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Report of the

REVIEW OF THE

ANTA AGREEMENT
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February 1996
Dear Prime Minister

I have pleasure in submitting to you the Report of the Review of the ANTA Agreement.

The Report indicates progress has been made on a wide range of issues under the ANTA arrangements in a comparatively short period, but naturally given its brief history there remains much to be done.

There are four issues which I regard as critical. I have highlighted these issues as I consider they need the attention of Heads of Government.

The first is the membership of the ANTA Board. As a person who spent many years involved in Commonwealth/State relations I regard the ANTA Agreement as a major achievement and an example of how the federation should work. I was therefore somewhat surprised, and a bit disappointed, to find amongst key stakeholders no strong sense of ownership of ANTA as an organisation.

I think this can be corrected by strengthening the role of the Chairperson of the ANTA Board and broadening membership of the Board. The role and authority of the Chairperson is vital. He must be seen as the key person advising the ANTA Ministerial Council and also dealing individually with Ministers and governments between Board meetings on the major issues, and any bottlenecks. He should become the focal point of the system between meetings of the Ministerial Council.
Given the issues coming before the ANTA Board I believe broadening its membership to include the Secretary of the Department of Employment, Education and Training, a State/Territory government official and possibly the Chairperson of the Standards and Curriculum Council would strengthen its strategic considerations and bring a greater sense of cohesion and ownership of the national system. It would also strengthen the authority of the Chairperson of the ANTA Board.

I think this is a fundamental issue. If you want the system to work better then this change is not just an option, it is essential.

The second is the complexity of the system for industry. Industry was extremely critical of the bureaucracy of the system, in particular of the arrangements for national recognition of training. The lack of a single point for advice, information and access to the system was also seen as a problem. The Review has made some recommendations to reduce the approval processes and to improve transparency. Let me hasten to add that much of the criticism is about functions which have only been recently transferred to ANTA following an excellent decision by Ministers to reduce the number of authorities within the vocational education and training sector. This should not be seen as a criticism of ANTA, but rather a plea that now that it has the authority, there is a need for urgent action by ANTA, with State/Territory authorities, to bring improvements because the processes at the moment are a disincentive to industry to use the system.

The third matter relates to the regulatory arrangements within the States and Territories - what I think the public service now calls the purchaser/provider split. Whatever the jargon, it is important in driving reform to have a clear separation of functions between the industry regulator and funder of contracts and the person or persons responsible for delivering the service. As a former Managing Director of the Australian Postal Corporation I wonder whether I would have been as enthusiastic about changing that organisation if I had been my own regulator. Similarly I wonder whether the excellent staff in Australia Post and their unions would have worked as hard on the necessary changes if at the same time I had been allocating contracts under competitive tenders to my competitors Mayne Nickless and TNT.

The fourth issue is that of competition. The impression I gained in reading some of the submissions and during the consultations was that competition was seen as an objective in its own right. Competition is not an end objective, but a useful tool for stimulating efficiency and in achieving public sector reform. But the other part of that equation is empowering the public
authority to compete with equal vigour. I think the use of competitive mechanisms has actually gone too slowly in the vocational education and training sector. A major reason has been a resistance to change partly caused by a failure to recognise and define the role of TAFE and put it on a proper financial basis to compete. Both arms of reform - competition and empowerment of TAFE - need to go forward together. There are some good things happening at the TAFE Institute level and these “best practices” need to be built upon.

Finally, I would like to record my appreciation for the great help and guidance I received from my Senior Consultant, Mr Greg Woodburne and from an excellent Secretariat, headed by Mr Mark Burford, which included Ms Barbara Bennett, Mr Robin Ryan, Mr Patrick Newton, Ms Louise Stanford and Ms Jodie Fairall.

Yours sincerely

R M Taylor AO

26 February 1996
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EXECUTIVE SUMMARY

The Review of the Agreement on a National Vocational Education and Training System (the ANTA Agreement) was established by the Prime Minister on behalf of Heads of Government in August 1995. This is consistent with a requirement that the Agreement be subject to review before the end of 1995.

The Review undertook its work in a conventional way, by consulting with key stakeholders, commissioning research, examining reports and through considering written submissions.


1. **Background** - covering the methodology used by the Review, a brief history and review of the Agreement and a summary of the main views put to the Review in written submissions (Chapters 1 to 4).

2. **Better management and clearer roles** - looking at how the arrangements might be managed better, with clearer roles and responsibilities (Chapter 5).

3. **Funding achievements** - considering what has been achieved with the additional funding made available under the ANTA Agreement. It covers management of the shared funding arrangement and examines ways to improve vocational education and training data (Chapters 6, 7 and 8).

4. **Better resource allocation** - covering issues involved in resource allocation, particularly the relationship between the public and private sectors, the role of TAFE, the place of competition and ways to continue reforms to drive efficiency and quality (Chapter 9).

5. **Better national recognition** - focusing on industry concerns about complexity and rigidity of regulation and the inadequacy of the national recognition arrangements (Chapter 10).

6. **Access and equity and cross sectoral links** - dealing with the final two objectives of the ANTA Agreement (Chapters 11 and 12).
Background

The Australian National Training Authority (ANTA) was established by Commonwealth legislation in December 1992 and subsequent supporting State and Territory legislation. It commenced operation in 1993.

This followed several years of investigation, reports and intensive negotiations between Commonwealth and State/Territory governments. A consensus had developed around the need for substantial reforms to vocational education and training (VET), a more nationally oriented system and for the joint resources of the Commonwealth and State/Territory governments to fund greater effort.

The Review

The Review received 64 written submissions. In addition to those from ANTA, the Commonwealth Government and each State and Territory Government, submissions were received from the Business Council of Australia, the Australian Council of Trade Unions and a range of other organisations. In particular there were many submissions from State/Territory and National Industry Training Advisory Bodies. There were few submissions from business.

The views contained in submissions are set out in Chapter 4. A major point was the broad support for the Agreement from all Governments and key industry groups. No submissions proposed returning to the pre-Agreement arrangements.

Government submissions raised concerns about the future direction and operational aspects of the Agreement. Submissions sought clarification of roles and responsibilities, a more strategic approach from ANTA, a less rigid view of the maintenance of effort provisions, simpler processes and better communication between the key parties.

Employers saw the system as too complex, thus discouraging businesses from using the system. They acknowledged that there had been a shift to a greater client focus by providers and better overall planning processes; however they were still concerned with the complexity and rigidity of the system especially with respect to the national recognition of training. There were also a number of submissions concerned with the operations of Industry Training Advisory Bodies.
Better Management and Clearer Roles

The Agreement sets out a general description of the roles and responsibilities of ANTA, State Training Agencies, the Commonwealth and Industry, but given concerns expressed, the Review has further examined these roles. The main concern was that ANTA had become too involved in detail and operational matters better dealt with by State Training Agencies. It was suggested that while ANTA was engaged in a lot of activity, too little of it involved forward strategy or strategic guidance.

Accordingly the Review has set down its view on the roles and responsibilities of each stakeholder. The main changes relate to ANTA, the ANTA Board and ANTA CEOs.

ANTA

ANTA was given three different roles under the Agreement:

- to advise on national policy, develop a national strategic plan and set out a comprehensive plan for annual training provision;
- to take over a range of programs from the Commonwealth Department of Employment, Education and Training. In part this has driven an operational role for ANTA and a requirement to focus on an array of different programs and projects; and
- to police the maintenance of effort provisions of the Agreement.

The Review considers that the programs and projects taken over from the Commonwealth in accordance with paragraph 36 of the Agreement should be simplified into a more strategic grouping of programs and ANTA should get out of managing a plethora of small programs with separate “buckets” of money. The administration of maintenance of effort also should be simplified. This approach would allow ANTA to focus better on its key planning and policy roles.

In turn the Commonwealth has a responsibility with ANTA to improve co-ordination between Commonwealth labour market programs and VET planning, consistent with the requirements of paragraph 36 of the Agreement.

Submissions from governments displayed a high level of agreement on the desirable role for ANTA. This can be summarised as:
Review of the ANTA Agreement

- providing strategic direction to the training system, clarifying where it should be heading, taking into account developments in client needs, service quality, technology, delivery options, and relevant overseas experience;
- developing national policy in collaboration with the Commonwealth and States/Territories, industry and other stakeholders;
- managing national funding arrangements;
- establishing and monitoring performance of the national VET system; and
- encouraging the development of a training culture across industry.

The Review agrees with these points and proposes three further areas of equal importance:
- simplifying the processes involved with the recognition of training;
- stimulating best practice throughout the network; and
- conducting and commissioning research.

ANTA Board

The ANTA Board is critical to the performance of the Authority’s strategic function and therefore the operations of the ANTA Agreement. The role of the Chairperson of the Board should be strengthened and the membership of the Board should be broadened to assist in its strategic role and bring a greater sense of cohesion and ownership to the system.

The role and authority of the Chairperson is vital. He must be the key person advising the Ministerial Council and should deal individually with Ministers and governments between Board meetings on the major issues and any bottlenecks which may arise. He should become the focal point of the system between Council meetings.

This strengthened role for the Chairperson is a feature of the Review’s proposals. The most efficient system of management of public corporations is for the Chairperson of the corporation to deal with the responsible Minister and for the Chief Executive to deal with relevant department heads and CEOs. It is therefore important for the Chairperson of ANTA to deal with Ministers, Commonwealth and State/Territory, on the key policy issues not only formally at Ministerial Council meetings, but between
meetings with individual Ministers as major issues arise. It will not require his involvement in detail.

The Review also proposes that the Secretary of the Department of Employment, Education and Training, a senior State or Territory official and, desirably, the Chairperson of the Standards and Curriculum Council be added to the Board. This will increase the size of the Board from five to a maximum of eight, still an efficient size for a Board.

The selection of a State/Territory member to the Board would be a matter for State/Territory Ministers. The Review suggests that this person be someone familiar with the system, but not currently performing the duties of a CEO of a State Training Agency.

ANTA also needs to ensure that the Standards and Curriculum Council achieves its program of reform. Accordingly it would be desirable to add the Chairperson of this Council to the ANTA Board.

Taken together these changes will:

- reinforce the role of the Chairperson;
- bring greater cohesion, ownership and shared values by the States/Territories and the Commonwealth to the system;
- ensure better co-ordination of ANTA and Commonwealth programs and more effective planning of VET provision; and
- add to the Board’s deliberations by bringing the expertise of two of the nation’s top public sector managers to the consideration of resource allocation, Commonwealth/State relations and government administration.

**ANTA Chief Executive Officers**

The Agreement makes no mention of the meetings of ANTA CEOs. These are meetings of the Chief Executives of the State/Territory Training Agencies and a representative of the Secretary of the Department of Employment, Education and Training, chaired by the Chief Executive Officer of ANTA.

It is desirable to recognise the role of the ANTA CEOs and differentiate it from the role performed by the ANTA Board. The role of ANTA CEOs is to examine and advise on the implications of proposals under consideration by ANTA, particularly as they impact on States and Territories. As such
the advice is available to the ANTA Board when deciding on proposals to put to the Ministerial Council. Their advice should not intervene between the advice of the ANTA Board to the Ministerial Council, but should “sit behind” the ANTA Board in the hierarchy of advice. ANTA CEO meetings also provide a mechanism for the implementation of Council decisions when requested.

Funding Achievements

This section reviews what has happened with funding under ANTA (Chapter 6), then looks at the issues involved in the shared funding arrangement (Chapter 7) and finally looks at what should be done to improve VET management and performance data (Chapter 8). The Review’s efforts throughout were severely hampered by an inconsistent and unsatisfactory statistical base, but it set out to make reasonable judgements based on the information available.

Growth

Several data sources were used by the Review to construct time series’ to judge funding and activity growth under the ANTA arrangements. Together the time series’ cover the period 1991 to 1996. Growth figures are quoted for 1991-94 and 1994-96.

The addition of Commonwealth growth funding through its initial injection of $100 million in 1992 and subsequent annual increases of $70 million per annum in the years 1993 to 1996 has increased in real terms the amount of recurrent funding available for VET. Real term recurrent funding, from Commonwealth and State/Territory Governments combined, grew by 14 per cent between 1991 and 1994 and is likely to grow by a further 6 per cent between 1994 and 1996.

At the same time activity increased significantly. Student contact hours grew by 22 per cent between 1991 and 1994 (enrolments by 18 per cent). Between 1994 and 1996 student contact hours are expected to grow by a further 9 per cent.

The data suggest that productivity has improved, but that it has flattened out recently.

The Review looked at progress against the Finn Targets for youth participation and attainment. It judged that while currently on track, the ultimate achievement of the targets will require continued improvement in
Executive Summary

participation, especially with respect to the target for 22 year olds for which VET has an important role.

Shared Funding

The States/Territories and the Commonwealth jointly fund vocational education and training. The Commonwealth is now a major co-funder contributing 28 per cent of recurrent funding under the ANTA arrangements and around 64 per cent of the capital funding. Other Commonwealth programs also fund VET activity.

There are a number of consequences of shared funding arrangements. Firstly, issues of substitution, additionality, and cost shifting between governments remain a concern. Secondly, these concerns will be of particular importance in a period where growth is largely funded by one of the parties, such as has been the case in VET. Finally, measures to exclude or reduce cost shifting, such as “maintenance of effort”, will be a feature of such funding.

The Review concluded that maintenance of effort had been satisfactorily managed by the Ministerial Council. It recommends that the maintenance of effort element of the ANTA Agreement be retained but play a less central role, allowing the parties to get on with the main business of policy, planning and delivery. The focus should be on simple, straightforward and agreed measures, with emphasis on activity and output measures. Over time output measures will take on greater significance as data quality improves.

Attempts to introduce outcome measures into the maintenance of effort assessment would be misplaced. However, outcome measures are necessary for assessment of overall VET system performance.

Other Issues

National Programs and National Projects

The Review felt there were simply too many national programs and national projects each with its “bucket” of money being separately administered. It considers that various activities should be rationalised into two broad categories of system support activities (supply side support) and nationally operating programs principally designed to purchase outputs (demand side support). The latter should focus on big issues, particularly those needed to
accelerate shifts in the system that cannot be readily accommodated within annual Profile negotiations.

The 20 per cent Performance Factor
In relation to the provision for 20 per cent of growth funds to be allocated to States/Territories on the basis of performance, the Review recognised the difficulty in agreeing to any general formula for allocation other than population. It proposes that the Ministerial Council retain an option to allocate part, or all, of the 20 per cent of growth funds to redesigned national programs and national projects if ANTA submits a substantial case for the core funds to be used in this way.

Data
National VET data are inadequate for performance measurement and assessment, public accountability and system management.

ANTA must address the problems of inadequate data quality, poor management of the data collection and unsatisfactory performance measurement.

The Review is aware that the quality of data has been a long running concern and that the Australian Committee on Vocational Education and Training Statistics (ACVETS) was established to develop a comprehensive approach. While acknowledging that ACVETS has progressed the development of an agreed statistical collection standard, the Review considers that a committee such as ACVETS is not the appropriate vehicle to put the basic data management requirements in place.

The Review considers that the key decisions setting the directions for data collection, management, reporting and assessment should be taken by the Ministerial Council on advice from ANTA. These would include endorsing key performance measures for national use and having key data management decisions agreed by the ANTA CEOs group who need to “sign off” on these issues.

Better Resource Allocation
Public investment in vocational education and training is substantial; with labour market and other specialist programs, it exceeds $3 billion annually. Moreover the capital investment in public TAFE systems, built up over a century, has been estimated at $7 billion.
Chapter 9 of the Report looks at how the nation can maximise its return from this expenditure, get better value for money, improve resource allocation and promote both efficiency and the delivery of quality training.

A variety of management improvement measures will be required over time, but an underlying reality is that the ways in which public resources are allocated will drive reform. Market reforms, including greater competition, are important mechanisms which form part, but only part, of the overall drive for greater quality, responsiveness and efficiency in training. Markets are mechanisms for sharpening efficiency, but their use does not solve all problems of resource allocation or avoid the hard choices necessary in shifting resources from traditional fields of training to expand new training opportunities more suited to a rapidly changing economy.

**Role of TAFE**

There is a clear role for a publicly owned TAFE within the VET system but there is resistance in parts of TAFE to the direction of national training reform, especially the growing role for markets and competition. This can be attributed, in part, to a failure to articulate a clear role for TAFE within a growing VET sector.

The rationale for maintaining and developing a strong and efficient TAFE system within a wider VET system revolves around the following:

- the community has a big sunk investment in the system which has a large skilled workforce;
- the size of the TAFE systems provides opportunities for economies of both scope and scale not possible in smaller, single institutions;
- there will continue to be a need for investment in high cost facilities and training for occupations that have few members but are of key importance to industry. This training is unlikely to readily attract private investment and the community cannot afford for it to languish;
- the history of vocational training in Australia has demonstrated the volatile and cyclical nature of industry commitment to vocational education and training. The ownership of the TAFE infrastructure gives governments the means to ensure stability and respond quickly to emerging needs;
• TAFE's widespread infrastructure, experienced staff and array of student support services provide a ready facility for delivering appropriate education and training options for disadvantaged groups;
• the TAFE country network is a community facility that could not be readily replaced; and
• the blurring of boundaries between schools, vocational education and higher education suggests a logic in having a government service in all three sectors.

The TAFE system has the great strategic advantage of incumbency, substantial assets and skilled staff. It has great opportunities in an expanding market.

TAFE providers need to be put on a proper commercial basis, with services fully costed and with transparency in the way community service obligations are funded. They should be given the authority to manage more flexibly and the capacity to deal directly and effectively with their clients.

Governments also need to define more clearly their expectations in terms of the scope of services they require TAFE to provide, both in terms of client groups and geographical spread, and fund these appropriately.

**Competition**

There is a strong policy basis within the ANTA Agreement to pursue market and competition reform within VET.

Given that the policy basis for market reform exists and that reforms are underway, the real task is to step up the pace of implementation. To demand that VET systems move to the next step of full implementation of competition policy emerging from the *Hilmer Report* may be confusing and unproductive at this time. The objectives in the ANTA Agreement are an adequate base on which to go forward. The issue is not to pursue competition as an end in itself but to use it as a mechanism to achieve greater efficiency and quality.

The Review considered progress in market reform over the past few years to be disappointing. Only a small portion of public funding is open to competitive tender. The Review suggests that key principles for market reform in VET, building on the ANTA Agreement, should be developed and endorsed by the Ministerial Council. These principles should form the
basis of a strategy for concerted action on market and competition reforms to be implemented by STAs and regularly reviewed by ANTA.

State/Territory Issues

Given that State/Territory governments are responsible for the regulation of training, are owners and operators of the TAFE network and must implement policies on competition, the Review has suggested those activities on which it considers State/Territory governments should focus for improved management:

- ensuring that market regulation is efficient, client oriented and does not discourage competition. The process should focus on standards, registration of the provider and qualifications. The ethos should be to facilitate the expansion of VET. Moreover this should include facilitation and recognition of courses and qualifications on a national, reciprocal basis;
- establishing a clear separation of functions between the purchaser and the provider of training;
- ensuring that resources are shifted to areas of emerging demands and government priorities, not just continuing historical allocations. The Review refers to this as achieving strategic shifts in the system;
- encouraging wider use of competition to stimulate efficiency. Where open competitive tendering is judged inappropriate, “market-like” disciplines should be introduced;
- building on user choice trials that allow the client to exercise greater choice about the provider and the products purchased. This more nearly replicates the conditions in the private training market;
- making transparent the funding of community service obligations and other high cost services which governments require TAFE to deliver; and
- improving TAFE performance, including putting individual providers on a proper commercial basis, giving greater freedom of action and local authority.
Industry Concerns

Industry was critical of the complexity of the system for the recognition of training. Despite the promise of streamlined recognition and the elimination of barriers across State and Territory borders, businesses and employees are still facing difficulties with the operation of the system of national recognition.

The Review concluded that practical reforms and further streamlining are needed to achieve the commitment to a clear, straightforward and accessible national system of training recognition.

Reforms to National Recognition

The basic idea of a system of national recognition implemented through State regulatory bodies and underpinned by reciprocal recognition between these authorities is strongly supported by the Review. It proposes that legislation be introduced to all States/Territories to underpin reciprocal recognition.

The Review considers that central course accreditation by State/Territory recognition authorities is becoming less relevant as the training system increases its flexibility and its market orientation and as the focus of reform shifts to the client/provider relationship. Furthermore, it will become more difficult to manage. Course accreditation nevertheless remains an important function of quality assurance and resource management at the provider level. Central course accreditation by States and Territories should be abolished with the responsibility moving to providers.

The Review considers that competency standards should be simple, straightforward and allow for enterprise flexibility.

It proposes a set of reforms which:

- shift the focus of State/Territory regulation and quality assurance to provider recognition rather than course accreditation;
- devolve course accreditation to providers;
- make some changes to the qualifications framework; and
- provide for a transition to these arrangements.

The Review also recommends that the system of “declaration of occupations” for regulated training be de-regulated.
Access, Equity and Cross-sectoral Issues

Access and Equity

Chapter 11 deals with access and equity issues, specifically the need to improve training outcomes for individual target groups.

The Review received several submissions that were critical of performance in fulfilling this objective since the Agreement. A lesser number put forward practical proposals to address the issue.

The Review noted that the next iteration of the National Strategic Plan would be undertaken soon and expected it to be a more complete document. Given the difficulties in making satisfactory progress in widening access to VET for some of the target groups, the Review felt it would be useful if the next strategic plan were supported by a business plan setting out detailed objectives for the target groups and ways in which their position in the training system might be improved. Such a business plan should focus on increasing access for women, Aborigines and Torres Strait Islanders, people from a non-English speaking background and people with a disability.

The Review believes the use of demonstration projects illustrating best practice and development of specialist products for disadvantaged clients will yield significant benefits. Such projects and products should provide models for increasing the number of people from target groups participating in VET and illustrate ways to give those clients access to more advanced training.

Bodies such as Industry Training Advisory Bodies and Group Training Companies have the potential to broker the development of industry specific strategies to improve access and outcomes for disadvantaged groups. They can also act as intermediaries with enterprises to promote these strategies.

Some States/Territories have been explicit in seeking increased participation for disadvantaged groups and have included requirements for target groups in contractual arrangements with providers. This approach should be pursued more widely.
Cross-sectoral Links

Chapter 12 deals with the sixth objective of the Agreement to improve links between schools, higher education and vocational education and training. The main aim of this objective has been to break down barriers to the movement of students across the education and training spectrum by expanding articulation of courses, credit transfer, and the range of vocational programs available in schools. It has also sought to increase opportunities for school leavers to enter vocational education and training.

The Review felt that VET funds under the ANTA Agreement should continue to be used on specific VET sector programs approved in the Profile negotiations and not be used for recurrent funding in other sectors. It takes that view because of the intent of the original agreement to lift funding in this sector and that it would be premature to dilute this objective. At the same time the Review considers that the movement of students across sectors should be encouraged. Some years downstream it may be appropriate to look at some reduction of the funding barriers.

The Review draws particular attention to two other matters. First, Governments should encourage the schools sector to expand opportunities for young people to undertake recognised VET studies in their senior school years. Second, State Training Agencies should keep under review the success of improving credit transfer and articulation in enabling movement between the education and training sectors.

In Conclusion

Finally, the Review concluded that progress under the ANTA Agreement has been satisfactory. However, as this assessment has taken place comparatively early in the history of the arrangements and shortly after a significant restructure, which has established the Standards and Curriculum Council and brought it under ANTA’s control, it would be appropriate for governments to review further progress within three to five years. This Review could determine whether the arrangements under the Agreement continue to remain the appropriate organisational structure to manage the national vocational education and training system.
RECOMMENDATIONS

The Review recommends that:

Background

1. All States/Territories take the necessary action to give effect to the arrangements agreed by the Ministerial Council on 17 May 1994 for the transfer of State/Territory VET funds to identified accounts and subsequent notification to ANTA.

Better Management and Clearer Roles

2. ANTA focus more clearly on its core business of advice on national policy and strategic directions, planning and management of national funding arrangements and reduce its emphasis on operational activities.

3. The key role of the Chairperson of ANTA and his position as the focal point of the national system between Ministerial Council meetings be endorsed by governments.

4. The Secretary of the Department of Employment, Education and Training (as the Secretary of the Commonwealth Department responsible for vocational education and training) and a senior State/Territory official be appointed to the ANTA Board.

5. Consideration be given to appointing the Chairperson of the Standards and Curriculum Council to the ANTA Board.

6. The ANTA CEOs group be recognised as part of the organisational structure of the ANTA arrangements.

7. The Commonwealth Department of Employment, Education and Training establish efficient mechanisms to co-ordinate labour market programs with vocational education and training planning in co-operation with ANTA and State Training Agencies.

Funding Achievements

8. ANTA provide Ministers with an evaluation of the overall case for further growth funds beyond 1997.

9. The maintenance of effort provision of the ANTA Agreement be retained, but play a less central role in its administration.
10. National Programs and National Projects be rationalised into two categories of programs, one dealing with system support activities, the other with nationally planned programs.

11. The Ministerial Council retain the option of allocating part or all of the 20 per cent performance component of the growth funds to the two new categories of national programs.

12. ANTA National Committees structure be reviewed.

13. ANTA give high priority to improving the accuracy, comprehensiveness, coverage, comparability, timeliness and relevance of vocational education and training data.

14. The national vocational education and training key performance measures be agreed by ANTA CEOs for endorsement by the Ministerial Council.

**Better Resource Allocation**

15. ANTA develop a national policy on competition in vocational education and training for consideration by the Ministerial Council and implementation by State Training Agencies.

16. State/Territory governments focus on improvements in their training systems including:
   (a) ensuring market regulation which is efficient, client oriented and does not discourage competition;
   (b) establishing a clear separation of functions between the purchaser and the provider of training;
   (c) putting TAFE on proper commercial basis; and
   (d) promoting competition and other “market-like” mechanisms.

**Better National Recognition**

17. There be a reduction in the points of central regulation in the system of training recognition.

18. States and Territories withdraw as soon as practicable from the central accreditation of courses and shift their regulatory focus to provider recognition.
19. Legislation be introduced in all States and Territories to ensure reciprocal recognition of providers and courses.

20. ANTA prepare detailed proposals to facilitate transition to the new regulatory regime.

**Access and Equity**

21. ANTA develop a business plan focusing on ways of improving access to vocational education and training for the key target groups.

**Cross-sectoral Links**

22. Governments encourage the school sector to expand opportunities for young people to undertake recognised vocational studies in their senior school years.

**In Conclusion**

23. Governments review further progress under the Agreement within three to five years to determine whether the arrangements under the ANTA Agreement continue to remain the appropriate organisational structure to manage the national vocational education and training system.
CHAPTER 1

THE REVIEW TASK

The Agreement on a National Vocational Education and Training System (the ANTA Agreement) requires that the Agreement be subject to review before the end of 1995.

The Review - Establishment

The Review was established in August 1995 by the Prime Minister on behalf of Heads of Governments. The Terms of Reference specified that the Review examine the extent to which the objectives referred to in paragraph 1 of the Agreement had been met and the extent to which the various elements of the Agreement had contributed to meeting these objectives. The Terms of Reference are at Attachment A.

The Review was undertaken by Mr Rae Taylor, with Mr Greg Woodburne as Senior Adviser.

Mr Taylor and Mr Woodburne were assisted by a small Secretariat headed by Mr Mark Burford. Members of the Secretariat were Ms Barbara Bennett, Mr Robin Ryan, Mr Patrick Newton, Ms Louise Stanford and Ms Jodie Fairall.

The Review - Approach

The Review gathered information in four ways: by consulting with key stakeholders; by commissioning research; by examining a range of reports and literature; and through written submissions.

Issues Paper

An Issues Paper was developed to promote discussion and stimulate submissions. Individuals and organisations were invited to comment on the full scope of issues raised, or to respond to questions which were relevant to their area of immediate concern. Several questions focused specifically on issues affecting governments.

The Issues Paper was sent to 87 significant stakeholders in vocational education and training. An advertisement appeared in national newspapers
Review of the ANTA Agreement

on 8 and 9 September 1995 inviting submissions. A further 184 copies of
the Issues Paper were forwarded to parties who responded to the
advertisement.

The closing date for submissions was 15 October 1995, but extensions of
time were granted where appropriate. A number of the main submissions
were not received until November/December. A copy of the Issues Paper is
at Attachment B.

Submissions

The Review received 64 written submissions. A full list of those who made
a submission to the Review is at Attachment C. Copies of the submissions
received have been made available separately to Heads of Government.

The Australian National Training Authority (ANTA) and the
Commonwealth Department of Employment, Education and Training
(DEET) provided substantial additional information to assist the Review.

Consultation

Discussions were held with representatives of the Commonwealth, State
and Territory Governments in response to their submissions. Moreover,
many organisations and individuals offered to meet Mr Taylor and
Mr Woodburne to assist them in their deliberations. Meetings were held
with as many of these as practicable, within the constraints of the tight time
frame of the Review.

These discussions formed an important part of the Review. They provided
an opportunity to explore issues arising from implementation of the ANTA
Agreement. A list of these meetings is at Attachment D.

In addition, focus groups were conducted by a consultant to obtain the
views of small and medium sized enterprises.

Reference Group

The Review was assisted by a Reference Group of senior officials from
State/Territory and Commonwealth governments. The Reference Group
provided a focus for discussion on issues specific to governments.

The membership of the Reference Group is at Attachment D. It met on two
occasions, 1 September and 7 December 1995.
Chapter 1: The Review Task

Senate Committee Report

During the course of the Review, the Senate Employment, Education and Training References Committee conducted an Inquiry into the Australian National Training Authority and issued a report in December 1995. The Review considered the views of the Senate Committee in completing its report.

Research and Consultancies

The Review made use of three consultants during its inquiries:

- the National Centre for Vocational Education and Research (NCVER) was employed to provide the Review with analyses of published and unpublished data between 1991 and 1994 and to advise on data;

- the Research Centre for Vocational, Education and Training, University of Technology, Sydney, was employed to review the operations of the National Framework for the Recognition of Training (NFROT); and

- Netanya Consulting Group was employed to conduct the focus groups referred to earlier to obtain the views of small and medium business on the ANTA arrangements.

Copies of the consultants reports have been made available to Heads of Government.
CHAPTER 2

ESTABLISHING THE ANTA ARRANGEMENTS

The purpose of this Chapter is to provide a brief overview of the main developments which led to the ANTA Agreement.

Kangan Report and the Period 1973-1990

Prior to the 1970s the Commonwealth had played a very limited and spasmodic role in technical and further education. The role was seen as a State/Territory function and financial responsibility. In 1973 the Commonwealth Government established the Australian Committee on Technical Further Education, chaired by Myer Kangan. The Committee recommended a substantial increase in federal assistance and the creation of a Technical and Further Education Commission.

Variability of Commonwealth Support

Analysis by the Employment and Skills Formation Council (ESFC) in 1990 found that while capital funding had remained fairly constant in real terms, there had been great variability in Commonwealth recurrent support, within a long-term pattern of decline. The ESFC found that the Commonwealth’s contribution had fallen in real terms by 30 per cent between 1974 and 1989, with a 15 per cent fall in the three years 1986 to 1989.

During the decade 1981-82 to 1989-90, a reduction in Commonwealth funds of $356 million was compensated for by increased State expenditures on TAFE of $430 million. That permitted the enrolment of students in vocational streams to increase by 37.5 per cent between 1981 and 1988, with an overall student load increase in TAFE of 32.7 per cent.

Pressures for Greater Industry Training

At the same time as the above, Australia was experiencing significant changes to the ways business and unions approached management and work organisation. Essentially, a widespread consensus was achieved that the survival of Australian industry was linked to productivity gains, to be achieved in many cases by skill broadening and deepening.
Initially the program of productivity enhancement throughout industry was carried forward through the process of industrial award restructuring. Within a range of industrial awards career progression linked to training was entrenched as a basic principle. Forms of training previously overlooked, especially at sub-trade levels, were increasingly recognised and given formal status.

During the later years of the 1980s the Commonwealth initiated a number of measures aimed at emphasising the role of vocational education in the support of industry restructuring. In 1987 a new Department of Employment, Education and Training was created from the former portfolios of Education and Employment and Industrial Relations. Several Ministerial statements were issued, notably *Skills for Australia* (1987), *A Changing Workforce* (1988), *Industry Training in Australia* (1988) and *Improving Australia's Training System* (1989).

At the same time the Commonwealth restructured its financial assistance to the States/Territories to remove the per capita element and the requirement that funds be spent on designated activities. Instead, Commonwealth funds were made available through Resource Agreements which required the Commonwealth and States/Territories to agree on training profiles.

**Deveson Report**

Industry pressure for greater training gave rise to considerable concern among State/Territory governments and public TAFE authorities. These demands for greater training came at a point where public training expenditures were under increasing pressure. In 1990, in the context of this environment, the Training Cost Review (Deveson) Committee was established.

The Deveson Committee found that the most extreme concerns about the capacity of training systems to meet demand were unlikely to occur. It anticipated that industry would take up a greater share of responsibility for training, particularly industry or enterprise specific training.

In addition, the Committee took several important steps in changing the way governments and other interested parties perceived the training sector.

Firstly, it introduced the concept of a Vocational Education and Training sector, of which the public TAFE system was an important part but far from the totality.
Secondly, the Deveson report contained one of the first and most explicit public statements of the role market forces should play in training. Crucial to its conclusions was the need to encourage market forces in certain areas of training and to relate financial contributions to training more closely to the benefits received by individuals, the community and industry.

The Deveson Committee, while emphasising the role of industry and private training, argued strongly for a substantial increase in government funding. The Committee argued, however, that this commitment by government needed to be matched by reforms in the public TAFE system which would:

- overcome discrimination between public and private training providers by developing accreditation and certification arrangements available to all;
- develop sustained productivity improvements in the TAFE system;
- increase the range of commercially provided training in appropriate areas;
- develop a more satisfactory fees and charging regime to allow equitable contributions from individuals for their training; and
- encourage TAFE institutions to work together as a single national system, along with other elements of the VET sector.

The Deveson Report was accepted by a special Ministerial meeting in November 1990. This meeting of Commonwealth, State and Territory Ministers responsible for employment and training matters was later formalised as the Ministerial Council on Vocational Education, Employment and Training (MOVEET).

At the same time, an officials group, joined by representatives of employer organisations and the ACTU and known as the Vocational Education, Employment and Training Advisory Committee (VEETAC), began to press forward what eventually became known as the national training reform agenda.

**Finn and Carmichael Reports**

During the 1970s it became increasingly evident that the relatively smooth transition from school to work experienced by most young people in the post-war years no longer applied. What became identified as the transition problem became the subject of numerous reports and studies, including the
Kirby Report in 1984 which led to the introduction of the Australian Traineeship System.

In October 1988 the Australian Education Council established a Working Party to consider links between schools and TAFE and on receipt of its report in June 1990, terms of reference were developed for a comprehensive review of Young People’s Participation in Post Compulsory Education. This task was given to the Finn Committee which reported in 1991. The Finn Committee’s conclusion touched on two main areas:

- core employment related competencies; and
- targets for youth participation and attainment in education and training.

The Carmichael Report, prepared by the Employment and Skills Formation Council in 1992, proposed the consolidation of various types of traineeship, apprenticeship and institution based training into an Australian Vocational Training Certificate System. An important feature was to be the creation of multiple pathways towards standardised certification levels, involving school and full-time TAFE education as well as traditional on and off-the-job training and training wholly within industry.

The recommendations of the Deveson, Finn and Carmichael reports provided a basis for further policy development.

One outcome of the processes initiated by the Ministerial and Officials’ bodies (MOVEET and VEETAC) was the acceptance by Ministers in June 1992 of a set of national goals and objectives for vocational education and training. These are set out in Attachment E.

The agreed goals were the basic statement of purpose by governments for the discharge of their joint responsibilities in vocational education and training. These are referred to in paragraph 2 of the ANTA Agreement.

**ANTA Agreement**

The development of, and progress in, training reform under the aegis of MOVEET and VEETAC led the Commonwealth to review its commitment to financial support for TAFE and training. The Commonwealth had accepted the Deveson Report’s proposal that public funding for training be increased by 5 per cent annually and from 1991 increased its grants to VET.

The Finn Report estimated that its targets for youth training would entail a 54 per cent increase in TAFE expenditure by 2001. A Working Party of
Commonwealth and State/Territory school and TAFE experts in 1991 attempted to quantify needs more precisely and as a result the Commonwealth made a one-off grant of $100 million for TAFE purposes.

In October 1991 the Commonwealth Minister for Employment, Education and Training indicated that his government was considering a package of assistance amounting to some $720 million over three years but wished to make substantial changes to inter-governmental arrangements for the governance and management of TAFE and training. Options for these changes, especially the Commonwealth's preferred option to take over funding of the public TAFE systems, were considered by governments in late 1991.

Most Premiers and Chief Ministers, including all those from the smaller States and Territories, indicated a reluctance to lose responsibility for a system of education which they regarded as vital to the development of their regional economies, which facilitated distinctive State/Territory social policies and which were articulated in varying degrees with State/Territory school systems. Heads of Government directed that negotiations be undertaken to explore a range of options.

In July 1992 agreement was reached on a national co-operative system of training management which encompassed proposals from the States and the Commonwealth. The result was the National Vocational Education and Training System Agreement (NVETS) subsequently referred to as the ANTA Agreement.

ANTA was established as a Commonwealth statutory authority by the Australian National Training Authority Act, and related legislation, in December 1992.

The ANTA Agreement flowed from several years of investigation, reports and intensive negotiation. A consensus developed around the need for substantial reforms to VET and the need for the joint resources of the Commonwealth and State/Territory governments to fund a greater effort. It was also recognised that skills training and re-training was a critical requirement to develop a skilled workforce to underpin a competitive and growing national economy. In short, all parties to the ANTA Agreement recognised the need for a unified national effort.
CHAPTER 3

THE ANTA AGREEMENT

The purpose of this Chapter is to provide an overview of the major provisions of the ANTA Agreement entered into by Heads of Government in July 1992.

The main provisions of the Agreement and the subsequent changes to structures have effectively altered the scope of the arrangements and, accordingly, the scope of this Review. The Chapter also gives a snapshot for 1995 of the financial expenditures made in accordance with the Agreement. This provides an overview of the activity supported under the Agreement.

The Authority was established by Commonwealth legislation in 1992. It was part of a package of legislation comprising the Australian National Training Authority Act 1992 and the Vocational Education and Training Funding Act 1992 which together provided funding for vocational education and training and the establishment of the Authority.

These legislative measures gave effect to a new approach to vocational education and training, and provided for the Authority to become operational in 1993. The Agreement between Heads of Government formed a schedule to the legislation.

Complementary legislation was subsequently passed by the States and the national system took full effect on 1 January 1994.

ANTA Agreement

There are six main parts to the ANTA Agreement:

1. objectives;
2. framework;
3. key planning instruments;
4. roles and responsibilities of the main parties;
5. main decision making processes; and
6. funding arrangements.

**Objectives**

The Agreement lists six objectives which can be summarised as follows:

- a national vocational education and training system, with agreed objectives, priorities, funding, consistent national strategies and a network of providers delivering nationally recognised programs;
- a close interaction between industry and VET providers so that the training system operates within a strategic plan that reflects industry needs;
- an effective training market with public and private providers;
- an efficient network of publicly funded providers;
- an increase in opportunities for target groups; and
- an improvement in cross-sectoral links between schools, higher education and VET.

For a sector troubled for over a hundred years with different approaches and uneven access to funding, the Agreement represented a major step forward.

**Framework**

The framework for the national system, as set out in the Agreement, creates three bodies:

- **MINCO** - a council of Ministers responsible for VET to oversight the operations of ANTA. It is the peak decision making body, made up of Commonwealth and State and Territory Ministers. The Commonwealth has two votes and a casting vote and each State and Territory one;
- **ANTA** - an authority responsible for providing advice on national policy, developing the strategic plan, and administration of the agreed arrangements. In addition to these planning responsibilities, ANTA has operational responsibility for national projects and certain programs previously administered by DEET. It has a Board of Directors drawn from business and the ACTU. It is responsible to MINCO;
State Training Agencies - an agency designated in each State/Territory to be responsible for VET within its borders. These agencies are to ensure that programs are consistent with the national Strategic Plan and the agreed State Profiles (approved by MINCO). They also have dual accountabilities - to State/Territory Ministers and parliaments for the operation of their agencies and to MINCO on matters of national policy.

The specific roles of each of these agencies and the involvement of industry are discussed in the roles and responsibilities section of this Chapter.

Planning Instruments

The Key Planning instruments of the Agreement were as follows:

- **Agreed National Goals, Objectives and Priorities** - the Agreement makes reference to four separate matters to set the direction of the planning and operational processes for the system.

First are the Common and Agreed National Goals for VET which were agreed by MOVEET in June 1992 and are set out in Attachment E. These largely reflect similar priorities to the Objectives set out in the ANTA Agreement. The Review has noted that system goals and objectives are presented differently in a range of ANTA papers. This possibly reflects some development of thinking on specific issues. The six objectives set out in paragraph 1 of the ANTA Agreement, which were agreed later in 1992, have been taken to be the definitive statement of objectives for the purposes of this review.

The other three matters referred to in this paragraph are long-term participation targets (specifically the Finn Targets), a priority for reform (particularly entry-level training) and "agreed improvements in the cost and quality of service provision";

- **National Strategic Plan** - setting out the strategic directions for VET over the medium term (3 to 5 years);

- **Planning Parameters** - these are the targets and priorities for the year ahead and the indicative estimates for the following two years. The targets and priorities are agreed by MINCO and are issued as guidelines by ANTA for the development of profiles by State Training Agencies;
Profiles - a set of State/Territory specific plans for the provision and support of VET in terms of course provision, other services and infrastructure. ANTA is required to prepare, in consultation with State Training Agencies and others, a set of comprehensive plans for the year ahead plus a set of indicative plans for the following two years. The plans need to be prepared at the State level and also, in aggregate, at the national level. The plans are submitted to MINCO for approval.

The Strategic Plan was completed in 1994 and contained a useful list of policies. However, it fell short of the type of document normally used as the corporate plan of a business corporation. ANTA has properly pointed to the practical problems in drawing up a more specific document when dealing with nine different jurisdictions all subject to considerable change. This puts additional weight on the strategic nature of the other planning instruments.

The State/Territory Profiles are substantial documents. The Review noted that a lot of work had gone into improving the planning processes and some States and Territories had established quite substantial mechanisms for preparing plans and had also delivered a series of detailed planning documents. The Agreement requires one year targets to be firm and indicative parameters for the following two years. However, given the improvements in the planning processes and the nature of the National Strategic Plan, a more strategic approach to the three year planning period is now appropriate. This should emphasise what changes are required to the system and what is to be achieved over a three year period. This theme is developed in Chapters 5 and 7.

Roles and Responsibilities

The roles and responsibilities of the parties are listed in paragraphs 4 to 12 of the Agreement. In addition to the three parties referred to in the framework, these paragraphs include a role for Industry. The main points are:

- MINCO - is the key decision making body. It decides appointments to the ANTA Board. It determines the principles for the allocation of ANTA funds between the States and for national programs. Moreover, it has the responsibility to advise the Commonwealth Minister on growth funding requirements on an annual basis. It also determines planning parameters, profiles, policy and the ANTA budget.
Its members are responsible to State and Commonwealth Parliaments for the operation of ANTA and its expenditures;

- ANTA - its main role is to provide advice and information to MINCO and to distribute funds to States and Territories based on MINCO decisions. Its main advisory tasks relate to advice on training policy, preparation of a strategic plan and training profiles, advice on growth funding and the allocation of funds between States and Territories. The Agreement specifies that the strategic plan is based on advice from State Training Agencies and, where appropriate, National ITABs. Similarly, State/Territory Profiles are prepared in conjunction with State Training Agencies. ANTA has the responsibility to submit the plans and advice to MINCO and to implement its decisions. Importantly, ANTA is required to develop with State Training Agencies an “efficient and quality service provision”. As noted earlier it also has responsibility to administer certain national programs and projects; and finally it has the important task of ensuring comprehensive national statistics are available;

- State Training Agencies - are the State/Territory bodies responsible for VET within their respective borders. They are required to ensure their system complies with the requirements of the strategic plan and their State/Territory profiles. As detailed earlier they have dual accountabilities to State/Territory Ministers and parliaments for their agency’s operations and to MINCO on matters on national policy; and

- Industry - has been given key roles on the ANTA Board and State Training Agencies, and in the development of Profiles. The Agreement also states that National ITABs are to be a key source of advice to ANTA in developing national policy and priorities and that State ITABs will be consulted in the development of State Profiles. These requirements reflected a wish to change the way the VET system operated, to make it more driven by industry needs.

How these roles and responsibilities should be interpreted has been a key focus of submissions to the Review. In general terms there is satisfaction with the way the Ministerial Council operates. Some concerns were expressed about the amount of detail going to MINCO, and that more matters might be better dealt with by subordinate bodies. However, there was no great debate about MINCO as an effective decision making body.
The main arguments centred around the respective roles of ANTA and the State Training Agencies, and how ANTA discharged its functions. The important issue of how these functions are discharged effectively in a shared funding regime is considered in Chapter 7.

Decision Making Processes

Paragraphs 13 to 29 set out the main decision making arrangements. They are straightforward, only two require comment. Paragraphs 19 and 22 make it clear that VET is a jointly funded program by the Commonwealth and the States/Territories. The Agreement is about the totality of VET funds not just the allocation of growth funds in a particular year.

In relation to VET delivery paragraph 28 states that programs and services will be managed through State Training Agencies except where MINCO decides they require national delivery.

Funding Arrangements

Paragraphs 30 to 40 detail the funding arrangements and also some important ancillary issues. There are four main issues:

General Arrangements

The basic financial arrangements are that the States and Territories agreed to maintain effort and that the Commonwealth agreed to: maintain its then current financial support for VET; provide the additional $100 million in TAFE recurrent funding provided in the One Nation Economic Statement of November 1991; and, in addition, to inject $70 million nationally in each year of the 1993-95 triennium. This has subsequently been extended by the Commonwealth to 1997.

The funding arrangement also provided that in 1994 and 1995 80 per cent of cumulative growth funds would be allocated on a population share basis and 20 per cent would be allocated by MINCO on the recommendation of ANTA “having regard to assessed performance against agreed objectives and other relevant factors”. However, in practice the total allocation for each year has been on the basis of population and the decision has been made that this should apply in 1996.

One practical issue with this paragraph is that once the money is allocated in any year to a State or Territory, it forms part of the base for subsequent years. Therefore, decisions to allocate 100 per cent on a population basis in
Chapter 3: The ANTA Agreement

Each year means that the 20 per cent (cumulative) funds for special allocation are unavailable. The issue is whether the principle set out in paragraph 33 should apply in 1997 and any subsequent years.

**Paragraph 30**

Paragraph 30 provides that the States and Territories will pass to ANTA an amount equal to their own-source State/Territory funding for VET. The intention was that the Commonwealth and the States would separately pay monies to ANTA, which would then return the State money plus Commonwealth monies to the State to fund the whole program as approved by MINCO. From the beginning of 1994, some States/Territories chose not to make an actual transfer of their funds to ANTA, but simply to advise ANTA in writing of the funds they were committing to VET from their own sources. Currently there are no States/Territories that pay their own sourced funds to ANTA.

Some States and Territories had practical concerns with implementing paragraph 30. In response, on 18 March 1994, ANTA wrote to the States and Territories proposing alternative arrangements. ANTA was concerned to ensure the appropriate transparency and accountability for the totality of public vocational education and training funding covered by the ANTA Agreement.

ANTA proposed that:

- State/Territory authorities nominated under the ANTA Agreement establish and maintain identified accounts, under their control, for vocational education training funding;
- State/Territory funds for vocational education and training be paid into these nominated accounts;
- ANTA be provided with written notice of the actual transfer of funds from the State/Territory Treasury on the date of the transfer; and
- States/Territories provide to ANTA, in a form approved by the Ministerial Council, annual audit certificates in respect of the nominated accounts.

At the Ministerial Council of 17 May 1994, Ministers agreed in-principle to the proposal and asked ANTA to finalise its implementation in consultation with State/Territory Agencies, including addressing particular concerns of
the States and Territories. Three States and Territories have yet to implement these alternative arrangements.

The arrangements agreed by Ministers are a sensible, practical alternative to the terms of the Agreement and the Review recommends that all States/Territories take the necessary action to give effect to the arrangements.

**Paragraph 31**

Maintenance of effort provisions are common in Commonwealth/State financial agreements. In the case of the ANTA Agreement, the intent is to give the Commonwealth an assurance that if it provides additional investment it will achieve additional output.

The maintenance of effort provision in paragraph 31 of the Agreement have been the subject of considerable debate because of the proposal that effort be measured on the basis of “outcomes” rather than financial measures. In summary the provision provides for the following:

- States/Territories will, at least, maintain “effort” on an ongoing basis;
- the parties are committed to the development of agreed outcomes measures by 1 January 1993;
- States/Territories agree to maintain 1992 effort in real terms, pending agreement on outcomes measures; and
- “any State which is demonstrably underachieving should agree to increase its effort to an agreed level in outcome terms”. This was based on agreement to move to outcomes measures.

These issues are dealt with in Chapter 7.

The other concept involved is that of a State/Territory “demonstrably under-achieving”. The paragraph as worded suggests this only applies to States/Territories that do not maintain 1992 effort in real terms. However, there is a view, shared by some involved in the negotiation of the Agreement, that the paragraph was intended to apply to States and Territories which were demonstrably under-achieving in terms of their existing State/Territory effort in 1992, relative to others. However, the Agreement does not make this clear. The Review assumes that if the ANTA Board came to the view that there was a demonstrable inequity in VET effort being made by individual States/Territories, and that access to
VET was unfairly restricted as a result, then the Board would bring this to the attention of MINCO and suggest remedial action.

**Paragraph 36**

Paragraph 36 provides that Commonwealth government-funded training programs should be funded through the ANTA arrangements where possible. It goes on to provide a delineation between Commonwealth and ANTA programs reserving for Commonwealth Departments programs linked to Commonwealth responsibility (employment, immigration, income support, counter-cyclical, and special client groups).

All general recurrent and capital grants to TAFE previously provided under the States Grants (TAFE Assistance) legislation and other programs, which supported training activities and which were national in scope and purpose were to be transferred progressively to ANTA. This included the AVTS and support for ITABs. Funding for various activities was from separate Acts. The Vocational Education and Training Funding Act 1992 provides funds for disbursement amongst the States and Territories, it includes the base funding agreed plus growth funds for both recurrent and capital expenditure. In addition, funds are provided for a range of national projects under this Act. Separate payments under Section 11 of the ANTA Act are appropriated by the Commonwealth for a range of national programs.

Paragraph 36 also provides that ANTA should be “advised about” labour market programs and their impact, and there are provisions for improvements in co-ordination and planning. To date there has been inadequate co-ordination of these activities. There is also confusion in industry about the multitude of programs and projects and the relative responsibilities of ANTA and DEET. The relationship between ANTA and DEET programs is referred to in Chapters 5.

Finally, the Agreement provides arrangements for a State or Territory to relinquish financial responsibility for VET if it wishes. There have been no such proposals from States or Territories.

**Changes to ANTA Arrangements**

There have been three main changes to the ANTA arrangements since the Agreement was signed.
Paragraph 30

As noted earlier the States have not paid monies to ANTA in accordance with the Agreement. This has not restricted consideration of the total program of VET activity jointly funded by the Commonwealth and the States and Territories.

Standards and Curriculum Council

Following receipt of advice from the Allen Consulting Group on implementation of national training reform, ANTA recommended, and Ministers agreed to, a rationalisation of organisational structures. This involved transferring the functions of the National Training Board, the Australian Committee for Training Curriculum, and the National Staff Development Committee to a new body, the Standards and Curriculum Council. This body became a responsibility of ANTA from 1 July 1995.

Bringing these functions under ANTA’s control has been an important structural change. These changes are critical to the achievement of ANTA’s stated objectives. Many of the complaints received from industry go to the operational activities and bureaucratic processes in these areas. The complexities of these activities and processes have been a factor in industry withholding a stronger commitment to national training reform generally and the ANTA arrangements specifically.

This area remains an industry concern. However, Heads of Government need to note that this activity has only recently been given to ANTA. Accordingly, the criticisms by industry about these activities should not be seen as criticisms of ANTA. Nevertheless, more needs to be done and these issues are dealt with in Chapter 10.

Commonwealth Legislation

Access by the States/Territories to growth funds is conditional on meeting the maintenance of effort provisions set out in paragraph 31. In May 1994 the Commonwealth enacted legislation to provide a Section 14(A) of the Vocational Education and Training Funding Act. Section 14(A) allowed the Commonwealth Minister to direct ANTA not to pay, or only pay a limited amount of, Commonwealth VET monies to a particular State/Territory. Before issuing a certificate, the Minister was required to consider advice provided by ANTA. This effectively allowed the Minister
to act unilaterally without the agreement of the Ministerial Council on the allocation of growth monies to a particular State or Territory.

In introducing this legislation the Commonwealth Minister indicated that it was a precautionary measure pending implementation of all the essential elements of the new arrangements. In particular the Commonwealth was concerned that most States and Territories had not, at that time, introduced complementary legislation to give full effect to the ANTA Agreement.

In December 1994 the Minister issued certificates under Section 14(A) in respect of three States, following a decision of MINCO that access to growth funds be made subject to certain conditions. During 1995 ANTA advised Ministers that these States had met the conditions and certificates for all three were withdrawn.

Several States/Territories indicated strong objections to this Commonwealth legislation which was initiated without consultation with the States/Territories. The objection was that it changed significantly the balance of the Agreement giving the Commonwealth a power of veto which was inconsistent with both the substance and spirit of the Agreement. The legislation expired on 31 December 1995.

**Funding Under the Agreement**

The theme of the Agreement was to provide a framework for the system to operate with a clear strategic direction, agreed priorities and assured funding.

The Agreement assured funding for the continued development of VET. The table below shows the level of cumulative Commonwealth growth funds (plus the $100 million agreed in 1991) injected into the system in addition to the then existing Commonwealth and State expenditures.
Table 3.1: Commonwealth Growth Funds ($m) under ANTA Agreement

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1. Includes additional funds committed by the Commonwealth for 1996 and 1997.

As the preceding section suggests the basic model has been implemented, although in reality the funding arrangements are more complex. The table below gives a fuller picture for 1995 as an example, including not only the Commonwealth growth funds, but programs transferred from the Commonwealth to ANTA under paragraph 36 of the Agreement, together with State expenditures.
### Table 3.2: VET Funding Through ANTA - 1995

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>$(’000s)</th>
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<tbody>
<tr>
<td><strong>Recurrent</strong></td>
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<tr>
<td>State/Territory Expenditure</td>
<td>1,782,070</td>
</tr>
<tr>
<td>Commonwealth VET Funding Act</td>
<td>550,294</td>
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<tr>
<td>Commonwealth ANTA Act Section 11</td>
<td>104,743</td>
</tr>
<tr>
<td><strong>Total Recurrent</strong></td>
<td>2,437,107</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
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</tr>
<tr>
<td>State/Territory Expenditure</td>
<td>124,860</td>
</tr>
<tr>
<td>Commonwealth VET Funding Act</td>
<td>227,644</td>
</tr>
<tr>
<td>Appropriation</td>
<td></td>
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<tr>
<td><strong>Total Capital</strong></td>
<td>352,504</td>
</tr>
<tr>
<td><strong>Total State/Territory VET</strong></td>
<td>1,906,930</td>
</tr>
<tr>
<td><strong>Total Commonwealth VET</strong></td>
<td>882,681</td>
</tr>
<tr>
<td><strong>Total VET</strong></td>
<td>2,789,611</td>
</tr>
</tbody>
</table>

1. State/Territory expenditures are 1995 estimates based on maintenance of effort expenditures produced for the Profiles. Data provided by ANTA.

2. Commonwealth Appropriations are from the VET Funding Act and appropriations under Section 11 of the ANTA Act. Section 11 Appropriations include National Programs, the ANTA Operating Budget, the AVTS, ATS Transition Funds, and the Australian Student Traineeship Foundation. Data provided by ANTA.

The table includes a simplified list of programs. It aggregates certain national programs such as Australian Student Traineeship Foundation, AVTS, funding for traineeships, grants for organisations, including ITABs, equity programs, Group Training schemes and other programs funded under Section 11 of the ANTA Act. It does not list the individual national projects which are separately funded under the VET Funding Act. These involve discreet management of a number of separate projects each with
their own "bucket" of money. They are also separate from the Interstate Co-operative Projects which are funded from growth funds.

Other Commonwealth sourced funds also find their way into the VET system although they are not covered by the ANTA arrangements. Examples of this are labour market program funds which support training for clients, counter-cyclical pre-vocational training programs, adult migrant English programs and aboriginal education programs. There are also Commonwealth funded employer subsidies supporting apprenticeships and traineeships. These also contribute to VET activity. Training related funding under these programs for 1995-96 is estimated to be approximately $990 million. Some States and Territories are also involved in State funded labour market programs and related activity which result in limited additional funding.

Conclusion

This Chapter is an overview of the major provisions of the ANTA Agreement. The key issues and recommendations made by the Review are in the following Chapters. However, there is one issue dealt with in this Chapter which has lead to a specific recommendation.

Recommendation

The Review recommends that:

1. All States/Territories take the necessary action to give effect to the arrangements agreed by the Ministerial Council on 17 May 1994 for the transfer of State/Territory VET funds to identified accounts and subsequent notification to ANTA.
CHAPTER 4

VIEWS ON THE ANTA AGREEMENT

This Chapter reports the main views on the key issues put to the Review in the submissions.

The Review received 64 written submissions from governments, industry bodies/associations, the Board of the Australian National Training Authority, industry training advisory bodies (ITABs), training providers and other interested parties. These were of great assistance to the Review in its deliberations.

The Review received disappointingly few submissions from business. As a result the Review sought views from a cross-section of small and medium sized businesses through direct consultations and the focus groups conducted by Netanya Consulting Group.

This Chapter starts by highlighting the broad support for the Agreement. It then proceeds to report the main views raised in the submissions. These have been separated into six bundles, Government, Business, Unions, Industry Training Advisory Bodies, others and ANTA.

Support for the Agreement

There is broad support for the Agreement.

No submission proposed returning to the pre-agreement arrangements. While there were different views as to the achievements under the arrangements, it was acknowledged by governments that there had been substantial improvements in the VET system since the Agreement had come into affect.

“The ANTA Agreement is a good working example of co-operative Federalism which, in the three years of its operation, has given rise to the successful development of policy and initiation of a series of major structural reforms. The National Vocational Education and Training (VET) system is significantly better placed than before the Agreement.” (Commonwealth Government submission, p.4)
"The NSW Government wishes to affirm its support of the ANTA Agreement in general and the concepts of federalism that underlie it.” (New South Wales Government submission, p.1)

"Victoria is committed to participation in the National Vocational Education and Training (NVET) model. The ANTA Agreement has promoted positive national co-operation.” (Victorian Government submission, Executive Summary)

"The ANTA Agreement....has enhanced the planning and resource allocation processes in States and Territories ... has provided a suitable framework for increasing flexibility and competition ...” (Queensland Government submission, p.12 and 19)

"Decisions subsequently made by the Australian National Training Authority (ANTA) Ministerial Council have reaffirmed commitment to reform of the VET system and have confirmed the commitment of the partners to more closely align the provision of vocational education and training with the economic development objectives of government.” (South Australian Government submission, p.1)

"It is accepted that the ANTA Agreement has facilitated the development of a national identity and focus for vocational education and training since its signing by Heads of Government in 1992.” (Western Australian Government submission, p.2)

"It is clear that arrangements stemming from the Agreement have led to increased co-operation and collaboration between States/Territories, and a constructive increase in networking ...” (Tasmanian Government submission, p.1)

"The ACT Government believes the Australian National Training Authority Agreement (the ANTA Agreement) has been a positive step towards increasing the opportunities for participants in vocational education and training in Australia. The ACT fully supports the objectives of the ANTA Agreement ...” (Australian Capital Territory Government submission, p.3)

"The structures and processes of the ANTA Agreement have laid the foundations for a sound national system.” (Business Council of Australia submission, p.1)
"Through the implementation of the ANTA Agreement ANTA has made a valuable contribution to the development of a reformed national system of vocational education and training." (Australian Council of Trade Unions submission, p.3)

Governments

The Commonwealth and all State/Territory Governments made submissions to the Review.

Governments focused on the inter-governmental arrangements and how the Agreement has operated in practice. There was broad consensus that the Agreement had stimulated better approaches to planning and resource allocation. The key concerns were about the future direction and operational aspects of the Agreement, in particular the need for clarification of roles and responsibilities, a more strategic approach from the Australian National Training Authority, a less rigid view of maintenance of effort, improvements in decision making processes and better communications between the key parties.

Planning and Resource Allocation Processes

The introduction of Profiles as a planning tool was supported by governments. However, there were some concerns that the process is too detailed, short term and inflexible in its approach to the needs of diverse jurisdictions. Some States/Territories also perceive that the profiling process can be too intrusive in areas which are clearly the operational responsibility of the respective State/Territories.

"The Profiles provide an important framework for the operation of the national VET system linking the strategic directions contained in the national strategy with the immediate directions and activities of the VET system ... The Commonwealth notes that the Profiles are, in the main, improving ... Preliminary analysis of the 1996 Profiles indicates that they are sharper more focussed and provide a more comprehensive information base than previously.” (Commonwealth Government submission, p.16)

"While providing a useful short to medium term assessment of State Training needs, the State Training Profile would be more effective if it were able to serve as a strategic instrument by providing a longer term view ...” (New South Wales Government submission, p.16)
“While the introduction of profiling arrangements has had beneficial effects within the State, there is concern that the State Training Profiles are becoming too intrusive.” (Western Australian Government submission, p.3)

“... the State training profile requirements are too focused on the short term ... For a State like Tasmania, with limited planning resources, a one year planning cycle imposes an unreasonable burden on a relatively small planning team.” (Tasmanian Government submission, p.7)

The States/Territories were critical of DEET’s approach to the delivery of training within its suite of programs (labour market programs (LMPs), Aboriginal programs) and how this impacted on ANTA’s planning arrangements and the delivery of State/Territory VET programs.

The States/Territories called on the Commonwealth to fulfil its obligations under paragraph 36 of the Agreement, which requires the Commonwealth to provide advice on LMPs. The Commonwealth in its submission recognised that “this has not occurred effectively to date”. NETTFORCE’s activities were also seen by a number of States/Territories as disrupting planning processes and causing shifts in already determined priorities and commitments.

**Maintenance of Effort**

The defining and measuring of maintenance of effort was one of the key issues discussed in detail in all government submissions. The Review considers this attention to maintenance of effort exaggerates its importance in the array of issues that need to be progressed in a national VET system.

In its submission, the Commonwealth believed the current arrangements were a satisfactory interim measure and reassured States/Territories that growth in the system is being funded. The States/Territories are concerned over what they see as the excessive prominence given to maintenance of effort in the operations of the Agreement. All States and Territories called for significant change to the current maintenance of effort arrangements, with one calling for its elimination.

“From the Commonwealth’s point of view the present approach provides an interim framework through the ANTA Ministerial Council to ensure that Commonwealth sourced growth funds are used to expand the National VET system and not to substitute for reductions
in effort by States and Territories.” (Commonwealth Government submission, p.17)

“It is necessary to move away from a simplistic ‘dollars spent’ model to one which more effectively measures outcomes in an environment of technological change in VET delivery.” (New South Wales Government submission, p.15)

“Maintenance of effort has been narrowly defined and ignores significant contributions to public delivery and infrastructure from private revenue. It impedes State level efforts at micro-economic reform and longer term system planning.” (Victorian Government submission, p.14)

“The Queensland Government is concerned that the current emphasis on maintenance of effort is misplaced. This was a fundamental concern at the time of the negotiation of the ANTA Agreement and to date there has been little progress to change the approach. The debate, as lead by ANTA, has revolved around how the measurement of maintenance of effort might be improved, rather than focussing on how the Commonwealth might maximise the impact of the additional growth funds injected into the system ... the use of maintenance of effort is not an appropriate basis for growth funding and there should be a move to an approach based on bilateral negotiations of objectives and outcomes.” (Queensland Government submission, p.14)

“... this measure [maintenance of effort] does little to support agreed policy positions regarding improved quality and appropriateness of training provided across each State and Territory and the more efficient use of public monies.” (South Australian Government submission, p.7)

“... Western Australia maintains that the ANTA arrangements should be revised to eliminate maintenance of effort requirements. States would in turn make a greater commitment to addressing outcomes issues. There would be a strong emphasis on accountability, through the annual reporting of comparative data on State/Territory funding efforts and efficiency and effectiveness indicators, including reporting on State Training Profiles. This would be done in line with the current work on reporting effectiveness and efficiency measures being undertaken through the Review of Service Provision, conducted by the
An Effective, More Competitive Training Market

The development of a "training market" is perceived as a key to reform in the sector. The use of competition to drive improvements in delivery of services has gained broad acceptance among governments.

All States and Territories claimed that they have made progress in furthering the broad training market objectives. The growth funds provided by the Commonwealth have provided the means for that expansion. However, the Commonwealth having acknowledged that there has been progress in meeting this objective, is not satisfied with the rate of progress.

"The ANTA Agreement has provided a suitable framework for consideration of competition reform in the VET sector ... However, the progress in moving to expose the training market to greater competition is too slow. Only about 1% of the $2.6 billion public funding for the VET sector (1995) is allocated by States and Territories to open training market activities." (Commonwealth Government submission, p. 26)

"Growth funds have been particularly critical for the expansion of a competitive training market. These funds have enabled the development of the system and practices which enhance competition without having to change the TAFE funding base. The real challenge will come when the competitive training market expands into areas traditionally undertaken by TAFE." (Queensland Government submission, p.19)

"It is clear that competition has been increased through the growth funding process. Growth funds have mainly been used to promote competition through Australian Vocational Traineeship System programs. Tasmania has increased competition by reducing the barriers between Group Training Companies and expanding the range of training providers." (Tasmanian Government submission, p.10-11)

Clearer Roles and Responsibilities

The States/Territories were concerned that there appeared to be disagreement about the roles and responsibilities of the parties and this was leading to confusion, perceptions of overlapping responsibilities and
complexity in decision making. Some of these problems clearly relate to the processes that have developed in implementing the Agreement.

"Clear recognition needs to be given to State/Territory Training Agencies that they are responsible for the priority setting, planning and purchasing of training; for market regulation and policy determination within the context of a national framework ... The Commonwealth needs to be more explicitly part of the process in the articulation and promotion of its priorities and co-ordination of its employment and labour market responsibilities within the VET sector." (Victorian Government submission, p.9)

"The operation of the ANTA Agreement has seen confusion between the roles and responsibilities of the Commonwealth, ANTA (in particular the Office of ANTA) and State/Territory Training Authorities. The respective roles and responsibilities of the Commonwealth Department of Employment, Education and Training (DEET) and ANTA are not clear ... The Queensland Government sees value in a clearer statement of the relative roles and responsibilities of the parties to the Agreement and a commitment to abide by that statement." (Queensland Government submission, p.2)

"The ACT believes that ANTA's proper role is to inform and guide the reform process, and the detail of implementation should be left to industry and training organisations in the States/Territories." (Australian Capital Territory Government submission, p.5)

Co-ordinating and Regulatory Bodies operating in the System

Government submissions indicated broad support for the structural changes and rationalisation that have occurred in relation to the number of co-ordinating and regulatory bodies operating in the system.

"The process currently underway to simplify national structures by the ANTA Board's Implementation Committee will assist in the streamlining of national structures and operations. The creation of the Standards and Curriculum Council is a concrete example of this streamlining." (New South Wales Government submission, p.13)

"MINCO has acted positively in agreeing to structural and procedural changes to enhance the implementation of the National Training Reform Agenda. In particular the establishment of the Standards and Curriculum Council, which has linked the development
of industry competency standards and curriculum development, was a necessary refinement of the National Training Reform Agenda.”
(Queensland Government submission, p.8)

Business

Six submissions were received from business associations: the Business Council of Australia; the Australian Chamber of Manufactures; Australian Electronic Manufacturing Services Pty Ltd; the Real Estate Institute of Australia; the Entertainment Industry Employers Association; and the Chamber of Commerce and Industry, Western Australia.

The Business Council of Australia was concerned that not all parties to the Agreement have been working co-operatively towards a national system or the process of reform.

Employer groups see the system as far too complex. They feel it discourages employers from “using” the system and becoming directly involved in the setting of the broader policy directions of the system. Employer associations also perceive that the balance between training for existing workers and entry level training is not yet right, with insufficient priority being given to existing workers. There was also some concern with the operations of Industry Training Advisory Bodies (ITABs).

The quotes appearing on the following three pages illustrate the problems highlighted by business associations.

National co-operation

“The structures and processes of the ANTA Agreement have laid the foundations for a sound national system. There is concern however that the overall national approach supported by industry, and espoused by the Ministerial Council, is not being viewed as a priority by all. It appears that not all of the institutions in all of the States/Territories have embraced the training reform agenda wholeheartedly ... Of concern too is the reluctance of some States/Territories to acknowledge the principles of open competition ... ANTA needs to be given the necessary support and power to ensure all State/Territory bodies act in accordance with the common national agenda and its basic principles.” (Business Council of Australia submission, p.1)
Chapter 4: Views on the ANTA Agreement

Complexity

"There is a high level of confusion over the definitions of, and differences between, Programs and Funding (for example, Apprenticeship/Traineeship/Job Start/Job Training/Job Compact/Job Guarantee) ... there is some confusion between labour market programs and AVTS ... few understand the role of NETTFORCE and how it fits in ... there is a high level of competition and antipathy between NETTFORCE Industry Training Companies and ITABs ..." (Business Council of Australia submission, p.2)

"Currently we have a multiplicity of decision makers (all of whom want to be involved in the decision making process), accompanied by numerous public officials who appear to be valiantly trying to assist ... [this] has resulted in a plethora of committees/task forces which complicate and distract the process. The number of co-ordinating and operating bodies within the system have resulted in it being viewed by some as bureaucratic and ineffectual.” (Business Council of Australia submission, p.3)

"... the specific details aligned to the role of “system driver” are absent ... the necessary strategies to actually encourage enterprises to drive the system are also absent ... significant cross sections of industry are unaware that they are expected to drive the process, while other enterprises have consciously chosen not to get involved if possible.” (Business Council of Australia submission, p.5)

“One example is the National Training Wage ... its operation lacks flexibility and its benefits are narrow ... A good case could be made that the regulation associated with the NTW has narrowed the scope for developing entry level training, greatly hindered flexibility, generally worked in opposition to the National Competition Policy principles and cost the taxpayer a large sum of money for the privilege.” (Business Council of Australia submission, p.10)

“The main issue which emerged was the confusion on the roles of NETTFORCE versus OTFE in regard to traineeships.” (Australian Chamber of Manufactures submission, p.2)

Training Priorities

"While the focus generally has been on entry level training, the Business Council considers upgrading the skills of the existing
workforce to be a higher priority. It is the existing workforce that will enable Australia to be more competitive and productive in the short term.” (Business Council of Australia submission, p.3)

“Our view is that the right balance has probably not been struck yet. That is the impression rather than a view formed on hard evidence. However it seems that the upgrading of skills training represents only a small percentage of the total training done in this country.” (Australian Chamber of Manufacturers submission, p.2)

“Finding a balance between the provision of training opportunities for young people, and training aimed at upgrading the skills of the existing workforce has certainly been an issue in the development of the AVTS. The emphasis in the Certificate of Real Estate Operations has been to provide entry level training for new recruits to the industry. However, the major uptake of the program was from staff members who have been in employment for an average of 6 - 12 months.” (Real Estate Institute of Australia submission, p.2)

Concerns with ITABs

“ITABs are presented as the necessary vehicle to achieve ANTA’s overall objectives, yet much of industry remains unclear about how ITABs work, who is accountable to whom. The structure and calibre of representation on ITABs has been raised as a concern also.” (Business Council of Australia submission, p.4)

“Amongst the issues raised is the lack of co-ordination between national and state bodies (the ITAB’s). At a very basic level, it is confusing ...” (Entertainment Industry Employers Association submission, p.1)

Competition and training market

“A considerable number of TAFE colleges are vigorously and successfully competing for corporate business ... a number of companies operating in the regional areas of different States/Territories report that their relationships with their local TAFE colleges are close and that these colleges are very responsive to their particular needs, and the needs of employees.” (Business Council of Australia submission, p.8)
Chapter 4: Views on the ANTA Agreement

"Enterprises, as is the case with any customer, will only become involved if the product matches the need, ie. if the system is flexible, deregulated, cost effective and able to deliver the required outcome." (Business Council of Australia submission, p.6)

Unions

Submissions were received from the Australian Council of Trade Unions, the Australian Education Union, the National Tertiary Education Industry Union, the Trades and Labour Council of the ACT and the Australian Manufacturing Workers Union.

The Unions shared the views of industry on a number of issues, in particular, the complexity of the system and the mixed performance of the ITABs and industry’s influence in the VET sector. There was also concern that the community service obligations of the system would be maintained in the current shift to greater competition and an open training market.

"In support of the retention of a public system of TAFE the recent ACTU Congress passed the following resolution - the ACTU notes that TAFE, as the major provider within the Australian Vocational Education Training (VET) system, plays a critical role in providing guaranteed access to relevant vocational and pre-vocational programs for all Australians, including those excluded from the workplaces and others suffering disadvantage." (Australian Education Union submission, p.14)

"Implications of the competitive training market - some parallels with the public/private health system can be drawn. There is considerable likelihood that the public sector provider/s would be marginalised to high infrastructure training." (Trades and Labour Council of the Australian Capital Territory Inc. submission, p.5)

National co-operation

"The ACTU believes that NFROT is not working effectively and there is a particular priority for its operation to be significantly improved ... In particular the involvement and leadership of the industry parties in the process of change must be maintained and strengthened." (Australian Council of Trade Unions submission, p.5)

"... many states appear to regard the national co-ordination aspects of agreed profiling and funding processes as simply hoops that must
be jumped through in order to access Commonwealth provided growth funds ... what little acceptance there is by State authorities of the need for a national system seems largely produced by the fear of losing Commonwealth growth funding. If the growth funding carrot was removed the eight States and Territories would very likely go their separate ways.” (Australian Education Union submission, p.1 & 10)

“While the Commonwealth has met its commitment under the ANTA Agreement and subsequent Act, the States and Territory Governments' interpretation and responses have varied from honouring the letter and spirit of the Agreement, to using the Agreement as a means of reducing State Government expenditure ...” (Australian Education Union submission, p.2)

“... it is our impression that the State and Territory VET systems remain essentially separate in terms of administration and policy.” (National Tertiary Education Industry Union submission, p.1)

**Complexity**

“While it would not be correct to say that the ANTA processes simply overlay further bureaucracy on the nine existing structures, there is no doubt that duplication and overlap remains a critical problem.” (Australian Education Union submission, p.10)

“States refuse to concede to national operational requirements and thus, to those actually engaged in the sector, ... the impression is of eight separate State systems with no organic connection.” (Australian Education Union submission, p.10)

“Although it is early to be definitive about the effectiveness of the mechanism of the strategy and the profiles, we have serious doubts as to whether the mechanisms available under the ANTA Act are sufficient to achieve an effective, consistent and quality national system.” (Australian Manufacturing Workers’ Union submission, p.1)

**Industry influence**

“The Board composition tends to reinforce an impression that big industry is in the commanding position in the national system and that the role of the education and training system is merely to respond to big industry demand as articulated through twenty or so national ITABs.” (Australian Education Union submission, p.11)
"The States have failed in some cases to give industry, through the ITABs, a consistent role in the process of accrediting courses. This is critical if there is to be quality assurance that courses (and qualifications) meet endorsed industry standards." (The Australian Manufacturing Workers Union submission, p.3)

Training market

"The instability and upheaval caused by moves towards a "market" approach in VET encroaches upon the integrity of the public system of education." (National Tertiary Education Union submission, p.2)

"NTEU's concerns in this area are focussed on the potential for conflict between the perceived needs of industry, on the one hand, and the principles of access and equity in education on the other. Deregulation and privatisation further complicate this conflict and may exacerbate inequities by restricting access through loss of geographical spread of provision, threats to education quality and the effects of up-front fees." (National Tertiary Education Union submission, p.3)

Community Service Obligation

"In its role as the major provider, TAFE and associated public providers should not be subject to any application of a "National Competition" Policy which would inhibit the capacity to fulfil community service obligations." (Australian Council of Trade Unions, p.17)

Industry Training Advisory Bodies (ITABs)

The Review received 19 submissions from ITABs. The concerns and perspective's offered by the ITABs were in part shaped by the ITAB being either the national body or the State/Territory arm of the ITAB network.

The system is serviced at the National and State levels by ITABs, that is Industry Training Advisory Boards, and at the State and Territory levels by major boards/bodies whose members are drawn from the key stakeholders.

The ITABs stressed to the Review that they speak on behalf of their industries and that they perceive that they are the primary source of industry input into the VET system. Some of the ITABs shared the concerns of business and unions. These shared views have not been reiterated.
The national ITABs have undergone a major restructure under ANTA’s direction. This restructure has not received universal support from those affected. Many were also unhappy about the level of funding provided to ITABs.

Restructure of ITABs

“Grave concern is held by members of this industry as to the effect of forced mergers with other industries and the loss of specific industry focus which may ensue.” (National Printing Industry Training Council submission, p.2)

“... it [ANTA] has forced amalgamation at national level in a manner which denigrates persistent industry advice. In place of an ordered and highly effective ITAB network where at national and state level industry coverage was identical, there is now emerging a mess of different coverage’s state with state and states with national.” (Rural Industry Training Council submission, p.3-4)

“This has resulted in some cases in a convoluted matrix of State/Territory and national ITABs which will hinder rather than assist regional needs ...” (Arts Training ACT submission, p.4)

Complexity

“In terms of co-ordinating and regulatory bodies in the training system, it’s not so much the number of bodies which pose a problem rather the clarity of each one’s role and purpose and the links between them.” (Public Administration Industry Training Council submission, p.1)

“... variations and lack of mutual recognition place a significant burden on Commonwealth Government employers whose operations are typically disperse throughout the States and Territories. The unwillingness of some State Training Agencies to extend mutual recognition is contrary to the spirit of national consistency and reciprocation which underpins the micro economic reform agenda and have been agreed to by all levels of Government.” (Joint APS Training Council submission, p.2)
Industry Influence

"There has been some concern at times the advice from industry has not been accorded the status it deserves, consequently there is a perception that the advice has not been acted upon." (Tourism Training Australia submission, p.2)

"ANTA’s ‘functional’ divisions, such as training plans, flexible delivery, assessment, professional development, etc are not conducive to assisting industry. It makes the liaison processes bureaucratic, a duplication of resources and excessively time consuming for industry." (Retail and Wholesale Industry Training Council Ltd submission, p.3)

Others

Included in this grouping are, training providers TAFE Institutes, universities, private providers, and other interested parties.

Many submissions commented only on their area of interest, for example, prisoner/offender education, equity/gender issues and regional and remote issues. A number of submissions raised concerns which were very specific and outside the Terms of Reference of the Review, for example, insufficient funding for practical facilities at an institution, takeover of one community college by another.

There was broad consensus that there had been a shift to more client focus and better planning processes, however there was still concern with the complexity and perceived rigidness of the system. There was also a view that the ANTA arrangements tended to focus on the demands of industry and to exclude the individual.

"Competition is a healthy goal in principle and is certainly an efficient option in a metropolitan area(s). However, in regional/remote areas competition may well disadvantage the general public in the provision of training services.” (Pilbara Development Commission submission, p.3)

“The funding arrangements have encouraged education and training providers to examine their range of course offerings and to reduce the level of course duplication. This should lead to the development of a network between educational institutions in the provision of courses
that each institute cannot offer.” (Sydney Institute of TAFE submission, p.3)

“We consider that there are a number of threshold issues in relation to women and the ANTA Agreement. Unless appropriate changes are made, women will continue to suffer direct and indirect discrimination in the provision of training and access to employment. All of these issues are key components of the national training reform agenda promised by the literature but not yet delivered to women.” (Network of Women in Further Education Inc submission, p.1)

“... we oppose the prevailing policy and administrative tendency to comprehensively differentiate provision a priori into “vocational” and “non-vocational”; at the very least this is a continuum rather than a dichotomy ... while some courses are so designed that few if any would enrol in them other than for a vocational end, it is risky to say of any course that it could not have vocational relevance. Some graduates of flower arrangement courses become florists.” (Australian Association of Adult and Community Education submission, p.2)

The Australian National Training Authority (ANTA)

The Review is a review of the operation of the ANTA Agreement and goes to the operation of the total system including the discharge of obligations under the Agreement by State authorities. Accordingly, it seemed appropriate to draw attention to views expressed in the submission of the Authority that dealt with some of the key issues raised in the submission.

Planning and Resource Allocation Processes

“The Authority considers that the Profiles should continue to play a core role in the system planning and resource allocation and that wholesale changes to the process are not needed. However, the Authority sees merit in extending the Profile planning process to cover a three year period. Specific detail would be provided for the current year and clear directions for the following two years. This would remove the need for repetition of comment on major recurrent strategic themes and would lead to a more focussed document.” (Australian National Training Authority submission, p.9-10)
Maintenance of Effort

"The Authority considers that the concept of maintaining an appropriate share in relation to recurrent expenditure warrants further consideration against the need for the system to increase effort in some States/Territories. This would provide a framework within which any productivity gains achieved by States/Territories could be shared between the two levels of government. At present, due to the significant increase in Commonwealth funding over the last five years, the Commonwealth’s share of recurrent expenditure is approaching 30 per cent and this is expected to grow in future years. A situation where a State/Territory reduces its proportionate share of expenditure over a period of time while the Commonwealth is expected to maintain or increase its expenditure cannot be the basis of an enduring Agreement where that State/Territory relative effort is low." (Australian National Training Authority submission, p.8)

Competition

"While the Agreement has represented an adequate framework for the initial development of measures such as tendering, ‘user choice’, performance reporting etc., the Authority considers that it may need to be re-examined as a vehicle for dealing with the full implications of competition policy.” (Australian National Training Authority submission, p.16)

Complexity

"Recent changes to the institutional and structural arrangements at the national level have been significant... the effect of the Standards and Curriculum Council and the new National ITAB arrangements on the VET system will be significant. The Council will consolidate previously ad hoc arrangements ... enabling industry groups, enterprises and individuals to make effective use of recent reforms and to access the system at a single point.” (Australian National Training Authority submission, p.4)

Industry involvement

"The Authority considers that the Agreement has been effective in integrating industry into the decision making processes and in fostering a general culture of engagement with industry ... however this represents only the first step toward securing genuine industry
ownership of the system and leadership in driving training reform.”
(Australian National Training Authority submission, p.13)

“The rationalisation of the National ITABs was designed to address
areas of duplicated and non existent coverage and to give them a
clearer role. In the course of the restructure significant attention has
been paid to the need to change the nature and membership of ITAB
Boards ... The Authority expects that the restructure and revitalised
management arrangements will lead to a significant overall increase
in the confidence of industries in their respective ITABs.” (Australian
National Training Authority submission, p.13-14)

ANTA’s conclusion

“... the Authority considers that the Agreement marks a stage, albeit
of a catalytic nature, in the development of a national system where
the major elements of the system have been given a substantial
structural and legislative base and the previous, largely ad hoc,
arrangements have been given some order and coherence through a
formal inter-governmental agreement.” (Australian National Training
Authority submission, p.3)
CHAPTER 5

BETTER PLANNING AND CLEARER ROLES

This Chapter examines the roles and responsibilities of the key stakeholders, looks at their strategic focus and makes suggestions to achieve improved management and a greater national cohesion.

The Agreement generally describes the roles and responsibilities of each player. However, a number of the submissions to the Review indicated the respective roles and responsibilities for each of the players were unclear and needed clarification. Moreover the new bureaucratic and administrative processes were seen as adding complexity and the plethora of structures not only confused clients but placed an additional administrative burden on agencies.

A few quotes illustrate the point:

“The first three years of the Agreement have seen considerable confusion over the respective roles and responsibilities of the parties to the Agreement.” (Queensland Government submission, p.16)

“A new Agreement needs to clearly define the roles and relationships of key stakeholders to promote greater harmony and acceptance of national decisions.” (Victorian Government submission, p.9)

“The Authority considers that some of the confusion surrounding the operation of the Agreement, particularly the perceptions of overlapping responsibilities and complexity in decision-making, would be removed if the roles, responsibilities and accountabilities of the key parties were more evenly and clearly described.” (Australian National Training Authority submission, p.4)

The Review discussed these concerns in meetings with the parties to the Agreement. The Review concluded it would be desirable to review the roles of the key stakeholders for seven main reasons:

1. the absence of a sense of “ownership” of ANTA as an organisation by the key stakeholders. ANTA was created by a forward looking agreement yet, surprisingly, a few years later there was little sense of ownership of the organisation by the States/Territories and the Commonwealth. States and Territories officials seemed to view it as
just another Commonwealth Department - and an intrusive one at that - Commonwealth officials viewed the organisation as something quite separate from the Commonwealth bureaucracy;

2. concerns about ANTA’s lack of strategic focus. The complaint was that ANTA was too involved in detail and operational matters. While ANTA was engaged in a lot of activity, it was suggested too little of it involved forward strategy or strategic guidance;

3. Industry concerns about the complexity of the structures and operations of the system;

4. widespread confusion in Industry about ANTA programs and DEET programs brought about by a lack of co-ordination between labour market programs, other DEET programs and mainstream VET. There was also confusion about the respective roles of DEET and ANTA and concern about what were seen, on occasions, as competing roles;

5. a lack of clarity of the role being performed by the ANTA Board. There were some references to the “invisibility” of the ANTA Board. Moreover there was some discussion of the role being performed by ANTA CEOs;

6. an undue focus on the maintenance of effort provisions (paragraph 31) of the Agreement. While there was no dispute about its relevance the suggestion was that it had taken centre stage in dealings between ANTA and State/Territory administrations while strategic directions and outcomes had become secondary considerations; and

7. a risk that the critical relationship between the client (particularly individual enterprises) and the provider could be lost as the prime focus of policy. In a relatively complex structure such as ANTA, and a range of advisory bodies, co-ordinating committees, project committees and the like, there is a risk that the system will impede rather than support the basic product delivery.

There is a need for a discipline on all parties to ensure they focus on functions where they add value. In particular Governments should stimulate training, facilitate training delivery and give providers the maximum flexibility to meet clients needs. Accordingly the Review has set down a view of the roles and responsibilities of each stakeholder.
Chapter 5: Better Planning and Clearer Roles

The Ministerial Council (MINCO)

The Agreement identified the establishment of MINCO as a key feature of the new national system and is quite explicit in defining the role of the Council. Paragraph 2 states:

"... to oversee the ANTA and to be responsible for decisions on strategic policy, national objectives and priorities ..."

MINCO is a little different from other ministerial forums. MINCO provides leadership and authority over a national system. It was established as an inter governmental, collaborative framework to get an operating national VET system within a federal framework.

While not wishing to press the analogy too far, MINCO has some similarities to a meeting of shareholders, with each Minister having an investment in the system and a commitment to it. Moreover, Ministers are responsible for ensuring the decisions of the Council are facilitated and implemented in their respective States/Territories.

The Review concluded that MINCO is performing effectively the functions described in paragraph 6 of the Agreement and that these functions are appropriate. This positive view reflected the general support for the decisions made by MINCO on resource allocation, general policy matters and the structural changes that created the Standards and Curriculum Council.

There were suggestions that too much detailed administration was referred to MINCO which could be left to subordinate bodies. There is some substance to the suggestion, but if the Review’s proposals for broader representation on the ANTA Board, a more prominent role for the Chairman and clarification of the role of ANTA CEOs are accepted then this adjustment will sensibly follow.

One further point about MINCO was raised by a few States - that the voting arrangements agreed in 1992 should be altered to reduce the Commonwealth’s voting rights to equal that of an individual State or Territory (that is from 2, plus a casting vote to 1). The Review considered that there had been no change of circumstance since 1992 to warrant such a basic change to the Agreement. Moreover it noted that the Commonwealth’s share of VET expenditure had risen to about a third and was still increasing. In any event the business of MINCO is largely conducted without the need for a vote.
The Australian National Training Authority

The Agreement makes no distinction between the ANTA Board and the ANTA Office. The ANTA Office is the administrative mechanism to implement and progress the decisions and the vision of the Board.

ANTA was given three different roles under the ANTA Agreement:

1. paragraph 2 gives ANTA the responsibility to advise on national policy, develop a national strategic plan and set out a comprehensive plan for the provision and support of VET for the year ahead (and an indicative plan for the following two years). Subsequent paragraphs spell out in detail functions to give effect to this role;

2. paragraph 36 indicates that to the maximum extent possible, Commonwealth government-funded training programs should be funded through the ANTA arrangements. This has meant ANTA taking over from DEET the TAFE capital assistance program, the TAFE recurrent assistance program, the Australian Vocational Certificate Training System and operating support for ITABs. There are also other national programs and projects that have been given to ANTA to administer. This has driven an operational role in ANTA; and a need to focus on an array of different programs and projects; and

3. ANTA has the role of policing the maintenance of effort provisions of the Agreement.

Accordingly while there is criticism of ANTA’s operational activities the seeds of the problem lie in the functions passed to ANTA.

Of these functions the Review considers that the programs and projects derived from paragraph 36 should be simplified into a more strategic grouping of programs and as far as is practicable ANTA should get out of managing a plethora of small programs with separate “buckets” of money. Moreover the administration of maintenance of effort should be simplified. These two issues are dealt with in Chapter 7.

These steps would reduce, but not eliminate the operational role. It would allow ANTA to focus more clearly on its core business - advice on national policy and strategic directions, planning and management of national funding arrangements.

There was a high level of consensus in the government submissions in articulating ANTA’s role, the parties believe that ANTA’s role should be to:
• provide strategic direction to the system clarifying where it should be heading, taking into account developments in client need, service quality, technology, delivery options, and relevant overseas experience;

• develop national policy in collaboration with the Commonwealth, State Training Agencies and other key stakeholders (this includes policy leadership on key areas where the system needs to change significantly to meet ANTA’s stated objectives);

• manage national funding arrangements;

• establish and monitor performance for the national VET system; and

• encourage the development of a training culture across industry.

The Review agrees with the above, however, there are three other areas of equal importance:

• simplification of the processes involved with the recognition of training;

• stimulation of best practice throughout the network; and

• research.

The issue of defining a role for ANTA is not one of redefining the role set out in paragraph 2 or the functions described in paragraph 9 of the Agreement. All of them are necessary to discharge its national role. The issue is how these functions are discharged.

The core of the criticisms of ANTA were irritations arising in the discussion of Profiles (that it focused on detail and not strategic objectives) and the burdens of administration in both maintenance of effort and the management of a large number of separate programs.

The Review believes that it is now time to move to a more strategic focus on what needs to be achieved over a three to five year period. ANTA has already stimulated a substantial development of the planning processes and has now moved to a two year planning period for Profiles. This needs to be extended. ANTA also needs to focus on what are seen as the big policy issues which are impeding the rapid improvement of the sector. While ANTA should get out of the detail it has a clear policy role and a “top down” input.
ANTA Board

The ANTA Board is critical to the performance of the Authority’s strategic function and therefore the operation of the ANTA Agreement. The role of the Chairperson of the Board should be strengthened and the membership of the Board should be broadened both to assist it in its strategic role and to bring a greater sense of cohesion to the system.

The role and authority of the Chairperson is vital. He must be seen as the key person advising MINCO and should deal individually with Ministers and governments between Board meetings on the major issues and any bottlenecks. He should become the focal point of the national system between MINCO meetings.

The Review recommends that the Secretary of DEET together with a senior State or Territory official and, desirably, the Chairperson of Standards and Curriculum Council be added to the Board. This will increase the size of the Board from five to a maximum of eight, still an efficient size for a Board.

Taken together these changes will:

- reinforce the role of the Chairperson, enabling him to more effectively be the key adviser to MINCO concentrating on leadership of the national system and contact with Ministers between MINCO meetings;
- bring greater cohesion to the system and a greater sense of ownership and shared values by the States and the Commonwealth, both in terms of processes and outcomes;
- ensure better co-ordination of ANTA and DEET programs and more effective planning of VET provision; and
- bring the expertise of two of the nation’s top public sector managers to the Board’s deliberations on resource allocation, Commonwealth/State relations and government administration.

A particular feature of the proposed arrangements is the strengthened role for the Chairperson. The most efficient system of management of public corporations is for the Chairperson of the Corporation to deal with the responsible Minister and for the CEO to deal with relevant department heads or CEOs. It is therefore important for the Chairman of ANTA to deal with Ministers (Commonwealth and State/Territory) on the key policy issues not
only formally at MINCO meetings, but between meetings with individual Ministers if major issues arise. It will not involve him in detail.

The authority of the position of Chairperson of ANTA appears to be an underutilised resource. From time to time there will be major issues involving the Commonwealth, or an individual State, where the Chairperson's personal intervention may resolve an issue which would otherwise linger on and dampen the smooth operation of the system. The Chairperson can also provide a leadership role between MINCO meetings that is desirable for a national system.

A State or Territory official is suggested as an additional member of the Board for two reasons. First to act as a balance to Commonwealth representation and avoid any suggestion of bias. Second to bring a State/Territory perspective to the issues considered by the Board - not just issues of delivery and regulation, but the need to comprehend competing pressures on State/Territory priorities and the need to respond to local as well as national concerns.

It would be a matter for State and Territory Ministers on MINCO to recommend the appropriate State officials, however, the Review would suggest it is desirable the person be someone familiar with the system, but not currently performing the duties of a CEO of a State Training Agency.

Of course neither the Secretary of DEET nor the State/Territory official would have different responsibilities to other ANTA directors, as with anyone appointed to a Corporate Board, each would be required to act in the interests of the organisation. They would be personal appointments - not ones they could delegate to other officers in their organisation.

It is recognised that the original intent of the Agreement was to create a mechanism for industry leadership of the VET sector and it might be argued that the inclusion of the Secretary of DEET and a State or Territory official (even though they represent only two of seven or eight) is outside that vision. However, the experience of three years of the operation of ANTA has emphasised that the VET system is a collection of bureaucratic systems, and some of the current impediments are due to these institutional problems, therefore some expertise on the Board on such matters would add value.

The Review noted industry concerns about the complexity of regulation of the system. ANTA needs to ensure the Curriculum and Standards Council achieves significant reform in the whole network of processes involved in
Review of the ANTA Agreement

training recognition. Accordingly, it would be desirable to formally add the Chairperson of this Council to the ANTA Board, rather than rely on the current arrangement where the Chairperson is invited to attend ANTA Board meetings.

ANTA Chief Executive Officers

The Agreement makes no mention of the meetings of the ANTA CEOs group. These are meetings of the Chief Executives of the State/Territory Training authorities and a representative of the Secretary of DEET, chaired by the Chief Executive Officer of ANTA.

Prior to the establishment of the ANTA Agreement and the establishment of MINCO there was a broader Ministerial grouping (MOVEET) which dealt with training matters. As with all Ministerial meetings it was supported by a Standing Committee of officials to advise Ministers and implement decisions (ANTA CEOs is a similar body).

With the establishment of the ANTA Agreement the key policy advising role became the responsibility of the ANTA Board. The Review understands that in the initial stages there was some difficulty with advice to State and Territory Ministers on the implications of certain proposals advanced at MINCO. In the event it was agreed that ANTA CEOs would meet to ensure advice was available. They have continued to meet on a largely “ad hoc” basis.

It is desirable to recognise the role of ANTA CEOs as part of the ANTA arrangements and clearly differentiate it from the role performed by the ANTA Board. The role of ANTA CEOs is to examine and advise on the implications of proposals under consideration by ANTA, particularly as they impact on the States and Territories. As such the advice is available to the ANTA Board when deciding on proposals to put to MINCO. The meetings also provide a mechanism for co-ordination of the implementation of some MINCO decisions when requested by MINCO or the ANTA Board.

It is important however to emphasise that the role proposed for ANTA CEOs should not intervene between the advice of the ANTA Board and MINCO nor should it be seen as a parallel stream of advice. Nevertheless it should be recognised as an important part of the formal structure of ANTA, sitting behind the ANTA Board in the hierarchy of advice and as a practical mechanism for implementation of some MINCO decisions.
The Commonwealth

The Commonwealth’s role in the VET system is not included in the “Roles and Responsibilities of the Key Parties” element of the Agreement. The Agreement states:

“To the maximum extent possible, Commonwealth government-funded training programs be funded through ANTA arrangements. Existing Commonwealth programs should be allocated on a functional basis in accordance with a set of guiding principles:

- the Commonwealth would retain responsibility for those programs which:
  - cover employment and migration and relate directly to its own areas of responsibility;
  - provide income support to individuals or training subsidies to employers;
  - are counter-cyclical in nature; or
  - provide training opportunities to client groups for which the Commonwealth has a special responsibility (eg. Aboriginals).”

The Commonwealth is a partner in the Agreement, although not in the same way as the States/Territories - it does not have a “system” to manage and regulate. However it has roles and responsibilities in the VET system:

- a leadership role through Chairmanship of MINCO;
- as a substantial investor in the national VET system it has a vital interest in VET outcomes and in ensuring value for money;
- ensures that its programs that interact with VET are properly planned, targeted and co-ordinated with the efforts of ANTA and State training agencies. The Commonwealth has a specific responsibility under paragraph 36 of the Agreement to ensure such co-ordination takes place.

There were three issues which frequently arose in discussions with industry:

(a) confusion about the range of programs separately administered by DEET and ANTA;

(b) the respective roles of ANTA and DEET; and
(c) the lack of co-ordination between DEET’s labour market programs, other DEET programs and mainstream VET training carried out under the ANTA arrangements.

This lack of co-ordination was most apparent at the State and Territory level where there were valid complaints by officials about the difficulty in preparing Profiles to effectively take into account the likely training demands of labour market programs.

The States saw this difficulty being compounded by two further issues. First was the activity of the NETTFORCE Industry Training Companies in creating unplanned increases in the demand for entry level training - while not a labour market program, but a program to increase employer uptake of traineeships, it was seen as activity generated by that portfolio with little prior advice and planning. Second was the organisational structure of DEET, which is organised on a geographical zone system rather than a State/Territory structure which makes co-ordination of activities difficult.

The Review considers that DEET has failed to take the necessary steps to ensure co-ordination of labour market programs with VET programs in terms of paragraph 36 of the Agreement and recommends that DEET take action to ensure it establishes efficient co-ordinating mechanisms with ANTA and State Training Authorities.

During the course of the Review this issue was discussed at MINCO and the Review understands that officials have agreed to improve co-ordination. Moves have also taken place to incorporate NETTFORCE traineeships targets into Profiles which should bring about improvements in the process.

The lack of co-ordination, when combined with the growth in Commonwealth labour market program and traineeship activity (through NETTFORCE) has at times created the impression in Industry that the VET system has been overtaken by an overwhelming concern to provide training for unemployed young people. The Review considers that it is important that ANTA correct this impression and emphasise the balance between special programs for target groups, entry level training provision, upgrading existing workforce skills and the higher level skill training available within VET.
State/Territory Governments

State/Territory governments are responsible for VET within their borders. They are required by the Agreement to ensure it is consistent with the strategic plan and that the output of the system is consistent with the profile approved by MINCO.

State/Territory governments, as the managers of the component parts of the system have the critical role in promoting an efficient and effective network. State/Territory governments would add most value if they focused on:

- efficient and transparent regulation of VET based on those requirements necessary to ensure appropriate standards with respect to service provision;
- achieving a clear separation of functions in State administrations - in particular to ensure a clear separation of the purchaser/provider roles at State level. This separation is now well established in other areas of the public sector and should be universal in VET;
- use of market and other mechanisms to encourage the development of an efficient and high quality network of public and private providers in the State/Territory;
- management of the TAFE system concentrating on improving its efficiency and flexibility; and
- effective planning mechanisms for the development of planning profiles including significant industry input.

The Review returns to these issues in Chapter 9.

Industry

The Agreement does not, nor could it, set out a specific role for Industry; rather it describes industry involvement in the key aspects of a national VET system.

The theme of the Agreement was that the system should be shaped primarily to meet the needs of Industry. While the interests of enterprises and individuals are different, they overlap as the interest of the individual cannot be fulfilled unless the training received broadly meets the skill needs of the enterprise. So by putting industry in the position where it influenced what was provided by the VET system the intention was to make the system more responsive to the needs of all its clients.
This industry objective was achieved through three planning processes:

- an ANTA Board comprising prominent industry figures;
- a requirement that ANTA consult with national ITABs; and
- a requirement that States and Territories consult with State/Territory ITABs.

It implies a prominent role for the ANTA Board and ITABs in seeing the system responds nationally to the needs of industry. At this stage the impact of national ITABs on the planning processes has been limited, partly because of a preoccupation with the restructuring process and partly the need to get the appropriate infrastructure in place to provide the necessary planning input to ANTA. It is thus too early to judge the success of this strategy. However the Review considers that the major input of national ITABs should be in providing advice of industry needs and trends at the aggregate national level. It would not expect it reasonable to require national ITABs to comment in any substantive way on the detailed provision of courses in individual States or Territories. The more detailed aspects of planning should be picked up in consultations at the State and Territory level with State/Territory ITABs.

The Review suggests no change to the role set down for industry in the Agreement. At present however Industry support is at best, patchy. The Review considers that ANTA will need to closely monitor the role and performance of the ITABs including the relationship between National and State ITABs. It may also need to cast its net wider than ITABs when seeking advice on industry needs. Moreover the Review considers reasonable steps towards a more demand driven system, including some selective user choice initiatives, will allow industry a more direct influence. It is an area, however, that MINCO should keep under review.
Recommendations

The Review recommends that:

2. ANTA focus more clearly on its core business of advice on national policy and strategic directions, planning and management of national funding arrangements and reduce its emphasis on operational activities.

3. The key role of the Chairperson of ANTA and his position as the focal point of the national system between Ministerial Council meetings be endorsed by governments.

4. The Secretary of the Department of Employment, Education and Training (as the Secretary of the Commonwealth Department responsible for vocational education and training) and a senior State/Territory official be appointed to the ANTA Board.

5. Consideration be given to appointing the Chairperson of the Standards and Curriculum Council to the ANTA Board.

6. The ANTA CEOs group be recognised as part of the organisational structure of the ANTA arrangements.

7. The Commonwealth Department of Employment, Education and Training establish efficient mechanisms to co-ordinate labour market programs with vocational and training planning in co-operation with ANTA and education State Training Agencies.
CHAPTER 6

FUNDING FOR GROWTH

This Chapter examines the policy basis for the Commonwealth Government’s growth funding commitment to vocational education and training and considers progress against it during the period of the Agreement. It concludes with some comments about VET participation and the growth strategy in the longer term.

While the ANTA arrangements have embraced a range of training issues since their inception in late 1992, fundamentally the ANTA Agreement has established a basis for government funded growth in mainstream VET. More particularly it is about Commonwealth funded growth, built on a “floor” of State/Territory funded effort, and guaranteed through “maintenance of effort”.

Growth Objectives

Governments were motivated by several objectives when they entered into the ANTA Agreement funding arrangements:

- to enable growth in VET provision through the injection of new recurrent funds;
- to increase the number of places available for young people, with an emphasis on entry-level training in the light of the Finn and Carmichael Reports;
- to redress a perceived imbalance in funding and participation in schools, universities and VET to put VET on a growth path comparable to the other sectors, especially higher education; and
- to establish a strong and well funded VET system as part of improving Australia’s international competitiveness, both through building a strong and well resourced training system for access by world competitive firms and through upgrading the status of Australia’s VET system to that of systems in competitor nations.

While these were the main policy reasons for action, other factors were reflected in the objectives of the ANTA Agreement. There was a concern to ensure that genuine growth in output and improvement in delivery was
achieved, leading to policies to stimulate efficiency, such as the policy for a more market oriented system. There was a desire to ensure a balance between public sector growth and increasing private provision in training. There was also a concern to improve access for disadvantaged groups. Whatever the motivation, all agreed on the need for growth.

The most fundamental judgements to be made about the Agreement therefore are whether growth funds have flowed to the VET system, whether significant growth in provision has followed and whether additional resources and activity have helped to address key targets and objectives for growth.

Examining Funding and Activity Growth

In order to make judgements the Review has examined VET system financial and activity data from 1991 to 1996.

Throughout its examination of the outcomes of the ANTA Agreement, the Review has been hampered by the lack of data of sufficient quality to support detailed conclusions. In relation to the system’s growth, the data are inadequate for:

- comparability for cross-state comparisons;
- accuracy and consistency at the point of collection;
- alignment with the ANTA “scope and boundary” definitions (that is, statistics which relate to agreed activities for the purposes of maintenance of effort calculations); and
- consistency over time.

Bluntly, nothing approaching an adequate system of management information exists in the national VET system.

Within these limitations, the Review has constructed two overlapping time series’ covering the period 1991 to 1996 with the aim of making a common sense judgement about whether, on balance, the key growth aims of the Agreement have been met. The nature of the data is such that it makes it difficult to present the Review’s conclusions in a simple and straightforward manner. The Review stresses that its analysis permits only broad conclusions, not the detailed findings needed for system management. The Review’s analysis is supported by detail contained in a technical note at Attachment F.
The system needs two or three more years of quality data on the table before solid conclusions on performance can be reached. The performance management data issue is discussed later in the report.

**Growth in Government Funding**

The basic growth funding arrangements are described in Chapter 3 - an initial injection of $100 million recurrent funding from the Commonwealth, followed by $70 million each year to 1995 (now extended to 1996 and 1997), set on top of maintained State/Territory funded effort.

The growth funds need to be kept in perspective. While they have been an important addition to funding for VET, the additional amount annually is only three per cent of total funding through the ANTA pool.

**Judgement on Growth Funding**

The Review judges that Commonwealth growth funding under the ANTA arrangements has increased the aggregate amount of government funding in real terms. The simplest objective, to inject recurrent growth funds into the system, has been achieved.
Table 6.1: Real VET Recurrent Funding 1991-1996 ($’000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>National Financial Collection</th>
<th>MoE/Commonwealth Appropriations</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>1991</td>
<td>1,652,040</td>
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<tr>
<td>1992</td>
<td>1,682,762</td>
<td>1,571,869</td>
</tr>
<tr>
<td>1993</td>
<td>1,690,770</td>
<td>1,585,776</td>
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<tr>
<td>1994</td>
<td>1,698,372</td>
<td>1,607,477</td>
</tr>
<tr>
<td>1995 (estimated)</td>
<td>n/a</td>
<td>1,601,141</td>
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<td>1996 (planned)</td>
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<td>1,577,698</td>
</tr>
<tr>
<td></td>
<td>C/wth</td>
<td>C/wth</td>
</tr>
<tr>
<td>1991</td>
<td>327,793</td>
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</tr>
<tr>
<td>1992</td>
<td>410,104</td>
<td>245,368</td>
</tr>
<tr>
<td>1993</td>
<td>572,300</td>
<td>318,854</td>
</tr>
<tr>
<td>1994</td>
<td>558,417</td>
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<td>1996</td>
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<td>625,866</td>
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1. Figures are 1989-1990 constant dollars. Further detail is provided in Attachment F.
4. There is a break in series in the National Financial Collection in 1994 with respect to the Commonwealth recurrent revenue, owing to what appears to have been a misclassification of Commonwealth revenues in earlier years. This is currently being analysed but adjusted figures were not available at the time of the Review. It should not seriously affect comparison with the base year of 1991.
5. The 1994 and subsequent Commonwealth recurrent figures under MoE/Commonwealth appropriations show a jump as a result of adding the Annual Appropriations under Section 11 of the ANTA Act.
Table 6.1 indicates that real terms government recurrent funding for VET grew by about 14 per cent between 1991 (just before the ANTA Agreement was struck) and 1994. Between 1994 and 1996 funding growth is likely to be a further six per cent in real terms. Figure 6.1 presents the two funding time series’ to show the overall growth trend.

Figure 6.1: Trends in Real VET Recurrent Funding 1991-1996

1. Expressed in constant 1989-90 dollars.
2. Broken lines indicate trend figures as estimated by the Review. Refer to Attachment F for explanation. Note: funding axis begins at $1,500 million.
3. Data sources as in Table 6.1. The break in the series for the National Financial Collection in 1994 and additional Commonwealth annual appropriations in MoE/Commonwealth Appropriations from 1994 are discussed in notes to Table 6.1.

Capital funding over the period is more straightforward to track through the two data sources. There has been a slight reduction in capital spending over time as shown in Table 6.2.
Growth in VET Activity

The next question is whether this injection of funds actually funded growth in activity/output. The Review has addressed this in two ways.

The first perspective is the activity attributed to Commonwealth growth funds as indicated by States/Territories in Profile negotiations, in combination with the data reported in ANTA’s annual Directions and Resource Allocations series.

ANTA reported to the Review that growth funding will purchase over 26 million additional student contact hours over the period 1994 to 1996 inclusive. This covers the period during which ANTA has been operating and has been able to influence developments. ANTA presented the figures to the Review as set out below.

Table 6.2: Real VET Capital Funding 1991 - 1996 (’000s)

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>(estimated)</td>
<td>(planned)</td>
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<td>National Financial Collection</td>
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<td>State</td>
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<td>Total</td>
<td>323,033</td>
<td>312,796</td>
<td>314,856</td>
<td>324,105</td>
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<td>n/a</td>
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<td>MoE/ Commonwealth Appropriations</td>
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<tr>
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<td>203,612</td>
<td>204,532</td>
<td>197,615</td>
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<td>Total</td>
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<td>323,890</td>
<td>323,860</td>
<td>316,715</td>
<td>311,154</td>
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1. Data sources as for Table 6.1.
Table 6.3: Annual Activity Growth Attributed to Commonwealth Growth Funds 1994-1996

<table>
<thead>
<tr>
<th></th>
<th>AHC (’000s)</th>
<th>Students/Enrolments</th>
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<tbody>
<tr>
<td>1994</td>
<td>8,695</td>
<td>42,234</td>
</tr>
<tr>
<td>1995 (estimated)</td>
<td>8,734</td>
<td>34,858</td>
</tr>
<tr>
<td>1996 (planned)</td>
<td>8,696</td>
<td>40,663</td>
</tr>
<tr>
<td>Total</td>
<td>26,125</td>
<td>117,755</td>
</tr>
</tbody>
</table>

1. State/Territory Profiles provided by ANTA.
2. Students/Enrolments column as provided by ANTA. Profiling arrangements for 1994 and 1995 required an estimate of additional students. This collection changed to enrolments for 1996.

Directions and Resource Allocations for 1996 reports these figures for 1995 and 1996, also attributing some 2.8 million hours additional growth to what is termed “State Growth/Productivity” (Directions and Resource Allocations 1996, p.34).

The second is whether growth has occurred in the aggregate activity created with the total pool of VET funds available. The Review considers this the fundamental test of growth and the real test of additionality consistent with the ANTA arrangements.

The Review accepts that there is a need to account separately for Commonwealth growth funds. However, the effort to do so creates the artificial impression that the State/Territory VET systems and providers separately badge “growth” and “non-growth” places.

As with the financial data, the Review has constructed two time series’ spanning 1991 to 1996. These are set out in Table 9.4. The first, from 1991-1994, draws from the Selected VET Statistics series, produced under the direction of ACVETS. The second, covering 1993-1996 and provided to the Review by ANTA, draws from data provided by the States and Territories to ANTA in the Profiles and maintenance of effort processes.

Some difficulties need to be noted in using the two time series’. The Selected VET Statistics includes activity outside the ANTA scope and boundary definition (for example, fee-for-service), giving higher aggregate activity in the overlap years of 1993 and 1994. There is also a series break...
within the *Selected VET Statistics* collection at 1994, which may account for some of the apparent dip in activity between 1993 and 1994, although the Review considers that this dip also raises questions about demand for VET programs. The ANTA series also breaks at 1994 owing to changes in scope and "rebasing". This break appears less significant. An explanation of these series appears in the technical note at Attachment F.

These factors mean that year on year comparisons cannot be made. However, the Review believes that the data are sufficiently comparable to allow a broad trend analysis.

### Table 6.4: National VET Activity 1991 -1996 (‘000s)

<table>
<thead>
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<tr>
<td><strong>Selected VET Statistics</strong>¹</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>AHC</td>
<td>224,657</td>
<td>246,200</td>
<td>268,164</td>
<td>273,259</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Enrolments</td>
<td>1,185</td>
<td>1,252</td>
<td>1,363</td>
<td>1,395</td>
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<td>n/a</td>
</tr>
<tr>
<td><strong>ANTA Profiles/MoE²</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>AHC</td>
<td>n/a</td>
<td>n/a</td>
<td>218,800</td>
<td>230,671</td>
<td>241,233</td>
<td>251,269</td>
</tr>
</tbody>
</table>

2. 1993-1995 ANTA Profiles/MoE data provided by ANTA.

The Review is satisfied from Table 6.4 that growth has been achieved. Using the two time series’ sources described earlier, between 1991 and 1994 student contact hours (AHC) grew by 22 per cent. Enrolments grew by 18 per cent. In the period 1994-1996, AHC are expected to grow by a further nine per cent. The Review was unable to obtain figures to calculate enrolment growth for this period, owing to changes in Profile requirements.
Figure 6.2 presents the two AHC time series to illustrate the overall activity trend.

**Figure 6.2: Trends in National VET Activity 1991 - 1996**

1. Broken lines indicate trend figures as estimated by Review. Refer to Attachment F for explanation. Note: activity axis begins at 100,000.

**Summary on Funding and Activity Growth**

On the basis of these data, the Review concludes that the VET growth investment has achieved its most basic objectives. The trends identified suggest that the Commonwealth's growth funding has enabled the system to expand significantly. They also indicate that activity growth over the period has been greater than funding growth. This is illustrated in Figure 6.3 which presents the two time series' indices of recurrent growth and AHC.
Figure 6.3: Indices of Funding and Activity 1991 - 1996

1. Broken lines indicate trend figures as estimated by Review.

Activity growth has been produced by Commonwealth growth funding and through efficiency/productivity gains in delivery.
Chapter 6: Funding for Growth

ANTA’s *Directions and Resource Allocations 1996* makes this point by attributing 90 per cent of 1996 activity growth to Commonwealth growth funds, with places purchased at less than system average costs, and the other 10 per cent of growth to State/Territory growth or productivity (*Directions and Resource Allocations 1996*, pp.34-36).

The Review takes the greater increases in activity than in financial allocations as an indication of productivity growth, but notes this productivity improvement was concentrated in the earlier years. Moreover the Review notes that the achievement of activity targets projected for 1996 will require productivity improvements above those recently evident in State and Territory VET systems; some States and Territories will have to lift their performance markedly if the targets are to be achieved. These considerations underscore the need to maintain effort to improve VET system efficiency, as discussed elsewhere in this Report.

**Progress Against the “Finn Targets”**

The targets set by education Ministers in late 1991 following the receipt of the *Finn Report* provided an important policy underpinning for growth. For education systems they have had a supply side implication - new places had to be made available for the increased participation to occur.

The Finn Committee recommendations also had implications for the nature of vocational education offered in schools and VET. In part this provided the policy basis for widening vocational options in upper secondary school and reforming entry-level training in VET. The fundamental message however, was that growth was required.

The Finn Report set four targets, two were agreed as key by the Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA) for ongoing monitoring. These targets are reported annually by ANTA in the *Directions and Resource Allocations* series. They are:

- that by 2001, 95 per cent of 19 year olds should have completed Year 12 or an initial post-school qualification or be participating in recognised education and training; and
- that by 2001, 60 per cent of 22 year olds should have attained or be progressing towards achievement of a qualification at Australian Standards Framework (ASF) Level 3 or better.

The task of monitoring progress against these targets is, as in other areas of educational policy measurement, made more complex by the
non-comparability of institutional and Australian Bureau of Statistics (ABS) survey data. The introduction of the Bureau’s new classification of qualifications (ABSCQ) in 1993 has improved the quality of data but disrupts to some extent comparability with previous years.

In particular, the provision of more meaningful data at the level previously grouped as “certificate/diploma” has led to a reduction of the base for monitoring the 22 year old target, as it seems a proportion of the qualifications previously cited at this level are of a more elementary level than had been supposed.

The Review has received advice from ANTA and the Commonwealth on progress against the targets. From this advice, drawn from an examination of ABS and institutional data it is evident that:

- retention rates in upper secondary schools since 1991 have increased as has participation in higher education;

- participation by 19 year olds in education and training increased from 70.9 per cent in 1990 to 80.7 per cent in 1994. This age group on present evidence, is on track to achieve its target, although success will depend to a large extent on developments in senior secondary school; and

- participation by 22 year olds has increased from 41.5 per cent in 1990 to 48.8 per cent in 1994. This target is the most relevant to VET expansion.

These data suggest that progress against the Finn targets has been satisfactory. The contribution to addressing these targets from the VET sector has been assisted by the activity growth discussed above.

Further progress to reach the targets for 2001 will depend upon a number of demand factors, especially:

- maintenance and improvement in school retention rates;

- take up of vocational options by early school leavers and those exiting Year 12, including apprenticeships and traineeships, other VET programs at diploma levels (in AQF terms) and labour market programs;

- higher education participation; and

- the state of the youth labour market.
The Review’s judgment therefore is that while currently on track, the ultimate achievement of the targets will require continued improvement in participation, especially that for 22 year olds in which VET has an important role.

**Some Policy Issues for VET**

Several policy issues emerge from the Review’s observations on Finn targets. These should be taken into account as part of the overall policy mix for VET:

- high levels of school retention will be sustained only if there is an appropriate range of programs available in post compulsory schooling;
- the post Year 12 VET pathway needs to be promoted continually as a highly valued, quality option for young people. For this to occur, it is important that younger students are attracted to substantial career preparation courses in VET, especially those at more advanced level which follow from Year 12 completion;
- jobs created for young people should involve recognised training; and
- achievement of the age 22 targets may require greater utilisation of recognition of prior learning.

In assessing progress towards the Finn targets, it is worth noting that the whole strategy works on the assumption that sufficient students will be attracted to the options provided. The apparent softening in the demand for 1996 higher education places suggests this needs to be carefully monitored.

It is also important to bear in mind that the Finn targets are specifically focused on young people. The policy issues arising in the planned expansion of the VET sector involve additional factors, especially the need for skill deepening and widening in the existing workforce.

**VET in Education and Training**

When governments entered into the ANTA Agreement and undertook associated reform initiatives in the sector, they did so in an environment in which the sector had not experienced growth comparable with that of senior secondary and higher education.

Since the mid-1980s there has been a significant increase in youth participation in education. Most of this activity has been in the upper secondary school and higher education.
Despite relatively modest growth in participation of young people, the VET sector has experienced considerable growth during the currency of the ANTA Agreement. However, growth in VET enrolments encompasses a broad age range. Research commissioned by the Review shows that a substantial source of growth in VET has been older students.

The most recent information shows that for both men and women the strongest growth took place for those aged over 25.

The VET participation rate for younger teenagers (15-17 year olds) is unlikely to change much. For most of this group, secondary education will continue to be the most significant education experience. For older teenagers (18-19 year olds) the extent of participation in VET will hinge on the state of the labour market, the way in which entry-level jobs embody training and the degree of transfer to higher education. VET is likely to play a growing role in education and training for those in their early to mid 20s.

**Patterns of VET Growth**

The Review commissioned NCVER to examine trends in VET course enrolments over time, from 1991 to 1994 inclusive. Details of this research have been made available to Heads of Government and a broad outline is given here. It revealed that:

- there has been very little growth in trade and related areas within the traditional catchment of young males: two per cent growth for young males contrasts with 52 per cent for older males. These has been growth for women although their absolute numbers remain modest: 27 per cent for younger females and 18 per cent for older females. This probably reflects the introduction of more flexible trade training for older workers to acquire trade qualifications;

- there has been little enrolment growth in preparatory courses by young women, modest growth for young men and considerable growth for older men and women. Enrolments by women over 25 grew by 25 per cent and their course hours increased by 40 per cent, indicating that more substantial courses or a greater variety of courses are being undertaken;

- in operative courses there have been steady levels of growth for younger and older men and women, with a peak in 1993 for all males and younger females;
Chapter 6: Funding for Growth

- for the classification "para-professional", student contact hours have gone down for both younger and older males, while enrolments have grown by only five per cent for males under 25 and by 14 per cent for those older;

- enrolments have gone down for younger females in para-professional courses by 11 per cent, and those for older females by 8 per cent;

- for courses leading to advanced certificate, associate diploma and diploma qualifications, growth in enrolments has generally been slow (6 per cent for younger males, 5 per cent for older males and 6 per cent for older females), while there has been some growth for young females; and

- there was a peak in total enrolments and for many categories of students in 1993.

**Australian Training Reforms in an International Context**

In examining trends in youth and VET participation, the Review noted that some of the impetus for reform in Australia derived from unfavourable comparisons made with the training experience of overseas countries, especially those in the Organisation for Economic Co-operation and Development (OECD). Certainly, Australia was not alone in deciding that reform in vocational education and training was an urgent priority in the late 1980s.

Major VET reform took place between 1985 and 1992 in the United States, the United Kingdom, France and New Zealand as well as Australia. Many other countries, such as Sweden, also introduced significant changes to training practices and government support policies.

In almost all cases, reform to vocational education and training (VOTEC in OECD terminology) was influenced by the failure of vocational education to prove as attractive to young people as academic and general education. As the OECD pointed out in 1994:

"... declining enrolments in initial VOTEC courses suggest something is awry ... Around the world, the proportions of young people choosing academic rather than vocational offerings at the secondary level is increasing. Even Germany's dual system, which inspires much admiration abroad, is undergoing change at home." (Vocational Education and Training for Youth, p.9)
Based on the reports of a series of OECD studies and conferences on vocational education throughout the 1990s, the Review concludes that:

- Australia’s reforms have followed a path similar to that of most comparable countries;
- Australia ranks among the leaders in introducing broadly based reform;
- Australia has been innovative in its attempts to diversify educational pathways, but it has been no more successful than most countries in attempting to raise the status and appeal of VET in comparison to academic education;
- Australia has not been as successful as some countries in breaking down barriers between schools and VET and schools and work;
- Australia has gone a considerable distance in institutional reform and in exposing institutions to the needs of industry and has started to introduce market forces into training; and
- Australia has successfully engaged social partners in the reform process.

Assessing the Growth Strategy and Future Funding

The Review’s examination of growth, activity and participation, together with other information available to it raises issues about the growth strategy in the longer term.

The Commonwealth is committed to funding growth (at $70 million each year) for 1996 and 1997. Further growth increments will be considered in the budget context. State and Territory approaches will vary, depending upon their budget priorities and financial capacities. Further progress towards the Finn targets would seem to require some growth, although the amount is unclear, given the diversity of influences on participation and attainment.

The growth strategy has important supply and demand dimensions. On the supply side the efficiency and capacity of VET providers is the key issue.

More difficult to analyse and address are demand side issues. It cannot be assumed that simply because places are created that students or trainees will come to fill them, no matter how much it may seem that the nation “needs” the training to occur.

Evidence and information on the demand side is unclear and somewhat contradictory. Some important considerations are listed below:
• demand for higher education;

• demand for VET will come from a variety of sources, including: young peoples’ interest in VET as a high value, career building option; the extent to which labour market policies and programs direct job-seekers to VET; the commitment of employers to training and the extent to which the value derived from training helps to build a “training culture” in Australian firms; and the extent to which those in work wish to and are able to access training;

• “unmet demand” for TAFE and other VET programs appears strong, according to the recent ABS Transition From Education to Work survey; and

• at the same time, the recent round of applications for places to State/Territory tertiary admissions authorities suggest a fall in the number of people seeking a place in TAFE advanced programs.

ANTA, DEET and the State/Territory training agencies each conduct analyses of demand side issues. Future budget and planning decisions will need to make use of this information. In particular, the demand factors should be given greater weight, including strengthening the demand side of the market in training through initiatives such as user-choice.

One of the difficulties in managing change in the public sector is the tendency of governments to make a commitment to fund the expansion of a system without first obtaining a commitment from all the parties to achieving outcomes. The tendency is to make the financial commitment then tell managers to try and achieve desired outcomes. In the private sector the normal approach is to use the leverage of funding to secure commitments from those who might benefit before a financial obligation is accepted.

There is perhaps a lesson for governments from this approach. State and Commonwealth governments have made a significant investment in the VET sector. Given this, there would seem merit in Heads of Government considering, before any financial commitment beyond 1997 is made, what prior commitments on outputs or reform should be obtained, based on the experience of ANTA’s initial years of operation.
Conclusions

The Review concluded that:

- the injection of Commonwealth growth funding has increased in real terms the amount of recurrent funding available for VET. At the same time there has been a slight decline in real capital funding;
- there has been significant recurrent funding growth between 1991 and 1996. In the same period activity measured in AHC grew more sharply;
- data indicate significant productivity gains over the period, although this appears to have flattened out in recent years;
- progress against the Finn targets is on track, though considerably more needs to be done to achieve the targets by 2001. The critical success factors are the level of demand for VET programs and the level of school retention;
- poor quality data severely limit the scope for making judgements about VET funding, activity and output;
- governments need to evaluate the case for additional growth funds beyond 1997 having regard to:
  - demand for higher education;
  - the level of demand for VET programs;
  - the level of demand from school leavers, young people, job seekers and existing employees; and
  - progress in efficiency of provision, scope of market reforms and achievement of participation objectives, including for young people and disadvantaged groups; and
- ongoing achievement of agreed VET growth, access and equity objectives is likely to require a moderate level of growth funding combined with continued efficiency improvements.

Recommendation

The Review recommends that:

8. ANTA provide Ministers with an evaluation of the overall case for further growth funds beyond 1997.
CHAPTER 7

MANAGING SHARED FUNDING

This Chapter sets out the shared Commonwealth/State funding of the vocational education and training system - pointing to the fact that the system is now clearly “co-owned” by both levels of government. A key element of this shared funding is the ongoing management of the “maintenance of effort” (MoE) requirement in the ANTA Agreement. The Review proposes an approach to maintenance of effort and suggests issues for consideration in the development of funding agreements between State Training Agencies and ANTA.

Shared Funding

Alongside the commitment to growth, the other key feature of the ANTA funding arrangements is the recognition that funding is shared by Commonwealth and State/Territory governments.

In this VET reflects the characteristics of most government funded human service delivery activities in Australia. The recent Report on Government Service Provision for the Council of Australian Governments (COAG) notes that “in most of these sectors, funding is provided by both the Commonwealth Government and by the State and Territory Governments, although, overall, the States have the major role in service delivery and provide the majority of funding for these services” (Report on Government Service Provision, p.7).

Individuals and Industry are also significant system funders, through student fees and charges and the fee-for-service activity of public and private training providers.

The Commonwealth is now a major co-funder of the system. This has been one of the most significant developments of the ANTA arrangements and an inevitable consequence of the Commonwealth commitment to recurrent growth funding on top of State/Territory effort. The Commonwealth now funds 28 per cent of recurrent funding under the ANTA arrangements, compared to 17 per cent in 1991. It continues to fund around 64 per cent
of the capital program. The proportions vary to some extent among the States and Territories.

Where the Commonwealth and States/Territories share funding responsibility for governmental functions, it is common for arrangements to be developed to ensure that there is no "cost shifting" between governments and that additional funding or activity is achieved from the financial assistance provided. Arrangements of this kind are most overt in the case of Specific Purpose Payments (SPPs) from the Commonwealth to the States and Territories.

The recent report of the Parliamentary Joint Committee of Public Accounts on Specific Purpose Payments notes that in most areas where these funding arrangements are in place there is, with some justification, "a continuing Commonwealth preoccupation with the activity associated with SPPs rather than the results of the activity". The result is a use of "input controls (that) are usually in the form of 'maintenance of effort' clauses, 'matching' requirements or administrative 'caps'". (Joint Committee of Public Accounts, the Administration of Specific Purpose Payments, Report 342, pp.43 & 45).

The funding arrangements under ANTA are not in the form of a traditional Specific Purpose Payment but, given the shared nature of funding and the strong Commonwealth interest, ANTA funding has several Specific Purpose Payment-like characteristics, including a maintenance of effort requirement. The Review noted that State/Territory and Commonwealth officials often discussed the funding arrangements in the same way as they would have referred to a Specific Purpose Payment.

The Review considers that there are a number of consequences of shared funding arrangements. Firstly, issues of substitution, additionality, and cost shifting between governments (and between governments and the private sector) remain a possibility and a concern. Secondly, these concerns will be of particular importance in a period where growth is largely funded by one of the parties, such as has been the case under the ANTA arrangements and accordingly a "maintenance of effort", "matching" or "fixed share" arrangement will be a feature of such funding.

The alternative to shared funding is a transfer of funding responsibility to enable one level of government to fully fund VET. While clearly more simple than a shared funding arrangement, the option of full State/Territory or Commonwealth funding were not put before the Review. All
governments seem prepared to continue the shared arrangements at this stage and the Review has worked on the assumption that the essential shared funding features of the present Agreement will continue.

Maintenance of Effort

Maintenance of effort is closely linked with shared funding. It is set out in the Agreement as follows:

"19. The States and the Commonwealth will jointly fund the vocational education and training system through the ANTA (subject to any State's decision to hand over responsibility to the Commonwealth). States will maintain (and in some cases lift) their current effort, as outlined below. The Commonwealth will fund growth for the sector on a continuing basis and, for 1993–95, provide funding as outlined in One Nation."

"31. States will at least maintain their effort for vocational education and training on an ongoing basis. The Commonwealth and States are committed to the development of agreed outcomes measures of effort for the agreement by the commencement of 1993. Pending such agreement being reached and agreement to a timetable for subsequent implementation, States will maintain 1992 effort in real terms ..."

MINCO Treatment of Maintenance of Effort

The Agreement is not precise on how to measure effort. Interpretation and assessment of MoE has been difficult and time consuming for governments and MINCO. The link to Commonwealth growth funding has given the issue significant financial weight and has made it a contentious subject for governments.

MINCO has had to interpret paragraph 31 for practical purposes. Of primary concern has been the need to define and measure "effort". A second issue has been to determine what action should be taken where doubt arises whether a State/Territory will maintain effort in a given year.

Ministers have had to make judgements on effort, based on advice from the ANTA Board which draws on information from States and Territories, utilising four forms of measurement:

- expenditure (input);
- hours of student contact (activity);
• enrolments (activity); and
• module load completion (output).

Based on this advice, MINCO has generally interpreted the maintenance of effort requirement as meaning the quantity of State/Territory funded VET output should be at least maintained over time. It has also placed conditions in some cases on the payment of growth funds to some States/Territories, where there has been doubt whether effort would be maintained.

Also as part of the process of assessment, Ministers have agreed to the “rebasing” of financial and activity measures from the original 1992 base year to a new base of 1994, as well as accepting recalculation of the base-line activity in some States to establish a solid and agreed basis for maintenance of effort comparisons.

The Review notes that, after averaging capital expenditure over five years in the MoE determination, Ministers have now agreed to consider capital expenditure separately from recurrent in the future. The capital funding objective is now to maintain an agreed or appropriate share of funding between the two levels of government.

These Ministerial Council decisions taken together represent a considerable variation to the ANTA Agreement. The Review believes that shared funding arrangements do require a degree of flexibility and judges that the changes have been reasonable under the circumstances.

**Assessment on Maintenance of Effort**

This issue has been managed satisfactorily by MINCO, with the assistance of advice from ANTA.

Notwithstanding this, the tensions around maintenance of effort have tended to overshadow other aspects of the ANTA arrangements to the detriment of the primary objectives of the Agreement. Most government submissions reflected this preoccupation.

While some degree of tension is inevitable, this has been exacerbated by:

• an unrealistic expectation in the Agreement that maintenance of effort could be assessed and measured in terms of *outcomes* rather than *outputs*;
• absence of agreed measures;
• inadequate data; and
• budget pressures in some States.

Under the flexible measures endorsed by MINCO, States/Territories are able to meet maintenance of effort requirements either through maintaining expenditure or activity. As a consequence, State and Territory VET systems are able to capture productivity gains through reductions in State expenditure while maintaining output.

However the arrangements do not provide incentives for or require efficiencies to be made. States and Territories can clear the MoE hurdle by maintaining expenditure. It is desirable, therefore, to build efficiency mechanisms into wider VET sector management arrangements.

In fact several States/Territories have been able to reduce expenditures, albeit by relatively small amounts, while making efficiency gains. Overall, efficiencies made in the VET system have been shared between savings to State/Territory governments and increased activity.

There is a danger that too much focus on the activity measures (contact hours and enrolments) may encourage the funding of inappropriate programs in pursuit of high levels of activity at low cost. This apparent danger was put before the Review by several States/Territories and was alleged to be occurring already.

The Review has not been able to establish this from the data available, but does consider that this possible unintended consequence of the MoE requirement needs to be kept in mind. Development and monitoring of appropriate performance measures to consider broader system performance in addition to the MoE measures will therefore be important.

The Review recommends that the maintenance of effort element of the ANTA Agreement be retained but that it play a less central role, allowing parties to get on with the main business of policy, planning and delivery. The focus should be on simple, straightforward and agreed measures, with the emphasis placed on output measures increased over time as data quality improves.

For the next two to three years the current measures used to assess maintenance of effort are the best available. The Boston Consulting Group report to ANTA on performance measures casts doubt on the veracity of the module load completion measure and doubted its value as a maintenance of effort measure. The Review considers it worth retaining as
one of the four maintenance of effort measures with greater weight being
given to it as data quality improves over time. In the short term the contact
hours and enrolment activity measures will remain important in making the
overall maintenance of effort judgement.

The Review believes that attempts to introduce outcome measures into the
MoE assessment would be misplaced. Too many factors outside of the
control of VET systems and providers influence VET outcomes for them to
be used in MoE type assessments. However, outcome measures are
essential for an adequate assessment of overall VET system performance.

It was suggested to the Review that these assessments of effort might be
made for longer periods, such as three years. However, the Review
considers that with the flexible measures now adopted, annual assessments
with the simple purpose of underpinning the shared funding arrangement
remain appropriate.

It is also desirable that over time there be more emphasis on output
measures. This emphasis will be assisted by the development of agreed
performance measures and improved data collection and reporting, matters
that are discussed elsewhere in this report.

An increasing outputs emphasis will be accelerated also by moves to more
flexible delivery which will reduce the meaning and value of activity
measures such as hours of student contact. The suggestion by the Boston
Consulting Group for a measure of “curriculum units” or “standard
modules” is worth pursuing for this purpose.

Shared Funding and Planning

Beyond the mechanical issue of maintenance of effort, the ongoing
management of the shared funding relationship should be carried out in a
way which supports long term strategic objectives. The Review noted a
range of interpretations of the ANTA shared funding arrangements and
thought it appropriate to set down the alternative models that could be
followed. These are set out in Figure 7.1. Variations are possible within
each.
Figure 7.1: National VET Resource Allocation

Option 1

- Full State Funding
- ANTA/STA Agreement
- Shared funding
- Single pool - Total funds
- Dual accountabilities - STA to State/Territory
- STA to State/Territory Government and MINCO
- ANTA national agent for States and Commonwealth

Option 2

- ANTA/STA Agreement on Commonwealth Funds
- Shared funding
- Separate funding pools
- Separate accountabilities - STA to State/Territory and Commonwealth
- ANTA Commonwealth agent

Option 3

- Commonwealth purchases with its funds
- Shared funding
- Separate funding pools
- Separate accountabilities - DEET or ANTA the Commonwealth agent
- Three options - Commonwealth purchase from STA, direct purchase from providers or fund clients to purchase

Full Commonwealth Funding
Each model combines funding with policy development and planning, that is, they are models of resource allocation at the national level. All models assume that States/Territories retain the role of VET system management and regulation.

The possible approaches set out in the diagram vary in the following important respects:

- the components of the funds pool dealt with at the national level - either total government funds for VET; or just Commonwealth funds;

- the extent to which States/Territories and the Commonwealth share responsibility for the planning and management of the total government supported VET system - Option 1 clearly shares the task, whereas Option 3 does not. Option 2 has an element of sharing;

- the nature of ANTA's role - under Option 1 it is the national agent for both levels of government, while under Options 2 and 3 it is the Commonwealth's agent; and

- the extent and nature of Commonwealth involvement - from a partner in policy making, planning and funding in Option 1 to a direct purchaser or funder in Option 3.

Option 1 is most consistent with the ANTA Agreement. It is essentially a restatement of the arrangements agreed to by Governments and carried out through Profile negotiations, although it may not be consistent with all aspects of practice in the past few years. The Review has observed that in practice, a mixture of Options 1 and 2 has been in operation.

The Review regards Options 2 and 3 as not consistent with the letter or the spirit of the Agreement, although it acknowledges that they have a logic and consistency of their own.

The fundamental strength of the present Agreement is that it is a co-operative, federalist approach to creating a national system addressing an issue that governments agreed to be of national significance. The challenges it puts down for governments to manage include:

- dual lines of accountability for STAs - to their Governments and to ANTA;

- development of clear roles and responsibilities for each level of government and for ANTA itself to ensure efficient and effective policy making, planning and delivery; and
dual responsibilities for States/Territories and the Commonwealth - to participate in corporate policy making, planning and resource allocation at the national level and more detailed management at their own level of government.

Other options are not consistent with the Agreement and would represent a different outlook on the part of governments. The task now is to improve the management of the shared arrangements.

It was suggested to the Review that at times the predominant focus of ANTA’s work and the concern of State/Territory and Commonwealth governments has been the application of and accountability for Commonwealth growth funds. The dominance of the maintenance of effort debate is an example of this.

The tendency to treat State/Territory funds, Commonwealth “base” funds and growth funds as separate pools has advantages for accounting and accountability procedures. It is also understandable that State/Territory and Commonwealth officials may find this separation easier to manage in policy terms.

However, the Review senses that at times some State/Territory and Commonwealth representatives would like to set up these simpler arrangements in preference to the difficult, time consuming and demanding co-operative ANTA arrangements. This would, in effect, return to the pre-ANTA Commonwealth/State resource agreements approach.

While such views are understandable they are not what governments agreed to in establishing ANTA as the best way to run a national, shared funded system.

The Review raises this tendency, which emerged during consultations, because without vigorous efforts to advance the processes of policy, planning and resource allocation under shared funding, there is a danger that the system’s focus on national co-operation would gradually fade.

The Profiles development process, as practised in the first three years of the ANTA arrangements, has been a good start to building a co-operative, federal model of planning and resource allocation. The recent move to two-year Profiles with the prospect of a move to a three-year framework is a positive development.

The Review considers that planning and resource allocation could be further improved by a more explicit setting out of policies, objectives and outputs
sought by the parties to the ANTA Agreement. Profiles as presently negotiated effectively contain a resource agreement element. If developed in a three year planning time frame within clearly established policy parameters these could become productive vehicles for advancing national objectives within local environments. In particular, Profiles should concentrate on the reforms, changes and resource allocation shifts which need to take place.

In short, co-operative, effective planning and resource allocation arrangements would be based on agreements which contain the following elements:

- national VET policies and objectives debated and agreed by MINCO with advice from the ANTA Board;
- specification of outputs required to meet these policies and objectives also agreed by MINCO;
- a clear statement of the outputs that will be produced within a State/Territory training system with the total amount of (State/Territory and Commonwealth) VET funds available to it;
- agreement on outputs and funding struck annually between ANTA and STAs against the background of three yearly Profile plans;
- reporting against the agreed outputs;
- incentives for productivity improvement and sharing of productivity gains between governments; and
- simple arrangements to ensure additionality and guard against cost-shifting, such as MoE.

The system of shared funding and resource allocation must be sustainable over time, including when there are no (or limited) Commonwealth growth funds and State/Territories wish to consider utilising efficiencies in their VET systems to reduce their VET funding as a contribution to overall budget savings. Arrangements to share efficiency gains between the parties may then need to be more explicit. A move to negotiated shares of recurrent funding between States/Territories and the Commonwealth may then be appropriate.
Other Funding Issues

National Programs and National Projects

The Review believes there is an important place for national programs and projects, but it does not support the accumulation of numerous funding "buckets" with their own criteria and conditions, with only tenuous links to each other and to policy objectives.

The various activities under this heading should be rationalised into two broad categories of system support activities (supply side support) and nationally planned programs (demand side issues). It is basic to the development of a national VET system that VET programs which transcend State boundaries should become an increasing feature of the ANTA arrangements.

On the supply side there will remain system needs in areas such as research, improvements to statistical collection, some joint curriculum projects and an emphasis on best practice. On the demand side there will be initiatives such as user choice and pursuit of equity objectives.

There may be major incentives required to shift the system that cannot be readily achieved within the confines of the annual profile negotiations. A national pool of funds is a flexible way of responding to these issues. In general the Review would hope that this pool of funds could be used strategically on big issues and buy more total output from the system. Hopefully one of the other results of simplifying these programs would be less detailed administration and fewer committees.

Although a particular problem associated with the administration of national programs and national projects, the issue of the growth of committee structures appears to be a more general feature of the ANTA arrangements. The Review considered that there are too many committees in these arrangements and that this was exacerbated when involvement with other education sectors was required. The Review felt that there would be considerable merit in a "hard headed" review of all committees to ensure only those essential were retained. Accordingly the Review recommends a review of the committee structure in use by ANTA.

The "20 per cent" Factor

The ANTA Agreement in paragraph 33 provided that 80 per cent of cumulative growth funds in 1994 and 1995 would be allocated on a population share, the remaining 20 per cent being allocated by MINCO on
the advice of ANTA having regard to assessed performance against agreed objectives.

ANTA and MINCO have found difficulty in implementing this performance based funding, given that the maintenance of effort requirements have dominated the discussion of performance issues. The 20 per cent of accumulated growth funds have therefore been allocated each year (including 1996) on the same basis as the 80 per cent - that is, on population share.

The Review does not consider that the 20 per cent factor adds value to the ANTA arrangements in its present form. Population is not an ideal single criterion for resource allocation, but it is understandably difficult to get MINCO to agree to any alternative general formula. The Review thinks it should remain an option for MINCO to allocate part or all of the 20 per cent of growth funds to redesigned national programs and national projects if ANTA submits a substantial case for the core funds to be used in this way. This is effectively what has happened with the allocation of some growth monies to interstate co-operative projects.

**Smaller State Issues**

One of the important issues that has to be managed carefully in a shared funding national system is the needs of smaller States/Territories.

Consultations by the Review identified the special needs and obligations of smaller jurisdictions as an important dimension in the operation of the Agreement and the Review has been assisted in its consideration of this issue by the submissions of the smaller States/Territories and through its discussions with representatives of State Training Agencies.

In doing so, the Review has noted that many of the questions raised relate to the individual characteristics of States/Territories and their regional economies rather than to the issue of size in itself. For example, several States are faced with non-metropolitan population distributions which impose added costs and difficulties in service delivery. These are important disadvantages but do not apply, for example, to the Australian Capital Territory. Instead it must deal with issues such as cross-border enrolments which have a lesser impact in South and Western Australia and Tasmania.

**Cost Burdens**

Nevertheless, it is clear that smaller jurisdictions suffer some cost disabilities. Smaller States and Territories need to develop much of the
same administrative and educational support infrastructure required in larger systems in areas like curriculum, physical resource planning, and corporate services and support for the work of State Training Agencies.

The cost of this infrastructure is spread over a much smaller education and training service. Involvement in national policy and projects and access to nationally developed resources only partly compensates for the additional cost burden and, in the view of some States/Territories, adds a further and disproportionate cost if the smaller State/Territory is to be an active participant in the resolution of national issues.

Smaller States and Territories are also often disadvantaged by scale effects at the point of service delivery, although this is related to population dispersion patterns as well as size in itself. This disadvantage arises from the fixed cost or “flag fall” effect of developing and operating campuses, especially those with technical facilities, over and above the variable costs related to student hours. Community service obligations are also a more prominent feature for service providers which are commonly the only adult education facility in a region.

In pointing to these disadvantages, the Review also notes the point made by Tasmania, the Australian Capital Territory and the Northern Territory that the three smallest jurisdictions are faced with added pressures beyond those felt by what they term as the middle sized States.

The Review accepts that real cost disabilities exist within smaller States/Territories. Any shift towards a funding methodology which recognises cost disabilities of scale would need close consideration of system efficiency and discussion of whether the State/Territory seeking compensation should conduct all the support functions and service delivery obligations of larger States. It would also be necessary to consider what compensatory adjustments would be taken by the Commonwealth Grants Commission as part of its fiscal equalisation processes.

The issue of scale, for smaller States and Territories must be balanced against the intent of the Agreement to deliver a greater quantity and improved quality of education and training to the Australian nation as a whole. Part of the solution therefore must lie with rationalisation and specialisation within systems and improved efficiencies, especially those geared to taking advantage of national resources.

However, it is important that small jurisdictions avoid unnecessary duplication of specialist training and facilities available in the larger States.
and co-operate in the development of national centres of excellence. States such as Tasmania already choose to support student travel rather than to develop underutilised facilities. Other options involve tutorial support for students studying by distance education and variations of mixed mode instructional systems. None of these options is new, but there is now a strong case for States/Territories and ANTA to plan for and use them in a much more systematic way, and to use National Project and other funding mechanisms for planning and continued support.

Similarly, facilities planning and even administrative and educational support efficiency improvements should be increasingly conducted within a national context, with greater co-operation among States. National program funding could well be used to promote efficiencies within systems and among co-operating systems, especially in facilities planning and overhead services.

The Review considers there were four ways in which the particular concerns of the smaller States/Territories might be addressed:

- the planning processes in the future should involve a clearer three year planning horizon for Profiles with a greater focus on the strategic shifts in the system. These Profiles might more explicitly recognise the differences in delivery costs in the absence of certain economies of scale in the smaller jurisdictions. This should not be done in a way which reduces the incentive for providers and systems to strive for increased efficiency, greater productivity in service delivery, and better and more flexible delivery;

- the move to a more national strategic focus for ANTA, a reduction in the number of separate small scale national projects and a rationalisation of the committee structure should reduce the administrative burden on States/Territories. Moreover the smaller States/Territories need to exercise a critical judgement on the need to participate in all national committees given that they could rely on other States/Territories to represent their interests or simply draw on the results of the Committee’s deliberations. The Review noted that the Australian Capital Territory had already indicated it was relying in part on this approach;

- ANTA might encourage further rationalisation of investment and service provision between the States/Territories where practicable to produce the overhead costs of the smaller States/Territories. This
could take place through both the capital and recurrent programs. The principle is already acknowledged in the interstate co-operative projects. The principle of co-operation could be extended further to areas such as service delivery; and

- many issues raised by smaller jurisdictions are best addressed by emphasising the need for policy and program development to be sensitive to the unique features of each State or Territory participating in the Agreement.

The importance of further rationalisation is likely to be more important as systems move to full commercial and accrual accounting systems. ANTA is uniquely placed to broker arrangements to assist States/Territories as it both provides funding for the system and is also now responsible for the operation of the Standards and Curriculum Council. It could help in practical ways to reduce the investment smaller States/Territories make in curriculum. It is important particularly for smaller States and Territories that standards are efficient and practical as well as not over prescriptive.

Conclusions

The Review concluded that:

- the Commonwealth has become a major contribution to the VET system, providing approximately 28 per cent of recurrent and 64 per cent of capital funding;

- major consequences of this shared funding are:
  - concerns about the possibility of substitution and cost shifting between governments and the need to ensure that additional Commonwealth funding produces additional activity or output;
  - the introduction of mechanisms such as Maintenance of Effort to guard against cost shifting and ensure additionality;

- maintenance of effort has been satisfactorily managed by MINCO, with the assistance of advice from ANTA. Notwithstanding this, the tensions around MoE have tended to overshadow more important aspects of the ANTA arrangements;

- the maintenance of effort provision of the Agreement should be retained, but play a less central role. The focus should be on simple and agreed measures. The current four measures are the best available.
Greater emphasis needs to be placed on output measures as data quality improves;

- outcome measures should not be used for maintenance of effort assessment though they are required for management of the system;

- consistent with the ANTA Agreement, the processes of shared funding, policy making, planning and resource allocation should deal with the total pool of State/Territory and Commonwealth funds available for VET. These tasks should be managed through enhanced Profile planning on a three year basis and annual agreements on resources and outputs;

- National Programs and National Projects should be rationalised into two broad categories dealing with system support activities (supply side support) and national planned programs (demand side); and

- it should remain an option for MINCO to allocate part or all of the 20 per cent “performance” component of growth funds to the national programs and projects categories.

**Recommendations**

The Review recommends that:

9. The maintenance of effort provision of the ANTA Agreement be retained, but play a less central role in its administration.

10. National Programs and National Projects be rationalised into two categories of programs, one dealing with system support activities, the other with nationally planned programs.

11. The Ministerial Council retain the option of allocating part or all of the 20 per cent performance component of the growth funds to the two new categories of national programs.

12. ANTA National Committees structure be reviewed.
CHAPTER 8

BETTER DATA FOR MANAGEMENT AND ACCOUNTABILITY

This Chapter comments on the poor quality of data available for national VET system management, performance measurement and accountability. The Review suggests ANTA respond promptly to this problem. The Review proposes possible approaches to improve data quality and system management and ensure high level agreement on key performance measures (KPMs).

The Data Problem

The absence of good quality management and performance data has made the Review’s task of assessing progress under the ANTA Agreement a difficult one.

Fundamental principles of management and accountability for the use of public funds are undermined by the failure of the national VET data system. Moreover the lack of adequate data has caused practical problems with key aspects of the ANTA arrangements such as the measurement of maintenance of effort and the production of the Annual National Report. The Review considers this situation to be unacceptable.

Chapters 6 and 11 of this report make the best possible use of the available data to draw reasonable conclusions about the VET system’s performance. The difficulties the Review found in the course of its analysis have convinced it that action is required to improve VET data.

During the Review, the Boston Consulting Group (BCG) was commissioned by ANTA to identify problems with and ways to improve the quality and national consistency of data. The consultants paid particular attention to the four KPMs previously agreed for the national VET system and had regard to the work of the Australian Committee on VET Statistics (ACVETS) in establishing AVETMISS, the national standard for collection of VET data.

The Review benefited from discussions with Boston and reading its final report. The Review agrees with the main findings of the BCG report on
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data quality and management and considers ANTA needs to take up the issue as a priority. Comparable data are needed now for national system management purposes. Mid-1998 is too long to wait for comparable performance measures.

There are three important elements to the data and performance measurement problem that ANTA needs to deal with, in co-operation with States/Territories and the Commonwealth. The first is poor data quality, the second relates to poor management of data and performance measurement at the national and State/Territory levels, and the third lies in the limitations of the current set of KPMs and the absence of agreement on a broader set of measures.

Improving Data Quality

As pointed out by Boston, the data suffer from problems with respect to accuracy, comprehensiveness, coverage, comparability (both between States and Territories and over time), timeliness and relevance.

The task of improving data quality for the purposes of better performance assessment and reporting at the national level has short and long term dimensions. There is a high priority, short term need for comparable data on some key measures for the purposes of national reporting. Mid-1996 has been set as the time frame for use in the next ANTA Annual National Report. There is need also for longer term, incremental improvement of data quality that must be addressed systematically at the points of collection, management and analysis.

The Review agrees with Boston that the short term task of collecting data, assessing its quality, adjusting it if necessary, and reporting should be done by a body that is seen to be independent and thoroughly professional in approach. Only such an approach can guarantee the credibility and integrity of the data and the use made of it.

Under present arrangements no organisation or individual has been given the required independent and professional status required to do the task. BCG recommends setting up a separate independent "agent" - probably a new organisation. The Review does not consider this necessary if governments can agree to give the required independence to an existing body. The national VET system requires a rationalisation of bodies rather than the establishment of new ones. For the short term task of data adjustment the choice would seem to lie between the National Centre for
Vocational Education and Training Research (NCVER), which currently collects and reports on VET data and ANTA itself. For the longer term collection and analysis, other bodies such as the ABS could also be considered.

Whatever the decision the key requirements of independence, professionalism and the technical ability to carry out the required data analysis, adjustment and reporting must be embodied in the arrangements. It is important that ANTA CEOs agree on the body and the information to be collected. The body must be given the independence to analyse data, make adjustments as necessary and report findings. In addition it must be given the capacity to be assured of the quality of the data at the State and provider levels. STAs will need to agree protocols to guarantee access to this level of data by the independent body, so it can be responsible for the quality of the statistics produced.

Managing the Data

The Review is aware that the quality of data has been a long running concern and that AC VETS was established to develop a comprehensive approach to it. It is also aware that the VET data collection is complex, given the system’s diverse range of providers, products, clients and delivery mechanisms. Concerns about the quality of data were also raised by ANTA in its first October 1993 Directions and Resource Allocations 1994 report to MINCO.

Despite these concerns and the establishment of ACVETS the problems have not been resolved. While acknowledging that ACVETS has progressed AVETMISS and that this standard is likely in time to improve data quality. The Review questions the approach of leaving the critical data management decisions in the hands of a large committee comprised mostly of technical officers. ACVETS is not the appropriate forum to put the basic data management requirements in place.

The key decisions setting the directions for data collection, management and reporting should be taken by MINCO on advice from ANTA after ANTA CEOs have agreed on the KPM and the independent body.

The Review considers ANTA should contract directly with the independent body to get the job done. ACVETS should not be a third party through which the job is “sub-contracted”.
The Review has noted the comments of BCG “that probably less than 15 per cent of the AVETMISS fields are required to support the KPMs”. While it is a matter for MINCO to decide the future role of ACVETS, the Review considers that priority needs to be given to collection of data which support the agreed KPMs. Concern for the broader aspects of AVETMISS should not be allowed to distract attention from prompt and effective action on this critical management data. The Review considers the role of ACVETS should be reviewed.

**Agreeing KPMs and Using the Measures**

As well as mechanisms to collect, analyse and report better quality data are being put in place, ANTA must consider how these data will be used at the national level. The decision on what KPMs will be reported is the key to this. This decision will influence significantly the value STAs and providers place on the data and their commitment to ensuring they are of the highest quality.

The current four KPMs suffer from problems of ambiguity and inconsistent interpretation between States and providers. The range of performance measurement needed at the national level requires a wider set of KPMs as they currently capture only some elements of performance. However, the Review cautions against having too many KPMs at the national level.

KPMs are needed for the on-going management of the national VET system to:

- ensure accountability for the public investment in VET;
- enable progress against objectives and policies to be assessed;
- provide essential background for resource allocation;
- assist management at the STA and provider levels;
- provide performance benchmarks;
- improve the quality of policy development; and
- provide essential customer information about the VET system to industry and student clients.

The current data are not of sufficient quality to be used for all of the purposes now, but with adjustments as suggested by BCG could be useful for reporting on system progress against objectives and policies and some
bench marking. The proposal for an early use of the adjusted data in the next ANTA Annual National Report is appropriate.

Bench marking data will be most relevant and useful at the provider level. Some States/Territories make a range of data available to providers for comparative purposes. This practice should be encouraged and could usefully be extended across State and Territory borders to enable providers with similar characteristics and client groups to form bench marking partnerships.

Use of the data for resource allocation is more sensitive and should be carried out with caution and only for indicative purposes until data quality improves. Initially the data could be used to form judgements on maintenance of effort, as discussed earlier in this report. In addition data on costs and efficiency could be used to give Ministers a picture of financial performance. Although useful for indicative purposes in the shorter term the data should not be used to directly influence resource allocation until 1998 at the earliest.

ANTA CEOs must agree and “sign off” on the KPMs to be used. These are essential for system management and direction setting - the CEOs’ core task. CEOs have a detailed knowledge of their systems and the management challenges facing them. This practical experience and the responsibilities they have to manage change make it imperative that they understand and agree to performance measures to be used. Signing off on the KPMs is not a job that can be delegated to others.

**Performance Improvement and Accountability**

Used in this variety of ways good quality data will be a powerful tool to promote VET system change, heighten public awareness of provider quality and performance and continually demand improved results from the system. A national decision to improve data collection and reporting will signal a strong commitment to micro economic reform in the VET sector.

Such a commitment would be a leading example of wider COAG efforts to measure the performance in government service delivery with the aim of improving service provision, increasing efficiency and providing better information to clients.
Conclusions

The Review concluded that:

- National VET data are inadequate for performance measurement, public accountability and system management.
- Action by ANTA is required to improve this situation.
- Three elements of the data problem require attention:
  - data quality;
  - management of the data system; and
  - agreement on key performance measures (KPMs).
- The task of national VET data collection, analysis, adjustment and reporting be carried out by an independent body.
- Key policy decisions on national data collection should be taken by MINCO on advice from ANTA after ANTA CEOs have agreed on KPMs and the independent body.
- ANTA should contract directly with the independent body for the collection of data.
- ACVETS should be reviewed.

Recommendations

The Review recommends that:

13. ANTA give high priority to improving the accuracy, comprehensiveness, coverage, comparability, timeliness and relevance of vocational education and training data.

14. The national vocational education and training key performance measures be agreed by ANTA CEOs for endorsement by the Ministerial Council.
CHAPTER 9

BETTER RESOURCE ALLOCATION

Public expenditure on investment in vocational education and training is substantial, with labour market and other specialist programs, it exceeds $3 billion annually. Moreover the capital investment in public TAFE systems, built up over a century, has been estimated at $7 billion.

This Chapter examines how the nation can get the best possible return for these expenditures through improved resource allocation, greater efficiency and better quality outputs.

Earlier the Review noted that while significant productivity gains had been made in the early years of ANTA, there was evidence these had slowed. As well there are significant productivity differences observable from State to State - and no doubt within States.

To move from making initial productivity gains to continuous improvement will require sustained reform of the management of State training systems, with a particular focus on public provision, principally through TAFE Institutes.

Though a variety of management improvement measures will need to be applied constantly an underlying reality is that the allocations of public resources will drive that reform. Market reforms, including greater competition, are therefore important mechanisms in the overall thrust for greater quality, responsiveness and efficiency in training. Competition is a technique for sharpening efficiency, but alone it does not solve problems of resource allocation or avoid the hard choices necessary in shifting resources from traditional fields of training to expanding new demands in a rapidly changing economy.

A focused and coherent strategy is required to build a consensus for reform and remove unnecessary alarm, especially about the future role of the public provider and the continuing need to meet equity and community service obligations.
The ANTA Agreement and Market Based Reform

The foundation for reform utilising competitive and market-like practices is found in commitments accepted by governments in the ANTA Agreement.

The ANTA Agreement provides the basis for a set of reform principles:

- it stresses the importance of efficiency, quality and responsiveness;
- it designates State Training Agencies, with responsibilities across the VET system;
- it includes among its objectives that of promoting an effective training market; and
- within that context, it provides strong support for government reform in VET, utilising a network of government funded public and private providers, while retaining a strong TAFE system.

From these elements it is possible to develop a strategic framework which sets out:

- the reasons for government involvement in VET resourcing and regulation from a public policy perspective;
- a role for the public TAFE network within this context;
- the place of competition in the provision of VET and an agreed set of desirable market (and other) reforms; and
- the basis for on-going reforms both nationally and specifically within State training systems.

The Role of Government in VET

The case for public involvement in VET rests on economic, equity and broad social considerations.

It is widely recognised that the acquisition of vocational skills by an individual benefits the community generally as well as the individual. Community benefit - externalities - arise from the existence of a common skill pool available to all enterprises, especially those of small and medium size.

This case for public intervention within the vocational education sector has been reinforced in more recent times by theorists in international trade and economic growth who argue that:
the sophisticated industries which form the backbone of an advanced and internationally competitive economy depend on created resources, such as human skills, which need to be developed by community effort; and

- national economic growth depends crucially on the adoption and dispersion of new technologies, which in turn require an infrastructure for skill development of the community.

As well as these economic factors, there are important equity considerations justifying public intervention in VET. These include the case of disadvantaged groups within society for whom fair access to educational services has been subject to barriers and disincentives. Especially important are issues relating to the unemployed and those in need of remedial attention as a result of previous poor experience within the education system. The community also expects people in non-metropolitan areas to have reasonable access to VET. There is a large body of the existing workforce which did not get training opportunities in earlier years.

There is also the view that as government accepts an obligation to provide secondary and first-degree higher education largely at public cost, there is no strong case for imposing disproportionate burdens on individual students within vocational education and training or on the employers of TAFE graduates compared to the employers of school and university graduates.

There is a substantial consensus that government should ensure a regulatory environment, with an agreement across the nation, for recognition of credentials and portability of skills and a certification which attests to these.

A range of options exists for the delivery of VET services within States. States could choose to purchase training services in a fully competitive market environment or they could continue to manage a network of public institutions, or any combinations of these. Whatever course is taken, the need to pursue efficiency and quality goals through reform remains compelling.

**Setting Priorities**

Publicly funded activities in vocational education and training cover courses that range from basic education, preparation for public general education examinations, English language courses for migrants, entry level vocational courses for occupations across a range of skill levels, post-initial vocational courses and special programs that cater for the needs of the unemployed and other equity groups. These courses are supported by a range of services that inform, guide and support potential and existing students.
A major problem with the current allocation of public funds for these purposes is that it seems based largely on historical priorities which are difficult to disengage from because of the potential negative reactions of the groups affected. For example, the large financial commitment to traditional trade education and the comparatively limited support for a number of key emerging occupations appears anomalous.

Given that VET has to some extent become locked into these commitments, the system has found it difficult to meet new demands and often responded by seeking increased government funding. Though competition as a mechanism can help focus on efficiency and fine tune resource allocation it is not a means of avoiding the hard choices involved in resource allocation.

Helping with these hard choices is an area where ANTA has an important top-down role to play by framing strategic plans with a three year period. The Review had in mind this critical resource allocation discipline in arguing in Chapter 5 for a more strategic approach to determining profiles and focussing more clearly on the ways in which the system needed to shift.

These plans should take account of any particular priority a State may wish to give in its system given its view of future strategic directions for that State. The Review thinks that Profile negotiations should focus on the difficult resource allocation decisions and provide guidance on future directions rather than on some of the minutiae of Profiles reportedly dealt with in previous negotiations. While it is a matter for MINCO to make the national resource allocation decisions, it is important they do so against the background of frank advice from ANTA that points to apparent anomalies between the proposed resource allocation and the estimated demands of industry and individuals.

Any mismatch between the skills being acquired by individuals and likely employment opportunities should be monitored. The system will have failed if a large body of individuals commit themselves to training programs only to be disappointed that their efforts and expectations are not met on graduation. Satisfaction surveys do not point to this as a problem now but the problem should not be allowed to develop.

**Role of the Public System**

The fourth of the ANTA Agreement objectives calls for the promotion of “an efficient and productive network of publicly funded providers that can compete effectively in the training market”.
This objective has been interpreted by most to refer to the TAFE system. The distinction between public funding and public ownership is important because of the separate decisions and commitments governments have to make in each case.

It is a nice point of history that the government owned and funded TAFE system in Australia sprang out of a community owned and funded “system”. The transition from community endeavour to government commitment was based on notions of social responsibility, and a conviction that vocational education was too important to be left to the vagaries of community fund raising, particularly if Australia was to enter the 20th century internationally competitive.

Modern views of government would not see public ownership of the deliverer of services as a natural consequence of government funding. The current tendency is for government to purchase rather than provide services.

The Review considers, however, that there is a clear role for a publicly owned TAFE within the VET system. One of the problems the Review observed was the resistance of some in TAFE to the direction of training reform particularly the training market. This resistance can be attributed, in the view of the Review, to a failure to articulate a clear role for TAFE within an expanding VET sector.

The Review notes that ANTA is currently developing a charter for TAFE as part of the next National Strategy to be submitted to MINCO. The Review supports strongly this important task and suggests that the consultative processes that go into developing the charter will be as important as the charter itself in forming a consensus around the role of TAFE. The Review in support of this move felt it appropriate to set down some points it considered central to the rationale for continuing government ownership of the TAFE system:

- the community has a big sunk investment in the system which has a large skilled workforce that currently meets a range of client needs and increasingly is seen as responding more positively to the needs of industry;
- the size of the TAFE systems provides opportunities for economies of both scope and scale not possible in smaller single institutions;
- there will continue to be the need for investment in high cost facilities and training for occupations that have few members but are of key
importance to industry. This training is unlikely to readily attract private investment and the community cannot afford it to languish;

- the history of vocational training in Australia has demonstrated the volatile and cyclical nature of industry commitment to vocational education and training. The ownership of the TAFE infrastructure gives governments the means to ensure stability and the capacity to respond quickly to emerging needs;
- the widespread TAFE infrastructure and experienced staff with an array of student support services provide a ready facility for delivering appropriate education and training options for disadvantaged groups;
- The TAFE country network is a community facility that could not be readily replaced; and
- the blurring of boundaries between schools, vocational education and higher education suggests a logic in having a government service in all three sectors.

The TAFE system has the great strategic advantage in the training market of incumbency, substantial assets and skilled staff. It has great opportunities particularly in an expanding market. Moreover it benefits from major areas where there are significant barriers to competitors entering the field.

Simply being there isn’t enough. As pointed out earlier in this Chapter, there is a great need for the whole system to continue to improve its performance.

An important ingredient for ensuring improved responsiveness and efficiency in the TAFE system and in sustaining and growing the size and scope of its current activities will be the capacity of the systems to arrive at more innovative enterprise and workplace agreements including flexible staff arrangements. Such arrangements should be a high priority for the managers of these systems.

To achieve improved results individual TAFE providers will need to be put on a proper commercial basis and given the authority to manage more flexibly. Governments also need to define more clearly their expectations in terms of the scope of services they require TAFE to provide and recognise explicitly that the delivery of services to certain client groups and some geographic locations are relatively high cost. There needs to be transparency in the way these community service obligations and high cost provision are provided rather than leave it to cross subsidies that cloud the picture in areas of competition between TAFE and private providers where the market is open to public tender.
All this requires TAFE Institutes to structure their finances on a conventional accrual accounting basis with full balance sheets including appropriate treatment for the costs of capital and with subsidies for CSO and other activities required by government being made transparent in their accounts.

The Review noted there was a VET Unit Costs Working Party and a National Project on VET Capital Charging and Capital Assets working on assessing the full resource cost of VET delivery by public providers to look at charging for the use of capital. This work should assist States in putting proper financial structures in place for TAFE.

The total market for VET is probably about double that of TAFE’s output. TAFE is an important public sector enterprise operating within the VET sector. It operates in a market where there is choice between public and private providers and a choice by enterprises whether they wish to participate or not. The challenge is there for TAFE to expand in a growing market focusing on client needs, providing quality products and high quality service cost effectively. TAFE should be empowered by governments to operate commercially, effectively and, at times, aggressively. TAFE needs to be free to market its services, promote widely outcomes achieved from their training courses and other value added services.

While TAFE is a vital resource and an instrument of government policy in achieving certain desired social objectives it is not all of VET.

Governments have a responsibility not to rely on a single service provider and therefore should make selective use of market mechanisms to stimulate competition and efficiency.

**Competition in Provision of VET**

Competition has a role to play in an efficient VET system. The case has been strongly pressed in the Commonwealth submission to the Review which argues:

"The Commonwealth regards the establishment of an open, competitive and responsive ‘training market’ to be 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. Competition is seen as a mechanism for not only reducing costs and improving quality but also for providing changes to the form of delivery of training, eg. on-site or distance
learning and customisation of training”. (Commonwealth Government submission, paragraph 54)

The Business Council of Australia supported the greater use of competition within VET arguing that:

"Education is an industry and the VET sector must operate as a viable economic business that addresses the issue of open competition”.

All Governments in their submissions to the Review endorsed the increased use of market and competitive arrangements within the VET sector and described their own initiatives in planning in this area. Equally, most States were mindful of limitations on the extent to which market-linked policies can be applied in their local conditions.

Queensland correctly point to the use of competition as a technique, not an end objective.

"... competition should not be an end in itself, but a process that can achieve greater efficiencies in the system. Given the current immaturity of the training market, competition cannot be a panacea to all problems”.

Opening up the purely publicly funded element of the training market to more competition was identified in ANTA’s National Strategy Towards a Skilled Australia (1994) as one of the key ways to make the VET system more responsive. There have been a number of strategies to achieve this including:

- the removal of barriers to industry and private providers through improved access to registration and accreditation. There are now more than 1,000 registered providers able to deliver accredited programs, which in many cases received public funding for doing so. It is important these regulatory controls not be used as “de facto” forms of protection to the public provider;

- the “user choice” initiative which allows apprentices and trainees to attend the provider of their and/or their employer’s choice (subject to course and place availability). This initiative is being further developed by the ANTA Implementation Committee and each State and Territory is undertaking a diverse range of initiatives and pilot programs for implementation in 1995 and 1996 to extend user choice. The pilots cover both choice of provider and choice of provision in respect of off-the-job funding, to allow greater customisation of delivery. These initiatives undertaken by ANTA and State Training Agencies have increased the
scope of competitive arrangements within the publicly funding VET sector. ANTA has advised the Review that in 1996 it expects $7 million to be provided as "seed funds" under the "user choice" program.

However, progress has been slow. The Commonwealth submission points out that in 1995 only one per cent of VET funds were allocated competitively. While it seems clear the proportion will be larger in 1996, mainly due to action by Queensland, the proportion is still low and confined largely to the allocation of a portion of the growth funds. In addition, while there has been an increase in the number of private providers in the market, few are funded to run accredited training programs.

The many expressions of alarm at the use of competition in the VET sector and its impact are overstated.

**Issues in Implementing Market Based Reform**

The use of competition and the opening of the markets are essential mechanisms aimed at achieving value for money, responsiveness, efficiency and quality reforms within providers, but they are only two of many mechanisms.

There is a strong policy base within the ANTA Agreement (and in Ministerial decisions since 1990) to pursue market and competition reform within VET.

Given that the policy basis for market reform exists and that reforms are underway, the real task is to set up the pace of implementation to demand that VET systems move to the next step of full implementation of competition policy emerging from the Hilmer Report may be confusing and unproductive at this time. The objectives in the ANTA Agreement are an adequate base on which to go forward. The issue is not to pursue competition as an end in itself but to use it as a mechanism to achieve greater efficiency and quality.

The Review considered progress in market reform over the past few years to be disappointing. Only a small portion of public funding is open to competition tender. This tardiness probably reflects both an inherent resistance within the public sector to more competition and a failure to sell the need for, and opportunities flowing from, reform and growth.

The Commonwealth submission actively promotes open training processes and greater competition in the VET system, by:

- emphasising that the VET system must "be based on an open and competitive training market consisting of public and private training providers";
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- providing on-going funding for the Pre-vocational Places Program which encourages the provision of funding to private training providers; and
- encouraging industry to take a more hands on role in administering entry-level training.

It also points out that the Commonwealth has for some time offered labour market programs, including those with a large training component, to registered providers on a competitive tendering basis. Over $400 million of funding is therefore currently subject to allocation by competitive processes.

Australia is not alone in the development of open and competitive training market techniques.

Countries such as the United Kingdom, Germany, Sweden and New Zealand have made substantial changes in their VET structures in recent times to enhance the operation of a training market that is responsive to the needs of training providers, enterprises and individuals. Some of the market mechanisms that are currently employed by these countries, including the use of competitive tendering and devolving control of funds to industry has been commenced in Australia.

There are positive and negative lessons to be learned from the experience from the competitive techniques in both Australia and overseas.

The slow development of competitive strategies and the experience available from overseas suggests the need for a coherent national strategy for market-linked reform in VET. It should provide a basis for the development of a national consensus similar to that which appears to have been achieved in areas like electricity reform. It is important also for all systems to go forward together otherwise anomalous situations can arise where TAFE systems in one State/Territory, protected from competition, could by internal cross subsidies capture business in other States/Territories where there is open competition.

The key principles for market reform in VET should be developed and endorsed by MINCO. These principles should form the basis of a strategy for concerted actions with market and competition reforms implemented by STAs and regularly reviewed by ANTA.

Principles

The Review suggests there are some principles that should be included in a national policy for competition in the system. They go both to the regulatory framework necessary to promote effective competition and also market techniques that will stimulate competition. These are:
• governments need to determine those outcomes which should be opened to competitive tender. Areas where there is training growth are clearly prime targets, but not the only ones;
• clear administrative separation of the roles of policy making, recognition and funding, and the function of service delivery;
• priorities should be established to ensure competitive neutrality between the public and private providers;
• there be transparency of the financial implications of government decisions. Where governments want CSOs carried out or particular high cost services delivered the additional costs should be identified;
• public providers need to be put on a full accrual accounting basis to provide for clearer comparisons with private sector providers. This does not mean competitive processes should be deferred until such action is complete;
• market regulation should ensure that in recognising providers, courses and qualifications there is competitively neutral between public and private providers. Regulation should facilitate the operation of the market and not be used as a barrier to entry on other than quality grounds, that is it should not be used to protect the public provider;
• where competitive tendering is judged inappropriate some of the benefits of a market orientation may be obtained through the use of market-like practices. It includes competition within a public system, with the competition limited to different TAFE institutes and the use of benchmark prices;
• opportunities are sought to allow clients to exercise greater market power by allowing their choice of training and suppliers. This means building on the user choice trials already commenced which more nearly replicates conditions in a private training market; and
• policies are developed for access to public resources such as curriculum and facilities. These should sets down the conditions of access, including pricing policies. This is analogous to interconnection policies in other sectors of economic activity.

State Government Focus

The preceding paragraphs identify the role of governments in the provision of VET, how TAFE fits into that role and the use of competition as a tool for promoting efficiency. This section summarises the areas on which the Review
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considers State governments should focus to improve the management of the system:

• ensuring that market regulation is efficient, client oriented and does not discourage competition. The process should focus on standards, registration of the provider and qualifications as set out in Chapter 10. The ethos should be to facilitate the expansion of VET. Moreover this should include facilitation and recognition of courses and qualifications on a national reciprocal basis;

• establishing a clear separation of functions between the purchaser and the provider of training;

• ensuring that resources are shifted to areas of emerging demands and government priorities, not just continuing historical allocations. The Review refers to this as achieving strategic shifts in the system;

• encouraging wider use of competition to stimulate efficiency. Where open competitive tendering is judged inappropriate opportunities should be taken to introduce “market-like” disciplines;

• building on user choice trials to allow the client to exercise greater choice about the provider and the products purchased. This more nearly replicates the conditions in the private training market;

• making transparent the funding of community service obligations and other high cost services which the government requires TAFE to deliver. Governments need to develop clear and widely understood policies on how CSOs are to be identified and funded; and

• improving TAFE performance. This will include putting the individual provider on a proper commercial basis, giving greater freedom of action and local authority. It means encouraging and expecting better productivity outcomes, improved financial performance and increasing levels of client satisfaction.

There is much for States to do. For instance in separating the purchase/provider functions listed above there will become a greater focus on both efficiency and quality. Moreover a person performing both roles can have a conflict of interest. It may also pose a credibility problem within the TAFE system if the head of TAFE is separately required to allocate contracts won under competitive tender to a private sector competitor of TAFE ie. they may find difficulty persuading TAFE staff their highest priority is the advancement of the TAFE system. Basically there are two distinct functions and the roles are distinct, possibly requiring people of different talents. There
may be short term reasons for departing from this model, but it should be seen as a deviation from the most effective model.

The TAFE system is a major investment and a major activity. There is a lot to be done in putting the institutions on a proper commercial footing, identifying CSOs, devolving management responsibility to allow individual providers the freedom and ability to meet client needs. There is a major management role to drive large State enterprises, explain the need for change and the opportunities for growth, to explore innovative enterprise agreements and get the commitment of staff to a new dynamic approach to its business in a growing and competitive market.

There are two management approaches that will assist these developments in TAFE. The first makes individual institutions separate entities; the second retains an integrated system with a small centre and a high level of devolution to institutions. Both approaches are consistent with improving TAFE's commercial performance. The choice of which is used will vary among States and Territories depending on local circumstances.

Conclusions

The Review concluded that:

- the case for public involvement in VET rests on economic, equity and broad social considerations;
- the ANTA Agreement provides a substantial basis for pursuing efficiency and quality reforms in VET, including market and competition reforms;
- governments need to define more clearly the scope of services they require TAFE to provide and there needs to be transparency in how these services are funded;
- TAFE providers need to be put on a more commercial basis;
- competition and market are important mechanisms to drive efficiency and better quality in VET;
- given the ANTA objectives, adoption of the Hilmer principles would be confusing and unproductive at this stage;
- progress in VET market reform over the past few years has been disappointing;
- key principles for market reform in VET should be developed and endorsed by MINCO; and
• State and Territory governments should focus on regulatory, structural and management reforms.

Recommendations

The Review recommends that:

15. ANTA develop a national policy on competition in vocational education and training for consideration by the Ministerial Council and implementation by State Training Agencies.

16. State/Territory governments focus on improvements in their training systems including:

(a) ensuring market regulation which is efficient, client oriented and does not discourage competition;

(b) establishing a clear separation of functions between the purchaser and the provider of training;

(c) putting TAFE on proper commercial basis; and

(d) promoting competition and other “market-like” mechanisms.
CHAPTER 10

BETTER NATIONAL RECOGNITION

This Chapter looks at key aspects of the arrangements for national recognition of training and makes recommendations for simplifying their application by removing unnecessary points of regulation, improving accessibility for clients and providers and suggesting a legislative underpinning for reciprocal arrangements among State/Territory systems.

The Importance of National Training Recognition

A system for recognising the skills and knowledge gained through training is the core of a national system of training. It is the "currency" that enables a training market to work and forges the link between training and the labour market. The process of recognition starts with the development of competency standards and ends with the award of recognised qualifications or credit for training. These qualifications provide the credible name and standard that a trained person can take to the labour market so that an employer can be assured of their employment capacities.

National Recognition and the ANTA Agreement

National recognition falls under the first objective of the ANTA Agreement, which refers to the delivery of nationally recognised programs. However, key aspects of national recognition were not under the control of ANTA at the time the Agreement was concluded. The recognition infrastructure of State/Territory regulatory and accreditation bodies and the National Training Board (NTB) were therefore not a part of the ANTA arrangements.

The National Framework for the Recognition of Training (NFROT), an agreement designed to streamline and make nationally consistent the State-by-State recognition arrangements was agreed in principle by Ministers in 1991 and between State and Territory systems in 1992. This was before the ANTA Agreement came into effect.

Though national recognition is covered by the ANTA Agreement, the Review originally had no intention of examining it given that it had been subjected to detailed consideration in the 1994 Allen Consulting Group
review of national training reform for ANTA (published as *Successful Reform*) and subsequent MINCO reforms. The most significant of these reforms were aimed at refining policies and procedures to further free up the system. To implement these changes the Standards and Curriculum Council (SCC) was established under ANTA taking on the formerly separate roles of the NTB and the Australian Committee on Training Curriculum (ACTRAC).

Concerns expressed in discussions with key training system stakeholders and submissions to the Review, especially from industry, changed the intention of the Review not to examine the recognition system. These concerns, backed up by research, were too strong for the Review to ignore. The Review has concluded that practical reforms and further streamlining are needed to achieve in practice the intent of a clear, straightforward and accessible national system of training recognition.

Successful national recognition of training, with workable reciprocal arrangements is an important micro economic reform that will help establish a national market for training and facilitate greater flexibility and mobility in the labour market. The new Standards and Curriculum Council, together with State/Territory authorities, provides the structures to make national recognition work. NFROT provides the framework.

**Key Points of Regulation in Training Recognition**

The system of training recognition has a number of points of regulation, points at which value is added along a chain of activity, commencing with standards setting and ending with the recognition of training outcomes through the conferring of qualifications. Figure 10.1 illustrates this process and the points of regulation.
Figure 10.1: National Regulation of Training Recognition
This process operates within a framework that has two distinct tendencies. On the one hand, there is national prescription on a range of key elements in the system, on the other hand, there are State/Territory variations on processes. The discussion that follows reflects the difficulties created by this tension.

The National Framework for the Recognition of Training

The introduction of NFROT was meant to streamline course accreditation, provider registration, recognition of skills and knowledge gained through formal or informal training and eliminate barriers to recognition of courses and training.

There were high expectations of a system that was intended to cover a million participants, undertaking thousands of different courses, delivered in a variety of on and off-the-job learning environments, through thousands of providers.

Concerns about National Recognition

Continuing difficulties over the introduction of a national system of recognition were highlighted in the review of the progress of training reform undertaken in 1994 by the Allen Counselling Group on behalf of ANTA.

As the following quotation from the Business Council of Australia submission to the Review discloses, these concerns are still present:

"Business Council companies stated that the national system needed to be enhanced, and further developed, by addressing the following barriers and concerns:

- the system has become extensively bureaucratic
- the jargon used is excessive and discourages people
- the bureaucratic nature of accreditation of endorsed competencies as well as the need for State by State recognition of the accreditation has caused difficulty
- even when national accreditation has been received for a specific course/program, some have found that its skill levels do not equate to the requirements of a particular State/Territory
- the entire system lacks transparency
- the processes and rules are excessive and time consuming
Chapter 10: Better National Recognition

- enterprises cannot have a single submission interface with the system
- there is a lack of working models (or answers) for different circumstances
- the system lacks flexibility generally
- to the customer, there appears to be no single point of accountability
- there is no single point to access information”.

The ACTU also voiced concerns:

“The objectives, frameworks and structures must contribute to a consistent and quality national training system - covering the setting of standards, the registration of providers, the accreditation of courses, the issuing of qualifications and the assessment of competencies. The key instrument in ensuring consistency, quality and efficiency in the operation of the vocational training system is the agreed National Framework for the Recognition of Training (NFROT). The ACTU believes that NFROT is not working effectively and there is a particular priority for its operation to be significantly improved.”

McDonald’s, a major company with training operations in all States and Territories, made the following comments available to the Review:

“An enterprise entering into the formal systems of training accreditation and endorsement, for the first time, is faced with an array of unknown processes and requirements, and there is no simple map available to guide organisations through.

Individual agencies are able to offer some assistance (and do to greater and lesser degrees), however, there are many inter-related steps, which no one body seems to have full knowledge about (ie. CSB status, endorsement of standards, accreditation of courses, declaration of a calling, registration of trainees, interstate recognition under NFROT, re-accreditation, etc.) Various agencies also require a great deal of information, therefore much administrative and preparatory work must be done at a number of stages ... (expiry dates differ in each State) and requirements for issuing credentials in each State ... there are also some ongoing requests/requirements to report back to authorities (in addition to re-accreditation processes). Whilst these requests are not necessarily unreasonable, collectively they do
contribute to what are already considerable ongoing administrative requirements."

Many VET providers also find the arrangements a barrier to involvement in the training system. The 1994 Australian Bureau of Statistics survey of commercial training providers reveals that only six per cent of courses conducted by private training providers in 1994 were formally accredited by State/Territory accreditation bodies. When asked the reasons for not obtaining accreditation:

- 28 per cent of respondents said they had no interest in obtaining course accreditation;
- 27 per cent were unaware of the procedures involved;
- 23 per cent considered the costs involved to be too high;
- 23 per cent considered the time taken to obtain accreditation to be too long;
- 22 per cent were unaware of the existence of the relevant accreditation body; and
- 15 per cent found information on the accreditation body was not readily available.

When asked what factors decreased their level of training activity in 1994, 32 per cent of providers reported costs or difficulties associated with accreditation procedures, 24 per cent a lack of national accreditation standards and 23 per cent a lack of credit transfer/course articulation.

While it must be noted that this survey does not include registered industry providers who are delivering accredited programs to their employees, the observation remains significant for a wide range of provision.

To further investigate the concerns raised, the Review commissioned two studies. The first was a general review of the issues associated with NFROT implementation carried out by the Research Centre for Vocational Education and Training of the University of Technology, Sydney. The second was a study of the experiences of and attitudes to training reform, including NFROT, among a sample of small and medium enterprises carried out by the Netanya Consulting Group.

These studies have assisted the deliberations of the Review and have been made available to Heads of Government.
The Review has concluded in the light of all of the information available to it that VET recognition arrangements contain:

- too many points of regulation and too many players involved around several of these points;
- too great a focus on up-front regulation of training programs and providers and not on continual improvement; and
- an over-emphasis on regulation as a means of quality control in preference to allowing clients to demand and reward quality provision in a more market-oriented system.

**Some Proposals for Reform**

The idea of a system of national recognition implemented through State/Territory regulatory bodies and underpinned by reciprocal recognition between these authorities, is strongly supported by the Review. A system of recognition of qualifications is a vital component of any national system. In addition, for those who do not complete a formal qualification there needs to be a system for recognising the skills they have acquired.

The next stage of training recognition reform being proposed by the Review is not about new policies or principles that overturn these foundations, it is about their successful realisation through practical implementation.

The Review has concluded that the integrity and quality of the system of recognition can be guaranteed through three key regulatory points, operating within NFROT. The changes being suggested by the Review are consistent with the general move in the system to place greater emphasis and responsibility at the client/provider level. These three points are discussed in the following sections in the order of the processes represented in Figure 10.1.

**Setting Standards**

The first point of regulation should be the setting of standards. The keystone of the system must be industry derived competency standards. These must be flexible and responsive when used at the enterprise level to enable the client-provider relationship to develop freely. At this point, as elsewhere along the chain, regulation should be applied sparingly.

Standards which are too detailed or closely linked to industrial relations considerations are more likely to introduce system rigidities than provide a framework for training provision and recognition in the diverse
circumstances found across the country. In particular, the needs of small and medium business which do not fit neatly the industry classifications used to establish standards must be met.

Concerns are expressed by some employers over the difficulties associated with the recognition of enterprise standards. The Review acknowledges the progress made in recent times that has led to significant improvements on this issue but would emphasise the importance of continuing these efforts to get this fundamental part of the system operating smoothly and effectively.

**Accrediting Courses and Recognising Providers**

The second point of regulation should be the registration of providers. The most intensive and complex regulation in the system springs from the formal requirements for the accreditation of courses and the registration of providers to deliver them. These are the key regulatory functions now carried out by State/Territory recognition authorities. NFROT was designed to underpin these arrangements by setting down the principles that would ensure reciprocal recognition between State and Territory systems.

In broad terms course accreditation is the official recognition that a particular course is based and will be assessed on appropriate competency standards, has relevant content and method of delivery and meets the requirements for the level of qualification proposed.

The requirements for recognition of providers through registration vary from authority to authority but most importantly seek to establish that a provider has the resources and capabilities to deliver accredited courses in specific fields.

The two elements are linked by the requirement of NFROT that accredited courses can be delivered only by providers registered to deliver those courses.

**A Shift to Provider Recognition**

The current arrangements for course accreditation through a central State/Territory regulatory authority sit uncomfortably with current developments in training system management and training delivery. It is inconsistent with:

- opening training provision to a wide range of providers who offer distinctive approaches to education and training delivery;
- devolving functions within TAFE systems;
moving to local flexibility where training needs are addressed through close interaction between client and provider; and

- increasing diversity of delivery, including greater workplace delivery.

Course accreditation by State/Territory recognition authorities is thus becoming less relevant and will become more difficult to manage with increasing numbers of providers and courses. It nevertheless remains a fundamental function of quality assurance and resource management for providers. The Review considers that course accreditation by State and Territory recognition authorities should be abolished with the responsibility for course accreditation moving to providers.

The up-front regulatory focus of State/Territory recognition authorities should now shift to an enhanced system of provider recognition. This would be consistent with the responsibilities of States/Territories to develop and regulate the market within their jurisdictions.

Provider recognition should continue to ensure that a provider has the capability of delivering training in nominated areas of study against agreed competency standards, including the carrying out of student assessment and the awarding of appropriate qualifications.

Where the new arrangements would differ is that they would stress the requirement for an enhanced system of quality assurance with a focus on improvement and meeting client needs, supported by necessary audit procedures.

Under this proposal, providers would be required to carry out an internal process of formal course accreditation to make it transparent that NFROT requirements were being met. In addition, they would notify the State/Territory recognition authorities that they were introducing a new course and course details would be forwarded to the Standards and Curriculum Council for inclusion on the national course register.

Both private providers and TAFE institutes should be subjected to the same recognition requirements.

**Reciprocal Recognition**

Despite the promise of NFROT, too often courses and providers recognised in one State/Territory have not been recognised automatically elsewhere.

State/Territory systems must commit themselves to making reciprocal recognition work. The Review considers that NFROT needs to be given
legislative backing to ensure that reciprocity applies to both provider and course recognition.

Legislation committing State/Territory systems to these approaches should be developed and legislated as soon as practicable. The SCC should lead this development process.

**Awarding Qualifications**

The third point of regulation should be the awarding of qualifications. It is vital to the integrity of the whole system that its clients can have certainty about the qualifications awarded and that employers can have equal confidence in the integrity of these awards.

The Review is concerned therefore that both industry and providers have claimed that within the first year of its operations the new national system of qualifications (AQF) is being applied inconsistently and is leading to an unwarranted escalation in the level of awards being granted.

There are at least three other issues of significance over qualifications that remain unresolved: these are over the awards granted for VET courses that are not based on industry standards; those for combined on and off-the-job education and training; and the need for a system of recognition of training undertaken and skills acquired which does not meet the full requirements of a formal qualification.

The Review understands that the Standards and Curriculum Council in concert with the Qualifications Framework Advisory Board established by education Ministers is moving to address a range of issues associated with the Australian Qualifications Framework. The Review sees this task of the Council as having a very high priority.

**Transition Arrangements**

The shift in focus from central course accreditation to enhanced provider recognition (illustrated in Figure 10.2) will need to be managed through a transition period.
Figure 10.2: Review Proposals for National Regulation of Training Recognition

Process

- Standards Development
- Curriculum Development
- Course Accreditation
- Provider Recognition
- Assessment
- Qualifications

Proposals
- National standards to allow for enterprise flexibility
- ASF provides broad, not prescriptive framework
- Basically a provider responsibility
- Facilitation/brokerage role for SCC
- Central course accreditation phased out
- Becomes a provider responsibility
- Key State regulatory task
- Ensures provider has capability to develop, deliver and assess
- Focus on improvement, supported by audit
- NFROT legislated
- TAFE and private providers covered
- A provider responsibility
- AQF qualifications
- Awarded by providers
ANTA should advise Ministers on ways of managing the necessary interim arrangements to ensure their smooth operation and their speedy conclusion.

Related Issues for Reform

The Review believes that there are four other related areas for reform.

Declarations of Vocations

A continuing cause of difficulty for training reform is the requirement in all States/Territories that entry to certain occupations and the training for them are subject to regulation. This rule applies, generally speaking, to apprenticeships and traineeships.

Whatever the benefits of this regulation, it is making the spread of structured training to new occupations more difficult and costly, does not appear to add value to the training itself and is convincing industry in some instances that training reform is too hard.

The Review is aware that even if agreed, an instant abolition of these controls as they apply to training would not be possible. It is an area which often overlaps the boundary between training and industrial relations. The Review is aware also that the Standards and Curriculum Council at the request of MINCO is examining this issue.

The Review wishes to signal to Heads of Government its very strong support for moves to deregulate this area as it applies to training.

Curriculum Development

The proposal of the Review that course accreditation be devolved to providers to reduce regulation and encourage competition, raises the issue of national curriculum development. At the moment, ANTA funds are provided through the Standards and Curriculum Council for national development of curriculum and related materials.

The Review is aware of the recent improvements in spreading the use of curriculum and teaching materials developed through national funds. However, with the growth of self-managed providers and the increasing emphasis on meeting the needs of individual clients, the Review considers that the best curriculum results will emerge from the competition of ideas and approaches and not from uniform development.

While the Review acknowledges that there is justification for some national development of curriculum, it considers that the more important focus for
the Standards and Curriculum Council should be to stimulate innovation in curriculum approaches and disseminate examples of best practice.

In so doing it will take on the role of a national broker in curriculum and teaching materials, building on the endeavours of ACTRAC Products. It will have to take account of the legitimate claims of both private and public providers for payment as a reward for the use of intellectual property.

**Australian Standards Framework**

A further tension in the system springs from the Australian Standards Framework (ASF). It has been criticised by employers as having too many levels, being too inflexible and serving no useful purpose.

The Review understands that there have been improvements in the application of the ASF. However, it believes that this area should be kept under regular review by the Standards and Curriculum Council as the Review is not convinced that some of the employer concerns have been answered fully.

**Access to the System**

As reported earlier in this Chapter, employers find access to the system difficult, in particular they find the lack of a single point of access to information frustrating.

There are obvious difficulties in providing a “one stop shop” for the vocational education and training system, given the range of potential enquires that need answering, the number of agencies and the separate roles of the governments involved.

The Review considers that despite these difficulties, the system has to make a concerted effort to become more accessible and understandable. A reduction in the number of points of regulation will make a significant contribution. In addition ANTA should show leadership in this by continuing to support initiatives aimed at making the system simpler and more transparent through devices such as agreed client service standards.

State Training Agencies and providers have the major responsibility for meeting the needs of clients for clear, simple and readily accessible information.
Conclusions

The Review concluded that:

- there is significant concern among the clients of the system that its operations are too complex, too rule bound and too opaque;
- there is evidence that there are still difficulties in achieving reciprocal recognition across States/Territories in the accreditation of courses and registration of providers;
- there needs to be a reduction in the points of central regulation in the recognition system;
- the difficulties in application of the AQF need to be solved urgently; and
- the focus of State and Territory regulation should shift from central course accreditation to provider registration, correspondingly there should be a shift of the responsibility for course accreditation to providers.

Recommendations

The Review recommends that:

17. There be a reduction in the points of central regulation in the system of training recognition.

18. States and Territories withdraw as soon as practicable from the central accreditation of courses and shift their regulatory focus to provider recognition.

19. Legislation be introduced in all States and Territories to ensure reciprocal recognition of providers and courses.

20. ANTA prepare detailed proposals to facilitate transition to the new regulatory regime.
CHAPTER 11

ACCESS AND EQUITY

This Chapter considers access and equity issues in vocational education and training as they relate to the ANTA Agreement.

The parties to the Agreement are well aware of the key access and equity issues in their sector. They have acknowledged that the needs of disadvantaged groups continue to be a priority for the vocational education and training sector. The Review makes a number of suggestions for Governments and ANTA to consider in developing better strategies and processes to increase opportunities and improve the outcomes for disadvantaged groups.

Submissions to the Review

Efforts to improve access and equity have been a consistent feature of training reform. The system has attempted to respond to the broad range of special needs for education and training of those who are disadvantaged by racial, personal, gender, location or social factors.

The Commonwealth submission provided a comprehensive discussion of some of the key issues relating to equity and made specific suggestions for strengthening access and equity performance, primarily through the development of a national access and equity strategy. The Commonwealth reiterated its responsibility to provide training opportunities to those client groups for which the Commonwealth considers it has special responsibility.

ANTA’s submission included an analysis of what it saw as the key equity issues and provided an account of achievements since its inception. ANTA sets out two complementary paths for delivering access and equity objectives in VET: broadening structured entry level training to new occupations and industries; and adopting more targeted approaches for specific client groups.

The submissions received from groups concerned with access and equity were critical of performance against the ANTA Agreement objective of “increased opportunities and improved outcomes”. In addition, they raised
what they perceived as the negative effects of some elements of training reform on access and equity outcomes.

Data

One of the difficulties in determining progress in this area has been the scarcity of reliable data and, perhaps more importantly, agreement as to what the available data reveal.

Much of the VET enrolment data are at a high level of generality and the pattern of observable participation trends depends in large measure on the time periods and sub-aggregation chosen for analysis.

Female Participation

The National VET Statistics collection showed that women made up only 45 per cent of enrolments in vocational courses in 1994. This level of participation has been raised as a matter of serious concern in submissions to the Review.

This concern is increased by what appears to have been a tendency for female participation to fall in the later 1980s and early 1990s. For example, ANTA in its report, Directions and Resource Allocations for 1996, noted a steady decline in female participation between 1989 and 1992, especially in the 25 to 64 age group.

There appears to have been some improvement in this position since 1992. NCVER research for the Review indicated a general increase in female enrolments from 1991 to 1994, with women over 25 being a significant source of VET growth.

The NCVER study describes strong growth of enrolments for these women in prevocational courses, steady growth in initial courses, a large increase in trade group enrolments in 1994, but a steady decline in post-trade streams throughout the period.

Young Women

It is clear that young women continue to participate in VET at lower rates than young men. Research by the NCVER for the Review showed a consistent disparity in age related participation.
This relatively poor participation by females in the post-school years is only partly balanced by a somewhat higher female participation in university education. For example, female participation in higher education at age 22 is 14.1 per cent, compared to male participation of 13.5 per cent. This produces a total tertiary education participation rate of 26.5 per cent for females at 22 compared to 29.3 per cent for males.

Overall, there is evidence that female participation has grown steadily since 1991 for all age groups. Among younger women, for example, female participation rates have grown from 21 per cent from 1991 to 1994, while the 21 year old male participation rate grew by 12 per cent.

Efforts need to be made to sustain this improved participation.

**Aborigines and Torres Strait Islanders (ATSI)**

Students with an Aboriginal and Torres Strait Islander background complete around three per cent of VET enrolments. The concern arising from data on students with an ATSI background is not that their participation is poor relative to population share, but that there is a concern at the nature of the courses undertaken. Courses classified as post-trade account for only one per cent of young male and female ATSI students, and 2.5 per cent of older males and 1.5 per cent of older females. Over 60 per cent of all ATSI enrolments are at pre-vocational level.

This enrolment pattern is likely to result in poor rates of transfer to further and higher education and to the unsatisfactory employment outcome for
ATSI graduates evident from the recently available Graduate Survey discussed below.

**Experience of Target Group Graduates**

The participation data outlined above give information in the broadest terms in relation to the enrolment of women and persons of Aboriginal and Torres Strait Islander backgrounds. No comparable information is available for the people from the other target groups, that is people with disabilities and those from non-English speaking backgrounds.

Recently however, a national survey was published by the ABS examining the TAFE graduate population from the 1994 graduate cohort. This survey described not only general characteristics of the graduates such as age, sex and country of birth, but also their employment status as at 31 May 1995.

Questionnaires were sent to all known graduates for 1994, 105,976 persons. The response of approximately 63 per cent enabled some conclusions to be drawn. Among these are:

- though female students in TAFE make up less than 50 per cent of enrolments, they make up 55 per cent of graduates;
- though females make up 55 per cent of graduates they constituted 62 per cent of unemployed graduates (at 31 May 1995) and 72 per cent of persons not in the labour force;
- Aborigines and Torres Strait Islanders constitute about three per cent of enrolments but made up only 1.3 per cent of graduates;
- of ATSI graduates 24 per cent were unemployed (at 31 May 1995) and a further 26 per cent were not in the work force;
- there are no national participation figures for people with disabilities; however, six per cent of all graduates reported a disability;
- of graduates with a disability 23 per cent were unemployed (at 31 May 1995) and 28 per cent were not in the work force;
- there are no national participation figures for people of a non-English Speaking Background, however, 26.8 per cent of all graduates indicated they came from a non-English speaking background;
- of graduates with a non-English Speaking Background, 20 per cent were unemployed and 17 per cent were not in the labour force;
there are no national participation figures for people from non-metropolitan areas, however, about 40 per cent of graduates came from outside a capital city; and

of graduates from outside capital cities 16 per cent were unemployed and 12 per cent were not in the labour force.

The employment results indicate the importance of involving industry in innovative ways in assisting students from target groups into employment. This is particularly clear in the case of women graduates. Special action is also needed in relation to ATSI and disabled students with high proportions either unemployed or discouraged from trying to enter the workforce.

These difficulties underline the need for products to be offered to target groups that are appropriate not only to the realities of the labour market but also to their needs and capacities. How to meet their requirements should be a key ingredient of the business plan for equity that is discussed in the balance of this Chapter.

Industry Training

Data on industry training were not available in the same format as that for institutional activity. However, a 1994 analysis by Baker and Wooden of data collected in the ABS Survey How Workers Get Their Training indicated considerable disparity among population groups in the training provided within enterprises. The results showed, for example, that:

- training opportunity declines with age;
- training is lowest for casual workers;
- females undertake less on-the-job training than males;
- most training is done by managers, professionals and para professionals; and
- people from a non-English speaking background (NESB) receive less training.

These outcomes indicate the important role which may be played by formal VET courses as a supplement to industry sponsored training, although clearly it is important that enterprises review their training policy to exclude discriminatory elements.
Interpreting the Data

In its submission, the Commonwealth argues that the position of equity groups has not improved under the ANTA Agreement.

Submissions from groups concerned with access and equity issues support the Commonwealth’s assertion.

Data available to the Review is insufficient to enable a judgement to be made on these claims for most target groups other than for women. The position set out earlier on women shows some improvement in participation in recent years after a period of decline.

As discussed in Chapter 8, the data for the whole of the VET sector is inadequate. The Review has made a number of recommendations to improve the quality of data especially in respect to key performance indicators. The key performance indicators which are monitored as part of the ongoing management of the system should include access and equity measures. This will enable the proper assessment and monitoring of strategies and targets for access and equity groups.

A National Approach to Access and Equity

Given the number of issues, the multiple responsibilities involved and the existing structures, strategies and programs in place, the Review attempted to identify what more should and could be done at a national level.

The current national strategy for the VET sector, Towards a Skilled Australia, includes a policy objective to target particular groups of people to improve their access to, and outcomes from, VET. A number of strategies were developed for the 1995 to 1997 triennium. ANTA also established an array of consultative arrangements to obtain the views of target groups.

State Training Agencies have included access and equity objectives in their Profiles and in their negotiations with publicly funded training providers, for example:

- Victoria’s State Training Profile requires State ITAB’s to advise on specific strategies to facilitate the participation of various target groups in training; and
Western Australia's resource and performance agreements with public providers includes the goal to increase participation in, and improve outcomes for, the VET sector.

States/Territories also fund specific measures aimed at assisting people overcome barriers to access and participation. Examples include disability service officers, women's liaison officers, adult literacy officers, and an array of targeted programs.

The Commonwealth has argued in its submission to the Review that greater progress would be achieved through a national access and equity strategy.

The Review noted in Chapter 3 that the current National Strategic Plan is largely a listing of policies rather than an integrated corporate plan. The Review would expect that the next iteration of the National Strategic Plan would be a more complete document defining objectives and outcomes and it might usefully be supplemented in this area with a business plan setting out strategies for achieving specific outcomes for individual target groups.

The business plan envisaged by the Review should be seen as a national access and equity strategy in which the approaches proposed by the Commonwealth and ANTA would be considered.

The first aim of a national strategy for access and equity should be to broaden opportunities in general; the second to increase the participation of target groups by specific actions that focus on their distinctive needs.

These two approaches, the overall expansion of opportunities, and actions aimed at specific needs, should be supplemented at the national level by moves to increase employer support for expanding employment and training opportunities for target groups. This recognises the link between training and the labour market. As previously discussed, better data will assist in ensuring that progress against this objective can be monitored.

**Target groups**

The current view is that the primary target groups are Aborigines and Torres Strait Islanders, people with a disability, people from a non-English speaking background and women. These groups are particularly disadvantaged through low participation in vocational education and training, and/or low participation in the labour force, particularly in positions that are more desirable in terms of challenge and reward.
The Review was reminded that there are other groups in the community that suffer disadvantage such as prisoners and young offenders, and people who live in non-metropolitan areas.

A further group that suffers from restricted opportunities for vocational education and training are full-time or part-time employees whose work places offer restricted training opportunities.

The Review considers that the first access and equity business plan should focus on the needs of the key target groups, women, Aborigines and Torres Strait Islanders, people from a non-English speaking background, and people with a disability. The Review has not recommended that the needs of young and unemployed people be included as a specific target group as there are a range of policy and programs in place. Many of these are administered by the Commonwealth.

The Australian Vocational Training System (AVTS)

The introduction of the AVTS aims to provides opportunities for entry level training in occupations and industries where such opportunities have not existed. Many of these new opportunities will benefit people who are disadvantaged.

The Review believes the States and Territories need to give continued support to implementing the AVTS.

Best Practice/Demonstration Projects

The Commonwealth suggested that a national strategy should be supplemented by demonstration projects funded through ANTA National Projects funds.

Training Profiles show States/Territories are funding similar activities. For example, the Victorian Profile for 1996 identifies as a priority the establishment of a Women’s Group Training Company and the development of a best practice approach to increase the proportion of women in non-traditional entry level training.

The Review believes the use of demonstration projects/best practice will yield significant benefits if the projects provide models for:

- increasing the number of people from disadvantaged groups participating in the VET system; and
improving access for these people to the “better end” of training choices.

The Review supports the Commonwealth proposal that MINCO consider funding these projects from 1996 National Projects Allocations (either from “equity measures” or the “Best practice in VET incentive program”).

**Competition**

The other issue of significance raised with the Review was how increased competition on the services provided by public providers and the focus on setting costs would affect the opportunities for target groups. It was suggested that the drive for lower costs and improved outputs will act against those clients who need special assistance, or whose disadvantages may produce lower success rates, has been noted in a recent report prepared for DEET:

> “The notion of competition, and its intended outcome of improved efficiency, raises concerns about access and equity. These concerns focus on the possibility of efficiency-oriented provisions treating equity as a cost, an unwanted cost, rather than a desirable outcome.”
> (Separate Responsibilities, p. xi)

The Review received no evidence that directly supports this, but would assume that State and Territory Training Agencies through their resource allocation and regulatory processes would ensure that this unintended consequence of competition does not occur. This can be achieved by setting down specific tender provisions which require attention to the needs of these groups when contracting out training. The New South Wales Government provided information to the Review on the success of this approach. The Review considers a more general adoption would be a useful device for increasing participation of target groups.

**Achieving a National Approach**

**Targets**

The Commonwealth proposed that “structural accountability provisions be progressively introduced whereby targets and strategies are negotiated with ITABs, Group Training Companies and NETTFORCE, with these targets reflected in State and Territory Training Profiles”. The Review sees this as meaning that these bodies would be given specific targets to be achieved. Failure to achieve these targets would result in financial penalties.
The Review considers it would not be appropriate to impose on national ITABs and Group Training Companies financial penalties for not achieving targets. Such an approach is likely to produce only limited results.

ANTA and the Commonwealth both recognise that the strategies most likely to have the greatest impact are those that have been developed in consultation and with the support of industry. This will not be an easy task and as the Commonwealth has acknowledged, there are potential conflicts between industry leadership and the public policy objective of access to the VET system.

Bodies such as ITABs and Group Training Companies have the potential to both broker the development of industry specific strategies to improve access and outcomes for disadvantaged groups. They can also act as intermediaries with enterprises to promote these strategies.

The Review proposes that ANTA look to ITABs to place a greater emphasis on, and to make a more concerted effort to, develop equity strategies for their industries. Some Group Training Companies have used innovative approaches to overcoming some of the barriers for equity groups. ANTA might look at building on these initiatives by incorporating incentives into resourcing arrangements with ITABs and Group Training Companies to further the access and equity objectives.

It is the Commonwealth’s responsibility to negotiate targets and accountability provisions with NETTFORCE.

If the policy on access and equity is to be implemented successfully then it will require ANTA to support this approach in discussions on State Training Profiles. The strategies involved need to be developed in the business plan.

**Contracted Performance Agreements with Providers**

Some States/Territories have been explicit in seeking increased participation for disadvantaged groups and have included requirements for target groups in contractual arrangements with both public and private providers. This approach should be adopted more widely.

**Costing the provision of VET for target groups**

Provision of training for some target groups will often cost more. Further analysis is essential to identify the real cost of delivery to target groups - often referred to as the cost of community service obligations. This
information will enable the cost of delivery to be reflected better in funding arrangements with providers.

**Type of Training**

The Network of Women in Further Education Inc. submission, backed up by research and consultation, argued that the implementation of training reform has adversely affected women. They believe that there is a prevailing ethos that still sees vocational education and training as most importantly about the education and training of those occupations historically filled by men.

They also argue that the processes and forums of ANTA and STAs for consultation and representation have failed to change this emphasis. A similar point was made by the Federation of Ethnic Communities Council in their submission to the Review.

ANTA’s *Directions and Resource Allocations for 1996* document acknowledges that growth in publicly funded VET activity was out of step with the proportion of people employed in “growth” and new occupations.

The Review notes these strong concerns and anticipates that they will receive proper consideration in the development of the access and equity business plan.

There is also a need to change the views of many employers to promote better training outcomes for disadvantaged groups. Encouraging a “culture” change in the training decisions made by employers should be a key objective for the intermediary role proposed for ITABs and Group Training Companies if employers are to change their current practice of favouring particular groups in allocating training opportunities.

The Review has proposed that the business plan should seek to encourage employers to assist target groups through a variety of approaches including the use of information as proposed above.

**Conclusions**

The Review concluded that:

- there is continuing support by all parties for the access and equity objective of the ANTA Agreement;
- ANTA has expanded its consultative base with disadvantaged communities;
Review of the ANTA Agreement

- ANTA develop a business plan, setting out ways of improving training access for the target groups;
- the business plan should focus on opportunities for women, Aborigines and Torres Strait Islanders, people from a non-English speaking background and people with a disability;
- the use of demonstration projects illustrating best practice and development of specialist products for disadvantaged clients will yield significant benefits;
- the provision of training for some target groups will often cost more. This cost should be reflected in State/Territory resource allocations to providers;
- there should be wider use of contractual clauses requiring target objectives in projects put out to competitive tender;
- ITABs and Group Training Companies have a role in promoting expanded employment opportunities for equity groups;
- there is insufficient reliable data available on the access and equity performance of the vocational education and training sector; and
- VET key performance measures should include measures to assess progress on access and equity objectives.

Recommendation

The Review recommends that:

21. ANTA develop a business plan focusing on ways of improving access to vocational education and training for the key target groups.
CHAPTER 12

CROSS-SECTORAL LINKS

The purpose of this Chapter is to examine some of the key issues flowing from the sixth ANTA Agreement objective of improving cross-sectoral links between schools, higher education and vocational education and training.

The main aims of this objective were the breaking down of barriers to the movement of students across the education and training spectrum by expanding the articulation of courses and credit transfer for students and widening the range of vocational programs available in schools and adult education.

There were other kinds of productive co-operation envisaged. These included the creation of multi-sector institutions under one administration, the sharing of sites and amenities, the regular use of other sector facilities, the joint use of staff and the contracting out of delivery of parts of courses from one sector to another.

Student Movement Across the Sectors

Credit Transfer

There are arrangements in place in all State and Territories for credit transfer from schools to TAFE and from TAFE to universities. Credit transfer in these cases gives advanced standing in a course to a student on the basis of previous formal studies in another sector. An additional form of credit transfer is the recognition granted for the knowledge and skills acquired outside formal study.

These formal arrangements have allowed for increased use of credit transfer by students entering university. In 1993 some 13,144 or 8.9 per cent of all students admitted to university received credit for prior formal study, an increase of 32 per cent over 1992. In addition, some 1.8 per cent of commencing students in 1993 received credit for informal study, a 50 per cent increase over 1992.
In the light of this development, a recent report by NBEET to the Commonwealth Minister for Employment, Education and Training stated that:

"The Board is broadly satisfied with the arrangements that are developing for credit transfer and the recognition of prior learning for students who move from the Vocational Education and Training sector to university. Credit transfer and the recognition of prior learning have come a long way since they were first examined by the Board in 1992. The Board does not believe that a major change in direction is needed."

The Review notes, however, that there are still problems in the system, as with the example given to it by a private provider of its graduates being disadvantaged when seeking credit transfer to a university by the fact that their awards were given only at pass level, as now required under CBT, whereas previously they had been given graded awards.

A significant further development reported by the Board was the trend for university graduates and students to enrol in vocational education courses. This raises the issue of students receiving credit transfer in VET institutions for their university studies.

This development was raised first by Dr William Hall of the National Centre for Vocational Education Research in 1989. Since then analyses of enrolment data have revealed that significant and increasing numbers of students with a higher education background are commencing courses in vocational education and training.

Though there are no national studies in this area, the National Board of Employment, Education and Training has estimated that around 10 per cent of commencing enrolments in TAFE colleges are students with higher education backgrounds.

The increasing number of former university students seeking credit transfer into vocational education institutions is being joined by an even more rapidly growing group of students who have completed recognised vocational studies in school. A MCEETYA Working Group has suggested that this group will emerge from an expanding cohort of school students studying vocational education in the schools that will reach an estimated 70,000 by the year 2000. If only a minority of this group seek credit for their vocational school studies, they will still have a significant impact on vocational education enrolments.
Added to these two growing groups seeking recognition for their studies at university or school, vocational education institutions are finding increasing numbers of new students seeking credit for studies undertaken in adult education or on-the-job.

This opening up of new pathways would be in the view of many simply a recognition that the existing sectoral boundaries are not going to be sustainable for much longer.

**Sectoral Distinctions**

The issue of maintaining or abandoning sectoral integrity is likely to be of increasing significance for government. The current situation is that despite support for “the seamless web” view of the sectors, the delineation of these groups, for example for funding purposes is still important. The Commonwealth in its submission to the Review emphasised that it wished to maintain that separation as it did not want vocational education and training funds to be used for “normal” recurrent costs of vocational education in schools.

There is a concern among some that any further merging of the sectors could lead to the loss of the distinctive missions of each. This concern has been raised by industry which considers that the focus of VET should be on meeting the needs of industry rather than acting as a conduit to or a competitor of higher education. The adult education sector is also concerned that its historical role might become blurred.

The Review considers that VET funds under the ANTA Agreement should continue to be used on specific VET sector programs approved in the Profile negotiations and that they should not be used for recurrent funding of VET activity in other sectors. It takes that view because of the original intent of the ANTA agreement to lift funding in this sector. It would be premature to dilute this objective. At the same time the Review considers the movement of students across sectors should continue to be encouraged. Some years downstream it may be appropriate to look at breaking down this funding barrier.

**Cross-sectoral Collaboration**

There have been a variety of other means of cross-sectoral collaboration that have existed for many years between schools and TAFE and between TAFE and universities. They were borne more often out of necessity than any commitment to the principle of collaboration. Some of them have a
long history of success, other have fallen by the wayside as financial or other pressures eased.

In recent times these initiatives have become bolder due to a more positive approach to seeking innovative ways of extending access, improving quality, containing costs and sharing scarce capital.

The vocational education and training sector has initiated a number of these developments as well as co-operating in others. Some recent examples are:

- the joint development on a green fields site in Coffs Harbour of a university college, TAFE college and high school under a common administration;
- the location of skills centres on TAFE Institute sites;
- the joint development of a green fields site with a TAFE college, a campus of the University of Newcastle and an Adult Education College at Ourimbah on the New South Wales central coast; and
- the joint use of open education facilities by universities, TAFE and schools.

The contracting out of significant parts of programs to institutions in other sectors is a simple way of improving access in country areas to higher education. This device has most frequently been used through a TAFE college delivering parts of a degree program on behalf of a university. The spread of this practice across sectors is a way of increasing access while controlling costs.

The Review considers that these and similar developments are a positive contribution to improvements in public sector efficiency and customer service, however, it would hope to see more examples emerging of industry becoming a partner in similar arrangements. Different funding arrangements for different sectors should not be allowed to raise artificial barriers to an expansion of these joint activities provided the integrity of VET activities is not lost.

**Vocational Education in the Schools**

The development of accredited vocational education in the schools will produce positive shifts in community attitudes and behaviour to vocational education and training as well as enabling young people to accelerate their careers.
The senior school system should be supported and encouraged not only to introduce recognised vocational education courses but also to promote these as desirable outcomes for students.

There are risks that the introduction of vocational studies to senior schools will be seen by students and staff as a haven for the academically less able, unless these studies are positively promoted; moreover, the credibility of these courses for employment could be undermined by a watering down of industry requirements.

In developing vocational programs for schools, it is essential that no artificial barriers be developed to restrict student pathways. Quality vocational courses in schools should count for tertiary entrance as well as being recognised on the senior secondary qualification. As well, it is important to recognise that the facilitation of credit from VET to university courses is crucial to decisions made by senior secondary students when choosing vocational courses at school or VET courses after completion of secondary education.

The quality of the inputs will be the key to success of these programs, that is a quality curriculum based on recognised vocational standards, technically competent and work experienced teachers, appropriate equipment and specialist facilities and meaningful work placements for students. There are no doubt additional costs in meeting these requirements. It is a matter for governments to decide how these funds should be provided.

The Review emphasises its strong support for the growth of vocational courses in schools which it sees as important for the success of strategies to encourage school retention and to provide an option for young people to access VET.

**Vocational Education and Training in the Adult and Community Education Sector**

As noted previously, the Adult and Community Education Sector (ACE) is now providing accredited vocational education and training. This is an important development because of the outreach capabilities of this sector, its sensitivities to local needs and is a low cost operator.

While the ACE community has acknowledged the vocational education and training sector funds now flowing to it, there are concerns over the effects that this funding could have on the direction and development of the sector.
The first issue raised by the ACE community is that the division of educational activities into two neat bundles of vocational and non-vocational is flawed. In particular, they argue that any students in non vocational courses are in fact there for vocational reasons.

There is concern also that in the chase to attract funds, the sector runs the risk of abandoning its traditional programs which are an important response to the needs of the community and individuals for general and liberal education and personal development. The sector believes that in the face of the changes in our community it is vital that these programs flourish and that they do not become seen as of priority.

The Response of the Review

The argument put forward by the sector that the stated intent of a course to be vocational or non-vocational is not necessarily reflected in the immediate motivations of the students enrolled in it or in the long term uses to which the skills and knowledge gained from it will be put by those students is accepted by the Review. However, the Review does not consider that this provides a justification for abandoning the current distinction between vocational and non-vocational courses being made for funding purposes.

The Review supports the continuation of funding to ACE for vocational courses. The Review would not support any weakening of the current funding criteria being applied for access by this sector to vocational education and training funds.

Conclusions

The Review concluded that:

- improvements in cross sectoral links and co-operation should remain a priority for the vocational education and training sector;
- providers should continue to facilitate the movement of students across the education sectors particularly through appropriate credit transfer;
- support should be given to experiments in new forms of cross-sectoral institutions;
- co-operation should be encouraged between enterprises and institutional providers of vocational education and training; in particular, through the sharing of staff, facilities, curricula and teaching and assessment materials;
• VET funds under the ANTA Agreement should continue to be used only on specific VET sector programs approved in the Profile negotiations and not be used for funding activities in other sectors; and

• the school sector should be encouraged to continue to expand opportunities for young people to undertake recognised vocational studies in their senior school years.

Recommendation

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<td>22. Governments encourage the school sector to expand opportunities for young people to undertake recognised vocational studies in their senior school years.</td>
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IN CONCLUSION

The Report concludes with a check list of some notable achievements under the ANTA Agreement and the remaining significant impediments to continued progress.

Any judgement of progress made against the six objectives of the ANTA Agreement must be tempered by the following considerations:

- some of the objectives are long term and their fulfilment would not have been possible in the time the Agreement has been in place;
- achievement of some of the objectives is difficult to measure given the current lack of quality data in the system;
- a number of key elements of training reform crucial to the success of the ANTA objectives have only recently been brought under the arrangements or are part of broader links with other education sectors.

Achievements

The Review considers that the most clearly demonstrated achievements under the Agreement are as follows.

1. There is strong support for ANTA and the ANTA Agreement.
2. ANTA has encouraged more effective planning for VET provision both at the national and State/Territory levels.
3. National structures are now in place to support the national system.
4. There has been growth in the system.
5. There are good developments within the TAFE sector and agreement that TAFE is becoming more client focused.
6. Productivity has increased.

Impediments

The review has identified the following impediments to progressing the full set of objectives of the Agreement.

1. There is no strong sense of ownership of the Australian National Training Authority by the parties to the Agreement.
Review of the ANTA Agreement

2. The system is too complex.

3. The national system of recognition suffers from over regulation and failures in reciprocal recognition of providers and courses.

4. Insufficient progress has been made in improving the equity objectives of the Agreement.

5. VET system data is inadequate.

6. Progress on establishing an effective training market has been slow.

Conclusions

While the Agreement was signed in 1992, ANTA was only established in 1993, further functions and programs have been progressively been transferred to it. It has been a period of development of the organisation and its national structures. Heads of Government need to measure ANTA’s achievements after giving proper weight to the difficulties ANTA had as a newly established organisation in progressively accepting and efficiently managing programs, in some cases designed by others, totalling almost $3 billion.

The Review concluded that viewed in aggregate, progress has been satisfactory, but more needs to be done. Over the next three to five years the focus should be on facilitating the relationship between individual providers and clients at the local level and removing the impediments referred to above.

Recommendation

The Review recommends that:

23. Governments review further progress under the Agreement within three to five years to determine whether the arrangements under the ANTA Agreement continue to remain the appropriate organisational structure to manage the national vocational education and training system.
ATTACHMENT A

TERMS OF REFERENCE

Objective


Strategy

The Review will examine the extent to which the objectives referred to in paragraph 1 of the ANTA Agreement have been met and the extent to which the various elements of the Agreement have contributed to meeting these objectives.

In the light of the need for the vocational education and training system in Australia to:

- reflect industry's needs and concerns and involve industry in determining the direction of training reform;
- contribute to regional development needs;
- increase flexibility and competition in the training market so as to offer a variety of training pathways (including the links with the school and higher education sectors) and a number of training providers;
- successfully implement reforms including competency-based training, national qualifications recognition, curriculum review and credit transfer; and
- provide opportunities for all Australians, including disadvantaged groups to gain access to training and to achieve high quality outcomes.

The terms of reference of the Review are to consider the extent to which the ANTA Agreement has contributed to the achievement of:

- a national vocational education and training system, with agreed objectives and priorities, assured funding arrangements, consistent
national strategies and a network of providers delivering high quality, nationally recognised programs at the State/Territory and local level;

- close interaction between industry and vocational education and training providers, to ensure that the training system operates within a strategic plan that reflects industry’s needs and priorities;

- an effective training market, with public and private provision of both high level, advanced technical training and further education opportunities for the workforce and for the community generally;

- an efficient and productive network of publicly funded providers that can compete effectively in the training market;

- increased opportunities and improved outcomes for individuals and target groups, including school leavers, to enhance their employment outcomes; and

- improved cross-sectoral links between schools, higher education and vocational education and training;

with particular reference to:

- the role of ANTA in working with Commonwealth, State and Territory Governments, State/Territory Training Authorities, industry bodies and other interested parties in the development of a national strategic approach to the vocational education and training system;

- the role of State/Territory Profiles in planning for the delivery of vocational education and training services, including the planning and consultative processes which underpin them;

- the contribution of the ANTA Agreement to achieving the Finn targets for the participation of young people in entry level training; and

- the role of the ANTA Agreement for the funding of the vocational education and training sector, particularly with respect to the effectiveness of the maintenance of effort provisions and ANTA Growth Funds, and ANTA’s progress to date in developing meaningful outcomes measures and unit costs against which the training efforts of the various State/Territory training agencies might be assessed.
Process

In conducting the Review consultations should be held with key stakeholders, including, employer bodies, individual enterprises, unions, the responsible Commonwealth, State and Territory Ministers, the Australian National Training Authority, State and Territory training authorities, private providers, students and the general community. The Review will make any recommendations for change it considers desirable on any matter considered by it.

In addition to the bilateral consultations referred to above, a Reference Group made up of representatives of the Commonwealth and each State and Territory will be consulted by the Review.

Timing

The Review should provide a final report no later than 1 February 1996.

The final report will be provided for consideration by all jurisdictions who are parties to the ANTA Agreement.
ATTACHMENT B

ISSUES PAPER

The Review of the Agreement between the Commonwealth, State and Territory Governments to establish a National Vocational Education and Training System (ANTA Agreement) will concentrate on the results achieved during the two and a half years of the Agreement’s operation. The Review will consider how future arrangements might best respond to industry needs and those of individual students within the context of the national vocational education and training (VET) system.

The questions in this Issues Paper, set out under each Agreement objective, are intended to provoke responses on key issues. These questions are divided into matters for general discussion and a few questions of specific interest for governments. Respondents are invited to comment on questions they see as relevant to their areas of concern and involvement with the national training system.

OBJECTIVE 1: A NATIONAL TRAINING SYSTEM

The central aim of the ANTA Agreement is to promote a national VET system with agreed objectives and priorities, assured funding arrangements, consistent national strategies and a network of providers delivering high quality and nationally recognised programs at the State/Territory and local levels.

Some issues for consideration:

1. Have the ANTA Agreement’s structures and processes at both the national and State/Territory levels helped the development of a national training system? How can a national system be further developed?

2. Does the ANTA Agreement adequately contribute to regional development needs?

3. Has the right balance been struck between the provision of training opportunities for young people and training aimed at upgrading the skills of the existing workforce? Has the allocation of growth funds
been in the right areas? Does the training system need to grow further?

4. While noting that there have been recent changes, are there still too many co-ordinating and regulatory bodies operating in the training system? How could structures be further simplified?

5. How have the roles of the Australian National Training Authority (ANTA) in strategic planning and resource allocation assisted the development of a national training system? How could these systems be improved?

6. Does the current national training system promote diversity in access to training? Are the needs of disadvantaged groups, part-time and casual workers, workers with family responsibilities and those re-entering the workforce taken into account? How are they involved in the decision making process?

7. What progress has been made in developing an information reporting system to enable the key results of the national training system to be assessed? In particular, how can the measurement of outputs, outcomes, efficiency, quality and equity best be assessed?

Additional questions for governments

8. What is your understanding of the purposes for which growth funding has been provided?

9. What are the key issues associated with the “maintenance of effort” requirement in the Agreement?

10. Are the key planning instruments - including the national goals, objectives and priorities, the national strategic plan, the guide to national Industry Training Advisory Bodies (ITABs), training priorities and training profiles - useful and adequate tools for planning, resource allocation, accountability and training delivery?

11. Under the terms of the Agreement 80% of growth funding has been available for distribution to States and Territories according to population share and 20% on performance related criteria. Has the performance component been useful? Is there a better way to distribute future growth?
12. Has the division of responsibilities between the States/Territories, ANTA and the Commonwealth enabled clear and complementary roles to be carried out by each party?

13. Could training for labour market programs be better co-ordinated within overall planning for training provision?

14. How has the ANTA Agreement influenced investment in training by industry?

**OBJECTIVE 2: INDUSTRY INVOLVEMENT**

*A major objective of the ANTA agreement is to ensure that the VET sector is more responsive to the needs of industry. Industry is involved in key aspects at the national level through membership of the ANTA Board and national and State/Territory advisory structures and training agencies.*

**Some issues for consideration**

15. Has industry (including employer and employee organisations, enterprises and ITABs) been able to drive the direction of training reform? What measures can be taken to increase industry influence eg., by improving or simplifying the current structures and processes?

16. Are enterprise training needs, including those of small and medium sized enterprises, adequately addressed in the current arrangements?

17. How can it be ensured that government funding responds to industry needs and that growth is directed most effectively?

**Additional question for governments**

18. How can governments balance the need to respond to both industry and individual demands, including disadvantaged groups, for training?

**OBJECTIVE 3: AN EFFECTIVE TRAINING MARKET**

*It is an objective of the ANTA Agreement to ensure high quality public and private provision of training and to increase flexibility and competition in the training market so as to offer a variety of training pathways. At the same time, it is important that the public interest and community service obligations of government in the provision of training are met.*
Some issues for consideration

19. Has the Agreement provided a suitable framework for increasing flexibility and competition in the training system?

20. What measures to increase competition have been successful so far? What are the remaining barriers to creating a more competitive training market? How can these be removed?

21. In light of the Agreement’s commitment to the development of an effective training market what are the implications of competition policy for the training system?

22. Has greater competition and improved pathways meant more or less access for disadvantaged groups?

23. How should the public interest and community service obligations of governments be addressed in a competitive training system, including, for example, meeting rural and remote area needs, widening access for disadvantaged groups and maintaining quality training provision?

OBJECTIVE 4: AN EFFICIENT AND PRODUCTIVE NETWORK OF PUBLICLY FUNDED PROVIDERS

An objective of the ANTA Agreement is to ensure that there is an efficient and effective network of publicly funded training providers able to compete in the training market.

Some issues for consideration

24. In what way has the Agreement assisted the development of such a network?

25. Are current approaches to performance measurement adequate to demonstrate efficiency and effectiveness?

26. How has the Agreement encouraged public providers to be flexible, client focussed and better able to redirect resources to meet emerging demands, particularly those from industry?

27. What is the right balance between public and private training provision?
OBJECTIVE 5: INCREASED OPPORTUNITIES AND IMPROVED OUTCOMES

The ANTA Agreement aims to ensure that all Australians, including disadvantaged groups and school leavers, have access to training that will achieve high quality outcomes including employment.

Some issues for consideration

28. Has the Agreement provided the framework for increased training opportunities for individuals in general and disadvantaged groups in particular? What has been achieved?

29. What further barriers to participation and employment outcomes need to be removed?

30. How can industry be involved in improving access and equity in training? How are the needs of industry and equity groups balanced?

31. Are participation targets (e.g., Finn targets) for particular groups an effective way to achieve increased access?

Additional questions for governments

32. What information is available to show improved outcomes (including employment outcomes) for disadvantaged groups? What can be done at the national level to promote quality outcomes from participation in the training system? What meaningful measures can be developed?

OBJECTIVE 6: IMPROVED CROSS SECTORAL LINKS

The ANTA Agreement aims to improve links between schools, higher education and VET to assist in the creation of flexible and complementary education and training pathways.

Some issues for consideration

33. Does the Agreement give a framework for improving links between the training system and schools and universities? Have better links been achieved during the course of the Agreement?

34. Has the ANTA Agreement adequately addressed the role for schools in vocational education including through the Australian Vocational Training System (AVTS) and the development of pathways from schools to the VET sector? How can this be further developed?
ATTACHMENT C

SUBMISSIONS TO THE REVIEW

Organisations
Commonwealth Government
New South Wales Government
Victorian Government
Queensland Government
Western Australian Government
South Australian Government
Tasmanian Government
ACT Government
Northern Territory Government
Australian National Training Authority
Admin Training Company
Affirmative Action in Training Inc.
Arts Training ACT
Australian Association of Adult and Community Education Inc.
Australian Chamber of Manufactures
Australian Council of Independent Business Colleges Limited
Australian Council of Trade Unions
Australian Education Union
Australian Electronics Manufacturing Services Pty Ltd
Australian Lift Industry Skills and Training Council Ltd
Australian Manufacturing Workers’ Union
Business Council of Australia
Review of the ANTA Agreement

Business Services Industry Training Council (QLD) Inc.
Catholic Education Office
Chamber of Commerce and Industry of Western Australia
Community Services, Health and Education Industry Training Council Inc.
Construction Training Australia
Council of Textile and Fashion Industries of Australia Ltd
Curtain Consulting
Entertainment Industry Employers Association
Federation of Ethnic Communities’ Councils of Australia Inc.
Fire Trainers Association of Australia Inc.
Food Industry Training Council
Group Training Australia
Institute for Aboriginal Development
Joint APS Training Council
Kangan Institute of TAFE
Logan Work Options
Manly Warringah Community College Inc.
Western Australian Ministry of Justice
National Centre for Vocational Education Research Ltd
National Printing Industry Training Council
National Tertiary Education Industry Union
Network of Women in Further Education Inc.
Pilbara Development Commission
Public Administration Industry Training Council of Western Australia (Inc.)
Real Estate Institute of Australia
NSW Retail and Wholesale Industry Training Council Ltd
David Rumsey and Associates Pty Ltd
Rural Training Council of Australia Inc.
Attachment C: Submissions to the Review

Sydney Institute of Technology
Tertiary Pathways Careers Service
Tourism Training Australia
Trades and Labour Council of the Australian Capital Territory Inc.
Transport and Storage Industry Training Council
University of South Australia
Utilities Industry Training Advisory Body Ltd
Victorian Association of Directors of TAFE Colleges Inc.
Wholesale, Retail and Personal Services Industry Training Advisory Board (QLD)

Individuals

Dr Ross Harold
Mr Norm Neill
Dr Brian Noad
Mr Phillip Rutherford (submission made in-confidence)
Ms Erin Wilson
ATTACHMENT D

CONSULTATIONS HELD BY THE REVIEW AND MEMBERSHIP OF THE REFERENCE GROUP

Organisations

Air Conditioning and Mechanical Contractors Association
Australian Association of Adult and Community Education Inc.
Australian Capital Territory Vocational Education and Training Authority
Australian Chamber of Commerce and Industry
Australian Council of Trade Unions
Australian National Training Authority
Australian National Training Authority Board
Building Industry Group Scheme - Victoria
Business Council of Australia
Cairns Region Group Apprentices
Canberra Institute of Technology
Central Gippsland College of TAFE
Commonwealth Bank
Construction Industry Skills Centre - Brisbane
Fire Trainers Association of Australia Inc.
Ford Australia
Gold Coast Institute - Stuart Centre
Herron Pharmaceuticals
Holmesglen College of TAFE
Industry and Commerce Employment and Training Group
Review of the ANTA Agreement

Inner North Group Training Company - Victoria
Kelvin Grove State High School
Lorraine Martin Business College
McDonald’s Australia Limited
Melbourne College of Textiles
Metal Trades Industry Association
National Employment and Training Taskforce (NETTFORCE)
NETTFORCE Admin Training Company - Queensland
New South Wales Board of Vocational Education and Training
New South Wales Cabinet Office
New South Wales Office of the Board of Vocational Education and Training
New South Wales Building and Construction Industry Training Council
North Metropolitan College - Joondalup
Northern Territory Employment and Training Authority
New South Wales Department of Training, Education and Co-ordination
Office of the Status of Women, Department of the Prime Minister and Cabinet
Outer Eastern College of TAFE - Melbourne
Panpacific Hotel - Brisbane
Plumbing Industry Group Training Company - Victoria
Queensland Department of Education
Queensland Department of Employment, Vocational Education, Training and Industrial Relations
Queensland Office of the Cabinet
Queensland Public Sector Management Commission
Queensland Treasury
Queensland Vocational Education Training and Employment Commission
School of Mines and Industry - Ballarat
South Metropolitan College - Fremantle
Southbank Institute of TAFE - Brisbane
South Australian Department of Education and Children Services
South Australian Department of Employment Training and Further Education
South Australian Department of the Premier and Cabinet
Stanwell Power Station - Skill Development Centre
Tasmanian Department of Industrial Relations, Vocational Education and Training
Toyota Motor Corporation of Australia
Victorian Department of Education
Victorian Department of the Premier and Cabinet
Victorian Office of Training & Further Education
Victorian University of Technology
Western Australian Department of Training

**Individuals**

Mr Peter Laver, Corporate General Manager BHP Chancellor of Victoria University and Chair of National Board of Employment Education and Training
## THE REFERENCE GROUP OF SENIOR GOVERNMENT OFFICIALS

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Chris Robinson</td>
<td>Prime Minister and Cabinet</td>
</tr>
<tr>
<td>Mr Tom Brennan</td>
<td>Commonwealth Department of Employment, Education and Training</td>
</tr>
<tr>
<td>Mr Peter Stavely</td>
<td>New South Wales Cabinet Office</td>
</tr>
<tr>
<td>Mr Tom Dumbrell</td>
<td>New South Wales Office of the Board of Vocational Education and Training</td>
</tr>
<tr>
<td>Ms Meredith Sussex</td>
<td>Victorian Department of Premier and Cabinet</td>
</tr>
<tr>
<td>Mr Peter Harmsworth</td>
<td>Victorian Office of Training and Further Education</td>
</tr>
<tr>
<td>Mr Bob Marshman</td>
<td>Queensland Department of Employment, Vocational Education Training and Industrial Relations</td>
</tr>
<tr>
<td>Mr Colin Adrian</td>
<td>Australian Capital Territory Chief Minister’s Department</td>
</tr>
<tr>
<td>Mr Peter Gordon</td>
<td>Australian Capital Territory Department of Vocational Education and Training Authority</td>
</tr>
<tr>
<td>Mr Ian Hill</td>
<td>Western Australian Department of Training</td>
</tr>
<tr>
<td>Mr John Smyth</td>
<td>Northern Territory Department of Employment and Training Authority</td>
</tr>
<tr>
<td>Mr Darcy McGaurr</td>
<td>Tasmanian Department of Industrial Relations and Vocational Education and Training</td>
</tr>
<tr>
<td>Ms Christine Charles</td>
<td>South Australian Department of Premier and Cabinet</td>
</tr>
<tr>
<td>Mr Brian Stanford</td>
<td>Department of Employment, Training and Further Education</td>
</tr>
</tbody>
</table>
ATTACHMENT E

NATIONAL GOALS FOR VOCATIONAL EDUCATION AND TRAINING IN AUSTRALIA

Goal 1: A National Training System
Develop a national vocational education and training system in which publicly funded, private and industry providers can operate effectively, efficiently and collaboratively and which meets the needs of industry and individuals.

Goal 2: Quality
Improve the quality of the outcomes of vocational education and training.

Goal 3: Opportunities and Outcomes for Individuals
Improve vocational education and training opportunities and outcomes for individuals.

Goal 4: The Needs of Industry
Improve the ability of the vocational education and training system to respond to the current and future needs of industry.

Goal 5: Equity
Improve access to and outcomes from vocational education and training for disadvantaged groups.

Goal 6: Training as an Investment
Increase public recognition of the value of vocational education as an investment for both industry and individuals.
ATTACHMENT F

NOTE ON DATA

This Attachment explains the sources of VET financial and activity data used in the Report and outlines the way in which the data have been analysed.

Data Sources

Financial Data

Financial tables and charts in Chapter 6 of this Report have been constructed from four sources:

- The Australian Committee on VET Statistics (ACVETS), Collection of National Financial Data on Vocational Education and Training (Blue Book), 1991 to 1994, prepared by Coopers and Lybrand for the Committee;
- ANTA, Directions and Resource Allocations 1996;
- State and Territory expenditure statements to ANTA under the maintenance of effort and Profile arrangements provided to the Review by ANTA; and
- Commonwealth appropriations under the VET Funding and ANTA Acts, summarised for the Review by ANTA.

The first source is referred to as the “National Financial Collection” in the Report. Figures in this category cover a wider scope of financial information than that within the ANTA funding arrangements. For example, TAFE fee-for-service and other revenue is included in the National Financial Collection but not within the ANTA arrangements.

The last three sources listed above make up what is referred to in the Report as ‘Maintenance of Effort/Commonwealth Appropriations’ and cover funding within the ANTA arrangements.

The National Financial Collection provides a time series 1991 to 1994, while the Maintenance of Effort/Commonwealth Appropriations data provide a time series for 1992 to 1996 (1995 figures are estimated and 1996
planned expenditures). The two series overlap in 1992, 1993 and 1994, with the National Financial Collection being a higher figure, owing to its wider scope.

The Review used the overlap between these time series in 1992, 1993 and 1994 to derive notional real 1995 and 1996 figures for the National Financial Collection. The overlap was also used to estimate a notional real 1991 figure under the Maintenance of Effort/Commonwealth Appropriations category.

For example, the 1995 National Financial Collection notional real recurrent expenditure figure was derived by calculating the average difference between the National Financial Collection and Maintenance of Effort/Commonwealth Appropriations real figures for 1992, 1993 and 1994, and adding this to the 1995 real Maintenance of Effort/Commonwealth Appropriations figure, that is:

\[
1995 \text{ National Financial Collection (notional)} = 1995 \text{ MoE/Commonwealth Appropriations} + \text{Average of:} \; (\text{over 1992, 1993 & 1994}) \; - \; \text{National Collection}
\]

The 1991 Maintenance of Effort/Commonwealth Appropriations notional figure was calculated by subtracting the average difference between the National Financial Collection and Maintenance of Effort/Commonwealth Appropriations real figures for 1992, 1993 and 1994 from the real 1991 National Financial Collection figure, that is:

\[
1991 \text{ MoE/Commonwealth Appropriations (notional)} = 1991 \text{ National Collection} - \text{Average of:} \; (\text{over 1992, 1993 & 1994}) \; - \; \text{National Collection}
\]

Derived figures have been used in the Report to give some indication of trends in the growth of VET recurrent funding, rather than make precise estimates. They are included in brackets in Table F.4.
Activity Data

Activity data presented in this Report draw from two sources:

- ACVETS, *Selected VET Statistics* various years, prepared by the National Centre for Vocational Education Research for the Committee; and
- State/Territory Profiles and maintenance of effort statements presented by States and Territories to ANTA. These data were summarised by ANTA for the Review.

The ACVETS data are referred to as ‘Selected VET Statistics’ in the Report. This covers a wider scope of activity than that within the ANTA arrangements. The data provided by ANTA are referred to as ‘ANTA Profiles/MoE’ in the Report. This covers activity within the scope of the ANTA arrangements. A consequence of the difference between the two data sets is that the Selected VET Statistics series is consistently higher than the ANTA Profiles/MoE series.

The time series overlap in the years 1993 and 1994, with respect to annual hours of contact (AHC). As with the financial data discussed above, the Review used the differences between the time series in the two years of overlap to derive notional figures for 1995 and 1996 for the Selected VET Statistics series and 1991 and 1992 for the ANTA Profiles/MoE series. The method of calculation, using the average difference between the time series, was employed in the same manner as the financial data.

Data Tables

The data used in the Report’s charts and tables are presented below. The tables cover:

- Nominal financial data for recurrent and capital funding;
- Deflators used to adjust nominal financial data to constant dollars;
- Financial data in real terms (constant 1989-90 dollars);
- Activity data; and
- Indices of funding and activity calculated by the Review.

Notional figures derived by the Review are included in brackets in tables F.4 and F.6.
### Table F.1: Nominal VET Recurrent Funding 1991-1996 ($'000s)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>State</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>National Financial Collection</td>
<td>1,734,642</td>
<td>1,792,141</td>
<td>1,827,722</td>
<td>1,851,225</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>C/wth</td>
<td>344,183</td>
<td>436,761</td>
<td>618,656</td>
<td>608,675</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,078,825</td>
<td>2,228,902</td>
<td>2,446,378</td>
<td>2,459,900</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

| **State** |        |        |        |        |                  |                |
| MoE/Commonwealth Appropriations |        |        |        |        |                  |                |
| C/wth  | n/a     | 261,317 | 344,681 | 524,385 | 655,037^2        | 720,969        |
| **Total** | n/a     | 1,935,357 | 2,058,905 | 2,276,535 | 2,437,107^3      | 2,538,406      |

1. Commonwealth recurrent expenditures under this category include payments to the States/Territories for Adult Migrant English Programs, Adult Literacy, entry level training, prevocational training and Industry Training Support. State recurrent figures do not include fee for service, student fees and other revenue.

2. There is a break in series in the National Financial Collection in 1994 with respect to the Commonwealth recurrent revenue, owing to what appears to have been a misclassification of Commonwealth revenue in earlier years. This is currently being analysed but adjusted figures were not available at the time of the Review.

3. The 1994 and subsequent Commonwealth recurrent figures under MoE/Commonwealth appropriations show a jump as a result of adding the Annual Appropriations under Section 11 of the ANTA Act.


5. The 1995 MoE/Commonwealth Appropriations figures are estimates, and 1996 figures are planned expenditures.
Table F.2: Nominal VET Capital Funding 1991-1996 ($’000s)

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<tr>
<td>State</td>
<td>122,286</td>
<td>112,911</td>
<td>129,509</td>
<td>132,752</td>
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<tr>
<td>C/wlth</td>
<td>216,898</td>
<td>220,216</td>
<td>210,850</td>
<td>220,522</td>
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<td>n/a</td>
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<tr>
<td>Total</td>
<td>399,184</td>
<td>333,127</td>
<td>340,359</td>
<td>353,274</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

MoE/ Commonwealth Appropriations

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>State</td>
<td>n/a</td>
<td>133,260</td>
<td>131,747</td>
<td>131,070</td>
<td>124,860</td>
<td>130,792</td>
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<td>C/wlth</td>
<td>n/a</td>
<td>219,018</td>
<td>218,378</td>
<td>221,937</td>
<td>227,644</td>
<td>227,644</td>
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<tr>
<td>Total</td>
<td>n/a</td>
<td>352,278</td>
<td>350,125</td>
<td>353,007</td>
<td>352,504</td>
<td>358,436</td>
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1. Sources for Table F.2 are the same as for Table F.1.

Table F.3: Gross Non-Farm Product Implicit Price Deflators

<table>
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<tr>
<td>GDP</td>
<td>105.0</td>
<td>106.5</td>
<td>108.1</td>
<td>109.0</td>
<td>111.3</td>
<td>115.2</td>
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</table>

1. GDP deflator: 1989-90=100.0

The deflators used in Table F.3 are June quarter figures for each financial year. These were taken from ABS National Accounts 5206.0, June Quarter 1995.

The deflator for 1995-96 was calculated using a forecast figure of 3.5 per cent for Non-Farm Gross Domestic Product. The source for this was Budget Statements 1995-96, Budget Paper No.1, p.2-25.
These deflators are used for simplicity and clarity. The Review notes that ANTA and the Commonwealth use more complex, composite indices to make adjustments to recurrent and capital funding.

Table F.4: Real VET Recurrent Funding 1991-1996 ($'000s)$^{1}$

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>National Financial Collection</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>1,652,040</td>
<td>1,682,762</td>
<td>1,690,770</td>
<td>1,698,372</td>
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<tr>
<td>C/wth</td>
<td>327,793</td>
<td>410,104</td>
<td>572,300</td>
<td>558,417</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>1,979,833</td>
<td>2,092,866</td>
<td>2,263,070</td>
<td>2,256,789</td>
<td>(2,457,105)</td>
<td>(2,470,995)</td>
</tr>
</tbody>
</table>

|        |        |        |        |        |                  |                |
|--------|--------|--------|--------|--------|                  |                |
| MoE/ Commonwealth Appropriations |        |        |        |        |                  |                |
| State  | n/a    | 1,571,869 | 1,585,776 | 1,607,477 | 1,601,141       | 1,577,698      |
| C/wth  | n/a    | 245,368  | 318,854 | 481,087 | 588,533         | 625,866        |
| Total  | (1,712,402) | 1,817,237 | 1,904,630 | 2,088,564 | 2,189,674       | 2,203,564      |

1. Figures are in real 1989-90 dollars. They were derived using the non-farm GDP deflators in Table F.3.

Table F.4 is similar to Table 6.1 in the Report except that it includes the figures in brackets derived by the Review for the purposes of demonstrating trends (refer to Figures 6.1 and 6.3).
Table F.5: Real VET Capital Funding 1991-1996 ($'000s)$^{1}$

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>(estimated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Financial Collection</td>
<td></td>
<td>(planned)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>116,463</td>
<td>106,020</td>
<td>119,805</td>
<td>121,791</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>C/wth</td>
<td>206,570</td>
<td>206,776</td>
<td>195,051</td>
<td>202,314</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>323,033</td>
<td>312,796</td>
<td>314,856</td>
<td>324,105</td>
<td>n/a</td>
<td>n/a</td>
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| MoE/ Commonwealth Appropriations |       |       |       |       |       |       |
| State  | n/a   | 125,127 | 121,875 | 120,248 | 112,183 | 113,539 |
| C/wth  | n/a   | 205,651 | 202,015 | 203,612 | 204,532 | 197,615 |
| Total  | n/a   | 330,778 | 323,890 | 323,860 | 316,715 | 311,154 |

1. Figures are in real 1989-90 dollars, derived using the non-farm GDP deflators, as set out in Table F.3.

Table F.5 also appears as Table 6.2 in the Report.
Table F.6: National VET Activity 1991-1996

<table>
<thead>
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<tbody>
<tr>
<td>Selected VET Statistics¹</td>
<td>AHC ('000s)</td>
<td>224,657</td>
<td>246,200</td>
<td>268,164</td>
<td>273,259¹</td>
<td>(287,209)</td>
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<td></td>
<td>Enrolments</td>
<td>1,184,977</td>
<td>1,252,486</td>
<td>1,362,977</td>
<td>1,394,677</td>
<td>n/a</td>
</tr>
<tr>
<td>ANTA Profiles/ MoE²</td>
<td>AHC ('000s)</td>
<td>(178,681)</td>
<td>(200,224)</td>
<td>218,800</td>
<td>230,671</td>
<td>241,233</td>
</tr>
</tbody>
</table>

2. Due to the introduction of AVETMISS there is a break in the VET statistics series 1993 to 1994.
3. 1993-1996 ANTA Profiles/MoE data draw from State/Territory profile and MoE data. This was provided by ANTA and covers government funded activity as defined under the ANTA Agreement.

Table F.6 is similar to Table 6.4 in the Report except that it includes figures in brackets derived by the Review for the purposes of demonstrating trends (refer to Figures 6.2 and 6.3).
Table F.7: Indices of Funding and Activity 1991-1996 (1991=100)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Financial Collection</td>
<td>100.0</td>
<td>105.7</td>
<td>114.3</td>
<td>114.0</td>
<td>(124.1)</td>
<td>(124.8)</td>
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<tr>
<td>MoE/Commonwealth Appropriations</td>
<td>100.0</td>
<td>106.1</td>
<td>111.2</td>
<td>122.0</td>
<td>127.9</td>
<td>128.7</td>
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<td>Activity</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Selected VET Statistics (AHC)</td>
<td>100.0</td>
<td>109.6</td>
<td>119.4</td>
<td>121.6</td>
<td>(127.8)</td>
<td>(132.3)</td>
</tr>
<tr>
<td>ANTA Profiles/MoE (AHC)</td>
<td>(100.0)</td>
<td>(112.1)</td>
<td>122.5</td>
<td>129.1</td>
<td>135.0</td>
<td>140.6</td>
</tr>
</tbody>
</table>

1. Figures in brackets were derived by the Review for the purposes of demonstrating trends (refer to Figure 6.3).
2. National Financial Collection and MoE/Commonwealth Appropriations figures were calculated from Table F.4.
3. Selected VET Statistics and ANTA Profiles/MoE figures were calculated from Table F.6.

Table F.7 shows activity indices growing at a greater rate than funding indices. This is discussed in Chapter 6.
<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACE</td>
<td>Adult and Community Education</td>
</tr>
<tr>
<td>ACTRAC</td>
<td>Australian Committee on Training Curriculum</td>
</tr>
<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
</tr>
<tr>
<td>ACVETS</td>
<td>Australian Committee on Vocational Education and Training Statistics</td>
</tr>
<tr>
<td>AHC</td>
<td>Annual Hours of Contact/Student Contact Hours</td>
</tr>
<tr>
<td>ANTA</td>
<td>Australian National Training Authority</td>
</tr>
<tr>
<td>ANTA Board</td>
<td>The Board of Directors of ANTA</td>
</tr>
<tr>
<td>ANTA CEOs</td>
<td>Meeting of Heads of State/Territory Training Authority, Secretary of DEET and the ANTA Chief Executive Officer</td>
</tr>
<tr>
<td>ANTA MINCO</td>
<td>ANTA Ministerial Council</td>
</tr>
<tr>
<td>AQF</td>
<td>Australian Qualifications Framework</td>
</tr>
<tr>
<td>ASF</td>
<td>Australian Standards Framework</td>
</tr>
<tr>
<td>ATS</td>
<td>Australian Traineeship System</td>
</tr>
<tr>
<td>ATSI</td>
<td>Aborigines and Torres Strait Islanders</td>
</tr>
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<td>AVETMISS</td>
<td>Australian Vocational Education and Training Management Information Statistical Standard</td>
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<td>AVTS</td>
<td>Australian Vocational Training System</td>
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<td>BCA</td>
<td>Business Council of Australia</td>
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<td>BCG</td>
<td>Boston Consulting Group</td>
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<td>CBT</td>
<td>Competency Based Training</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>CSB</td>
<td>Competency Standards Body</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>DEET</td>
<td>Commonwealth Department of Employment, Education and Training</td>
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<tr>
<td>ESFC</td>
<td>Employment and Skills Formation Council</td>
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<tr>
<td>ITABs</td>
<td>Industry Training Advisory Bodies</td>
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<td>KPMs</td>
<td>Key Performance Measures</td>
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<td>Labour Market Programs</td>
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<td>MCEETYA</td>
<td>Ministerial Council on Employment, Education, Training and Youth Affairs</td>
</tr>
<tr>
<td>MoE</td>
<td>Maintenance of Effort</td>
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<td>MOVEET</td>
<td>Ministerial Council on Vocational Education, Employment and Training</td>
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<td>NBEET</td>
<td>National Board of Employment, Education and Training</td>
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<td>NCVER</td>
<td>National Centre for Vocational Education and Training</td>
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<td>NESB</td>
<td>People from a Non-English Speaking Background</td>
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<td>NETTFORCE</td>
<td>National Employment and Training Taskforce</td>
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<td>NFROT</td>
<td>National Framework for the Recognition of Training</td>
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<td>NTB</td>
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<td>NTW</td>
<td>National Training Wage</td>
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<td>SCC</td>
<td>Standards and Curriculum Council</td>
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<td>State Training Agency</td>
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<td>Technical and Further Education</td>
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<td>VEETAC</td>
<td>Vocational Education, Employment and Training Advisory Committee</td>
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<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
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</tbody>
</table>
REFERENCES


The Allen Consulting Group Pty Ltd (1994) Successful Reform, Competitive Skills for Australians and Australian Enterprises Melbourne: Report to the Australian National Training Authority


Australian National Training Authority (1994) Towards a Skilled Australia, a National Strategy for Vocational Education and Training


National Board of Employment, Education and Training Cross Sectoral Issues: Report to the Commonwealth Minister for Employment, Education and Training


