewpoint that new technology of itself will result in a better quality outcome. The examples mentioned seem to suggest that having more sophisticated technology will enhance the flexibility of learning rather than necessarily guaranteeing a better quality result.

The consistency issue

The earlier section in this chapter on quality assurance opens up the issue of perception by RTOs and their staff about the consistency with which auditors, TRCs and bureaucrats apply the AQTF Standards at the micro level. In addition, the increased diversity of the system has the potential to reduce the extent to which the VET system remains both nationally consistent at the macro level and locally consistent at the micro level.

From my own experience, and from earlier parts of this study, it is apparent that a lack of consistency in application of the quality assurance approaches has added to the tensions and frustrations of many RTOs which are trying to meet the requirements of the regulators in the state in which they are registered. Earlier chapters have indicated the extent to which inconsistencies exist between the states implementing the national standards and, this in itself is a cause of great concern and frustration for those RTOs operating nationally.

It is also apparent from my research that the goal of national consistency has been achieved with a degree of success. Chapter 4 details the frameworks which were put in place nationally, mainly with a view to achieving national consistency in the VET sector. Here I want to focus on the extent to which these frameworks met that objective.

The development and application of the Australian Qualifications Framework (AQF) levels since 1995 has meant that RTOs nationally have a set of standard qualifications levels from Certificate I to post-graduate university qualifications. This is one aspect of national consistency which has been successful - RTOs nationally are required to use this standard nomenclature and users and providers nationally accept that these qualification levels apply to accredited training.

The implementation, between 1992 and 1998, of the National Framework for the Recognition of Training (NFROT) further added to the efforts to ensure national consistency. It laid down the principles which should apply for accreditation of courses, registration of training providers, credit transfer, recognition of prior learning, and

assessment. This framework set out 10 accreditation principles and courses which were to be met if the RTO was to be nationally recognised. This forerunner to the Australian Recognition Framework (ARF) and the Australian Quality Training Framework (AQTF) was a macro approach to these issues, but as each state was responsible for the implementation of the principles in the NFROT it left open the possibility that the states would adopt their own interpretations of the principles and, to that extent, inconsistency at the micro level was still a possibility.

The ARF came into being in 1998. As Chapter 4 explains, it was intended to reinforce the mutual recognition of qualifications between the states, and to eliminate the need for an RTO registered in one state to be recognised if its training and assessment services extended to other states. This particular framework further enhanced the potential for national consistency in relation to portability and recognition of qualifications. With the arrival of Training Packages, from 1997, additional support was given to the concept of being nationally consistent.

The last framework, the AQTF which is examined in Chapter 4 and again in Chapter 6, has had minor adjustments made to its Standards, but fundamentally it set out fairly detailed requirements for RTOs in relation to their administrative processes. This QA system has been discussed in various parts of this study. What emerges from its consideration is the perception that its intention was to further improve national consistency in that it enabled RTOs to be aware of what requirements were to be met if they were to comply with these Standards. At the national macro level it could be said that it was hoped that this QA system would add to the potential for greater national consistency.

From an RTO perspective, the VET system's macro goals of national consistency achievable under these frameworks were not at odds with their own objectives. However, the issue has been with the implementation and interpretation of these frameworks – particularly the AQTF – in each state and between states. As my research indicates inconsistent and varying interpretations occur, not just between states, but also by those responsible for monitoring and auditing the compliance with these Standards within a state – I refer in particular to Victoria.

Here we find a divergence between what is desired at the national level by the policy makers and what happens at the state level in the application of the 'rules'. In that sense, the system voice is not in unison. Earlier chapters have documented the issues, frustrations and tensions expressed by the RTOs operating on the ground about the inconsistency at the micro level of the application of the requirements – whether imposed by government auditors, the regulators or a TRC who is expected to verify the extent to which non-compliant elements of the Standards have been rectified.

My concluding chapter takes this issue up again.

Reinforcing the diversity of the VET sector

Both this, and the previous chapter, provide many examples of how much diversity there is in the training market since the entry of privately owned RTOs. From the time the legislation to open up the market was introduced in 1991, the number and categories of RTOs in Victoria have grown and added to the diversity which now exists. Prior to 1991, TAFE Institutes did not all have training available in the industry sectors in which training is now available. They operated with government recurrent funds and, although their size varied, there would have been

few TAFE Institutes which could have been regarded as small providers. Their operations did not extend into overseas or interstate markets. They did not have to compete with RTOs for funding for special programs for apprentices and other trainees. TAFE Institutes were expected to meet the needs of the disadvantaged to some degree. It is acknowledged that in relation to this last mentioned point, little has changed.

My own experience over the seven-year period as a TRC, between 2000 and 2006[75], adds to my claim about diversity. The 10 Enterprise RTOs which sought my assistance to become registered as RTOs varied significantly in size. More particularly, they operated in a number of sectors including manufacturing, construction and the services sector, encompassing transport, repairs, maintenance, and sales of machinery.

In the commercial category, of the 50 organisations which used my services for the purpose of gaining RTO status, a number were single operators. The CEO was the sole trainer. Although incorporated in most instances, the CEO, at least initially, planned to manage and train his or her clients without assistance from any additional employees. Other intending RTOs were well established companies or organisations seeking to expand their existing operations. In these instances, the fields in which they operated included personnel and recruitment, on-line training delivery and assessment, the beauty industry, the funeral services industry, financial services sector, software development and computer training, to name only a few. RTOs in Victoria operate across a variety of areas and this has continued to broaden over the years that I worked with these clients.

If the additional 60 or so RTOs for whom I have undertaken a variety of tasks, ranging from compliance verification, extensions to scope, internal audits or re-registration, are taken into account, even more diversity is evident[76]. My client RTOs are engaged in training in the complementary medicine area (i.e. massage and naturopathy); information technology, the hospitality and tourism industry, aviation, transport and distribution. In addition there have been Commercial RTOs which offered training in specialist areas like first aid, occupational health and safety, food safety and fire safety areas. The needs of these RTOs differed according to the size of their operation, the extent of their involvement in accredited training and whether they received government funding under the PETP or ATTP schemes.

Without the entry of private providers much of this diversity described for the period post 1991 would have been absent. Few of the RTOs with whom I have had contact have been in a position to offer training places on a fee-for-service basis to disadvantaged students as they have not been eligible for government support for doing so. Two privately owned RTOs in particular, were unable to enrol students with special needs, such as hearing loss or autism. This was, in each case, because they were not able to gain government funds to assist them meet the special needs of such students. Commercial RTOs are not normally in a position to provide the extra care required without such funding.

However, I should add that one contribution made by privately owned RTOs, which has largely gone unnoticed, is where organisations which run schools or nurseries for intellectually impaired students become RTOs and offer

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[75] Table 5.3 demonstrates the increase in the numbers of privately owned RTOs in the system and although this itself is not enough to prove diversity has increased, it can be argued that this, together with the evidence cited in this and other chapters, indicates a substantial change in the extent of diversity in the system.

[76] I was one of 22 TRCs and nearly all of them dealt with all areas of industry so that other TRCs may have had a diverse range of clients in a variety of industries.

Certificate I qualifications for such students. These RTOs have developed special visual content and assessment which meets the requirements of the qualification and enables their students to gain an AQF qualification which adds immeasurably to student confidence and self esteem.

In conclusion, Dumbrell's study (2003) found a number of similarities with my own findings. In general terms these include

- a recognition of the need to focus on customer needs,
- tensions in dealing with more than one state in terms of mutual recognition,
- lack of communication by State Training Authorities with RTOs,
- perceived complexities in the system,
- co-operation between the RTOs and TAFE Colleges and
- the greater flexibility that privately owned RTOs were able to offer employers compared to those in a TAFE Institute.

Other findings from the Dumbrell survey of relevance in the light of my own results and the rhetoric used in the system included, in general terms, "the benefits of an <u>industry-led</u> approach were seen to be: more innovation in training provision, improved industry awareness of training … [and] training is now more attuned to enterprise needs" (2003, p. 3).

Dumbrell also found criticism about Training Packages as follows:

> The substance of this criticism of the training package was that industry and RTO consultation had been done almost as an afterthought and seemed more designed to show that consultation had occurred rather than to undertake the task as a genuine exercise … (2003, p. 3).

However, this appears to have been an isolated criticism as the statement goes on to say …

> … most other respondents [commented] favourably on the content of training packages [and] there was a perception that the process of reviewing training packages was becoming more efficient and leading to better products (2003, p. 3).

Summing up

In this chapter, I have focused on the voice of the providers. Quotes from the transcripts give examples of the way that the privately owned RTOs interviewed for this study, meet client needs. To achieve this goal they differentiate their services, ensure relevance of their training for the clients they service, display adaptability in various aspects of their operations and respond rapidly to variations in supply and demand. The way in which these RTOs perceive achieving quality has also been canvassed. These opinions have been based on their practical experience in the field and tend to confirm that the major emphasis is on the quality process for audit compliance under the AQTF. However, quality of outcomes has also been an important issue for these RTOs, as this is one way in which they can demonstrate that they have met their clients' needs and also gain repeat business from these clients.

The perception that accredited training is an indicator of quality has been examined and the evidence demonstrates the extent to which RTOs extend their coverage of accredited training, either through the use of additional Training

Packages or by having their own courses accredited. My interpretations are augmented by my insider view of RTOs.

My discussion on the consistency issue highlights both the successes and the shortcomings which are apparent. The shortcomings particularly relate to the divergence between what is desired nationally and what occurs at the RTO level.

The extent of diversity which is found in the operations of the privately owned RTOs with whom I have contact is substantial. I suggest that this diversity would not have been possible without the commercialistaion of the training market.

I recognise that these features may not all emerge if a different group of RTOs had been interviewed. However, the RTOs interviewed are broadly representative of the sample of the private provider population in Victoria at the time of my study.

Chapter 8 – Making a Difference?

Introduction

I have come to the end of my journey. In this final chapter, I review my research question. In the process I aim to "illuminate, explain and interpret" (Garman, 1996, p. 22). The road has been long and, at times, I have revisited my road map to ensure that the study remains on track. Indeed in a thesis of this kind, it is perhaps inevitable that my route has led to some dead ends. I have also re-examined parts of the route in order to reach my final destination.

My question was: How has the nature and scope of the VET system in Victoria changed as a result of legislation which enabled privately owned RTOs to provide government accredited training? At the macro level, I have appraised the contribution to the changes which can be attributed to the voice of the system. I have also assessed the importance of the changes in the system at the micro level, mainly through the voices of the providers. It is my intention, in this concluding chapter, to add my voice to the discussions, based on the findings of my investigation.

However, before I proceed with my final argument, I want to review briefly what I have covered in earlier chapters.

Recapitulation

In my introductory chapter, I stated my research question and set out the background, purpose and scope of my study. I also presented an overview of the contents of each chapter. In articulating the key research question, I explain how my extensive experience in the sector enables me to add another voice to those of the VET system and the providers.

In Chapter 2, I explain and justify the interpretive methodological approach I have adopted. I outline the benefits perceived from using multiple methods, and set out the design of the research, likening the various approaches to the strands of a rope. I also specify a number of sub-questions which I answer as the study proceeds. The multiple methods adopted include a limited comparison with other research studies of relevance. My rationale for the collection of both historical and economic data is explained. I also describe, in some detail, my various roles in the VET sector, to justify why my voice makes a contribution to my study. I have set out why I adopted semi-structured interviews as my interview method, and I justify the use of purposeful sampling as the means of selecting the RTOs to be interviewed. The use of framing analysis as a theoretical tool is described, as well as how 'framing' of the policy agenda, through the use of slogans, seeks to communicate in a simple fashion, the reform objectives desired by public policy makers. In this chapter, I also introduce the concept of a policy discourse which is abstract and de-contextualised and which contrasts with the discourse of practice represented by the experience of RTOs on the ground.

In Chapter 3, I examine the ideological drivers which lead to the emergence of economic rationalism. I present and clarify the meanings of the key concepts and terms which I draw on in the study. The meanings of the rhetoric which policy makers use to communicate their desired reforms are interpreted through an examination of the documents and publications emanating from government and semi-government reports. In some instances, I also re-conceptualise the slogans in the light of the findings from my interviews.

In Chapter 4, I explore the shifts which have occurred in VET, in Victoria and nationally, to paint a picture of the shape of VET. I present a chronological chart which identifies the plethora of events and reports which have been published. Many of these reports have played an important part in influencing the changes which have occurred. I examine a number of the Frameworks which have contributed to the federal government's hope for achieving national consistency in the VET training system.

In Chapter 5, I provide the evidence of growth and change in Victorian RTOs, particularly privately owned RTOs. The profile and composition of the Victorian VET sector is documented and the strong growth exhibited in the total number of RTOs has been recorded. Where appropriate, my findings are compared with those of other studies. A brief discussion of the role of user choice and competitive tendering in Victoria is also covered in this chapter.

The data collected from the interviews of privately owned RTOs add richness and detail to the canvas in Chapter 6. Here I identify the characteristics of the RTOs interviewed. I also describe the types of courses these RTOs delivered, the predominant Training Packages in use, the extent of their accredited training, the markets in which the interviewed RTOs operate, their modes of delivery and their clientele. Findings from other studies and my own experience as a Training Recognition Consultant (TRC) provide an additional perspective. Other areas explored in Chapter 6 include a profile of the services the RTOs offered, the extent of competition and collaboration between RTOs, staffing arrangements, the rationale and the perceived benefits RTOs expressed for seeking registration. Also discussed in Chapter 6 are the approaches to networking, innovation and the tensions which are perceived to exist by the RTOs I interviewed. The interview findings highlight the extent of the diversity I found in the way RTOs operated.

In Chapter 7, the voices of the providers are heard through quotations from transcripts and my interpretation of the interviews. I illustrate, amongst other things, how these privately owned RTOs are responsive, develop relevant training, meet the needs of their clients, display adaptability and demonstrate innovative practices. The role of quality and what the RTOs believe this means is discussed. The problematic nature of consistency is raised again. I also include aspects of my insider view of RTOs.

So I come to this final chapter and the need to definitively address my question and the implications of this study. In a nutshell, this concluding chapter discusses the following findings:

- That the Victorian VET system has changed considerably with the introduction of private providers which was enabled by the 1990 legislation. The extent of diversity found in the VET system is greater due to the entry of privately owned RTOs. However, increased diversity leads to greater complexity and reduces consistency. The entry of privately owned RTOs is partially responsible for the greater complexity of the VET training market. I debate the consequences of this increasing complexity. In addition, I find that a distinction needs to be made between the objectives of national consistency and consistency of practice at the provider level, particularly in the audit and administrative processes applied within state boundaries. I highlight some of the tensions and frustrations which exist in the VET system over this consistency issue.

- That competitiveness and choice have increased at both the micro and macro level since the training market was opened up to private providers. I discuss the role played by the entry of privately owned RTOs in relation to these two features.

- That privately owned RTOs are responsive in a number of ways including differentiation of their services, focusing on client needs and meeting changes in the training environment quickly and decisively. Their presence has influenced the responsiveness of TAFE Institutes in Victoria, although it appears there is room for further improvement.

- The degree of flexibility and adaptability in the VET training system is enhanced by the opening up of the training market. However the examples reported by privately owned RTOs have yet to be fully emulated by TAFE Institutes. Nevertheless, the adaptable practices of these RTOs provide an additional option for users of the system.

- The many facets and the problematic nature of quality, provide continuing cause for concern. However, there is a perception by users of the system that quality outcomes are being delivered by privately owned RTOs, at least in terms of fitness-for-purpose, and in the knowledge and expertise about training needs that a number of RTOs demonstrate. Compliance and accreditation processes have made a contribution to the perception of users about the quality of the training market in Victoria.

- RTOs have described a number of practices which they perceived as innovative. In addition, a number of their standard practices are in my view innovative. It is believed there is a need to communicate as widely as possible these examples of innovation (which in the main have not received government funding support).

- Employers who operate throughout Australia greatly valued the attainment of national consistency at the macro level. However, RTOs operating at the micro level expressed considerable frustration about consistency at the State level.

- An increase in the complexity of the VET system was widely acknowledged by stakeholders. Ways need to be developed to increase the level of understanding about the system and to gain acceptance that the benefits of the increased complexity outweigh the perceived concern expressed by some.

- Finally, the consequences which emerge from my investigations are considered for a number of stakeholders, including policy makers, private providers, public providers and VET researchers.

Diversity re-examined

Diversity is apparent everywhere in today's VET training market. The entry of different categories of RTOs into that training market, including privately owned RTOs, has meant users can now choose from a diverse group of registered training providers. This contrasts with the situation prior to commercialisation when TAFE Institutes were the only providers of accredited training.

The day-to-day operations described by privately owned RTOs also illustrate considerable diversity. I found distinctions both between and within the different types of RTOs studied. Their practices on the ground vary substantially in a number of respects. For example, the RTOs I interviewed provide training from a wide range of courses. Substantial variations also exist in the breadth of their markets, and in the client groups they service. In addition, the range of approaches applied for the delivery of training is diverse. My own experience as a TRC confirms the disparity found in the size of privately owned RTOs and in the multiplicity of industry sectors in

which they operate. This marketplace diversity is substantially due to the entry of privately owned RTOs which include, as noted earlier, enterprise, industry and commercial providers.

Much of this diversity is laudable – and it has been actively sought by policy makers. Nevertheless, the variety exhibited by RTOs who were interviewed for this study has a downside. It is apparent that all this diversity adds to the complexity of the VET system in the eyes of its users or clients. RTOs believe that complexity is not just an issue for their clients, but it is also part of the operational problems they face on a daily basis. This is to some extent because the requirements of each of the State Training Authorities vary. Variation is also partially caused by the constant changes made by government at state and federal level. These differences are exacerbated in Victoria because interpretations by government auditors and TRCs also differ. This in turn results in a degree of uncertainty about an RTO's levels of compliance with the AQTF.

Competitiveness and choice in the training market

In this section, I examine the extent to which increased competition has occurred from two standpoints. The first is at a macro level, in terms of the catchphrases used by policy makers. I discuss the extent to which the training market is more competitive, and enables more choice, as a consequence of the VET sector being opened up to private providers. The second viewpoint is at a micro level, as it relates to comments of the RTOs interviewed about their perception of the extent of competition they face from others and to its effect, if any, on their operations.

The macro concept of increased competitiveness implies that more suppliers (mainly private providers) are now competing with those who were already in the accredited training market (i.e. the TAFE Institutes). The rhetoric about opening up the training market to competition and the expected benefits arising from it has been canvassed in earlier chapters. Here I want to focus on whether a competitive market has emerged and to what extent this competition arises because of the entry of privately owned RTOs into the VET sector.

As discussed in an earlier chapter, more suppliers operate in the Victorian VET sector training markets than prior to commercialisation. Clients of accredited training are offered more choice. Competitiveness has also increased by actions of the Victorian Government through its competitive tendering and the allocation to privately owned RTOs of user choice government funding. Prior to 1991, TAFE Institutes had been the only recipients of recurrent government funding for accredited training and the only providers of accredited training. However the extent of deprivation of funds for the TAFE sector, due to the flow of funds to privately owned RTOs after 1991, is difficult to assess as government funding overall has increased over the period.

A wider choice of providers offers clients the possibility of finding the most appropriate accredited training to meet their needs. This may incorporate or focus on delivery method, timing, customisation, contextualisation and building long term relationships with the client. Furthermore, if user choice government funding is available for the client, the advantage to that client may be seen as more beneficial than merely increased choice.

The issue has been, in my view (and I am not alone on this matter), that the VET system has not explained adequately or promoted user choice funding sufficiently, nor promoted the benefits of greater choice to the users.

Unfortunately, not enough clients in the system have learnt or have been willing to shop around to find the best accredited provider to fulfil their specific requirements. Admittedly this is sometimes because the intending user of the system has not known what to ask in order to make an informed decision and to qualify for any funding available.

The intention that the presence of private providers in the training market would increase the competition which TAFE Institutes faced appears to have been fulfilled. Anderson's survey (2006) confirms a fall in the dominance of some areas of the training market by TAFE Institutes. However other consequences arise. For example, an additional informant who was interviewed described how TAFE had moved into areas such as business services and complementary medicine, which had previously been serviced by non-TAFE providers.

A number of TAFE Institutes now provide training beyond state borders, and this is normally on a fee-for-service basis. In some instances, TAFE would be competing for a contract in competition with privately owned RTOs. But the range and breadth of TAFE Institutes' training services is not solely determined by client needs. Rather each state government acts as a purchaser of student places on the one hand, and as a funding provider to TAFE Institutes on the other. The funds which flow to TAFE Institutes from their state government are allocated according to that government's perceived priorities. These priorities may not always coincide with the needs of industry.

The impact of privately owned RTOs on the supply of training cannot be fully established without market share data. We do not know whether the market share of accredited training held by TAFE Institutes has declined as a consequence of the entry of new providers or for some other reason. It is just as possible that an overall growth in training has enabled TAFE's share of that market to remain unchanged.

Turning now to focus on the micro level: the issue is what the RTOs I interviewed thought about the extent of competition. As mentioned earlier, Commercial RTOs in particular perceive the extent of competitiveness in the market place as a significant issue for them. Some see TAFE Institutes as their major competitor. These RTOs referred to the advantages they thought the larger TAFE Institutes had in relation to price, volume, resources, branding, infrastructure and status.

However, privately owned RTOs generally recognise that the TAFE Institutes also suffer a disadvantage due to their size. Furthermore, TAFE Institutes face structural constraints in that they are bound by the terms and conditions of employment for their unionised workforce and subject to government regulations and 'red tape'. It is difficult for them to respond quickly to changes in the training market. This gives the smaller, more flexible non-government RTOs a competitive edge. Hence, relatively less encumbered, the privately owned RTOs have shown that they are 'quick-on-their-feet' and adept at responding rapidly to changes in the market.

The impact of private providers on the VET system is not necessarily influenced by the size of the RTO. Of the four RTOs interviewed which clearly operated in niche markets, two were medium and two large in relation to their throughput and they faced very little competition. The needs of their client groups were met to a high degree of satisfaction if repeat business and continuity of operations are accepted as indicators of this. If the training market in any of these areas expands significantly, it is logical to expect that new entrants will be attracted into that area,

thus resulting in the existing RTOs facing stronger competition. Yet these niche providers have survived and prospered. Thus it would be reasonable to conclude that the services they provide, and the outcomes they achieve, are good enough to protect them from competition and, in a sense, act as barriers to entry for new entrants.

Another way of viewing one's competitive edge was raised by a Commercial RTO which believed that its advantage over TAFE Institutes and other competitors lay in the reputation of its trainers and graduates. Furthermore, it was felt that the opportunity for its students to perform publicly enhanced their employability adding to the perception that this RTO is a successful provider with a competitive edge over any rivals.

The example of training market failure, identified by Anderson and Gallagher (D. Anderson, 2006; Gallagher & Anderson, 2005) highlights how it is possible for unscrupulous RTOs to gain government funding and not perform to the level of quality expected. However, even demonstrated market failure, undesirable though it may be, does not prevent the market being more competitive. Lack of perfect competition does not preclude benefits arising as a consequence of the entry of new providers who ultimately increase choices for users.

The entry of privately owned RTOs has increased the nature and extent of competition in the Victorian VET sector. Whether the actual competition is perceived or real, there are more providers offering accredited training. The number of sellers, or suppliers, in the market place has increased. In this sense, the choice for those buying the services has increased because competition at the micro level has expanded.

Responsiveness reviewed

As this research demonstrates, 'responsiveness' is a much used catchphrase by government representatives, even if the precise meaning of being more responsive has not always been clearly enunciated. Its meaning has been subject to different interpretations by the training system and by the actions of the RTOs I interviewed. The concepts of 'being client focused' and/or having 'closer links with industry' and providing 'demand driven' training are some of the meanings assigned to this term by government reports and researchers in VET. Whatever the interpretations however, the contribution by privately owned RTOs to improving responsiveness is significant. This contribution is illustrated throughout this study.

Without the presence of privately owned RTOs, the skill training needs the government saw as priorities could not have been met as expeditiously. It is evident that privately owned RTOs are capable of responding quickly and decisively to changes in demand. The proportionate increases in the amount of funding applied to competitive tendering in Victoria, although not believed to be sufficient in many eyes, have allowed private providers (particularly privately owned RTOs) to deliver accredited training which the government judged was a matter of priority in terms of industry skill needs (Australian National Training Authority, 2003a). Furthermore, the ability of the VET system to respond to industry needs is enhanced by private providers whether they attract government financial support or not.

My study has not explored the extent to which TAFE Institutes in Victoria have acted in a more responsive fashion since 1991. It does however, report the perception of my respondents. The CEOs of privately owned RTOs interviewed, perceived that TAFE is shifting to follow them in the market. Some other evidence also supports this

view. Mitchell's (2007) regular "Inside VET" column in *Campus Review* for instance, has in recent years consistently highlighted TAFE Institutes shifting their practices towards greater responsiveness, flexibility and entrepreneurialism. The recent work of the NCVER managed research consortium[77] confirms both that this shift is happening and that publicly funded RTOs still need to be more responsive.

One of the interviewees in an Enterprise RTO was an ex-TAFE teacher and she expressed the opinion that

> *... My feeling was that TAFE was becoming very flexible anyway ... I was in TAFE ... I thought TAFE was actually very good ... we were going out to industry and doing all kinds of things for industry ... so I'm not sure ... I think the main driver for a different way of doing things has been industry ... insisting that TAFE went out to their sites ...*

'Differentiation of services' is another way to think about responsiveness. Differentiation of services describes the ways in which the RTOs interviewed indicated they had acted to provide customer service and/or meet the demands of their client groups. This is a more proactive way of looking at responsiveness than that suggested by the system rhetoric which saw responsiveness more in terms of abstract and decontextualised exhortations to be 'client focused' and to have 'closer links with industry'. The respondents in this study are not simply reacting to clearly articulated demand; they are actively anticipating industry/client needs, developing products and services, and putting them into the market place to win business. Chapter 7 provides specific examples of the way privately owned RTOs have put this proactive concept of product or service differentiation into practice. Service differentiation is a specific feature which can be attributed to the entry of privately owned RTOs into the training market. One example in particular (given in Chapter 7) relates to the way Commercial RTOs approach the task of ensuring their training is pertinent and meets their clients' needs. Most TAFE Institutes have not yet exhibited the same degree of differentiation in service provision as the RTOs I interviewed. The public VET sector would benefit if the examples of responsiveness expressed by the privately owned RTOs in this study, could be promoted and publicised to further demonstrate to TAFE Institutes the potential gains from increasing their level of responsiveness.

At this point, having reviewed the evidence, I would judge that privately owned RTOs have made a positive and important contribution to the Victorian VET sector in terms of responsiveness. Furthermore, these RTOs have provided demonstrable recognition of the importance of providing customer service, and meeting client needs in whatever way proved appropriate for the client group being serviced. The impact of private providers has been positive in moving towards a demand driven training market. My enthusiasm needs to be tempered, however, by recognising that my evidence relates to a relatively small purposeful sample of privately owned RTOs. Though, as noted earlier, the sample does broadly reflect the composition of private providers within the system, it is biased in so much as the providers sampled are survivors, having been in business for more than 10 years. Nevertheless, to the extent that the sample may be representative of a wider group of RTOs, I would maintain that, overall, the

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[77] The research consortium known as *Supporting vocational education and training providers in building capability for the future* comprises researchers from a number of Research Centres, based in University of South Australia, Canberra Institute of Technology and the University of Technology, Sydney respectively. It has received government funding and is managed by the NCVER. Its main aim is to investigate how training organisations will respond to future changes in VET provision (Harris, Clayton, & Chappell, 2007).

behaviour and practices of privately owned RTOs have led to significant changes in the nature and scope of the Victorian VET system.

Flexibility revisited

Earlier chapters identify how the slogan 'flexibility' is interpreted. The meanings given to flexibility have changed somewhat over time in VET, and the entry of privately owned RTOs has brought other types of flexibility into focus. The call for flexibility by policy makers has been in response to a perception that publicly funded RTOs are rigid in the way they approach their training processes – whether it is the enrolment period, the timing of classes for their students or other embedded rigidities. There is a perception that all users can conform to these training arrangements. This perceived inflexibility has been largely overcome by the opening up of the training market, partly because companies can now find providers who will deliver accredited training at times, places and through methods which suit the company. Some enterprises have become RTOs themselves, and others have expected the RTOs they engage to meet their requirements in this regard.

To distinguish the interpretation of flexibility which flowed from the rhetoric of policy makers from that described by the RTOs interviewed, I use the term 'adaptability'. Even now, a marked contrast exists between the privately owned RTOs and TAFE Institutes in relation to adaptability. This difference is epitomised by examples of flexible enrolment periods and creative timetabling arrangements. TAFE Institutes, on the whole, still nominate a particular period for enrolment and arrange the length of their programs to fit in with their pre-determined semesters. By and large, a regular time slot is also applied for any course on a weekly basis. By contrast, as discussed (in Chapter 7) the private providers interviewed were using continuous or on-demand enrolment processes and program scheduling aligned to the ebb and flow of their industry clients' business operation. This marked distinction between privately owned RTOs' arrangements and those of TAFE Institutes illustrates the impact privately owned RTOs have had on flexibility in the training market. In one way, it shows how private providers have not fully succeeded in influencing TAFE Institutes on the degree of flexibility exhibited. However, the privately owned RTOs do provide an alternative to TAFE Institutes for those users to whom adaptability and flexibility are critical issues. Further, the adaptable practices identified in earlier chapters provide a model for public training providers to consider if they wish to compete on these grounds.

The problematic nature of quality

'Quality' is another word which is frequently heard in the VET system. Unfortunately its frequency of use does not make it easier to gain agreement about its meaning (Blom & Meyers, 2003; Gibb, 2003). The meaning of quality remains problematic, as my penultimate chapter demonstrates in some detail. The ultimate assessment of quality is so often in the eye of the beholder, depending on the perception and experiences of those judging quality, and the degree of acceptance of the way it is being assessed. At the provider level, even possessing high quality resources in the form of trainers' guides, learners' guides and assessment activities can go to waste if the trainer is not adequately experienced and/or skilled enough to use the materials or to facilitate the training process.

Both the VET system rhetoric[78] and the RTOs interviewed perceive quality as important; whether both mean the same thing, however, is a different matter. Formal quality assurance processes through the AQTF are believed by government to help achieve quality outcomes, but this emphasis on the quality of administrative processes is clearly not sufficient in relation to the quality of teaching and learning. I make this assertion as the newly implemented 2007 AQTF Standards have extended the assessment of compliance to include indicators of quality outcomes and to shift the quality debate more towards determining the quality of teaching and learning.

Surely the best way to judge the quality of outcomes is not through some general and uniform measure which deals only with a macro view of quality, but rather by assessing the extent to which the provider of a course or qualification continues to work with the client through repeat business, or gains more work through word-of-mouth. The extent to which this assertion applies to those RTOs interviewed has been examined in Chapter 6. In claiming this however, I acknowledge even this is not an absolute guarantee of quality. Adopting a critical stance, I can see that other issues may be involved. For instance, wherever there are substantial amounts of government funding involved, there is always the possibility that some RTOs in the system, both public and private, may lack a genuine and honest approach to training delivery - or they may lack the integrity and/or the capability to deliver the outcomes implied or expected through government funding. The example of training market failure (Gallagher & Anderson, 2005), referred to earlier in this chapter, reinforces the possibility of corruption within the system. However, the introduction of the AQTF was intended to address these sorts of issues and ensure, as far as reasonably possible, the integrity of the system.

So, I acknowledge there are no absolute guarantees. However, assuming that we do, on the whole, have basic integrity within the system and I believe this is the case, then I am arguing that the survival of these privately owned RTOs over an extended period of time, and their capacity to win repeat business and new clients by word-of-mouth, is a reasonable prima facie indicator of quality.

Both users and RTOs also see the process of registration as a means of judging quality but it remains problematic what quality means in that context. It may well be that the fact certain hurdles have to be jumped in order to be accredited, makes it likely that the quality of a provider who has gained registration is better than training organisations which have not become RTOs.

Contextualisation and customisation of training as quality issues

Before the entry of private providers, the Victorian training system lacked the incentive to contextualise and customise the training it provided to meet the needs of its client groups.[79] Certainly, the findings from this research point to a potential for highly relevant contextualised and customised training to be more widely available. Relevance is another way of enhancing the quality of training on the ground. I found strong support for the importance of relevant training by each category of RTO I interviewed. Although there is still much to be done for

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[78] Examples of this emanating from the State Training Board have been reported in Chapter 3.
[79] One of the principles of NFROT (discussed in Chapter 4) was the expectation that providers would customise their courses to meet the needs of their clients so long as they maintained the integrity of the courses (Office of Training and Further Education, 1992) and certainly my interviews indicate that this was done by many private providers.

relevant training to be provided by all types of RTOs; the entry of privately providers into the VET sector has certainly caused an improvement.

Ensuring fitness-for-purpose is also applicable. As discussed in earlier chapters, some niche providers possess training facilities that enable simulation of a work environment, and/or organise field work at sites which represent the type of workplace in which the students are already employed. Another example, given earlier, relates to the large national Enterprise RTO which uses its company employees as trainers. They are required to spend time 'on the floor' periodically to ensure their continuing authenticity. These examples demonstrate that fitness-for-purpose is another way in which privately owned RTOs believe they can ensure the needs of their clients are met by the delivery of practical and relevant training.

The impact of the privately owned RTOs delivering relevant and fit-for-purpose training has the ability to act as a demonstration effect for all RTOs in the VET sector. The issue then becomes the extent to which the improvements that relevance makes to the training offered by privately owned RTOs, can be shown to have enhanced the quality of outcomes for that group of RTOs. It would be beneficial to users to demonstrate that appropriate resources and/or methods of operation, which facilitate and focus on fitness-for-purpose, are an important consideration for all types of RTOs which desire to succeed in a commercialised system.

The knowledge and expertise that privately owned RTOs exhibit have also assisted in changing the nature of the Victorian VET system. This claim is based on the views expressed by the RTOs interviewed. They felt that their own knowledge of the VET system, gained through being an RTO, provided them with a much better ability to judge the quality of other RTOs. Thus when purchasing training from other RTOs, they are able to establish the standard they expect. If they had not themselves become RTOs they would not possess this capability. Furthermore, this ability to make judgements about quality can assist to manage the risk and to minimise the likelihood that those few providers, which lack the integrity and honesty in delivering genuine and useful training, will remain in the system.

Building the capability of all types of RTOs in the system to provide highly relevant contextualised and customised training is an important goal to be pursued, by whatever means possible. It could be valuable if the State Training Authority (STA) highlighted and publicised the advantages to be gained from private provider practices of customised and contextualised program development. It would also be helpful if the STA managed professional development in this area and explored the means by which private providers can be encouraged to share their leading edge practices and expertise with other RTOs. This issue is taken up again in the section below where I consider the consequences of my findings for policy makers in VET.

Is quality assurance enough?

Earlier discussion highlighted the focus by RTOs and public policy makers on formal quality assurance (i.e. the AQTF) processes, as a means of ensuring quality. However, the findings of this study show that, in the end, RTOs being compliant through the presence of acceptable administrative policies and processes, accounts for only part of the quality story. I do not contest that stakeholders have accepted procedural compliance as an important means of achieving quality, but it is not in itself sufficient. Indeed this is evidenced by the changes made to the AQTF

Standards mentioned earlier. It also needs to be remembered that AQTF2007 has been developed, in the main, by government bureaucrats and policy managers operating in the abstract. For practitioners the reality is somewhat different. This has been driven home in my research, especially in relation to the interview findings.

Building the capability of providers to deliver relevant, customised, contextualised and flexible training which results in improved skills and expertise, is in many ways, far more important than the kind of procedural compliance which is assured by the AQTF. The challenge is a developmental one which requires professional development and capacity building at a number of levels. This research shows that, in some respects, privately owned RTOs are leading the way. From a public policy perspective however, the danger is that the public providers are being left behind. There is no incentive or mechanism built into the system to capture and disseminate cutting edge practices. I acknowledge that programs like *Reframing the Future* assist in this process, but it would be highly desirable for more work to be done to persuade RTOs to see the development of capability in the above areas as a key issue for ongoing success, sustainability and genuine quality.

Innovation re-considered

Opinions differ amongst the RTOs interviewed about what comprises innovation. Nevertheless, the examples of innovation given at interview reveal a number of interesting and beneficial practices. This is despite the pessimism of some of those interviewed about their opportunity to innovate being stifled by such things as the AQTF. For a number of RTOs, innovation has been an important feature of their operations.

As Chapters 6 and 7 demonstrate, what is innovative for some RTOs is revealed as standard practice for others. To take just one example: the enrolment scheduling practices of some private providers would be very innovative if applied in many TAFE settings.

Public policies on innovation in the VET training system, particularly at the national level, have tended to concentrate on providing short term professional development funds through programs such as *Reframing the Future* and the *Flexible Learning Advisory Group* (FLAG). The consequent reports on the activities and achievements under these programs have been widely disseminated. However, much of the innovative practice documented through this study was not funded through these sources, and more needs to be done to communicate such practices to a wider audience. Ways to acknowledge and celebrate good practice and innovation, wherever it occurs in the VET sector (whether public, private, enterprise or institutionally based), need to be established. The national VET system is now a broad 'church' and champions need to be acknowledged and celebrated wherever they are found for the greater good of all. Consideration also needs to be given to overcoming the perception amongst the privately owned RTOs that the TAFE Institutes have gained the lion's share of government funding provided to encourage innovation.

National consistency?

The establishment of the Australian National Training Authority (ANTA) was an important means of improving the consistency of training arrangements on a national basis. The desired national consistency was part of the rhetoric expressed by policy makers. This need for national consistency is strongly supported by employers who

operate Australia-wide. As indicated earlier, it is a macro level issue which, on the whole, arises from the policy discourse of a diverse group of stakeholders including politicians, bureaucrats, employer associations and their members.

Prior to the 1990s, state-approved curriculum prevailed, and the states operated their VET systems independently of one another. National companies, whether RTOs or not, found that in practice this lack of consistency across borders was very frustrating and inefficient. As a consequence, with the opening up of the training market in the early 1990s, these companies perceived that their own registration as an RTO would be one way of them achieving a degree of national consistency. A company, as an RTO, could then deliver accredited training in all states. Furthermore, its employees who achieved a qualification in one state would have that qualification recognised in another state.

The portability of qualifications, made possible by the national recognition of training, is now a normal expectation of most stakeholders in the system. Duplication of training effort has been reduced, on the one hand, and a perception now exists that accredited training is valued on the other. Some of this improvement has come about because of the entry of privately owned RTOs into the VET sector. An example, provided in an earlier chapter by a regional RTO (which was a Group Training Company (GTC)) identified the issue of their students being expected to repeat work already undertaken in pre-entry apprenticeship programs when they went to the local TAFE College. By becoming an RTO the GTC overcame this problem. The value of accredited training was also confirmed by one of my interviewees in that she reported potential students often asked whether the course they were to undertake was accredited.

Funding arrangements, national planning through ANTA and quality assurance frameworks, like the AQTF, have been other ways that national consistency has been encouraged and promoted. Furthermore, the funding, planning and quality assurance processes in place have encouraged the States to cooperate with one another, and to act in a more coherent manner, with advantageous implications for RTOs trying to work nationally - particularly in improving their efficiency.

The evidence suggests consistency at the national level is greater now than when the commercialisation agenda was first introduced. Despite these hoped for outcomes and some successes, my study indicates that RTOs think that much more needs to be done to achieve a fully nationally consistent approach. By this, I mean that the consistency issue at the state level (which could be perceived as more of a micro level issue) is still a great cause for concern. Certainly the efforts need to continue. Action at the national level by government sponsored bodies like the Council of Australian Governments (COAG) and Ministerial Council on Education, Employment Training and Youth Affairs (MCEETYA) endeavours to minimise the variations still apparent from state to state. Recognition that more needs to be done would help those privately owned RTOs which have large national companies amongst their clientele. It is these national companies which continue to press for ways to eliminate the differences in requirements imposed by each state regulatory authority.

Another contribution to national consistency (discussed in earlier chapters) is the availability of Training Packages. These are widely used by all types of RTOs. Training Packages provide Australian Qualification Framework

(AQF) qualifications which are nationally recognised, even though doubts are sometimes still expressed about the extent to which these qualifications, when delivered by accredited providers, are in fact nationally consistent.

Prior to the entry of privately owned RTOs, the extent of operation by TAFE Institutes beyond state borders was virtually non-existent. However, competition policy "enabled TAFE systems to compete across state boundaries …" (Kell, 2006, p. 8). Both the entry of private providers and competition policy have added to the potential for consistency. A single provider, whether public or private, can offer to deliver training on a national basis and, as already stated, this has been very important for a number of national companies.

At a state level, policy makers saw national consistency in the application of standards to all RTOs as one beneficial outcome of the AQTF. However, the privately owned RTOs I interviewed did not believe that this occurred. The application of the AQTF, (at least in Victoria) as discussed earlier, tended to be that one-size-fits-all. This approach by Victorian Government auditors and Training Recognition Consultants took little account of the differences in size and scale of operation of RTOs. Thus, in one sense, RTOs have been expected to fit into the somewhat abstract and de-contextualised view of consistency, in the macro sense, expressed by policy makers, their auditors and TRCs. Those RTOs endeavouring to achieve compliance within the AQTF framework, more often perceived that the regulators were inconsistent at the micro level. Those responsible for the AQTF at the state level in Victoria were less interested in whether the RTO consistently applied the policies and procedures it had in place to meet compliance requirements, in the light of their methods of operation, than in perceiving the application of these administrative processes as a one-size-should-fit-all-RTOs regardless of the obvious differences in size and scale of operations.

A clear distinction needs to be made between national consistency at the macro level, as promoted by the federal government, and the way in which the state governments actually implement and interpret the processes for that consistency. Another distinction is that of consistency at the micro level. The discussion on national consistency above is a helicopter view of how the decisions of policy makers have achieved changes which have resulted in a greater degree of national consistency – it reflects the policy discourse of the policy makers. However, it is apparent from the interview findings that this macro approach to consistency has not satisfied the enterprise users of the system. Their views reflect the discourse of practice and the knowledge of how things should operate on the ground.

The RTOs interviewed desired consistency at a micro level and their responses reflect their frustrations and tensions about the extent of consistency which really exists in practice. If consistency is part of enhancing quality, and I believe that it is, then the perceptions about the failure to achieve consistency at a micro level lies at the heart of any action by government to reduce tensions and enhance trust between the regulators and the RTOs being regulated.

To those operating at a micro level, the consistency policy discourse is much more grounded. The RTOs do not believe that consistency in the application of quality assurance standards has been achieved at either a local level or national level. My personal experience is that the interpretation of the AQTF Standards at a local level is not consistent within the State of Victoria, and probably even less consistent nationally. The evidence presented in this research on the extent of diversity in size and methods of operation of Victorian RTOs suggests that the application

of consistency through a one-size-fits-all approach is undesirable. This is assuming that one-size-fits-all ignores the actual diversity in size and the methods of operation of RTOs I have observed.

It would be valuable if the policy decision makers recognised some of the issues I raise here, and acted to help ease the tensions and frustrations I found to exist between the bureaucracy and the RTOs. If the system is to meet the needs of all the players within it, a more flexible and understanding approach by the bureaucrats regulating it, would be beneficial.

Increasing complexity – an unintended consequence?

Complexity is a multi-layered issue in relation to the VET sector. In the discussion which follows, I pinpoint the different ways in which the system is seen to be complex, contested and contradictory. I also suggest that, although complexity has not been an intended outcome of the changes made to the system, the complex nature of the VET system has increased in a number of ways and adds to the tensions between some of the stakeholders.

The RTOs interviewed believe the VET system to be increasingly complex due, in part, to the different requirements laid down by each State Training Authority. Several of the RTOs interviewed made it clear that they faced barriers and difficulties which added to the complexity of their operations on a national scale. Those of my clients who received user choice funding, found the information provided by each State Training Authority (usually on the web) was complex and dealing with it was difficult.

These opinions are further substantiated by employers and other researchers. For example companies surveyed by the Allen Consulting Group criticised the VET system, on the grounds of its "complexity and difficulty of access" (1999, p. 62) and this perception is confirmed by Cully (2005). Anderson (2005) suggests that the complexity of administration has adverse effects on the efficiency in the VET sector. Chappell et al. (2002, p. 3) describe "the emergence of an Australian VET system [as being] much more complex in terms of its organisation." In addition, the high level review of Training Packages (Australian National Training Authority, 2003d) makes comment on the perceived complexity of the system.

As suggested earlier, diversity, responsiveness and flexibility add to complexity within the VET system. However, diversity has meant that

- AQF qualifications are available in a wider selection of industry sectors than before.
- There is a significant increase in the variety of Registered Training Organisations which can provide accredited training.
- The potential has improved for the specific training needs of clients to be met due to greater adaptability of RTOs in relation to such things as location, mode and timing of training delivery.

These outcomes are desirable aspects of the changes in the VET system, even if they come at the expense of increasing complexity.

Complexity affects the extent to which the accredited training system is responsive. It is argued elsewhere in this research that the existence of privately owned RTOs results in a more responsive VET sector offering, among other things, timeliness and more relevant training. Privately owned RTOs in the sector are also better able to respond

rapidly to changed demand in comparison with public providers. The respondents in this study perceived that they were more effective than TAFE Institutes. These privately owned RTOs usually possessed a very good understanding of how their clients operated, and the relationships with their clients often had continuity. On the whole, my judgement concurs, based on my years of experience and intimate critical involvement with private providers. The examples given have demonstrated their responsiveness, relevance, timeliness and client focus. Hence, a level of complexity may be the price we have to pay for these gains which have been one consequence of commercialisation of the training system.

Public policy makers could help reduce anxiety about the system's complexity by devoting more resources to dissemination of information about the VET sector – its offerings and its operations. By emphasising and promoting its diversity, responsiveness and flexibility, a more positive attitude towards the sector could emerge. Promotion and publicity of best practice, and the achievements of privately owned RTOs to minimise the complexity facing clients, would be a positive contribution. The advantages in having a diverse, responsive and flexible system, even if complex, need to be seen as positives which outweigh the perceived negative of complexity.

In the final analysis, successive federal governments have sought to ensure that the Australian workforce has the knowledge and skills to perform effectively and meet global competition. The extent to which the apparent complexity of the VET training system prevents this being achieved needs to be recognised and appropriate action taken.

My discussion here illustrates the claim made earlier that complexity in the VET system is multi-layered. The variety and diversity of RTOs, the difficulties users experience dealing with VET, the involvement of both federal and state governments and the lack of consistency in the application of standards and regulations on a state-by-state basis, have all played a part in contributing to the complex nature of the sector – albeit unintentionally. The increase in the type of RTOs operating in the training market, as well as their adaptability on the ground, has been a valuable, and intended outcome of the commercialisation of the VET sector, but this increase has inevitably reduced its simplicity. Ultimately, if we are to gain the advantages claimed for having a diverse and responsive market, the downside may well be a higher level of complexity than was present prior to the training market being opened up. If this is the case, it would be beneficial if the stakeholders in the system received advice and support to increase their understanding about the benefits and quality of the system. By supporting training providers to assist them better understand the complexities of the VET system and to see its benefits, regulators could help reduce the level of anxiety expressed. Another positive outcome from increased understanding would be an improvement in the level of trust placed by users in the system. Users do not necessarily need to know the intimate details of how the VET sector works if the services and outcomes they require from an RTO are provided. We all drive cars with complex mechanical and electronic systems without knowing exactly how such things as the transmission work yet, by and large, we trust our car to take us to our intended destination.

Consequences for stakeholders

I suggest earlier in this study that my work can assist policy makers. However, policy makers have not been 'sitting on their hands' in the time I have taken to conduct and write up this research. The demise of ANTA is one major change and the introduction of the AQTF 2007 version of the Standards is another. In the section below, I examine some possible consequences of my research for policy makers, public and private providers and for VET researchers.

Implications for policy makers

The first and obvious thing to say here is that, on the whole, this study tends to confirm the views expressed by policy makers with respect to the impact of private providers on the VET system. As discussed above, in many respects their policy intentions have been realised through the introduction of private providers and the opening up of the training market.

However, my interviews elicited a number of examples of tensions within the system; in particular, the study has identified that some privately owned RTOs have negative attitudes towards policy makers including government bureaucrats and program managers. Specifically, the RTOs felt a lack of any connection with OTTE except in the formal response to audit issues. Examples of lack of communication and/or connection are documented in earlier chapters. It is worth noting that a diverse group of stakeholders is involved in policy making and implementation of VET policy. These include politicians, bureaucrats, policy makers, industry and employer representatives, services providers (both public and private); as well as diverse learners, including apprentices and trainees. My research leaves us in no doubt that the politicians saw commercialisation as a desirable and major reform. However, multiple stakeholders mean multiple points of view. Managing these diverse inputs and perceptions is complex and challenging. Responsibility for administering the legislative outcomes lies in the hands of public servants, government managers, bureaucrats – and sometimes even 'outsourced' professionals. Yet these administrators do not necessarily share the same understandings or enthusiasm for ensuring that the new players in the field comply with the complex set of rules imposed and act with integrity and honesty in relation to government funding.

It is evident from the comments made by those interviewed and reported in Chapter 6 that the relationships which the Victorian Office of Training and Tertiary Education (OTTE) has with the privately owned RTOs as a group, are not perceived by the private providers as client focused (if one accepts that they are the government's clients) nor responsive in any proactive sense. The emphasis in the relationship between provider and the bureaucracy continues to be, in the main, on compliance issues. In Victoria, providers perceive they lack information, responsiveness and advice from the regulators. This has resulted in increasing their tension and frustration. Some RTOs, perceiving that they are the ones at the cutting edge of government policy, doing the hard yards of innovation and breaking new ground in the increasingly competitive market, may even resent that they are neither understood, nor appreciated by the regulators with whom they deal. The tensions expressed by those interviewed about the bureaucracy reflect a perception of a State Training Authority which has not made a favourable impression on its clients. Opportunities to build bridges, develop feedback loops and learn more about how each sees their role as providers and regulators are needed to shift the compliance emphasis to a more developmental

approach. This approach would emphasise capacity building and continuous improvement of systems and practices at both ends of the system for the greater good of all. Knowing what actually happens in the field would enhance government administrators' understanding of how providers deal with issues which arise on the ground. Having an opportunity to interact with one another more directly in different and positive, non-confrontational forums would not only build the bridges and enhance understanding, but it could lead to a growth in mutual respect and a greater knowledge of the roles each plays in the system. However, I do not get the impression that the tensions and frustrations expressed by the Victorian RTOs I interviewed are likely to be dealt with by the policy makers in Victoria in the near future.

Continuous improvement of the commercialised VET system is not only desirable but a necessary objective if the system is to meet the needs of its users. AQTF compliance is only one aspect of achieving improvements. Another possibility, already alluded to above, is to approach improvements positively and with a developmental emphasis. Examples for achieving this emphasis could include improving the training and professional development the State Training Authority provides for its staff, managers, auditors and TRCs. If RTOs were made aware that there is a genuine and ongoing effort by the State Training Authority to ensure its representatives (including its auditors) are regularly kept informed of what is expected of them, particularly in adding value and advising, relationships between the regulator and its clients might be less tense. This could be achieved by a regular newsletter and/or other form of ongoing communication between the regulatory authority and the providers.

It would also assist in building the capability of RTOs in general if the Victorian State Training Authority took a more active role in highlighting and publicising best practice in areas like contextualisation and customisation, to name just two of these areas which have been mentioned before. Furthermore, the State Training Authority would be perceived as being more in touch with the practices of RTOs, and less disconnected from its client base, if it actively supported RTO professional development. One way of doing this could be to initiate seminars and interactive workshops to provide advice and/or support to RTOs. If such activities achieved better communications and feedback loops and greater understanding, there could be less concern over the complexities of the VET system, and in addition, continuous improvement to the VET system would be achieved.

Implications for public providers

The view that TAFE Institutes are inflexible and unresponsive is not universally held by any means; nor is it universally true; as noted earlier, for instance Mitchell's (2007) regular column in *Campus Review* which showcases best practice in the VET sector. In my study, one manager in an Enterprise RTO, who was an ex-TAFE employee, believed that TAFE had shown an improved degree of flexibility and responsiveness compared with the past.

This study nevertheless suggests that public providers could do much more to improve their flexibility and responsiveness. This may involve, on the one hand, a freeing up of the terms and conditions of employment of TAFE teachers and, on the other, providing incentives and resources to help TAFE increase its ability to be more flexible and responsive.

Another potential area for improvement, expressed by the TAFE Director I interviewed, was that of building customer relationships. It is clear from the interviews I held with RTOs that their success in terms of longevity of operations and repeat business comes largely from their ability to connect with their clients and use trainers who are perceived as experienced, knowledgeable, capable and skilled - as well as possessing an in-depth knowledge and understanding of the VET system. These capabilities help reduce the complexity perceived to exist by many users. In my experience, sufficient funding for professional development for TAFE teachers has been an area of contention for a number of years. However, if public providers are to grow and prosper, there is a critical need for professional development to help TAFE staff see that the ability to connect, be responsive, and gain greater knowledge and understanding of the system and their clients, is as important as keeping up to date in their areas of expertise. It is worth noting that, at least some of this professional development could come directly from the private providers themselves through collaborative projects, partnerships and contractual arrangements which could be framed for mutual and systemic benefit.

TAFE Institutes now face competition from privately owned RTOs which are perceived by users as alternative suppliers of training. On the whole, these RTOs compete successfully as suppliers because of their greater responsiveness, adaptability and timeliness. Many improvements which have occurred and will continue to occur in relation to public providers are a response (at least to some degree) to the success that TAFE Institutes perceive these privately owned RTOs to be enjoying. The RTOs I interviewed thought TAFE possessed advantages related to better resources, better infrastructure and a brand image, but none of these will protect the TAFE Institutes from continuing competition from private providers. The need remains for TAFE Institutes to improve responsiveness, adaptability and timeliness.

The nature and scope of the VET sector has also been affected by other relationships established between privately owned RTOs and TAFE Institutes. Privately owned RTOs are, in a number of instances, clients of TAFE. Some privately owned RTOs work in partnerships and/or form strategic alliances with TAFE Institutes to achieve client requirements. These examples and others, cited in Chapter 6, suggest that successful collaboration has the potential to enhance the VET training system overall. It allows for the communication of cutting edge practices which occur in both the public and private provider segments of the market. Also, through demonstration and opportunities to work more closely together, it can provide useful professional development and build the capability of those who have operated in only one of these market segments in the past.

If TAFE viewed private RTOs as potential partners or collaborators, rather than as rivals, there could be benefits for all suppliers in the training system. Greater collaboration between public and private providers can lead to more knowledgeable and informed clients. These clients can specify what they expect from TAFE and monitor whether that specification has been met satisfactorily.

Implications for private providers

As already stated, size does not appear to be a critical factor in determining the achievements of the RTOs I interviewed. Rather, the strength of the relationships that some of the privately owned RTOs have built up with their clients seems to be the main feature which helps to explain their success. These strong relationships have

ensured that they gain repeat business and referrals. Some privately owned RTOs could benefit from undertaking a review of their relationships with clients and, if perceived as beneficial, could build in systems which ensured ongoing and regular contact with clients.

Other lessons for private providers relate to the importance of niche markets. The niche providers I interviewed have put time and effort into ensuring that the training they provide is not based on one-size-fits-all but meets specific customer needs. Flexibility in timing, modes, and location of training, with effective customisation and contextualisation processes, were identified as common practice.

The ability to work across State borders, particularly for RTOs which have national clients, has been an important aspect of the success of some RTOs, judging on the proportion of those interviewed who worked interstate and even overseas. National companies value the potential for consistency of training delivery by using one provider. The study undertaken by Harris et al. (2006b) identifies a higher proportion of RTOs working only within their own state boundary than I found from my interviews. However, the Community Access Centres (CACs) which are included in their study are far less likely to operate interstate than the Industry, Commercial or Enterprise RTOs on which my research concentrates. Interstate and even overseas delivery offers a potential for growth for small private providers, especially if they have built up a high degree of knowledge and expertise about the VET system.

A number of private providers are conscious of the ongoing changes taking place in the industry and believe there are challenges in keeping up with new circumstances. Frequent change also adds to complexity, but the professional knowledge and expertise that privately owned RTOs exhibit in dealing with clients can help reduce complexity. Furthermore, the continuity of the customer relationship developed with clients by private providers adds to the authenticity of their ability to deliver flexible and relevant training. It is apparent from the responses to the interviews that the additional time and resources needed to keep up to date can pay dividends in the long run.

Although the motives of the private providers that I interviewed have not always been the same as those of the policy makers, the privately owned RTOs gave many examples of how they have contributed to beneficial changes in the VET sector at the micro level. From the viewpoint of both the private providers and the policy makers, the opening up of the training market has been beneficial. It is important for private providers to not only recognise the benefits they have brought to the system but to drive home to policy makers the extent of their knowledge, expertise and success in dealing with the complexities of the system. Every opportunity should be used by privately owned RTOs to ensure that the government decision makers are aware of the specific benefits they have brought to the training market.

This study has gone some of the way towards telling a story about the differences in the way that the privately owned RTOs operate compared to others in the system. It has given detailed consideration to how a sample of these RTOs operates on the ground. The need for all stakeholders to understand what happens across the whole sector is partially met by this study, but more needs to be known about RTOs, particularly privately owned providers. Until comprehensive data from all providers are collected by the NCVER or a similar body, the significance of the various categories of RTOs can only be estimated.

Implications for further research

This study has focused on one group of RTOs in one state. Opportunities to replicate and expand studies of this type in other States would add to our knowledge and understanding of privately owned RTOs. I believe I have provided a basis for comparing the Victorian scene with other Australian States and Territories. The identification of the commonalities and differences between Victoria and other States such as Queensland, now that the system has been in place for some time, would be beneficial. Studies by Kell et al. (1997) and Bannikof (1998) give some detail of the mix or structure of the Queensland training market, and could be used as a basis for longitudinal or comparative research.

The work of Harris et al. (2006b) and Anderson (2005) has sought, through national surveys, to identify aspects of the total training market nationally. However, the response rate for a survey depends on the extent of support provided by those in the population and does not always reflect the total information available. The data which I obtained from OTTE during 2002 and the analysis of that information have enabled me to paint a picture of the growth and development of Victorian RTOs in the selected categories over time.

As mentioned earlier, one of the Industry RTOs interviewed stated how disappointed she was I was only focusing on Victoria. This implies that RTOs might be interested and could benefit if more information was gathered and more interviews were conducted in other States, particularly where there are significant numbers of privately owned RTOs.

It is apparent that the NCVER is working towards capturing the statistical data for all providers and not just those that receive public funds. However, at the time of writing this has still not been achieved. I have already alluded to the considerable gaps in the statistics that were provided by OTTE. I trust that in due course, this kind of data will be collected and available. Nevertheless, even if and when data of this kind become available, it does not eliminate the need to gain the opinions of the players in the system. The interviews undertaken have enabled me to explore the issues of concern to this group of RTOs, and to learn from their knowledge and experience of operating within the VET system.

Negative issues such as the tensions between the bureaucracy and the providers, the complexity of the VET system and the lack of consistency are one part of my story. The positives, however, also need to be brought to the fore – these include the ability of privately owned RTOs to differentiate services, be adaptable, respond to change rapidly and provide training that is fit for purpose and relevant.

Summing up

In making my final judgements and comments, I draw heavily on my own experience and knowledge. Judging importance is a qualitative (and value laden) matter, incapable of exact measurement and complete neutrality.

My purpose, in this chapter, has been to focus on assessing to what extent the rhetoric is perceived to have achieved its purpose. I conclude that to a large extent, policy makers have realised their goals. I have also reviewed how the concepts which are reflected essentially in the voice of the providers affect the nature and scope of the VET system in Victoria.

In this final chapter, I have concentrated on identifying examples of how the nature and scope of the VET system in Victoria has changed because of the entry of privately owned RTOs. 'Responsiveness' has improved, 'choice' has increased, the system is more 'diverse', and there is more 'flexibility' and greater 'competitiveness'. Public policy makers used these slogans to communicate their hopes for improvements in the VET sector. My study has interpreted their meanings through an examination of the publications emanating both from state and federal sources – and through empirical data, both quantitative and qualitative, gathered in the field. The changes I found have resulted in a VET system which has, to some extent at least, altered the behaviour of government funded TAFE Institutes, mainly due to the demonstration effect arising from the entry of privately owned RTOs into the system,

My findings present evidence of how privately owned RTOs provide relevant training for their clients, differentiate their services to ensure client needs are met, respond rapidly to changes in demand and exhibit considerable adaptability in their arrangements for training delivery. This adaptability extends to the mode, location and timing of delivery, as well as to flexibility in the design of their programs. They have survived competitive (and bureaucratic) pressures, and there is no doubt that they have had an impact in the market place – although, as I have noted, this is difficult to quantify.

The extent to which innovation is enhanced or diminished by the entry of privately owned RTOs is unclear. Opinions expressed at interview suggest that the burden of compliance inhibits innovation, or at least there is a perception that this is the case. However, I also found examples which indicate that the privately owned RTOs I interviewed were innovative in a number of ways – even if they might not have named their practices in this way.

In this research, I also show that there are unintended consequences of the reforms. In particular, there is a perception that the system has become more complex and evidence exists to confirm that this is the case. The price of having greater diversity has been shown to contribute to this increased complexity. This may well be an inevitable consequence of opening up the training market. There is also an apparent contradiction between having a diverse system and one that is nationally consistent in all aspects.

I suggest that 'relevance', 'accreditation' and the 'quality assurance' processes are seen by users and providers as a means of improving quality. But quality goes beyond that – it incorporates the standard of delivery, assessment and service offered by providers. The knowledge and expertise of privately owned RTOs, and their capacity to provide relevant training are additional aspects of quality. I have proposed that the amount of repeat business and the

continued success of the privately owned RTOs who have been interviewed, support a belief that the services these RTOs provide, and the training outcomes they achieve, are an indication of their clients' satisfaction in terms of service quality. It is perhaps worth re-iterating, as discussed in Chapter 6, that for the most part these providers were not surviving on government funds. Their incomes were directly dependent upon customer satisfaction. This cannot be said in quite the same way for public providers such as the TAFE Institutes.

The Victorian VET system today is very different to the one in place 17 years ago. It is more 'diverse', more 'responsive', more 'flexible', more 'nationally consistent' and more conscious of the need to meet client needs than it was at the end of the 1980s. It is also far more complex. Action is needed by public policy makers to encourage further improvements and keep up the momentum for continuing development.

My aim of illuminating, explaining and interpreting the part played by privately owned RTOs in the Victorian VET system has, in my view, been achieved.

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Appendix A – Categories of Registered Training Organisations

Formal definitions issued by the State Training Board in relation to private providers

Commercial provider: Supplies "fee for service programs to the general public" (State Training Board Victoria, 1993, p. 25). The Application for Registration form referred to them as "commercial providers [which] charge students fees for training" (State Training Board Victoria, 1993, p. 25). This type of provider was registered subject "to safeguards covering the financial security of students' fees" (State Training Board Victoria, 1993, p. 25).

Enterprise based provider: Provides accredited "training within an organisation for its own employees" (State Training Board Victoria, 1993, p. 25).

Industry based provider: Includes organisations that offer accredited "training to an industry sector" (State Training Board Victoria, 1993, p. 25). This last category includes industry associations, professional associations and group training companies.

Community based provider: Described as "established by government or community-sponsored organisations for the purpose of enhancing access to the labour market and/or further education and training" (State Training Board Victoria, 1993, p. 25). These have been excluded because they are not privately owned and their recurrent funds flow from government sources of one kind or another.[80] The same reasons for omission apply to TAFE Institutes and Secondary Colleges.

Group Training companies: These have an employment and training arrangement whereby "organisations employ apprentices and trainees and place them with host employers for varying periods until the apprentice or trainee has completed their training contract" (Group Training Australia Ltd, 2003-2004, p. 3). Group Training Australia, the professional association representing these organisations, indicated there were 120 members of their organisations Australia wide and 150 Group Training companies altogether (Group Training Australia Ltd, 2003-2004). Nineteen of the members were in Victoria, many with multiple locations covering city, regional and rural areas. These 19 represented just over 8 per cent of all industry providers in Victoria (Group Training Australia, 2003).

It is acknowledged that independent schools, which in 2002 represented 5 per cent of all RTOs in Victoria, would fit into the definition of privately owned registered providers, but they were not included in the purposeful sample of the RTOs to be interviewed, nor were they specifically incorporated into data relating to privately owned RTOs.

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[80] It should be noted that the survey undertaken by Roger Harris did include this category of provider (Harris et al., 2006b).

The VET in Schools programs which became available after 1997 have shown significant growth. As data in Chapter 5 indicate, the increase in the number of schools which registered from 1998/9 onwards could be attributed to the VET in Schools programs. This study has not investigated any aspects of VET in Schools but has been mindful of the studies done which have identified the impact of the introduction of VET into the schools system (Allen Consulting Group, 2003; Anlezark, Karmel, & Ong, 2006; Australian Chamber of Commerce & Industry, 2003; Barnett & Ryan, 2005; House of Representatives Standing Committee on Education and Training, 2004; Porter, 2006; E. Smith & Keating, 2003).

One of the RTOs interviewed that was a regional Group Training Company was very critical of VET in schools. He believed that students would not be able to understand the implications of what they had learned nor have the competence required for the work. He was referring specifically to an automotive qualification.

The following table sets out the variety of categories which OTTE included on its application form following the introduction of the AQTF.

Table A.1 – Categories for Registration used by Victorian State Training Authority in 2002

TAFE
Industry organisation (IO)
School (Public and Private)
Licensing authority*
University*
Professional association (PA)
Local Government*
Commercial training organisation (CTO)
Other Government provider
Community access centre (CAC)
Adult education centre (AEC)
Adult migrant education provider (AMEP)
Enterprise-based organisation (EBO)

*These did not appear in the reporting information provided by OTTE in Annual Reports. Presumably this was because none were registered under these categories.

Appendix B – User choice

Statement of User Choice Policy

1.   The following Statement of User Choice Policy was endorsed by Ministers for Vocational Education and Training in May 1997 and is inclusive of amendments by Ministers in November 2000 and 2003.

Objective of User Choice

2.1   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.

Defining User Choice

2.2   User Choice is defined as the flow of public funds to individual training providers which reflects the choice of individual training provider made by the client. User Choice comprises three essential elements:

      (i)   Significantly greater market power to individual clients to negotiate with individual registered training providers, both public and private, about the off-the-job component of new apprenticeships. The negotiation can include choice of provider and choice about specific aspects of training, such as location, timing etc.

      (ii)   Increased responsiveness on the supply side of the training market, to enhance the capacity of individual VET providers to respond to the expressed needs of clients. Training outcomes will then be able to reflect more closely clients' views of their own needs. This increased responsiveness will include greater contestability among individual providers.

      (iii)   User Choice outcomes are compatible with public expenditure constraints and efficient use of resources. There can be no implication that all requests for training from clients, however specialised or expensive, will be met from public funds.

2.3   All elements must be satisfied **together -** the separate elements alone will not meet the objective of establishing a genuine market relationship between individual training providers and clients.

2.4   The 'client' for User Choice is defined as the employer and the employee, as identified in the New Apprenticeships Training Agreement, acting jointly. They may agree to authorise a 'broker' to act on their behalf.

Principles for User Choice

2.5   The principles which underpin the implementation of User Choice in New Apprenticeships from January 1998 are:

      (i)   Clients are able to negotiate their publicly funded training needs, subject to State and Territory decisions regarding the resourcing of New Apprenticeships.

(ii)   Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.

(iii)   User Choice operates in a national training market not limited by State and Territory boundaries. Therefore, RTOs will not be discriminated against under User Choice on the basis of their location of primary registration.

(iv)   The provision of accurate and timely information about training options is necessary for informed choice.

(v)   Pricing of qualifications by State/Territory Training Authorities should be based on the Resourcing Principles as set out in Item 2.8.

(vi)   Training over and above that which is essential to the qualification outcome for the apprentice or trainee, and is above that which is funded publicly, can be negotiated and purchased by the client.

(vii)   User Choice would be harnessed to improve access and equity in the vocational education and training system and be integrated within existing initiatives.

(viii)   Regulatory frameworks and administrative arrangements relating to vocational education and training at the National, State and Territory level are to be complementary to the achievement of the objectives of User Choice.

(ix)   Evaluation of outcomes of User Choice against objectives is an integral element of a program of continuous improvement. Innovation is required to achieve and maintain a best practice training system.

User Choice in Operation

2.6   Each State and Territory will be responsible for implementing User Choice in New Apprenticeships. Key features are:

(i)   Clients will be informed through targeted marketing campaigns about User Choice in New Apprenticeships; in particular, how it works and the opportunities for enterprises and their employees to meet their training needs.

(ii)   Providers (public, private, and industry-based) will be informed about the purposes of User Choice and how it will work.

(iii)   Clients will have access to accurate and timely information giving details about alternative VET providers, training packages, and aspects of training open to negotiation and options.

(iv)   Providers will have sufficient detailed information on training packages, customisation options, and on how funds will be transferred to enable them to participate effectively in User Choice and respond to client needs.

(v)   Providers will provide clients with information on their performance and capabilities, and on the nature and quality of their training products.

(vi)   Advice will be available to potential students/ employees regarding training opportunities and how training can be accessed.

(vii)   Information will be provided in a way which caters to the needs of a diverse range of groups and individuals.

(viii)   Clients will have the right to exercise choice over which registered provider delivers their training.

- In areas where there are low numbers of clients and in remote locations where clients have access to limited number of providers, choice may be limited. States/Territories agree to manage these cases as an exception in a way that maximises the available choice. These cases will be annually reported.

- Choice will be exercised within prevailing State/Territory pricing arrangements.

- Choice will be exercised within existing State/Territory administrative arrangements for managing the risks associated with purchasing and contract management. These risk management arrangements should not form an additional regulatory requirement, over and above the Australian Recognition Framework.

(ix)   Clients will be able to negotiate with registered providers on specific aspects of training within the requirements of the selected Training Package. Brokers/intermediaries may act on behalf of clients in the negotiation process.

Aspects of training open for negotiation include:

- selection, content and sequencing of units of competence

- timing, location and mode of delivery

- trainer/facilitator

- who conducts the assessment

- how the training is evaluated

(x)   A Training Program will be signed between the client and provider to signify that the client was aware of their rights under User Choice, and was able to negotiate a suitable outcome with the chosen provider. The Training Program Outline must be attached to the Training Agreement within the probation period of the apprentice/trainee.

(xi)   Public funds will be allocated to providers based on negotiated User Choice (the mechanism and timing of the allocation of funds will be consistent with existing State/Territory processes).

(xii)   States and Territories will allocate funds to providers on the basis of State/Territory pricing arrangements.

(xiii)   Evaluative mechanisms will be established to monitor User Choice.

(xiv)   Processes will be established to settle disputes and conflict of interest issues between clients and providers.

(xv)   Accountability mechanisms will be in place to ensure that funds have been used for the agreed purposes. State and Territories will have in place an appropriate strategy to minimise risk.

(xvi)   State and Territory decisions regarding the availability of public funding for New Apprenticeships will be made transparent by:

- informing clients that these decisions reflect government priorities for the resourcing of New Apprenticeships, and

- providing clients with the criteria used to make these decisions.

2.7   These key features will incorporate a recognition of, and response to, access and equity considerations.

2.8   Resources for User Choice will be allocated through nationally agreed Resourcing Principles which involve each State and Territory:

a) allocating resources based on identified Commonwealth and/or State/Territory skill needs and priorities, determined in consultation with industry and other key stakeholders, recognising that this process may be part of the broader strategic planning arrangements of STAs;

b) providing transparency in pricing and funding arrangements, ensuring the availability of clear information to clients on the funding provided for each qualification by STAs and RTOs, including information regarding any additional weightings or loadings (for example, to address access and equity reasons and/or to provide weightings for different training delivery methods);

c) regularly considering the full/current range of qualifications available as a New Apprenticeship pathway, recognising that some qualifications may not be funded and that some qualifications may attract higher levels of funding;

d) including a set of clear and transparent criteria to explain the rationale used for determining prices for various qualifications;

e) establishing and reviewing a unit price per qualification, recognising that the unit price per qualification may vary with, for example, different training delivery methods, content and locations;

f) reporting on planned commitment to these resourcing arrangements in the annual State and Territory VET plans, in line with the ANTA Agreement;

g) regularly reviewing and adjusting prices, recognising that adjusting prices may not occur on an annual basis and that adjusting prices may result in either increases, or in some instances, decreases; and

h) ensuring the client remains the focus, recognising that maximum choice and the responsiveness and flexibility of VET needs to balanced with the availability of resources and the response to client demand. (Australian National Training Authority, 2003b)

Appendix C – Reporting comparisons with Queensland survey and information about Western Australia surveys

Queensland

In 1994/5, 54 private training organisations responded to a survey conducted in regional north Queensland (Kell et al., 1997, p. 50). The report of this survey provided some similarities and differences with the study undertaken here.

Similarities

The Queensland study findings were similar in relation to the categories of providers and their length of time in business. On the face of it, the type of client or student that the Queensland RTOs serviced seemed to be similar (i.e. full or part-time employees) (Kell et al., 1997, p. 52). It was evident that the level of unemployed workers for whom they provided courses was significantly above that identified in the Victorian interviews. However, this could be partly explained by the fact that over 20 per cent of the respondent organisations in the Queensland survey were described as 'skill share' organisations.

Another area which was an issue for providers, both then and now, was the extent to which the VET system was changing and the cost and time associated with meeting registration obligations. Again the comparison is flawed as the AQTF was not in place in 1994/5. Yet the national training reform agenda (NTRA), about which the concern was expressed, was another feature of the VET system and, in that sense, reflected perceived concerns by RTOs with what they perceived to be continual or costly changes.

It was not meaningful to compare the type of courses offered then with those in this research as Training Packages had not been developed or implemented. Furthermore, the organisations in the Queensland survey were all in regional areas whereas those conducted for my study were mainly in metropolitan Melbourne.

It was apparent from the survey results, (Kell et al., 1997, p. 50) that the VET system processes and requirements did not guarantee "quality of training". The interview findings in later chapters of this study, have expressed similar points of view about guarantees of quality.

Differences:

Not all the differences have been identified in the discussion below, but a selection has been put forward.

Over half the 54 Queensland respondents indicated that their main source of income was derived from state and federal agencies. This contrasted with the situation described in Chapter 6 where a clear majority of the Victorian RTOs interviewed did not receive any government funding from the State Government. However, it needs to be remembered that the government training incentive scheme currently in operation at the federal level provides funds to companies which in turn pay a fee for training delivery to RTOs. As the extent of this was not explored for this study, no real comparison is possible, especially as a variety of funds was available for labour market programs at the time that the Queensland survey was undertaken.

In exploring the future of the open training market in 1994/5 Kell et al. (1997) identified a series of separate markets made up of different types of organisations. The researchers commented on the fact that it had become

*"*increasingly difficult to distinguish between 'private' and 'public' providers" (Kell et al., 1997, pp. 51-2). This notion seemed to reflect a belief that that both large and small private training organisations worked directly for government departments or training enterprises - due presumably to the flow of funding from government to these private training bodies. Kell et al. (1997) stated that "80% of private trainers derive their revenue either directly or indirectly from state and federal governments" (p. 52). The same view is not believed to hold in relation to the Victorian responses given in my interviews.

Western Australia

A project was undertaken in 2001/2 in Western Australia (Saggers et al., 2002). This was based on case studies of two TAFE and two private RTOs. The comparisons made in the report focused on the similarities and differences between these four institutions in W.A. The areas covered included the courses offered, the physical settings, the familiarity of those interviewed with the national training framework, views about Training Packages, the VET training market, the effect of competitive tendering for government funding and aspects of quality including trainer qualifications, student facilities and processes.

Although some of the above areas were encompassed by the questions asked of the Victorian RTOs interviewed, no meaningful comparison or contrast can, in my opinion, be drawn from the responses received from the two Western Australian private registered training organisations.

Appendix D – Semi-structured questions for interviews with selected privately owned RTOs

1.	*Confirming information:*
	You became a private RTO according to the data I have recorded in my research in 1/12/93
	Can you confirm this for me?
2	What is your formal position title?
3	How many reports are there between you and the CEO of the RTO?
4	How long have your been working in this organisation? (yrs)
5	Were you working in the organization when it became registered as an RTO?
6	If you were, do you know who made the decision to become an RTO?
	If yes, insert name of person
7	If you were working in organisation and know, please state reason why decision was made
8	Do you think those reasons still apply today?
9	If not what has changed in the meantime?
10	If you were not working here at the time, do you know who would be able to tell me why the original decision was made? If yes –
11	*Accredited training significance:*
	Can you tell me what proportion of your total training (either in student contact hours or in relation to total revenue) is devoted to accredited training (ie training which delivers some part of training packages or other courses which form part of the VET accredited program)? If yes express as %
11b	Has this proportion changed significantly since the organization became an RTO?
11c	If yes, has it increased or decreased?
11d	Could you tell me why you think this?
12	*Scope of registration*
	Of the qualifications on your scope –
	Which have been regularly delivered (ie main part of your accredited training delivery)?
	Which have rarely been delivered (ie no more than twice)
	Which ones have never been delivered?
13	*Delivery strategies:*
	Tell me about your delivery strategies (how you deliver training – it may include the method as well)
13a	Are there particular reasons for using the ones you describe?
	If yes, can you tell me about them?
13b	Can you tell me more about that?
14	*Client Group*
	Can you tell me about the client group to whom you deliver programs?
14a	Are they usually employed?
14b	If yes, are they mainly part time/full time employees
14c	Can you tell me more about this client group? (entry level, managers, overseas, unemployed, etc)
15	What is the highest level the RTO has delivered in accredited training?
15a	According to my data you have up to (insert) but have you actually delivered to that level?

16	Please nominate 3 (or 4) training packages which you have found to be the most popular (from your scope)
16a	Which of the ones you nominated has been the most successful in meeting the needs of your client group, in your opinion?
16b	On what basis do you make that judgement?
17	*Innovation* Is there anything you can tell me about you being innovative in terms of the delivery or design of courses or any other aspects of your operations as an RTO?
18	No of S of A issued and/or Certificates To gain some idea of your student throughput over a period can you tell me how many qualifications issued to students on an annual basis or over the last two or three years compared with the first two or three years of your operations.
19	Training in other States Do you deliver training in other States?
19a	If yes, what proportion of your total training do you estimate this to be? – on revenue or student contact hours basis
19b	Why have you done this training in other States?
20	*Competitors* What about other competitors? Who are they? How do they compete?
21	*Marketing* Can you tell me something about your marketing – how you gain your business; whether you advertise or use other methods of keeping your name in the marketplace.
22	*Government relations* How would you describe your relationship with government? Are there particular segments or parts of government that you would differentiate this relationship? (ie State/Federal) – grants – tenders - subcontracting
22a	Have you received funding from Government funding have they ever received any?
22b	If yes, how significant in relation to total training?
22c	Reasons for seeking it?
23	*Networks* - Can you tell me something about the networks you use and why you use those in particular?
24	*Inter-institutional or business relationships* - Do you have any kind of business relationships with other institutions involved in the sector? E.g. ITBs, other RTOs,
24a	What do you think can be gained from these relationships?
25	*Staffing issues:*

	Trainers – methods/criteria for recruiting
25a	Type of arrangements (employee, contractor)
25b	*Number of trainers employed or used*
25c	*Other employees or contractors e.g. accountant, administrator, managers*
25d	*Determining rates of pay, rewarding performance, contractual arrangements*
	Costs/Benefits
26	What about costs of being an RTO? Can you identify those for me?
26a	Have they changed significantly?
26b	Can you explain why changes have occurred?
27	What about benefits of being an RTO? Can you identify those for me?
	Have they changed significantly?
28	AQTF Has the implementation of the new AQTF had any effect? Direct or indirect? Good or bad?
29	*Organisations/Associations* Do you belong to Australian Council for Private Education & Training (ACPET) If yes, why did you join? If no, why did you decide not to join? Uncertain – discuss what it is
30	*Views about the future* - What is your view about the future of RTO's, accredited training and the training market generally?
31	Is there anything else you would like to mention which I have omitted to touch on in all of the questions raised above?

Appendix E – Data used to compile selected figures in Chapters 5 and 6

Table E.1 – Registrations of accredited providers: Victoria 1991/2 to 2002/3

Data for Figure 5.1 and Figure 5.2

Year	Cumulative registrations	Net new registrations
1991/2	61	61
1992/3	220	159
1993/4	298	78
1994/5	450	152
1995/6	630	180
1996/7	707	77
1997/8	737	30
1998/9	950	213
1999/0	985	35
2000/1	1041	56
2001/2	1189	148
2002/3	1173	-16

†Source: State Training Board Annual Reports, 1991/2 to 1999/0 and Victorian Learning & Employment Skills Commission Annual Reports 2000/1 to 2002/3

Table E.2 – Highest level of AQF qualification on scope of registration of 88 privately owned RTOs

Data for Figure 5.3 and Figure 5.5

Highest Level of Qualification	Number of RTOs
Graduate Certificate	2
Advanced Diploma	9
Diploma	40
Certificate IV	18
Certificate III	2
Certificate II	4
Own Accredited Course	13

†Source: SPSS analysis data

Table E.3 – Gender of interviewees

Data for Figure 6.1

	CEO	Other	Total
Male	6	4	10
Female	7	4	11
Total	13	8	21

†Source: Interview data

Table E.4 – Length of experience of those interviewed in VET

Data for Figure 6.2

	Enterprise RTO	Industry RTO	Commercial RTO	Total
Less than 1 year	0	1	0	1
1 to 5 years	0	2	1	3
6 to 10 years	1	2	2	5
11 to 15 years	1	1	3	5
16 years or more	0	1	4	5
Unknown	2	0	0	2
Total	4	7	10	21

†Source: Interview data

Table E.5 – Government funding

Data for Figure 6.3

Obtained some government funds	5
No government funds obtained	16

†Source: Interview data

Table E.6 – Category of RTO by type of qualification on scope of registration

Data for Figure 6.4

Type of RTO	Training Packages (TP) only	RTO's own accredited qualification	State copyright qualification
Commercial	1	4	5
Industry	1	4	2
Enterprise	4	0	0
Total	6	8	7

†Source: Interview data

Note: Some of these RTOs offered Training Packages as well as their own accredited curriculum, but in these instances the count focused on the RTO owned or Victorian 'crown copyright' courses offered.

Table E.7 – Proportion of total training accredited by each RTO interviewed

Data for Figure 6.5

RTO Number	Percentage Accredited
1	0
2	1
3	20
4	25
5	39
6	60
7	80
8	80
9	80
10	80
11	85
12	85
13	85
14	90
15	90
16	90
17	99
18	100
19	100
20	100
21	100

†Source: Interview data

Appendix F – Data relating to the 88 RTOs analysed

Table F.1 – Number of the 88 registered private providers with industry Training Packages on their scope of registration, by industry area

Industry areas on the scope of registration of 88 registered private providers at May 2002. (Training Package codes are also listed and as indicated, some have multiple packages within the industry designation)	Number of providers with the Industry Training Package/s on their scope
Assessment & Workplace Training (BSZ98)	44
Business Services (BSB01)	29
Wholesale, Retail and Personal Services (WRR02, WFS02, WRB03, WRF04, WRH00, WRP02, WRW01)	21
Tourism & Hospitality (THH02, THC04, THT02)	13
Information Technology (ICA99)	12
Transport & Distribution (TDT02, TDA03, TDM01)	11
Manufacturing, Engineering & related services (MEA04, MEM98)	10
Automotive (AUM00)	8
Telecommunications, Postal Services (ICT02)	8
Light Manufacturing (LMF02)	5
Community Services & Health (CHC02, HLT02)	7
Finance & Administration (FNB99)	6
Property Services (PRD01, PRM04, PRS03)	6
Food Processing (FDF03)	5
Building & Construction (BCC03)	5
Public Safety, Administration & Local government (CSC01, LGA04, PSP99, PUA00)	4
Sport & Recreation (RGR02, SRF01, SRO03)	4
Utilities (UTE99, UTG98, UTL98, UTP98, UTT98)	4
Process Manufacturing (PMA02, PMB01, PMC04)	3
Rural Industry (RTD02, RTE03, RTF03, RUV04)	3
Culture & Entertainment (CUE98, CUF01, CUL99, CUV03)	1
Seafood (Fishing) Industry (SFI00)	1
Forest & Forest products (FPI99, FPP01)	1
Printing & Graphic Arts (ICP99)	0
Mining (MNC04, MNM99, MNQ03)	0
Non-related & generic & cross industry	0

†Source: NTIS data for 88 companies included in analysis plus listing of major industry areas as per Australian Training Products Catalogue 2002. Table 25 ex NCVER refer to these as 'parent training package'.

Table F.2 – Number of industry areas on each of 88 RTOs' scope of registration 2002

Number of Industry Areas on Scope	0	1	2	3	4	5	6	7	8	9	10	11
Number of RTOs	24*	19	16	7	5	7	2	2	1	4	1	1

†Source: SPSS analysis

- These RTOs either had their own accredited course or Victorian Crown copyright qualifications on their scope.

Table F.3 – Units of competency attained by parent Training Package

Training Package	Total units of competency attained ('000)
Hospitality Industry	763.5
Community Services	540.8
Information Technology	465.6
Business Services	356.7
Administration	320.5
Retail	251.4
Horticulture	215.7
Metal and Engineering Industry	186.8
Automotive Industry Retail Service and Repair	182.6
Assessment and Workplace Training	168.0
General Construction	159.7
Transport and distribution	147.3
Agriculture	129.3
Financial Services	117.5
Food Processing Industry	88.5
Telecommunications Industry	77.9
Printing and Graphic Arts	71.1
Asset Maintenance	67.0
Tourism	65.9
Asset Security	64.5
Other	681.1
Total	**5121.3**

Note: In the above table, units of competency attained are counted under their parent training package. However, because of the flexibility available, in some cases students may be undertaking a qualification from a different training package.

†Source: Adapted from NCVER Australian Vocational Education and Training Statistics Students and Courses 2002 Table 25 p. 34

Appendix G – Training Package information provided by RTOs interviewed

Table G.1 – Summary of Training Packages which RTOs indicated, at interview, were regularly delivered, by AQF level.

Name of Training Package	Levels at which Training Package were delivered	Number of RTOs delivering Training Package at each level	Total Number of RTOs offering this Training Package
Assessment & Workplace Training BSZ98	Certificate IV only	6	8
	Cert IV & Diploma	2	
Business Services BSB01	Certificate II &/or III	4	9
	Up to & including Cert IV	3	
	Up to & including Diploma	2	
Beauty WRB99	Certificate II or III or both	1	1
Community Services CHC02	Certificate II or III or both	1	1
Engineering MEM98	Certificate I/II &/or III	2	2
Public Services Training PSP99	Units of competence	1	1
Food Processing FDF03	Certificate II or III or both	1	1
Music CUS01	Certificate II or III or both	1	1
Property PRD01	Up to & including Diploma	1	1
Tourism THT02	Up to & including Diploma	1	1
Financial Services FNB	Up to Diploma	1	2
	Advanced Diploma	1	
Information Technology ICA99	Up to Certificate IV	1	2
	Diploma	1	
Manufactured Mineral Products PMC99	Certificate I & II	1	1
Retail WRR002	Up to Certificate IV	1	1
General Construction BCG98	Certificate II or III or both	1	1
Automotive AUR99	Certificate II or III or both	1	1
Electro technology UTE99	Certificate III	1	1
Telecommunications ICT02	Certificate II up to Cert IV	1	1
Hospitality THH02	Units of competence	1	2
	Up to & including Diploma	0	
	Advanced Diploma	1	
Total packages 19			

†Source: Interview data

Appendix H – Performance agreements for RTOs gaining funding for Apprenticeship/Traineeship Training Program or Priority Education and Training Programs

Fundamentally, an RTO is expected to comply with all aspects of the twelve standards of the Australian Quality Training Framework (AQTF) for both the Apprenticeship/Traineeship Training Program (ATTP) and the Priority Education and Training Programs (PETP). In relation to sources of funds, terms and conditions are laid down regarding the payments to be made to the RTO for providing services which ultimately result in an apprentice/trainee or employee under the PETP program receiving appropriate training within the requirements of the agreement (Victorian Learning & Employment Skills Commission, 2004a, 2004b).

For ATTP funding, the RTO is expected to meet requirements relating to such things as

- the ratio of trainers to eligible apprentice/trainees,
- monthly monitoring and recording of training progress against training plans,
- providing appropriate support,
- reporting the delivery of the training through the AVETMISS system,
- notifying the New Apprenticeship Centre of any changes such as withdrawal,
- transfer or change of address of employee or employer,
- undertaking a survey of client satisfaction,
- meeting specific requirements in relation to workplace based training especially in relation to the apprentice/trainee being withdrawn from routine work duties for a specified number of hours per week averaged over an eight week cycle[81],
- maintaining a minimum level of contact with the apprentice/trainee,
- not subcontracting more than 50 per cent of the total student contact hours (SCH) claimed in any individual training contract. (Australian Council for Private Education & Training).

In relation to PETP funding

- the State Training Authority must agree to the RTO subcontracting;
- the RTO is also expected to gain an industry/enterprise contribution of at least $1.00 per SCH (for 2004) for the training delivery cost;
- the training delivered must fall into the priority group, industry, industry sector in the region specified in the agreement and in the skill or occupation detailed in the documentation (the purchase schedule); and
- the training must be commenced and completed by the dates specified in each submission.

A further requirement is that the services are delivered only to those who are Australian citizens, permanent residents of Australia, temporary protection visa holders or East Timorese asylum seekers.

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[81] Although funded RTOs are accountable for this, the responsibility lies with the employer.

Appendix I – Innovation at work

In 2003 one of my clients surveyed its students to obtain factual information about their training outcomes. The purpose was to help support an application for additional funding places for ATTP positions. It was not successful. Nevertheless, I believe it demonstrates an innovative approach by this RTO. In putting this viewpoint, I am influenced by the reasons provided by the RTO for achieving successful outcomes and having sufficient demand from its client group to seek additional ATTP places.

A copy of the survey used has been reproduced below. It indicates that they were endeavouring to show the extent to which its students met the expectations of the government to justify 'user choice' funding. The traineeships were in Aged Care and placements in aged care facilities were a necessary part of the course content.

Of the 53 student responses received, more than 40 per cent had been born overseas.

Nearly 50 per cent of those who had responded to the survey had not been employed when they attended the programs but over 80 per cent of them were found positions for their traineeship by the RTO. Additionally, the survey found that nearly all the respondents who had completed their traineeships were still employed. Over 30 per cent of the trainees were pursuing further studies.

As suggested above however, the real value in the information provided by this RTO related to the reasons it had suggested in its correspondence with OTTE for its perceived success.

One related to the especially developed two week entry program, preparing the student for a traineeship in Aged Care. The areas covered included

- Professional work ethic,
- Back care,
- Base care needs,
- First Aid level 2.

The outcome of this particular program had not only dramatically reduced the work cover claims made by their students during their course (to one only from a cohort of 70 students) but it had also reduced the withdrawal rate of students from the traineeship as they were in a better position to understand what was involved in undertaking the training.

Another reason put forward by the RTO to explain its relative success related to the extent to which they supported their students during their traineeships. The RTO had established a 'buddy system' for its students. This involved a qualified care worker from the organisation where the student was to gain its on-the-job experience to be assigned to the student for duration of the time they spent on-the-job. The nurse educator (i.e. the trainer in the course) was expected to supervise and provide support. The trainer had a responsibility for up to 8 students in this process. The RTO made available to me the comments it had received in response to its survey in 2003. Although only 6 actual 'other comments' had been received from the total responses, I have set out below the students' words as they indicate a measure of appreciation and support for the course they completed.

<u>Six Comments received</u>

"Information was easy to understand. Teachers made the work enjoyable and have helped me immensely."

"I found the training very thorough and informative. It has helped me in a career that I enjoy and will always be grateful for them."

"XXX provides thorough and very comprehensive modules which help us a great deal. Its content delivery as well as practical components are one of the best I have heard of so far."

"XXX have shown to be professional as well as committed to their dedication. Without their help I wouldn't have had the opportunity to find employment in a field in which I am really happy. I am very grateful to XXX."

"The services provided were of a high level and the ease with which the course was conveyed has assisted with many and varied opportunities in aged care and with disabilities as well."

"I enjoyed my training and the teachers, and students and has given me confidence to do anything."

SURVEY

Dear Students,

We are currently gaining information in order to develop a submission to the government, to request an increase in funding for apprenticeships.

To ensure our submission is factual and reflective of the facts, we ask you to complete the following questionnaire.

Confidentiality is guaranteed, by requesting you not to write your name on this questionnaire.

Please tick the appropriate box:

1. Your age is between:
    ☐ 18-20 years
    ☐ 20-30 years
    ☐ 30-40 years
    ☐ 40-50 years
    ☐ 50 years old plus
2. How long ago did you last attend formal studies?...
3. What type of studies were they? ....
4. Country of Birth...
5. What is your first language? ....
6. When you commenced study with Xyz Health RTO, were you in receipt of any Centre Link Payments?
    ☐ Yes
    ☐ No
7. If yes, what type of payments were you receiving?...
8. Were you unemployed before coming to study at Xyz Health RTO?
    ☐ Yes
    ☐ No

9. If yes, how long were you unemployed for? ....

10. Did the Health Entry Program, assist you in accessing a traineeship?
   ☐ Yes
   ☐ No

11. Comment: ....

12. Did Xyz Health RTO assist you in finding employment, after completion of the Health Entry Program?
   ☐ Yes
   ☐ No

13. Any comments: ....

14. Do you feel confident that your training will offer you future employment, once you have completed your traineeship?
   ☐ Yes
   ☐ No

15. Do you feel that your traineeship will offer you a study or career pathway?
   ☐ Yes
   ☐ No

16. If yes, what will your options be?

   ....

This section is for students who have completed their traineeship with Xyz Health RTO at the time of this questionnaire.

17. Have you maintained employment within the industry of your traineeship?
   ☐ Yes
   ☐ No

18. What type of work are you currently involved in?

   ....

19. Have you pursued further studies?
   ☐ Yes
   ☐ No

20. If yes, what type of studies are you currently, or have been involved in?

   ....

   ....

   ....

21. Are there any other comments you would like to make about the training service Xyz Health RTO provides?

   ....

   ....

   ....

   ....

   ....

   ....

Thank you for your assistance with answering this questionnaire, we are greatful for your time. Please find enclosed a stamp addressed envelope for you to return your completed questionnaire.

April 2003

Appendix J – Australian Council of Private Education and Training

The Australian Council of Private Education (ACPET) was first formed in 1992 and by mid-June 2003 it had 600 members nationally, with approximately 150 in Victoria (Executive Officer, phone conversation June 2003). Its membership is predominantly commercially registered training organisations. Indeed in material provided by the organisation, it stated that it precluded from membership those who "receive recurrent funding from government departments and agencies".[82] Its role includes representing its private provider members at peak government forums, lobbying government, holding conferences and keeping its members informed of key government initiatives through newsletters, meetings etc. As a member of ACPET, I would perceive that it undertakes these tasks very effectively.

Its stated aim is "to assist private providers in becoming more competitive and to ensure that clients … have a real choice between government and private providers of education and training". It has experienced a further substantial increase in its membership over the period post 2004 (now said to be over 1000 nationally) due, it is believed, to it offering a domestic assurance scheme for its members.[83] The first of these aims has not in my opinion been demonstrated in a concrete way, but certainly its representation on the government forums it participates in, clearly supports the retention and growth of private providers in the system. In more recent times, there is a perception, expressed by clients with whom I have discussed this organisation that they tend to support the needs of the larger RTOs, many of which are operating in the international marketplace and some of which are offering university level qualifications. This international focus is borne out to some extent by the comment made during an interview with the Executive officer who maintained that the growth of RTOs in the late 1990s was due to the move into international markets rather than, as I had proposed, being due to the implementation of Training Packages.

As a member of ACPET, I believe that it provides me with the opportunity to be informed about the changes which are likely to occur, both nationally and at state level. This perception arises because it acts as a lobby group on behalf of its members at federal and state level. It receives support from a number of the state governments (and possibly DEST) to run professional development activities for RTOs and to be kept up to date with such things as disability guidelines etc. It plays a part in the Australian Training Awards each year as it contributes towards the prizes awarded in a number of categories. It has representatives which sit on a number of government or semi-government bodies providing input into the decisions being made on such things as changes to AQTF standards, possible changes to legislation at state and federal level and when the opportunity arises, making submission to government or semi-government bodies on matters pertaining to VET.

Its annual convention, held in different locations each year, has been well attended. This particular activity provides a networking opportunity for public and private providers. The program always enables time for those attending to mix and discuss issues of mutual interest out side the formal sessions.

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[82] This situation changed recently – a decision made at the AGM in 2005 – and confirmed in 2006 permitted TAFE Institutes to join ACPET.
[83] The insurance offered is for domestic and overseas students under two separate schemes. A condition of joining these schemes is membership of the Council.

There are approximately 4000 RTOs registered on the National Training Information service. It would appear that approximately 25 per cent of these have joined ACPET. The dominant membership is on the east coast and the Council has offices in most of the States. The Board of ACPET acts in a voluntary capacity (although I assume they are paid all their expenses).

ACPET's members all agree to abide by a Code of Ethics which is issued by the organisation and covers the standards of conduct it expects its members to adopt.

Source of information for the above includes the ACPET Information Kit provided to me in 2002. (Australian Council for Private Education & Training)