NCVER

Private training providers in Australia

Their characteristics and training activities

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A National Vocational Education and Training **Research** and **Evaluation** Program **Report**

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Publisher’s note

Additional information relating to this research is available in *Private training providers in Australia: Their characteristics and training activities—Support document*. It can be accessed from NCVER’s website <http://www.ncver.edu.au/publications/1688.html>.

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We hope that this report does justice to their efforts to make a significant contribution to the overall effort of vocational education and training in Australia.

Key messages

This study examines the nature of the training activity of private registered training organisations (RTOs) offered to Australian students in 2003, based on data from a national sample of 330 private RTOs from a population of around 3000. The study also provides estimates of the overall contribution by the private sector to the vocational education and training (VET) effort in Australia for that year.

- Private RTOs are a very diverse group, covering adult/community providers, enterprise-based providers, industry organisations, commercial training organisations and other private providers.
- Private RTOs offer a wide range of accredited and non-accredited VET courses across the full range of the Australian Qualifications Framework. Most deliver in only one state/territory. As well as their course offerings, many private RTOs also provide a wide range of student services. Training is largely delivered face to face.
- The majority of private RTOs are small in terms of numbers of staff they employ, with over three-quarters of the sample employing 20 or fewer staff.
- Sixty-three per cent of the surveyed private RTOs received some government funding.
- Private RTOs make a substantial contribution to the overall VET effort in Australia. Noting a number of caveats regarding the population register and response error, it is estimated that private RTOs in 2003 had 2.2 million students (a standard error of around 10%). This includes one organisation with 290 000 (part-time) students, reflecting large-scale provision of short courses. This compares with the 1.7 million students in the public sector in 2003.
- It should also be noted that:
  - around 170 000 of these students are covered in the provider collection maintained by the National Centre for Vocational Education Research (NCVER) because they are publicly funded
  - around 25% of the private RTO students studied unaccredited courses.
- Comparisons of the magnitude of training activity with the public VET sector are problematic because there are no estimates available of the training hours associated with each student in private RTOs.
- No accurate estimate of overall VET effort will be possible without a collection built on common statistical standards.

Executive summary

Context

The implementation of key policy initiatives in the 1990s such as the National Training Framework and national competition policy provided the impetus for the emergence of a training market for vocational education and training (VET) in Australia. Subsequent years have seen a significant rise in the number of private training providers operating in Australia.

Purpose and scope

The study was specifically designed to gather data on private training providers and the nature of the training they offered in order to understand more clearly their overall contribution to the provision of VET in Australia. For the purposes of this study, private providers were defined as those registered to provide nationally accredited VET and who were listed on the National Training Information Service database in the following categories:

- adult/community providers (includes adult education centres, adult migrant education providers, community access centres and community education providers)
- enterprise-based organisations (training centres within enterprises whose prime business focus is an industry other than education and training)
- industry organisations (includes industry associations, professional associations and group training companies)
- commercial training organisations (providers supplying fee-for-service programs to the general public)
- others (includes agricultural colleges, government providers, licensing authorities, local government, other government providers)

Telephone interviews were held with 330 private providers (response rate of 35.5%) to elicit information on their training activity for the calendar year 2003. The response rate was low, partly because many of the providers listed on the National Training Information Service were unable to be contacted or were out of survey scope. In addition, a relatively large number refused to participate in the survey. For these reasons, and because some provider types are over- or under-represented in the sample, caution needs to be exercised in extrapolating the findings from this sample to all private training providers.

Key findings

The overall profile of private providers delivering nationally accredited training programs to Australian students in 2003 is very diverse, with significant variations in terms of the types of students they attract, the nature of the courses they offer, the funding sources that support this activity and the factors shaping their businesses.

The organisations

Twenty-six per cent of the surveyed private providers classified themselves as adult/community providers, 13% as enterprise-based organisations, 19% as industry organisations, 39% as commercial training organisations and 3% as some other provider type.

Australian student enrolments

The majority of enrolments in private providers were part-time rather than full-time students. Around one-third of the surveyed providers reported that they had enrolments of 50 or fewer students, while approximately one-half had fewer than 100 students. Most students were enrolled in nationally accredited training programs. Around 25% of students were studying in unaccredited courses.

Funding sources for Australian student enrolments

Just over one-quarter of the surveyed registered training organisations reported that they funded their nationally accredited training activities for Australian students from government sources only. Fewer than four in ten organisations (37%) received no government funding for these activities. Twenty-four per cent of registered training organisations (RTOs) were fully self-funded, with a further 20% being funded from a combination of income from students and government sources. Those receiving government funding only for their nationally accredited programs tended to be adult/community providers (42%), while those with self-funded students only, or with a mix of government and self-funding, were more likely to be commercial training organisations (41% and 33%, respectively) and adult/community providers (31% and 30%).

Delivery patterns

Three-quarters of the surveyed private RTOs delivered training in one state/territory only. Adult/community providers were more likely to be delivering in one state/territory, while one-quarter of industry organisations and enterprise-based organisations were delivering training in three or more states/territories.

The most common fields of education in which training was delivered were management and commerce (33%); health (19%); food and hospitality (18%); education (16%); and information technology (12%). Delivery across fields of education was generally spread across all provider types, with the significant exceptions being information technology (highest for adult/community providers); mixed-field education (almost exclusively offered by adult/community providers); and engineering and related technologies (largely confined to enterprise-based organisations).

Private RTOs offered a wide range of qualifications from certificate I through to diploma and higher-level qualifications. In 2003, most students completing qualifications were awarded a certificate III, followed by certificate II and certificate IV.

Private RTOs predominantly used face-to-face delivery methods in their own organisations for both training and assessment. There were some significant differences between provider types, with commercial training organisations less likely to offer face-to-face training in their own organisations; enterprise-based and industry organisations were more likely to offer on-the-job training; and industry organisations and commercial training organisations more likely to offer face-to-face training in facilities located in industry or other companies.

Staffing

In 2003, the private RTOs sampled employed about 12 800 full-time staff, 2900 part-time staff and 5200 casual staff. Sixty per cent employed between one and five full-time staff only, while another 13% employed between six and ten full-time staff. The predominant picture is of very small organisations, in terms of full-time staff, with 84% having ten or fewer full-time staff. The most common groupings of staff were full-time and part-time staff (28%) or a combination of full-time, part-time and casual staff (23%). Industry organisations and enterprise-based organisations exhibited a very strong preference for employing full-time staff. By contrast, adult/community providers tended to employ casual staff more than full- or part-time staff.

Services provided by organisations

The surveyed RTOs reported offering a diverse range of services to their students. Fifty-one per cent of the organisations offered career counselling/placement; 45% computer facilities; and 41% personal counselling. This was followed by 36% academic counselling; 34% access to study space; 31% study assistance; 30% library facilities; and 24% assistance on fees concerns. The distinctive exception was adult/community providers who made available significantly higher proportions of a range of services to their students—particularly computing facilities, academic counselling, study spaces, library facilities and fee assistance.

Inhibitors and promoters of growth for organisations

In general, organisations were neutral about growth factors for their organisations. Such policy initiatives as the requirements of training packages, of New Apprenticeships and the Australian Quality Training Framework were seen as promoters of growth, although not strongly. Lack of recognition by overseas countries of Australian pre-university qualifications and competition from online trainers providers were noted as weak inhibitors of growth. The key inhibitors of growth were reported to be competition from technical and further education (TAFE) institutes and the absence of fee assistance loans for private students (such as the Higher Education Contribution Scheme that exists for university students).

Estimates of contribution of private sector to the overall VET effort

The sample responses were weighted to obtain estimates of the total number of students. These estimates need to be treated with caution because of the low response rate (around one in three) and problems with the population framework (the National Training Information Service had inaccurate contact and scope data). Putting these reservations to one side, it is estimated that private RTOs account for around 470 000 full-time students (standard error of 19%) and 1.7 million part-time students (standard error of 11%).

These numbers exceed the student numbers of the public VET sector (1.7 million students in 2003), but it should not be concluded that the private sector is larger than the public VET sector. Indeed, a number of points need to be kept in mind when making comparisons between the public and private sectors:

- There is crossover between the sectors, with around 170 000 private RTO students captured within the public VET sector because the students are publicly funded.
- The sample includes one organisation with 290 000 (part-time) students, all of whom were presumably enrolled in short courses.
- A direct comparison of training activity is not possible because the survey did not collect training hours, just student numbers, for private providers.
- It is estimated that around 25% of the students at private RTOs were undertaking unaccredited training.

Background

Purpose of the research

The Commonwealth review of the training costs of award restructuring (Training Costs Review Committee 1991 [the Deveson Report]) mooted the development of an open training market. However, it was not until the National Training Framework was endorsed in the mid-1990s that the open training market emerged in practice. This framework placed significant emphasis on flexibility and the role of industry, and provided increased opportunity for private training providers. This group has since become a very diverse and important component on the Australian vocational education and training (VET) landscape.

Despite their increasing numbers and significance of their role, relatively little research has been undertaken on the nature and extent of their contribution. Unwin, in the context of the United Kingdom, referred to the sector of private providers as 'the unseen world', where there is 'little professional development', 'a raw deal', 'no corporate voice' and 'their clients are even more invisible' (2003). In Australia, this sector is similarly a training 'black box', where private providers are, so far, not included in official statistics except in the case of those in receipt of government funds and for their activity in relation to the government funds only. While a proportion (about 750) of private providers in Australia do have a voice in the form of the Australian Council for Private Education Training, 'the full extent of VET delivered by private providers is largely still a mystery' (Robinson 2003).

What is known has tended to be gathered as a by-product of broader investigations concerned with the VET sector in general. An Australian study of VET staff development (Harris et al. 2001) indicated that private providers, in contrast to public providers, are far more likely to appoint already qualified staff; offer a much narrower (and less capital-intensive) range of programs; employ staff who are less likely to describe themselves as teachers/trainers; have fewer staff engaged in institution-based delivery; are more likely to be involved in the four areas of health/community services, English as a second language/literacy/numeracy, education, and computing; have far fewer staff development structures; have staff with completed formal qualifications in non-teaching postgraduate qualifications and workplace assessor/training awards; and have lower proportions of staff currently undergoing staff development. Moreover, a recent survey on the changing nature of VET work (Harris, Simons & Clayton 2005) found that private providers judge change to have significantly more impact on relationships with learners, but less impact on work responsibilities. The private providers report more focus on the external environment (for example, funding, understanding changes to VET and meeting industry needs) and have far higher proportions of staff with positive feelings towards changes to their work. Earlier studies had found that private providers often provide training as just one of several activities (Smith & Keating 1997, p.68) and frequently sub-contract the design and delivery of training (Barnett 1995, p.24).

There is an evident need to make private providers the prime focus of research rather than a 'by-product', and to investigate the characteristics of these organisations and their training offerings. Only in this way will their contribution be more comprehensively mapped, more clearly understood and more substantially recognised.

This project, therefore, was designed specifically to gather data on private providers and their recognised training in order to complement and build on what is already known about private providers from other studies. In this way, the findings have the potential to improve general understanding of the amount and type of recognised training delivered by these providers and assist policy-makers in their continuing endeavours to build an effective VET system in Australia.

The following research questions were used as a guide to frame this study.

- What are the characteristics of private providers delivering VET programs recognised under the Australian Quality Training Framework?
- What proportion of their activity is recognised by the Australian Quality Training Framework? What else do they offer?
- What are the characteristics of this recognised training?
- How many students undertake this recognised training?
- What are the private providers' views on promoters and inhibitors of growth in their organisations?

Issues in the literature

Understanding the exact nature of the contribution of private providers is an important part of attempting to quantify the overall VET effort in Australia, which in turn can help to illuminate the contribution of VET to overall economic development and growth in the country. This task rests on:

- understanding the genesis of private providers and the policy frameworks that have given rise to the private training market that exists today
- critically examining understandings of the term 'private provider'
- building on what is currently known from research on private training providers and their activities.

(The full literature review for this project is presented in appendix A of the support document entitled *Private training providers in Australia: Their characteristics and training activities—Support document*. It can be accessed from NCVER's website <http://www.ncver.edu.au/publications/1688.html>.)

Understanding the emergence of an open training market

The training reforms that commenced in the early 1990s signalled the beginning of a changing relationship between education and industry and the linking of educational goals with microeconomic reform (Billett et al. 1999, p.1). Debates about the standards of trade training provided impetus for the implementation of a competency-based approach to the delivery of vocational education and training. Parallel concerns about the adequacy of Australia's VET system to meet the demands for skilled workers were also being raised in a context where there was a pressing need to address problems with the economy and enhance Australia's international competitiveness (Australian Council of Trade Unions/Trade Development Council 1987, p.xi). Increasing unemployment and changes in occupational and industry structures also added to the need for growth in the provision of VET (Burke 2000, p.25).

While issues relating to the quality and quantity of VET were being explored, debate was also occurring on the ways in which governments might provide services. Neoliberal thinking increasingly challenged the position of technical and further education (TAFE) institutes as a 'protected state monopoly … resistant to the discipline imposed by competition for market share' (Anderson 1994b, p.4). Following overseas trends in this area, 'the most significant structural change involved a redefinition of the role of government and public TAFE providers through the purchaser/provider split' (Selby Smith et al. 2001, p.116).

One response to addressing the issue of the adequacy of VET was embedded in the Commonwealth report, *Training costs of award restructuring* (Training Costs Review Committee 1991). This report was notable for its emphasis on a market approach to the provision of VET and the importance of a robust supply of training through the introduction of a national system which would recognise and accredit private and industry training providers.

It was the implementation of the National Framework for the Recognition of Training in 1992 which provided, among other processes, the mechanism for the registration of private training providers. The implementation of national competition policy, flowing from the report by Hilmer, Raynor and Taperell (1993), added further impetus to the pressure for market reforms in VET and provided further fertile ground for the growth of private training providers in the VET marketplace. The Australian National Training Authority (ANTA) took up this mandate as part of its role in setting the strategic directions for the development of the VET system in Australia. Various strands of reform thus coalesced into a series of policies which included the goals of introducing greater competition between suppliers of VET, reforming the management and regulation of VET, and establishing greater accountability measures for those in receipt of public funds (Burke 2000, p.26).

The early training reforms, while lauded by some (Committee for Economic Development of Australia 1995, p.18), were criticised by others: one criticism in particular being that private providers found the national framework to be overly bureaucratic and that 'regulatory bodies [were] tending to entrench approaches that [were] heavily dependent on TAFE practices and attitudes' (Harris et al. 1995, p.79). Further concerns over the penetration of the concept of the training market within the VET sector were found in reviews and inquiries that were conducted to track the progress of the training reforms. The first of these was undertaken by the Allen Consulting Group, who concluded that 'the concept of the training market [was] too limited, with many elements necessary for a properly functioning market missing' (1994, p.iii). This report suggested significant reforms to further the development of the market, including the promotion of the 'user buys' concept to enable greater choice for employers and students and greater opportunities for private providers to expand their offerings. In addition, microeconomic reforms of the public VET sector needed to:

> … reflect the widely accepted principles for pursuing reform in the public sector, including clearly separating central government roles (policy and regulatory roles and purchase of services on behalf of the community) from service delivery roles.
>
> (Allen Consulting Group 1994, p.viii)

As Selby Smith et al. (2001, p.116) noted, operation of this purchaser/provider split was fundamental to subsequent efforts to firmly establish a training market, whereby TAFE became 'one of many providers'.

Other reviews continued this theme of the need for a more robust training market. The review of the ANTA agreement, conducted by Taylor in 1996, concluded that development of the training market and the overall VET system was being considerably impeded by a highly centralised approach to training reforms that promoted uniformity over customisation and responsiveness. A Senate inquiry heard evidence from private training providers which suggested that they felt disadvantaged in a system that they believed favoured TAFE (Senate Employment, Education and Training References Committee 1995, p.50). This committee also noted the difficulties inherent in attempting to define who private providers are, as well as the lack of data available to establish the scope of the sector (Senate Employment, Education and Training References Committee 1995, p.50). These reviews, combined with the election of the Liberal Coalition Government in 1996, heralded a new direction in reforms to the VET system.

Since that time, a revised policy framework, initially known as the National Framework for the Recognition of Training, and now as the Australian Quality Training Framework, has established new benchmarks to govern the activities of VET providers (known as registered training organisations). Mechanisms to promote mutual recognition of qualifications awarded by all providers and to assure the quality of VET provision are core components of this framework. Greater competition between public and private training providers has been leveraged through the twin mechanism of competitive tendering and the implementation of 'user choice' (Noble et al. 1999). Over time, the training reforms have 'cohered into a strategy to develop a market-based approach to VET provision' (Anderson 1996, p.114).

Defining private providers

Despite the increasingly favourable policy environment for the development of an open training market, a key issue when examining the existing literature on private training providers is that of terminology and definition. Private training providers are labelled using various terms, including 'private sector providers', private providers', 'non-government providers', 'registered private providers' or more simply as 'non-TAFE providers' or 'providers other than TAFE' (McPhee 2003, p.3). While arguably these terms are similar, they do connote slightly different emphases on some of the key characteristics of private providers. The use of the term 'registered', for example, suggests a focus on those private providers listed as part of the national training system, while excluding those that might offer vocational education and training not accredited under national frameworks. By way of contrast, the term 'non-government' necessarily excludes provision by a range of government departments and other authorities that might offer training on a commercial basis (for example, TAFE institutes).

Anderson (1995c, p.466) defined private training provision in a much broader manner, describing it as 'provision of post-school VET in the non-government sector by privately financed individuals and institutions operating more or less independently of government control'. This definition, with its careful wording on the degree of government control under which private training providers operate, is particularly salient in a policy context where regulatory frameworks for private providers in receipt of government funds are sometimes viewed as quite stringent (see for example, Graham 1999).

Benham (1996, p.8) offered a narrower definition of the term 'private', stating that private providers can include:

> … commercially based businesses. These may be business colleges or training consultants. They may be community organisations such as adult and community providers … They may be industry enterprises or skill centres. They may be enterprise-based or in-house trainers.

In a study comparing the public and private provision of post-secondary education and training in 1993 and 1997, Roussel and Murphy (2000, pp.2–3) included business colleges; industry skill centres; professional/industry associations; equipment/product manufacturers and suppliers; private training organisations; adult and community education (ACE) centres and a grouping called 'other' in their definition of private providers, on the basis that the source of their operational funds was not from government sources.

The National Training Information System uses a typology containing 16 sub-categories to further distinguish private training providers from their TAFE counterparts. These sub-categories are: adult education centre; adult migrant education provider; agricultural college; commercial training organisation; community access centre; community education provider; enterprise-based organisation; government provider; industry organisation; licensing authority; local government; school (state, church-based and independent); university; other; other government provider and professional association.

Adopting the label of 'non-TAFE providers' as a first-level sorting mechanism, as the listing from the National Training Information Service data base does, suggests that private training providers may include not-for-profit organisations as well as commercial arms of government instrumentalities and other publicly funded organisations including schools, universities and, arguably, commercial enterprises within TAFE colleges. Other definitions which restrict definitions of private training providers to those that operate on a commercial basis or are not in receipt of 'substantial' (however defined) government funds necessarily exclude universities, schools (although some may argue for the inclusion of church-based and independent schools) and all other government providers (including local governments).

What might be reasonably included or excluded from the population defined as private training providers for the purposes of conducting research is clearly open to interpretation. For example, McPhee (2003) in her study on a sample of private training providers in Victoria restricted the term 'private training provider' to those organisations which 'did not receive substantial government funding' (McPhee 2003, p.4). This included commercial, enterprise, industry organisations and private or independent schools, but excluded community-based providers, TAFE institutes and government schools. Anderson (2006) divides training providers in his study into the two categories of TAFE and non-TAFE, thereby including all categories noted above. These definitional issues necessarily impact on ways in which research questions might be framed, particularly those aimed at better understanding the differences between public and private training providers and their operation within the VET market.

Estimating the activity of private training providers

Despite the growth in the significance of private providers within the VET sector, there are relatively little empirical data available on their activities. Apart from issues relating to defining the term 'private provider' and the flow-on effects of this for the consistency of existing data, Anderson (1995c, pp.465–7) attributes this gap also to a lack of a comprehensive database on private training providers, as well as issues relating to access to data on performance of private training providers, which is considered to be commercial-in-confidence and hence not publicly available.

Debates over definitional issues have necessarily impacted on attempts to map private training provision, resulting in some considerable variance in estimates of the numbers of private training providers and their contribution to overall VET activity. What is clear, however, is that there has been a steady and upward growth in numbers of private providers operating in the Australian training market since the 1990s, although there is considerable difficulty quantifying the contribution of private providers to the overall VET effort.

A national survey of state and territory training authorities estimated that there were 782 private providers registered in 1993 (Anderson 1995a, p.50). Ryan (1996, p.10) noted that in 1994 the Allen Consulting Group described the training market as consisting of 704 TAFE institutions and around 1000 private providers. Benham (1996, p.8) estimated that there were over 3200 private sector organisations offering training on a commercial basis in 1996. For the year 2003, the National Centre for Vocational Education Research (NCVER) recorded 1949 registered training organisations in Australia in receipt of government funds, comprising 72 TAFE institutes, 531 community education providers, seven other government providers and 1339 other registered (including private) providers (NCVER 2004, p.131). For the year 2003 this study estimated a private RTO population of 3127 (see Methodology section).

As Anderson (1996) has highlighted, estimating the size of the contribution of private providers to the total VET effort is problematic because private providers can be operating as part of a quasi-market sector (which is subject to regulation because providers are in receipt of government funds and hence need to fulfil certain accountability requirements, including reporting activities), as well as in the open training market (which does not necessitate the reporting):

> … the ABS [Australian Bureau of Statistics] found that only 39 per cent of 170 respondents were registered with a State government training recognition authority … Moreover, only 25 per cent of commercial training providers had their courses accredited with the relevant state accreditation authority, which suggests that three quarters of total course provision in the private training sector continued to be delivered outside the partially regulated sector …
>
> (Anderson 1996, p.120)

A survey conducted by the Australian Council for Private Education and Training (cited in Anderson 1995b, p.9) found that:

- of the 188 respondents, 69% were government registered

- the major areas of course provision were in general computing, office and clerical studies, general management, English language, advanced computing, general sales, marketing and accounting, food and hospitality, travel and tourism and general supervision
- most private providers were relatively small operations, with 61% reporting having five or fewer teaching staff
- most providers had a high involvement in conducting courses for fee-paying students and export education for overseas students and a low involvement in joint ventures with other providers.

The 1994 Australian Bureau of Statistics (ABS) Commercial Training Providers Survey estimated that the private training sector delivered approximately one-tenth of the effort in the post-school training sector. Roussel and Murphy (2000), arguing that this survey omitted courses that employers provided in-house, analysed data from the 1993 ABS Survey of Training and Education and the 1997 ABS Survey of Education and Training, and concluded that, within the limitations of the data:

> Private providers accounted for approximately 10% of award courses in both 1993 and 1997. Private sector employers provided approximately one half of all in-house non-award courses in both 1993 and 1997. Approximately half of all external non-award courses were privately provided in 1997. The comparable figure for 1993 is 73% which is considered an overestimate. When combining all forms of courses—award, external, non-award and in-house non-award courses, approximately one fifth were considered to be privately delivered.
> (Roussel & Murphy 2000, p.12)

A study by Hall Chadwick (2003), which collected data from 101 private training organisations in Queensland (15% in that state), found that training delivered on the basis of government funding only amounted to 30% of the output of these organisations, while the remaining 70% of training was provided on a fee-for-service basis. A more recent study by William Buck (2005), based on 283 private providers in Queensland (42% in the state), concluded that up to two-thirds of all training in that state during 2004 was delivered outside the TAFE system and that 86% of this training was undertaken on a fee-for-service basis (p.2). The Australian Council for Private Education and Training noted that it 'expects that the survey's findings would be replicated in the other states/ territories across the country', although acknowledging that, 'unfortunately, there is no hard data at this stage to verify this assertion' (Australian Council for Private Education and Training 2005, p.1).

On the basis of these incomplete estimates and other limitations with existing statistical collections, Karmel (2003, p.12) argues that current data do not provide a useful estimate of the VET activity, and so it is 'impossible to paint a picture of the total VET effort in Australia'. However, referring to the Hall Chadwick survey, he estimates that 'private provision, not collected by NCVER, is of the order of … 60% of NCVER's measure of the public sector' (Karmel 2003, p.10). Another claim is made in *Students and courses 2003*, based on national statistics, that 'NCVER believes that the public VET sector accounts for somewhere between half to two-thirds of all recognised training delivered nationally' (NCVER 2004, p.2). A further estimate based on Survey of Education and Training data in 2001 for certificate IV and below, is that private providers' students are about 30% of public institution numbers (Karmel 2003, p.11).

Such estimations underscore the need, not only for more comprehensive data collecting, but also for more empirical work, in an attempt to depict more accurately the nature of the activities undertaken by private training providers. McPhee (2005, p.1) finds from her study of private providers in Victoria 'the need for more detailed research into the activities and impact of privately owned RTOs within the national VET system'. As Karmel proclaimed in his keynote to the Australian Council for Private Education Training national conference in 2003, the private sector of VET has 'a very substantial part of the market' and 'in policy terms it is too large to ignore' (2003, pp.11–12).

This study is one further attempt at unpacking this 'mystery' (Robinson 2003). By analysing the nature and extent of the work undertaken by a national sample of private training providers during the year 2003, this study sets out to enrich our understanding of the private sector's contribution to the total VET effort in Australia.

Methodology

Overview

This study used multiple research methods: content analysis of relevant literature; analysis of current databases; and a national telephone survey. These different methods provided the triangulation of sources necessary for increasing confidence in the findings.

The content analysis of relevant literature involved a comprehensive combing of relevant research studies and required careful and attentive 'digging' under the surface in the majority of sources, as information about private providers is usually not readily visible within more general reports (see appendix A).

Existing databases were identified and evaluated. Through consultations and after discussion with the Project Reference Group established for this study, it was recognised that the most comprehensive and potentially the most up-to-date database was that maintained by the National Training Information Service. While use of this database would mean that only *registered* providers were being included, at least it also meant that *all* registered training organisations, whether partly government-funded or not, were being considered.

The National Training Information Service database in electronic form, however, required considerable 'cleaning'. One of the main issues was that the database was structured on the basis of courses—it contained 65 535 cases (courses). This study required a database structured on the basis of providers—of which there were 3820 in the database. The 'cleaning' therefore involved the following actions.

- All universities and schools were removed from the database; RTOs classified as 'commercial training' as components of universities were left in the database.
- All TAFE colleges in South Australia were removed from the database (these were classified as 'government provider').
- RTOs which had courses with lapsed accreditation dates were removed from the database.

This resulted in a target population of 3127 private registered training organisations.

Before any data-gathering could commence, approval was obtained from the Human Research Ethics Committee of the University of South Australia and from the Statistical Clearing House of the Australian Bureau of Statistics.

Following completion of the analyses of literature and existing databases, a draft telephone interview schedule was developed, refined on the basis of feedback from several sources; a telephone survey was subsequently undertaken of a national random sample of private providers.

Scope and coverage of the survey

The target population comprised all those private training organisations registered to provide nationally accredited VET and listed on the National Training Information Service database at 1 October 2003 (excluding universities and schools).

The target population of registered training organisations (n=3127) included the following groups (see table 1):

- adult/community providers (includes adult education centres, adult migrant education providers, community access centres and community education providers): providers which identify with the adult and community education (ACE) sector and have a primary focus on education and training
- enterprise-based organisations: training centres within enterprises whose prime business focus is an industry other than education and training
- industry organisations (includes industry associations, professional associations and group training companies): industry-sponsored training centres which offer training to an industry sector
- commercial training organisations: providers which supply fee-for-service programs to the general public
- others (includes agricultural colleges, government providers, licensing authorities, local government, other, other government providers, professional associations).

Table 1: Population of private registered training organisations

Type of RTO	Frequency	Per cent
Adult/community providers	430	13.8
Enterprise-based organisations	208	6.7
Industry organisations	876	28.0
Commercial training organisations	1371	43.8
Other organisations	242	7.7
Total	**3127**	**100.0**

A stratified random design was selected for the survey, using the type of training provider as the stratification variable. Numbers were allocated to each category on the basis of the total proportion of private RTOs in the population.

Design of the interview schedule

Development of the interview schedule was undertaken in several discrete phases. First, an initial draft of the instrument was devised. This draft was subsequently distributed to members of the Project Reference Group for comment. Feedback was also received via the reviewers' reports on the project's progress report, as well as from the initial application to the ABS Statistical Clearing House for approval to conduct the survey. These processes resulted in an interview schedule of 18 questions (see appendix C).

Further refinement of this instrument was undertaken through cognitive interviewing to test the content of the instrument. Cognitive interviews of about one hour's duration were conducted with three private RTOs based in New South Wales and South Australia. This procedure involved testing both the instrument and the accompanying primary approach letter planned for use in the survey. The process of cognitive testing, in particular the verbal probing technique, was used (Willis 2005). The protocol is presented in appendix D. The focus was on the cognitive processes that respondents use to answer survey questions rather than on the results received. As a result of this cognitive testing, four questions were discarded, nine were revised and five remained in their current form, leaving an interview schedule of 14 questions (the specific outcomes of this process are reported in the fuller description of the methodology in appendix B).

First stage of the survey

Once the instrument and primary approach letter had been revised (see appendices E and F) as a result of cognitive testing, the first stage of the survey was undertaken. In addition to a final testing of the revised questions, a key purpose of this stage of the study was to obtain empirical data, requested by the Statistical Clearing House, relating to the response burden the interview might create for respondents. This purpose meant that another four questions needed to be added to the end of the instrument (these questions are shown in appendix E). A random, stratified sample of 150 private training providers was selected from the customised database, and 41 interviews were completed by the Marketing Science Centre at the University of South Australia in September 2004. Because there were no concerns in terms of burden (the results from the four questions are presented in appendix B), the Statistical Clearing House granted approval to continue with the study. As there were no more revisions required to the 14 main questions in this first stage, their responses were included in the final analysis, together with the responses from the second stage of the survey.

Second stage of the survey

The second stage of the survey was conducted by the Marketing Science Centre during the period 25 October to 19 November 2004. Estimating from the response rates achieved in the first stage, 899 providers were selected at random from the National Training Information Service database to be contacted during the survey period. Primary approach letters were sent to these providers prior to the interview period, and in response to these letters, 17 contacted the researchers and asked not to be contacted for participating in the interview.

Response rate

Table 2 sets out the record of calls during both stages of the survey.

Table 2: Record of calls from both stages of the survey

Result of call	First stage – number of calls	Second stage – number of calls	Totals
Completed interviews	41	289	**330**
Not able to be contacted:			
✧ no response after three call-backs	9	183	**192**
✧ wrong number		68	**68**
✧ not in service	17	17	**34**
✧ fax/modem number	2	9	**11**
Contacted:			
✧ refused	36	281	**317**
✧ no longer an RTO/RTO no longer in business	3	25	**28**
✧ do not have any students		3	**3**
✧ do not offer any VET		14	**14**
✧ have not delivered any training as yet		1	**1**
✧ requested interview outside fieldwork timeframe	37	1	**38**
✧ interview terminated part way through	5	1	**6**
✧ declined to participate in writing before fieldwork commenced		17	**17**
Total	**150**	**909**	**1059**

The total number of organisations telephoned was 1059. Of these, 130 (12.3%) were defunct (no longer an RTO/out of business, wrong number or not in service). This is a conservative calculation, as it makes the assumption that all other cases, including all those not even able to be contacted after three call-backs, were 'live' cases. Thus, within the telephoned sample of 1059, the actual number of 'live' providers was 929. The number of interviews completed was 330, making a response rate of 35.5%. This figure is very similar to Anderson's response rate of 32.6% for his national survey of private providers in late 2001 (Anderson 2006, p.5).

A further 178 providers, while declining to participate in the full interview, agreed to answer three questions for statistical purposes: whether they were currently registered; their provider type; and number of states/territories in which they delivered nationally accredited training (see appendix G).

Description of sample

All 330 private providers participating in the survey were registered as training organisations able to deliver nationally accredited vocational education and training. Twenty-six per cent of the private providers categorised themselves as adult/community education providers, 13% as enterprise-based providers, 19% as industry organisations, 39% as commercial training organisations and 3% as some 'other' type of provider. (Those describing themselves as 'other' provided the following additional information about their organisation: 'both industry organisation and commercial training organisation', 'trainees', 'private' (2), 'not for profit organisation', 'provider', 'not for profit community organisation' (2), 'ministry', and 'non-profit community-based organisation'). Figure 1 illustrates the distribution of these types.

Figure 1: Proportions of registered training organisations in the sample

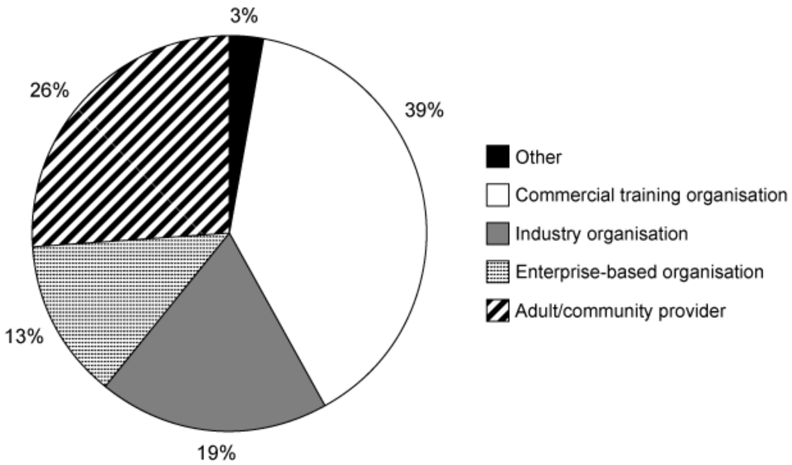

Table 3 indicates the breakdown by provider type of the realised sample and compares it with the population (n=3127) from which it was randomly drawn, and with the smaller sample (n=178) of those providers who declined to be interviewed but nevertheless agreed to answer the three background questions.

Table 3: Comparison of actual sample with the population of private registered training organisations and the non-participating sample, by provider type

Type of provider	Population		Actual sample		Non-participants	
	Frequency	Per cent	Frequency	Per cent	Frequency	Per cent
Adult/community provider	430	13.8	84	25.5	58	32.6
Enterprise-based organisation	208	6.7	42	12.7	11	6.2
Industry organisation	876	28.0	64	19.4	43	24.1
Commercial training organisation	1371	43.8	127	38.5	45	25.3
Other organisation	242	7.7	10	3.0	19	10.7
Don't know			3	0.9	2	1.1
Total	**3127**	**100.0**	**330**	**100.0**	**178**	**100.0**

The realised sample of 330, by comparison with the population of private providers, is therefore over-represented in adult/community providers and enterprise-based organisations and under-represented in commercial training organisations and industry organisations. By comparison with the non-participants, the actual sample is over-represented in commercial training organisations and enterprise-based organisation, and under-represented in adult/community providers and industry organisations.

The discrepancies may at least partly be explained by differences in self-classifications. The National Training Information Service database contains descriptors of provider type offered by an organisational member at time of registration, and the sample was stratified on the basis of these earlier descriptors. However, the interview sample of 330 was analysed using respondents' classifications at the time of the interview, possibly by a different person and certainly at a later time from the National Training Information Service descriptors. Some definitional uncertainty on the part of respondents at both points in time is likely. However, this study attempted to minimise this possibility by using fewer categories (clustered into four) than appear on the National Training Information Service database (16) and by providing an explanation of each category to guide the interviewee.

While all participating providers (n=330) were currently registered, 87% of the non-participants (178) reported that they were also currently a registered training organisation. There was some significant difference between the providers who chose to participate and those who did not. A chi-square test[1] revealed a significant relationship between participation in the survey and provider type ($\chi^2 = 25.905$, $p<.001$). Those who did not participate were more likely to be adult/community providers and less likely to be commercial or enterprise-based providers. Thus caution needs to be taken when generalising the findings of this study to all private registered training organisations. (There was no significant relationship between participation in the survey and the number of states/territories in which providers operated.)

Twenty providers (6%) were also registered as a higher education institution and seven (2%) as a school. Of those who were registered as a higher education institution, seven were adult/ community providers, one an enterprise-based organisation, three were industry organisations, seven were commercial training organisations and two were other types of private training organisations. Five adult/community providers and two commercial training organisations were also registered as schools.

Further details of the survey methodology are presented in appendix B.

Limitations

The findings of this study need to be interpreted in the light of the difficulties in fully understanding and defining private providers.

One limitation is the accuracy and recency of the data held on the National Training Information Service database. Another limitation is the difficulty associated with obtaining a robust sample of organisations that is both numerically and qualitatively representative of whatever population of 'private' organisations was operating in Australia at that time. For example, the proportion of 'defunct' providers was calculated to be 12.3% in this study. This suggests a need to address the quality of the information held in this database to assist future research of this type.

Nevertheless, this study, after rigorous testing on its survey instrument and receiving permission to proceed from the Statistical Clearing House, was successful in capturing 330 providers nationally (35.5% response rate), although the sample ended up being over-representative of adult/

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1 A statistical test used to determine the probability of obtaining the observed results by chance, under a specific hypothesis.

community providers and enterprise-based organisations and under-representative in commercial training organisations and industry organisations. Because of the problems with the framework provided by the National Training Information Service—and the low response rate—the project team decided that to apply weightings to correct for under-representations and other sampling problems would give spurious precision to the data gathered. Therefore, the percentages presented in the next section of the report are simple percentages of survey respondents and should be taken as indicative only.

The fourth section of the report contains estimates of the number of students, based on weighting up the sample responses to the National Training Information Service population. For reasons outlined, these estimates need to be treated with caution.

Finally, the results are very dependent on the accuracy of information from those interviewed. For example, there may not have been a common view across the sample of what constitutes a full- or part-time student, nor what represents 'government funding'. While every attempt was made to make their task easier by limiting the number of questions and disseminating them prior to the interview so that data could be gathered and verified, this may not have overcome variations in the way particular terms and concepts were understood and therefore reported.

Training activity of the sample of private providers

Introduction

This section of the report summarises the key findings of the survey of 330 private RTOs in Australia. The purpose of this research was to gain an overview of the VET activities of these providers across Australia in 2003. The report focuses on four main types of private providers in the VET industry (clustered from the 16 types on the National Training Information Service database, as explained in the methodology section)—adult/community education providers, enterprise-based organisations, industry organisations and commercial training organisations.

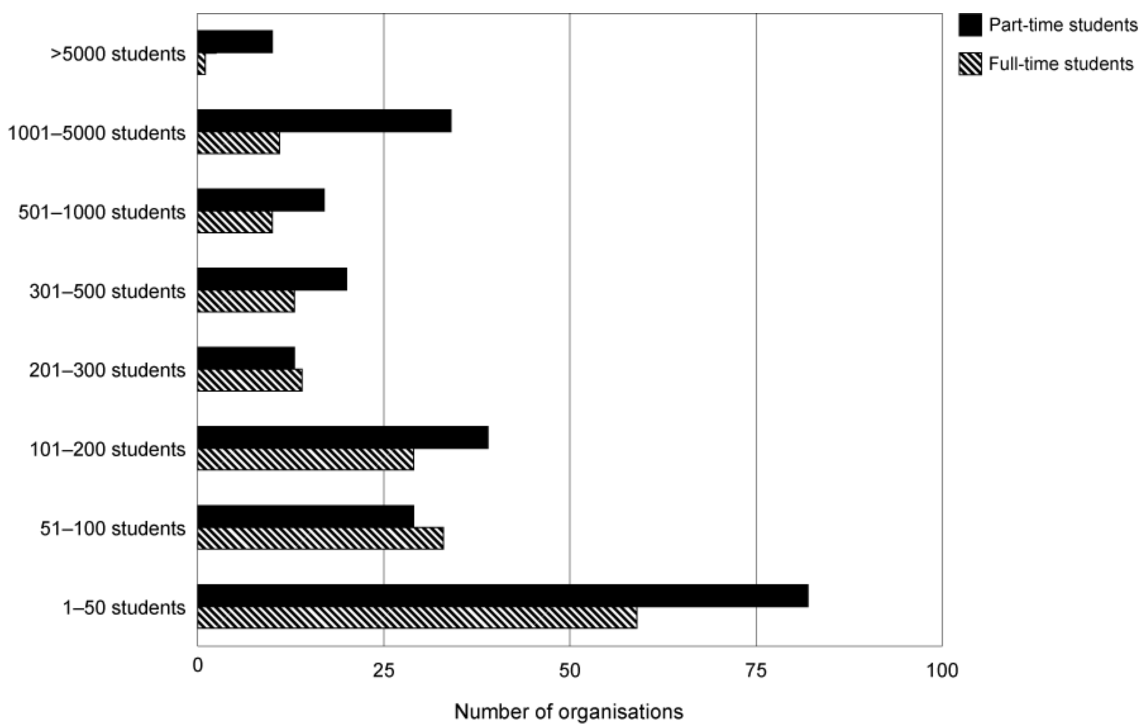
Students enrolled in the organisations

Forty-six per cent (n=144) of all providers did not enrol any *full-time* students in 2003, while another 5% (n=16) were not able to provide data on their numbers of full-time students.

Twenty-two per cent (n=70) of organisations did not enrol any *part-time* students in 2003; another 16 (5%) providers did not provide any data on numbers of students.

Figure 2 illustrates the numbers of organisations enrolling full- and part-time Australian students during 2003. The students are clustered into size categories for the purposes of presentation. The characteristic pattern is mostly small organisations, with high numbers of part-time students; 36% of organisations enrolled fewer than 100 part-time students and 54% of organisations enrolled fewer than 100 full-time students.

Figure 2: Distribution of full-time and part-time students



The distribution of full- and part-time students by provider type is analysed in figures 3 and 4. They reveal that the small organisations are predominantly adult/community providers and commercial training organisations.

Figure 3: Distribution of full-time students by provider type

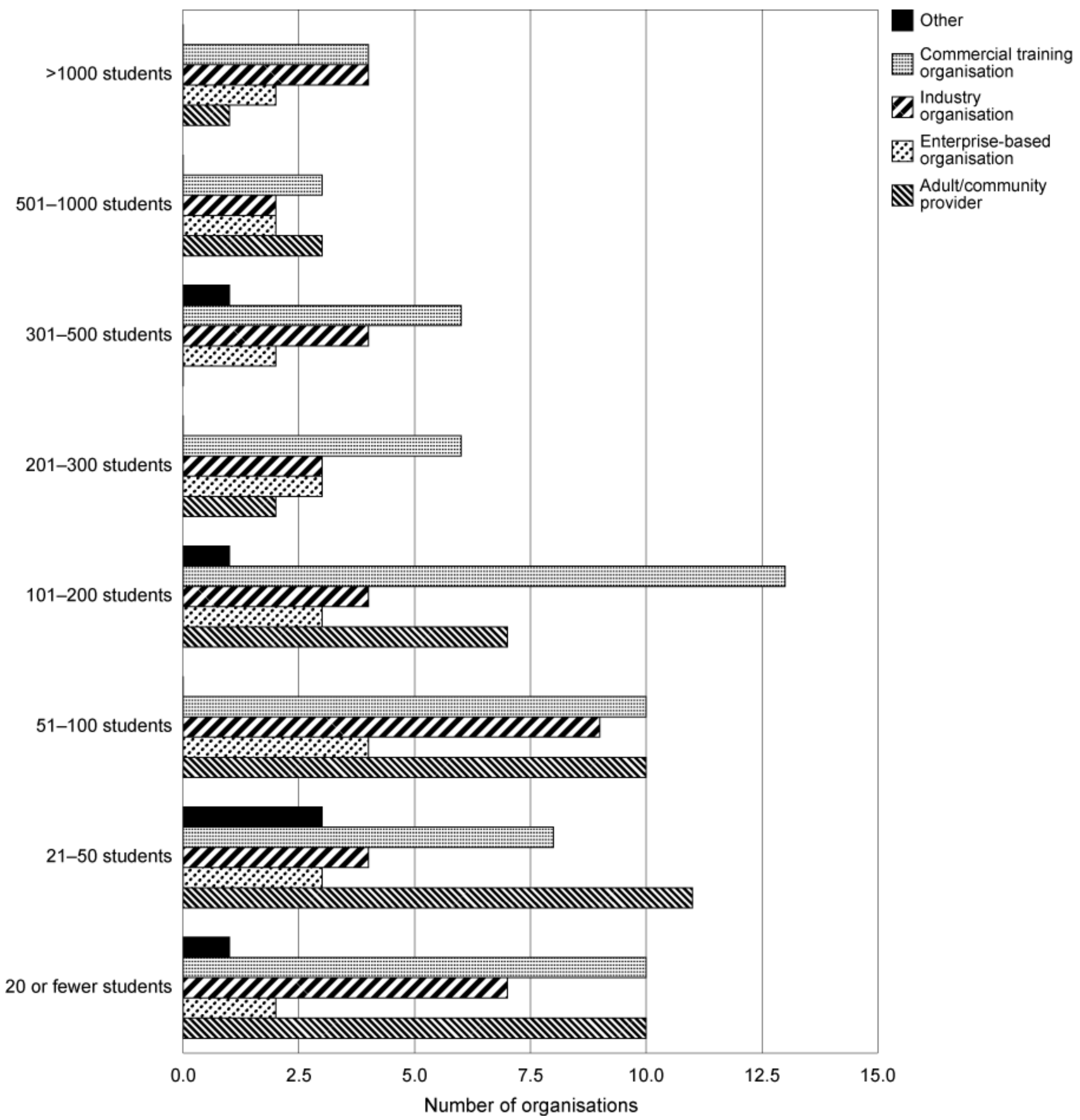


Figure 4: Distribution of part-time students by provider type

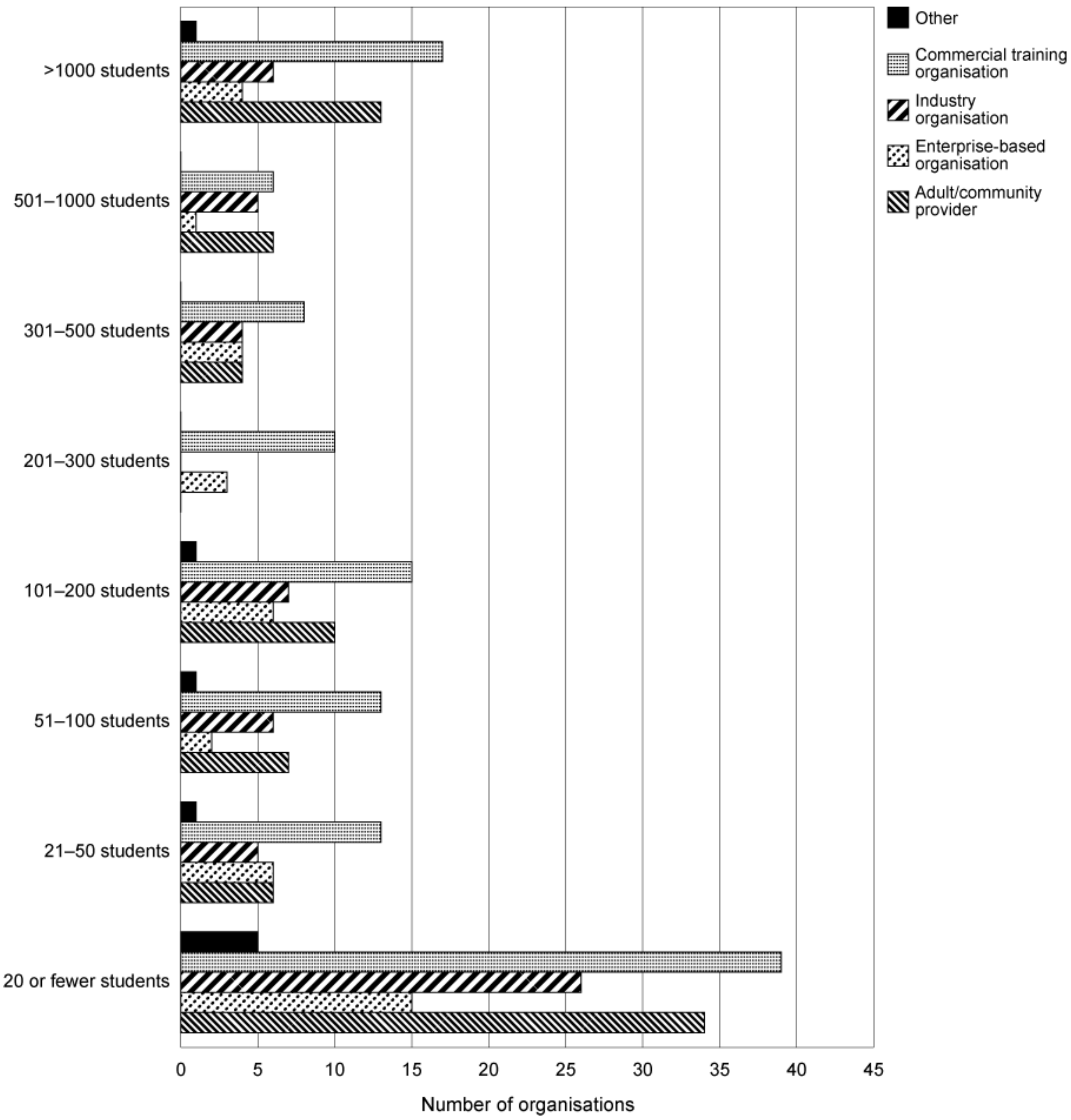
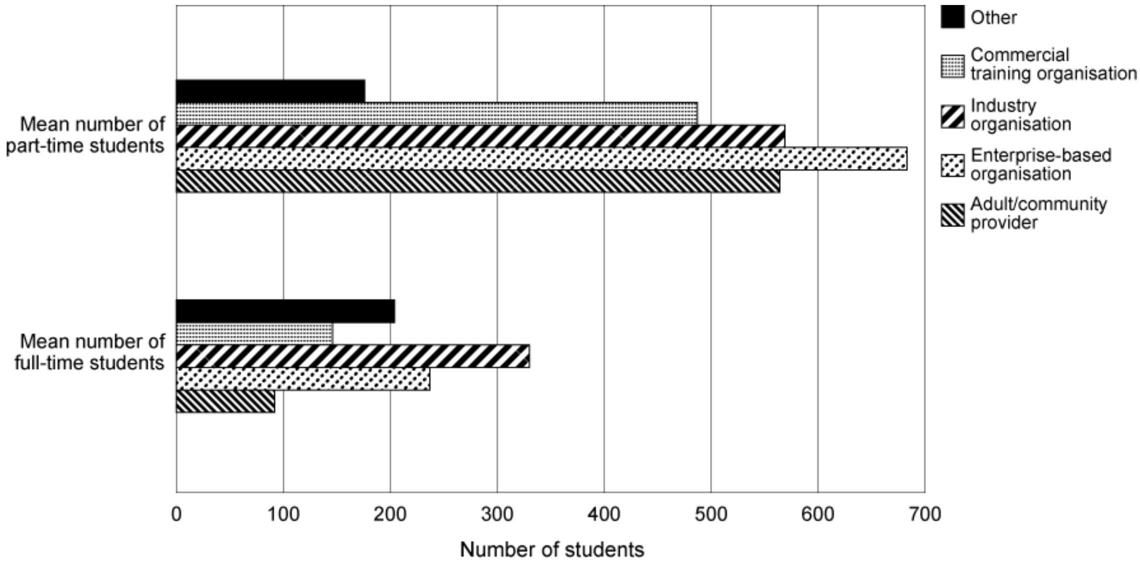


Figure 5 summarises student enrolments in those organisations that reported enrolled students, by indicating the mean numbers of full-time and part-time students enrolled in each type of training provider.[2] Adult/community providers on average had the fewest students enrolled full-time (mean 92), and industry organisations had the greatest number (mean 330). 'Other' training organisations had the fewest part-time students (mean 176), while enterprise-based organisations had the most (mean 683).

[2] These calculations exclude an outlier reporting 290 000 part-time students.

Figure 5: Mean numbers of enrolled Australian students in 2003, by provider type



Students enrolled in nationally accredited and non-accredited programs

In 2003, of the sample of 329 (excluding the outlier) private RTOs, 11 organisations (3%) did not have any students enrolled in nationally accredited programs in that year. One-quarter of these providers enrolled 50 or fewer students, and 58% had 200 or fewer student enrolments. Only 14% of the sample enrolled more than 1000 students in accredited programs (table 4).

Table 4: Students enrolled in nationally accredited programs, by provider size

Students in nationally accredited programs	Percentage of organisations
No students enrolled	3
1–20	9
21–50	13
51–100	17
101–200	16
201–500	18
501–1000	8
1001–5000	13
>5000	1
Missing data	2
Total	**100**

Nearly two-thirds (64%) of the registered training organisations in the sample had no students enrolled in non-accredited programs in 2003. The majority of the remainder had between 21 and 500 students (20%), or over 500 students (9%) (table 5).

Table 5: **Students enrolled in non-accredited programs, by provider size**

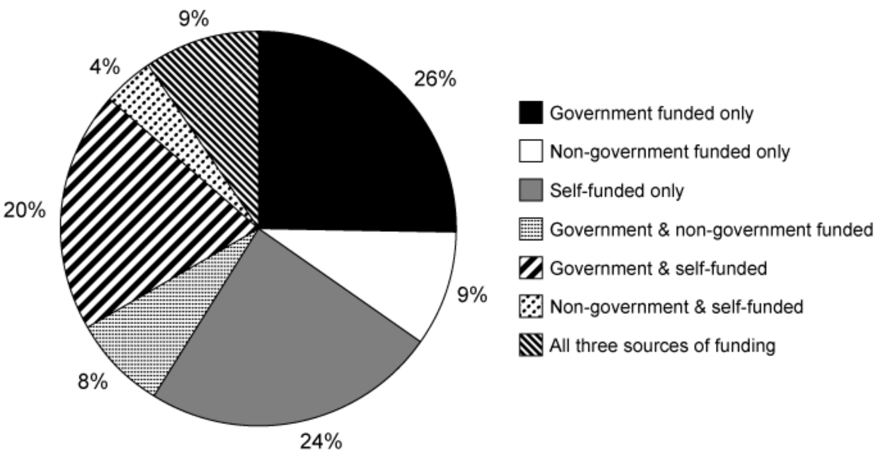
Students in non-accredited programs	Percentage of organisations
No students enrolled	64
20 or less	4
21–100	12
101–500	8
501–1000	3
>1000	6
Missing data	3
Total	**100**

Funding sources for Australian students enrolled in nationally accredited programs

Nationally accredited programs were funded from a variety of sources (figure 6). One-quarter of the organisations reported that their programs were funded only from government sources, while another quarter reported they were entirely self-funded. One-fifth of the organisations reported that their programs were funded through a combination of government and self-funded sources.

In total, therefore, 187 private providers received some level of government funding for their programs, representing 63% of the organisations providing data on funding.

Figure 6: Sources of funding for organisations delivering nationally accredited programs



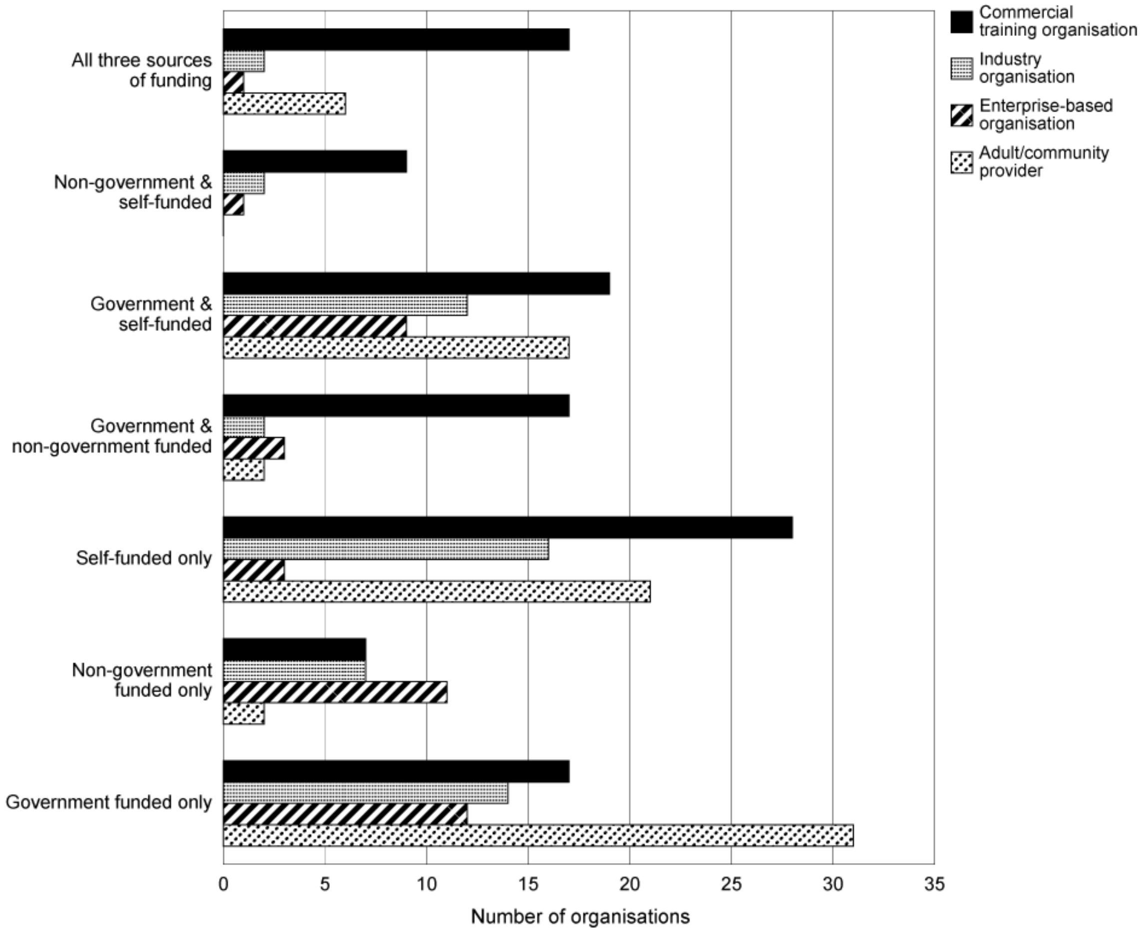
Thirty-seven per cent of the organisations (n=112) reported receiving no government funding for their Australian students. Forty-three per cent (n=132) reported enrolling no Australian students who were self-funded in 2003.

There was a significant relationship between type of funding source and type of training provider (see appendix H for details). Figure 7 illustrates these differences.

Those receiving government funding only for their nationally accredited programs tended to be adult/community providers (41%, n=31), while those with self-funded students only or with a mix of government and self-funding, were more likely to be commercial training organisations (39%, n=28 and 32%, n=19 respectively) and adult/community providers (30%, n=21 and 29%, n=17).

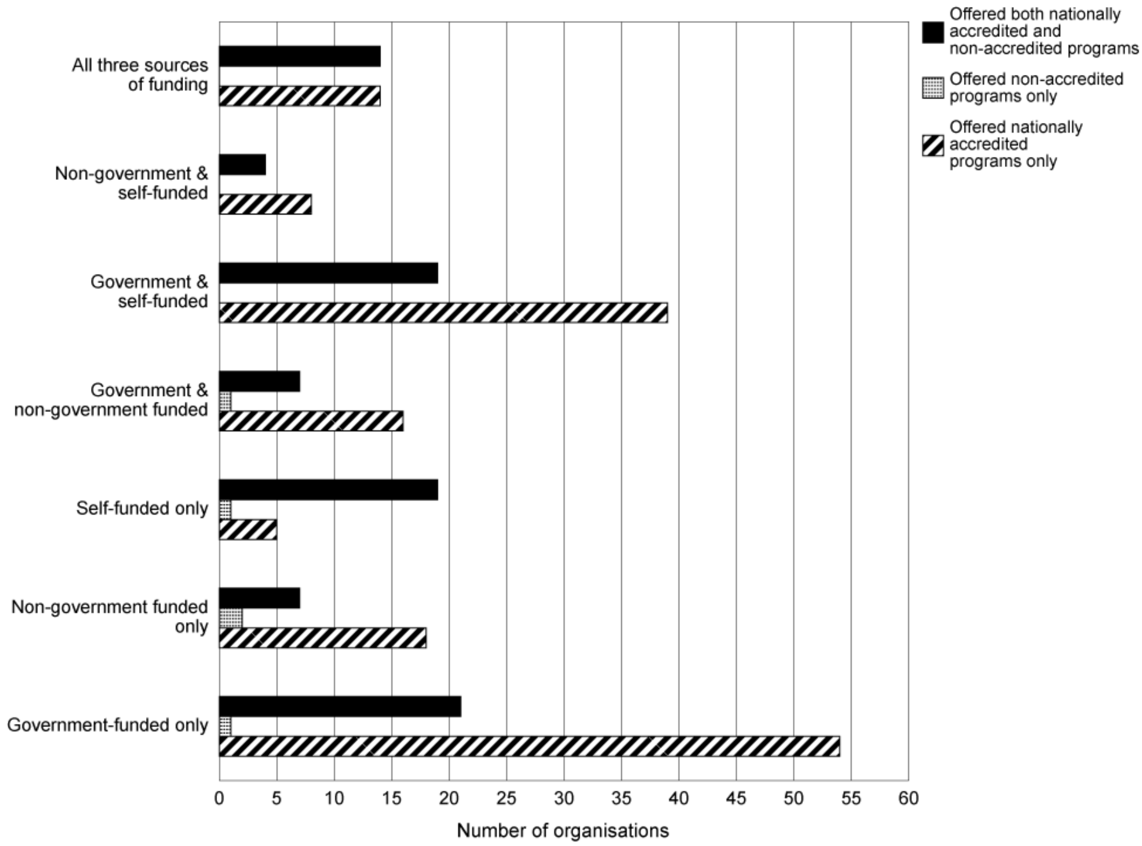
Thirty-nine per cent (n=31) of the adult/community providers in this sample received only government funding, compared with 30% (n=12) of enterprise-based, 25% (n=14) of industry and 15% (n=171) of commercial training organisations. In terms of self-funded students only, a small proportion (8%, n=3) of enterprise-based organisations reported this funding source compared with just over one-quarter of the other three provider types.

Figure 7: Funding source for nationally accredited programs, by provider type



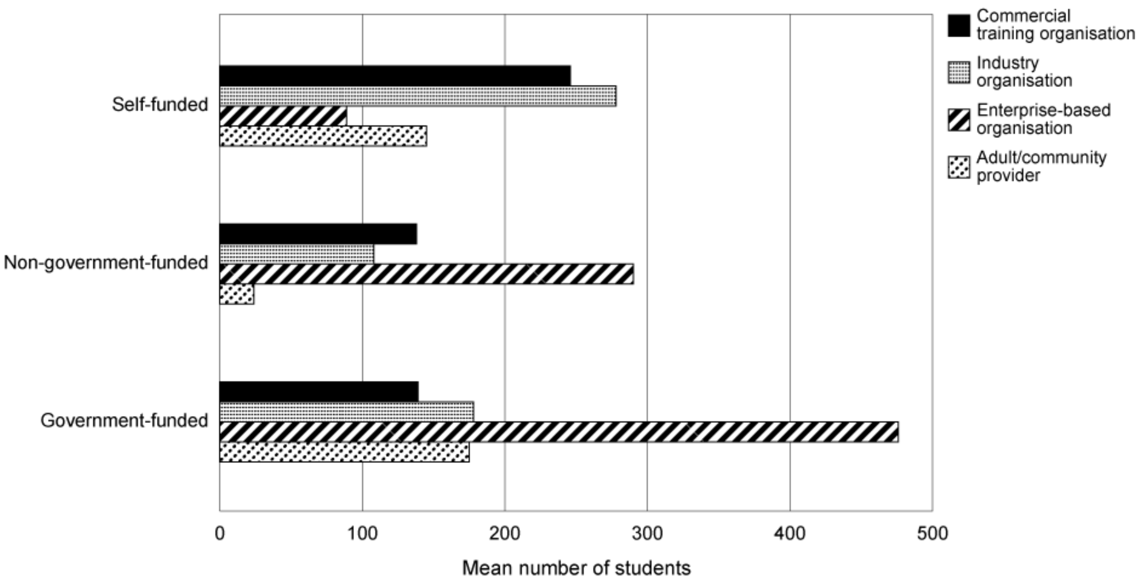
In general, RTOs which offered accredited training programs tended to obtain their funding from either government sources or by self-funding from students, or a combination of these two sources (figure 8).

Figure 8: Funding source by type of program offered, by organisations



A summary of the total and mean numbers of students in nationally accredited programs by the three main sources of funding is shown in figure 9.

Figure 9: Mean numbers of students in nationally accredited programs in each of the provider types, by funding source

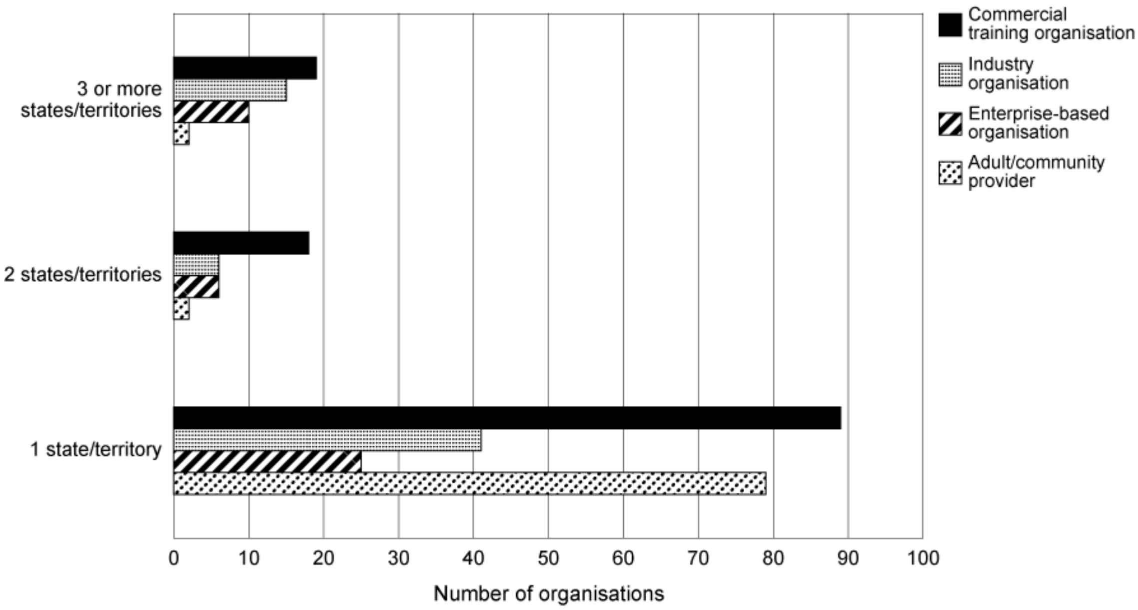


By numbers of students, enterprise-based organisations had the highest level of government funding (mean of 476 students), the most funded through non-government sources (mean 290) and the least self-funding (mean 89). Commercial training organisations had the fewest government-funded students (mean 139), industry organisations had the highest number of self-funded students (mean 278).

States/territories in which nationally accredited training was delivered

Figure 10 depicts the numbers of states and territories in which the sample organisations delivered nationally accredited training during 2003.

Figure 10: Numbers of states/territories in which nationally accredited training was delivered in 2003, by provider type

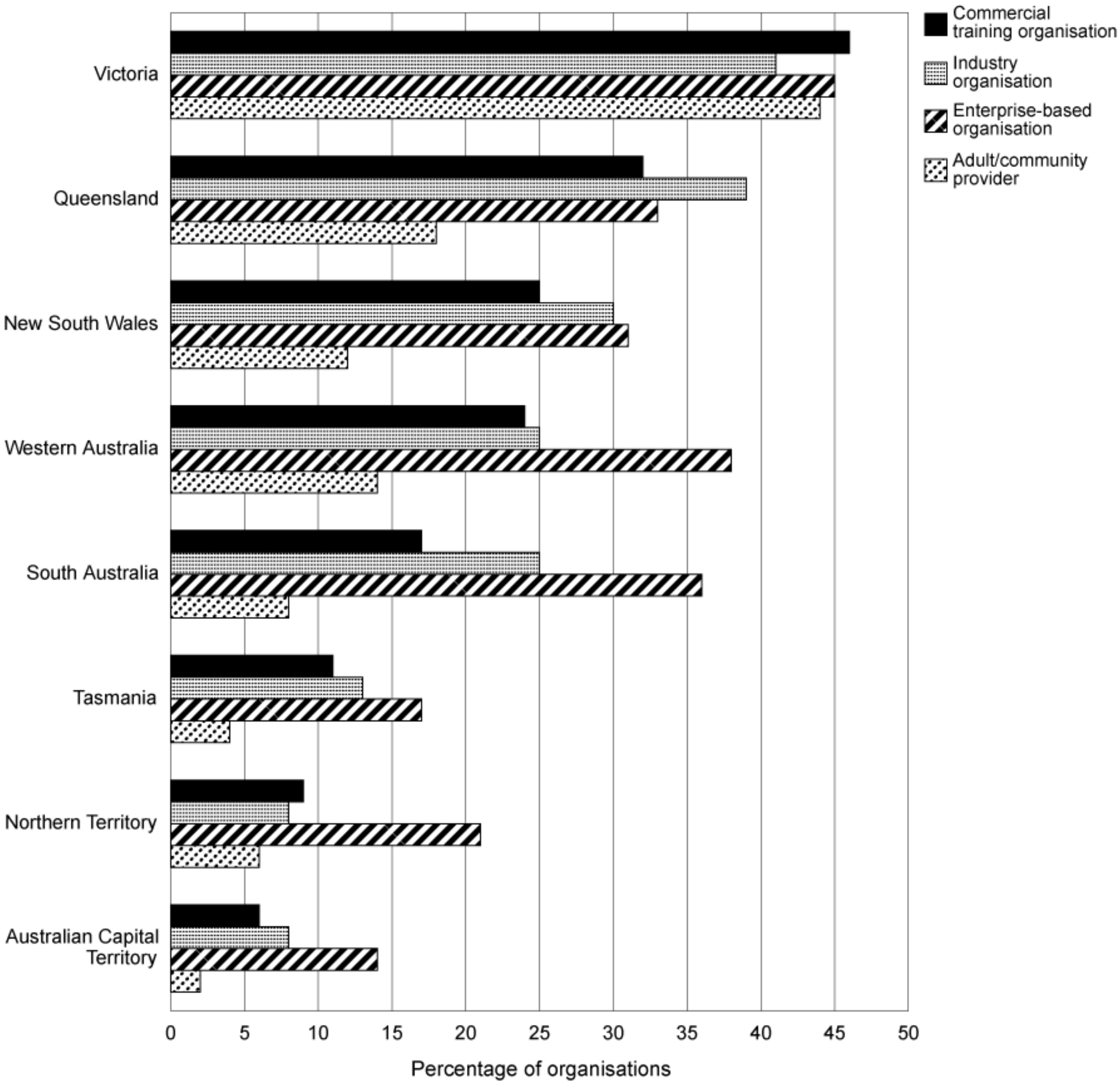


A key feature is that three-quarters (n=242) of the registered training organisations operated in one state/territory only. On average, adult/community providers delivered training in 1.1 states/territories, enterprise-based organisations in 2.4 states/territories, industry organisations in 1.9 states/territories and commercial training organisations in 1.7 states/territories. Overall, organisations delivered nationally accredited training in 1.7 states/territories.

There was a significant relationship between the number of states/territories in which a training provider operated and the type of training provider (see appendix H). The distributions are consistent with what is known of the activities of the various types of providers. It would be expected, for example, that a very high proportion of the adult/community providers, being primarily based in local communities, would be delivering training in one state/territory (95%, compared with around two-thirds of the other provider types). On the other hand, one-quarter of the enterprise-based organisations and industry organisations were delivering training in three or more states/territories (compared with 15% of commercial training organisations and only 2% of adult/community providers), with four enterprise-based organisations and three commercial training organisations delivering training across all states/territories.

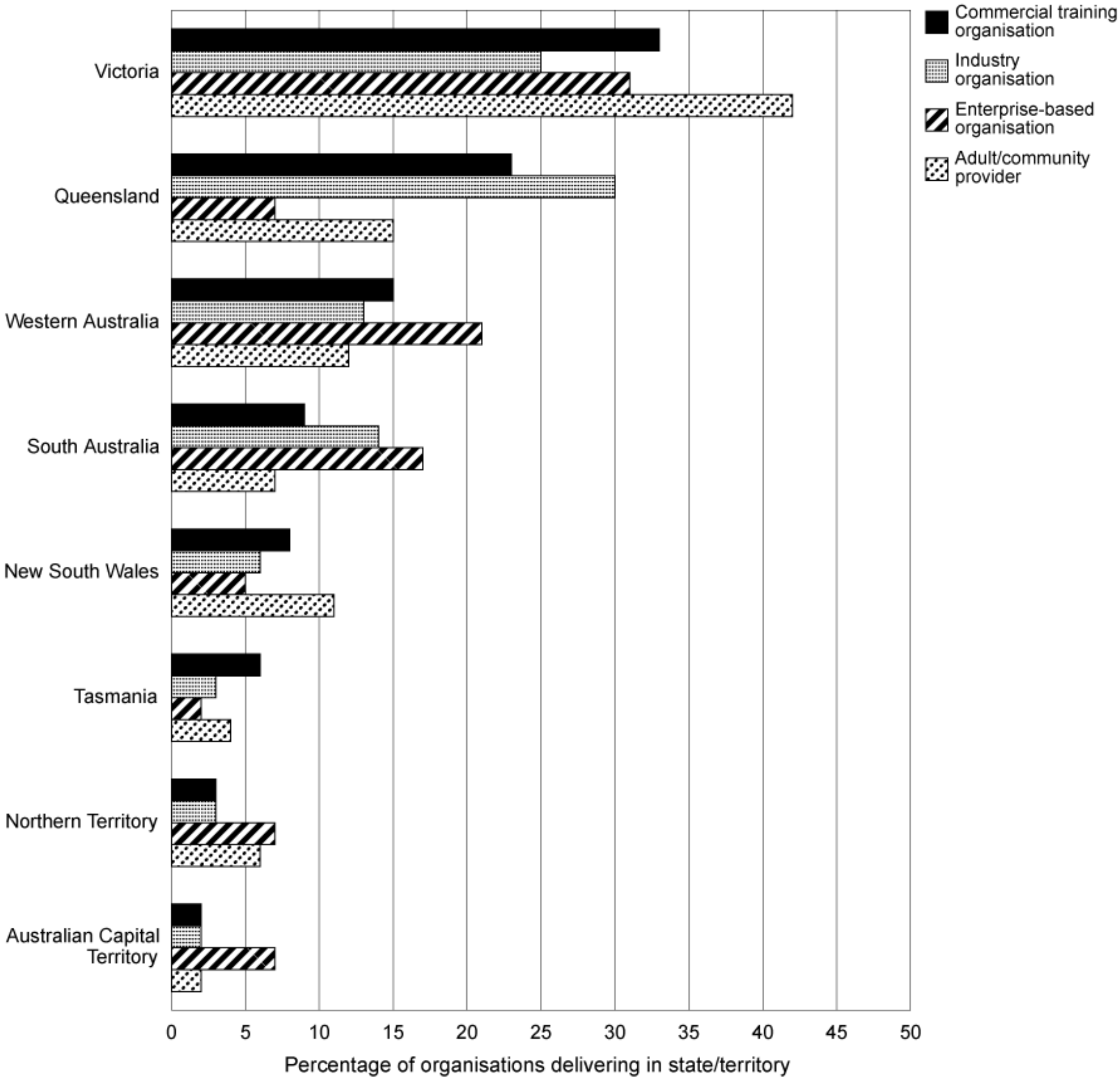
Figure 11 illustrates the states/territories in which the private providers delivered nationally accredited training in 2003. Forty-four per cent of private providers delivered training in Victoria, followed by 31% in Queensland, 24% in New South Wales and 23% in Western Australia. Victoria was distinctive in having almost equal proportions of all types of private providers delivering training there.

Figure 11: States/territories in which nationally accredited training was delivered, by provider type



The organisations were asked to nominate the state/territory where most of their nationally accredited training was delivered in 2003. Victoria (33%) was the state in which the providers reported most of their training activity was undertaken, followed by Queensland (21%), Western Australia (15%) and South Australia (11%) (see figure 12).

Figure 12: State/territory in which organisations delivered most of their nationally accredited training, by provider type



Fields of education

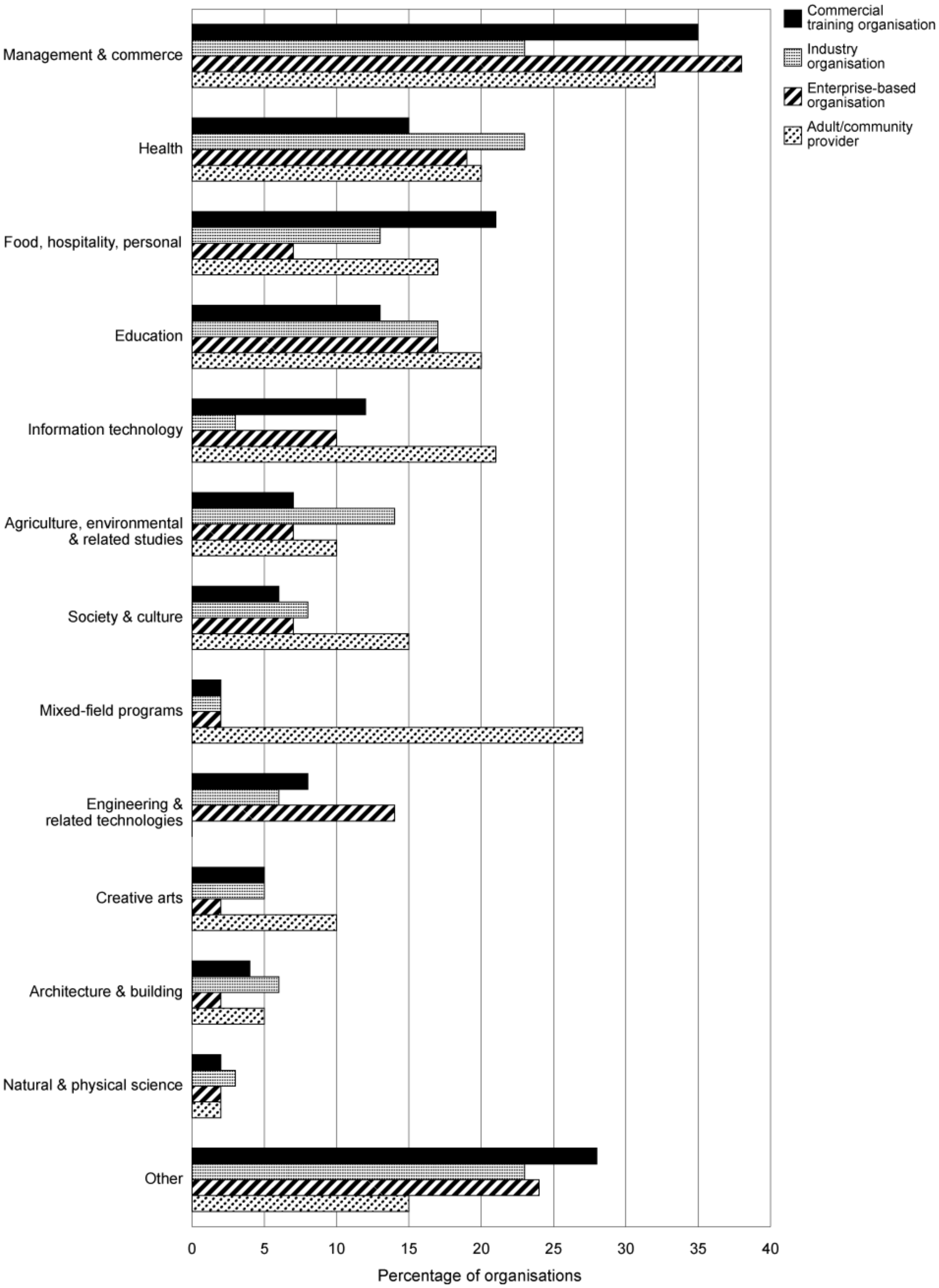
Interviewees indicated the three main fields of education (fields of study prior to 2002) in which they provided nationally accredited training during 2003. Figure 13 illustrates the fields of education in which nationally accredited training was offered by each type of provider.

Management/commerce was clearly the main area of training, accounting for one-third of all the nationally accredited training delivered by this sample during 2003. Other important areas were health (19%), food and hospitality (18%) and education (16%).

There was a significant relationship between some of the fields of education and type of training provider (see appendix H). Information technology (highest for adult/community providers), mixed-field programs (almost solely adult/community providers), and engineering and related technologies (mainly enterprise-based organisations) showed significant variation between the provider types. The remaining fields of training were more or less consistent in the proportion of organisations in each provider type offering training in those fields.

In the 'other' category, a wide range of qualifications and areas of study was listed, the main ones being retail (18); transport/distribution/warehousing (13); assessment and workplace training (9); public safety (9); and recreation and sport (5). (The full list is given in appendix H.)

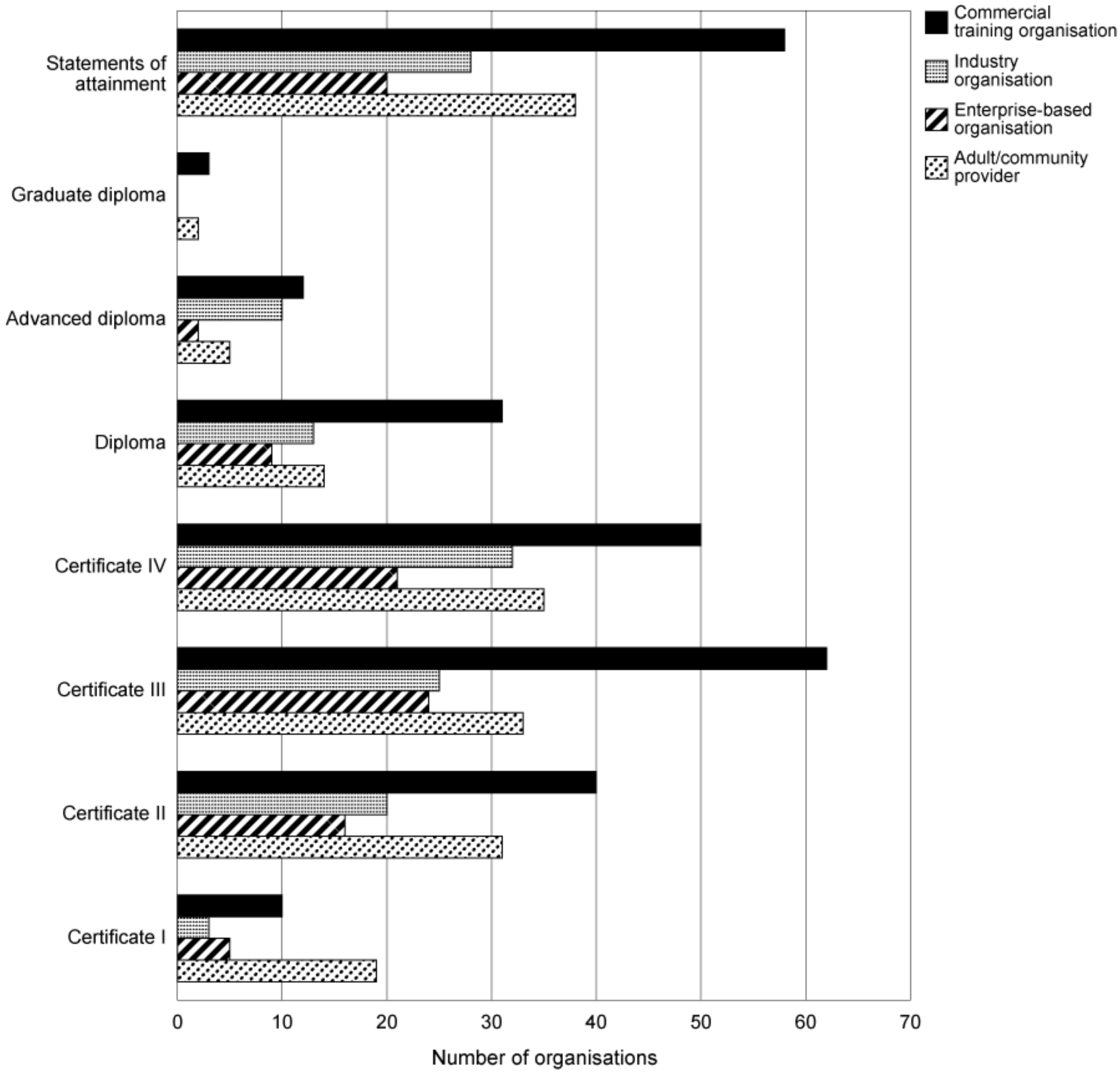
Figure 13: Main fields of education in which training was offered, by provider type



Types of qualifications

Figure 14 indicates the numbers of each type of private provider issuing various qualifications in 2003.

Figure 14: Numbers of organisations issuing qualifications, by provider type



The mean number of completions per organisation was generally between 20 and 60 students.

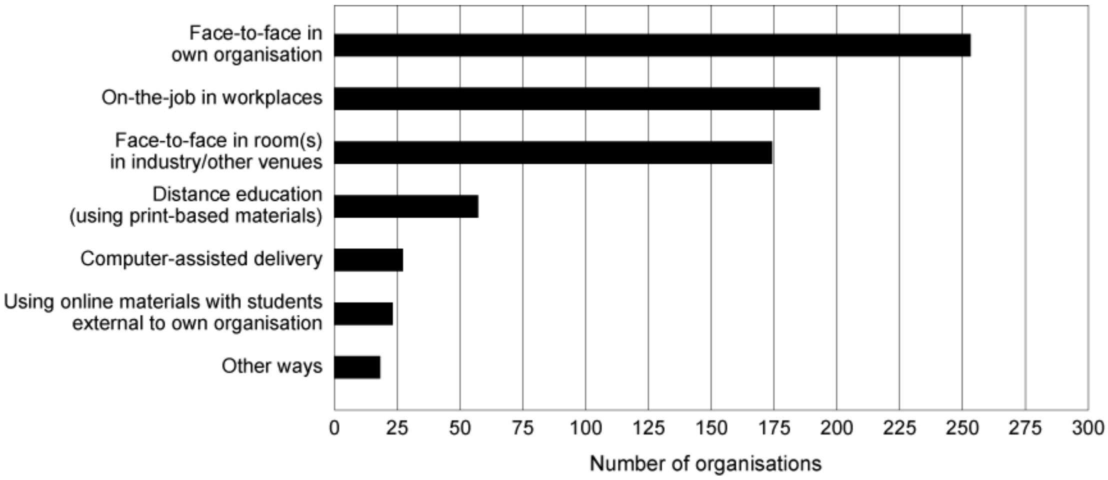
A summary of the number of organisations and the numbers of students completing each qualification is provided below.

- Statements of attainment: 151 organisations issued statements of attainment, awarded across all 12 listed fields of education.
- Certificate I: 41 organisations issued certificate I. This was the only qualification level where there was a significant relationship between the issuing of the qualification and the type of training provider (see appendix H). Most organisations offering this qualification were adult/community providers and, to a lesser extent, commercial training organisations. Certificate I qualifications were issued in all listed fields of education except natural and physical science.
- Certificate II: 111 organisations issued certificate II across all 12 listed fields of education.
- Certificate III: 148 organisations issued certificate III across all 12 listed fields of education.
- Certificate IV: 141 organisations issued certificate IV across all 12 listed fields of education.
- Diploma: 71 organisations issued diplomas across all 12 listed fields of education.
- Advanced diploma: 31 organisations issued advanced diplomas across all 12 listed fields of education.
- Graduate diploma: five organisations issued graduate diplomas in the four fields of education: mixed-field programs, management and commerce, society and culture, and creative arts.

Modes of training and assessment

Interviewees were asked to report on how training and assessment of nationally accredited programs were provided by their organisations, using given categories. Figure 15 presents the number of organisations delivering training in various modes.

Figure 15: Modes of training for delivering nationally accredited training



The predominant mode of training delivery was face-to-face internally (77%), followed by on-the-job in workplaces (58%) and face-to-face in rooms outside their training organisation (53%). It is noticeable that non-face-to-face methods of training were infrequently employed. Other methods of providing training were reported were: self-paced (4), recognition of prior learning (3), flexible learning (2), assignments, correspondence, video conferencing and videos (each 1).

There were significant differences in the ways some registered training organisations delivered their training (table 6).

Table 6: Modes of training, by provider type

Mode of training delivery	Adult/ community provider	Enterprise-based organisation	Industry organisation	Commercial training organisation	Total	
	(n=84) %	(n=42) %	(n=64) %	(n=127) %	(n=317)	%
Face-to-face in own organisation	89	90	80	61	253	77
On-the-job in workplaces	45	69	72	56	193	58
Face-to-face in training room(s) in industry/ other companies	39	48	56	61	174	53
Distance education (using printed study materials)	14	24	25	13	57	17
Computer assisted delivery i.e. online	7	14	9	6	27	8
Using online methods with students external to own organisation	5	12	3	9	23	7
Other way	7	7	6	4	18	5

Commercial training organisations were least likely to offer face-to-face training within their provider organisation (61%, by comparison with around 85% for other providers): enterprise-based organisations and industry organisations were more likely to offer training on the job (70%, by comparison with around 50% for the other two providers) and through distance education (25%, by comparison with around 14% for the other two). Industry organisations and commercial training organisations were more likely to offer face-to-face training outside their own organisation (approximately 60%, by comparison with around 45% for the others). The observed frequencies are shown in appendix H.

Table 7 shows the percentages of each provider type which used various modes of assessment in their nationally accredited programs.

Table 7: Modes of assessment, by provider type

Modes of assessment	Adult/ community provider	Enterprise-based organisation	Industry organisation	Commercial training organisation	Total	
	(n=84) %	(n=42) %	(n=64) %	(n=127) %	(n=317)	%
Face-to-face in own organisation	90	81	72	59	241	73
On the job in workplaces	45	64	77	61	199	60
Face-to-face in training rooms in industry other companies	39	36	48	54	155	47
Distance education (using printed study material)	11	19	19	8	40	12
Using online methods with students external to own organisation	2	10		6	15	5
Other	5	10	9	6	22	7

The primary modes of assessment matched those of delivery, with 73% of organisations assessing face-to-face internally, 60% assessing on-the-job in the workplace and almost half assessing face-to-face in rooms outside their own training organisation. 'Other' methods of assessment were reported as: written assessment/assignments (6), on location (2), third party reports, case studies, non-paid practical placement, observation, exams, peer assessment, record book, portfolio, video conference and workbook (each 1).

There were significant differences in the ways some RTOs assessed training. Commercial training organisations were least likely to assess face-to-face internally, while adult/community providers were the least likely to be assessing on-the-job in workplaces. The observed frequencies are shown in appendix H.

Delivery of nationally accredited programs offshore

Only 4% of private providers in the sample delivered nationally accredited programs offshore during 2003. Industry organisations (8%), commercial training organisations (5%) and enterprise-based organisations (2%) were responsible for all such delivery (table 8).

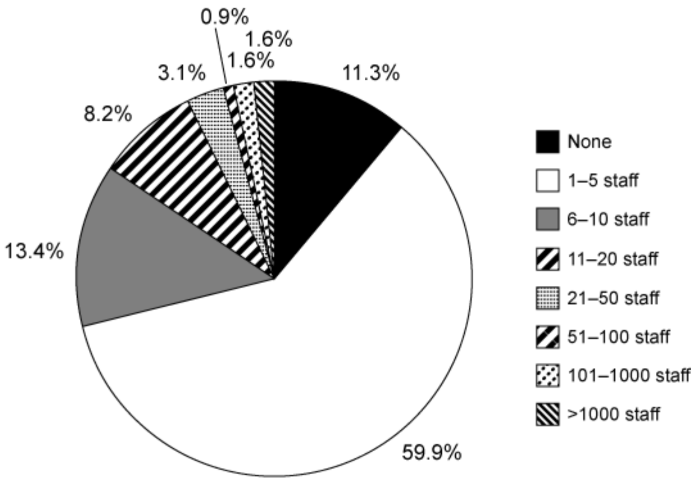
Table 8: Offshore delivery of nationally accredited programs, by provider type

	Adult/ community provider	Enterprise-based organisation	Industry organisation	Commercial training organisation	Total	
	(n=84) %	(n=42) %	(n=64) %	(n=127) %	(n=317)	%
Yes		2	8	5	13	4
No	100	98	91	95	316	96
Total	**100**	**100**	**100**	**100**	**329**	**100**

Staffing in the organisations

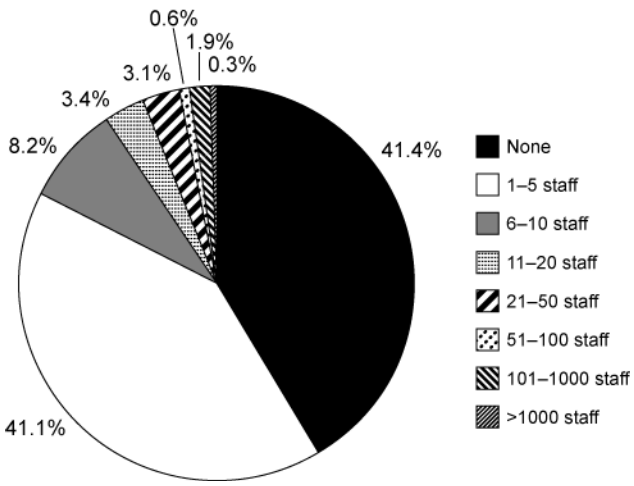
Eleven per cent (n=36) of the organisations did not employ any *full-time* staff. Sixty per cent (n=191) employed between one and five full-time staff only, while another 13% employed between six and ten full-time staff. The predominant picture is of very small organisations in terms of full-time staff, with 84% having ten or fewer (figure 16).

Figure 16: Percentage of organisations by numbers of full-time staff



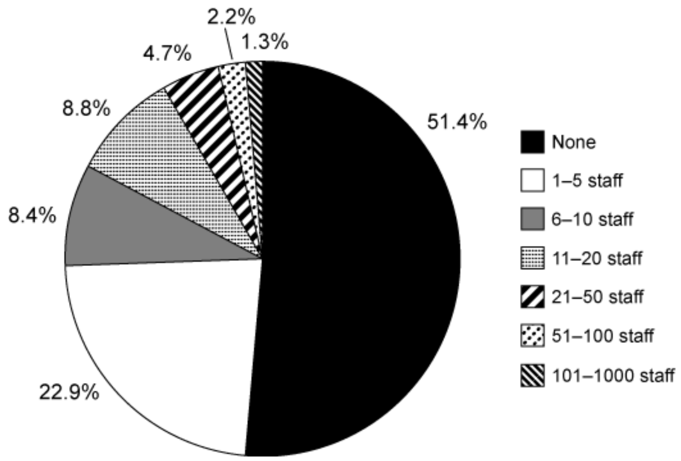
In terms of *part-time* staff, 41% (n=132) of the organisations did not employ any such staff in that year. Another 41% (n=131) employed between one and five part-time staff, while a further 8% (n=26) employed between six and ten part-time staff. Thus, as many as nine out of ten organisations either had no part-time staff or very low numbers of ten or fewer staff (figure 17).

Figure 17: Percentage of organisations by numbers of part-time staff



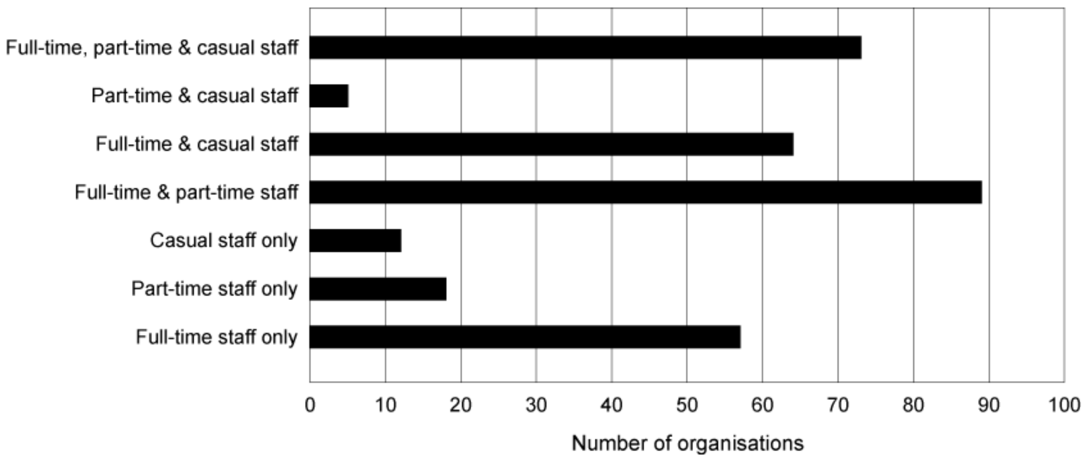
One hundred and fifty-five of the sampled RTOs employed *casual* staff in 2003. Fifty-one per cent (n=164) of the organisations did not employ any casual staff in 2003. Another 23% employed between one and five, while 8% employed between six and ten casual staff. Therefore, 82% of the organisations either did not employ casual staff or employed fewer than ten (figure 18).

Figure 18: Percentage of organisations by numbers of casual staff



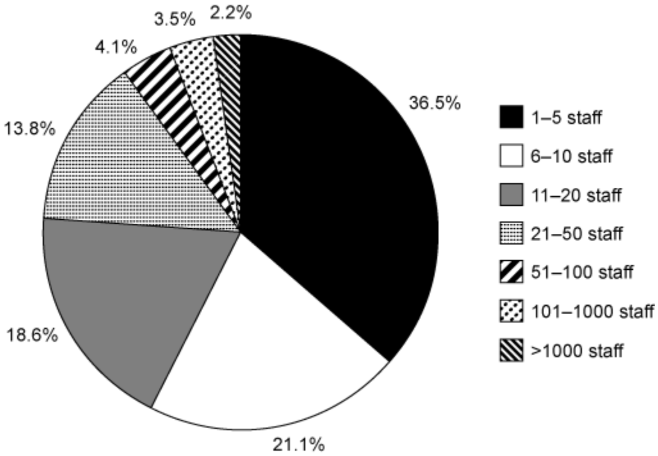
The most common groupings of staff were full-time and part-time staff (28%) or a combination of full-time, part-time and casual staff (23%), as shown in figure 19.

Figure 19: Groupings of staff types employed in the registered training organisations



The clear pattern in size of registered training organisations, as indicated by staff numbers, is that the majority of training providers are very small, with some in the medium range and a small number that are large. Seventy-six per cent (n=242) are small, employing 20 or fewer staff and, of these, 37% (n=116) have five or fewer staff. Eighteen per cent (n=57) are medium-sized, employing between 21 and 100 staff. At the large end of the continuum, 6% (n=19) employed over 100 employees, with eight of these employing over 1000 staff (figure 20).

Figure 20: Distribution of total staff numbers employed in the registered training organisations



There was a significant relationship between number of staff and type of training provider (appendix H). Commercial training organisations were more likely than other provider types to be among the small and micro organisations.

There was also a significant relationship between the different groupings of staff type (full-time, part-time and casual) and type of training provider (see appendix H). Adult/community providers were the least likely to be employing full-time staff only and the most likely to be employing only part-time and casual staff.

A summary of staffing by mean numbers of different types of staff employed by the various types of registered training organisations in 2003 is presented in table 9.

Table 9: Mean numbers of full-time, part-time and casual staff employed in the organisations to deliver training and/or provide assessment services

Provider type	Number of organisations	Full-time staff	Part-time staff	Casual staff
		Mean	Mean	Mean
Adult/community providers	84	6	5	15
Enterprise-based organisations	42	119	39	75
Industry organisations	64	94	6	6
Commercial training organisations	127	9	3	3
Other	9	6	4	3
Total	**326**	**39**	**16**	**16**

Note: These figures on staffing, especially full-time staff, need to be treated with caution as they may be inflated. It is likely that some respondents had in mind numbers of employees who were qualified with a Certificate IV in Training and Assessment, irrespective of whether these employees were working with these particular students in 2003.

Overall, these private providers had over twice as many full-time (mean 39) staff as part-time and casual staff (mean 16 in each case). However, there was considerable variation in the reported number of staff between the provider types as well as within them. There were differences between the provider types in terms of the proportions of each staff category in the organisations. By far the largest providers by numbers in each of the three staff categories were the enterprise-based organisations, which had an average of 119 full-time, 39 part-time and 75 casual staff. The commercial training organisations and the adult/community providers employed, on average, very small numbers of staff (fewer than ten in each staff category).

Within the staff groups, the industry organisations exhibited a very strong preference for employing full-time (mean 94) rather than part-time or casual staff (a mean of six in each case), and so did the enterprise-based organisations, although the differences between the means were not so marked. In stark contrast, the adult/community providers tended to employ casual (mean 15) more than full-time (mean six) or part-time (mean five) staff.

Services provided by the organisations

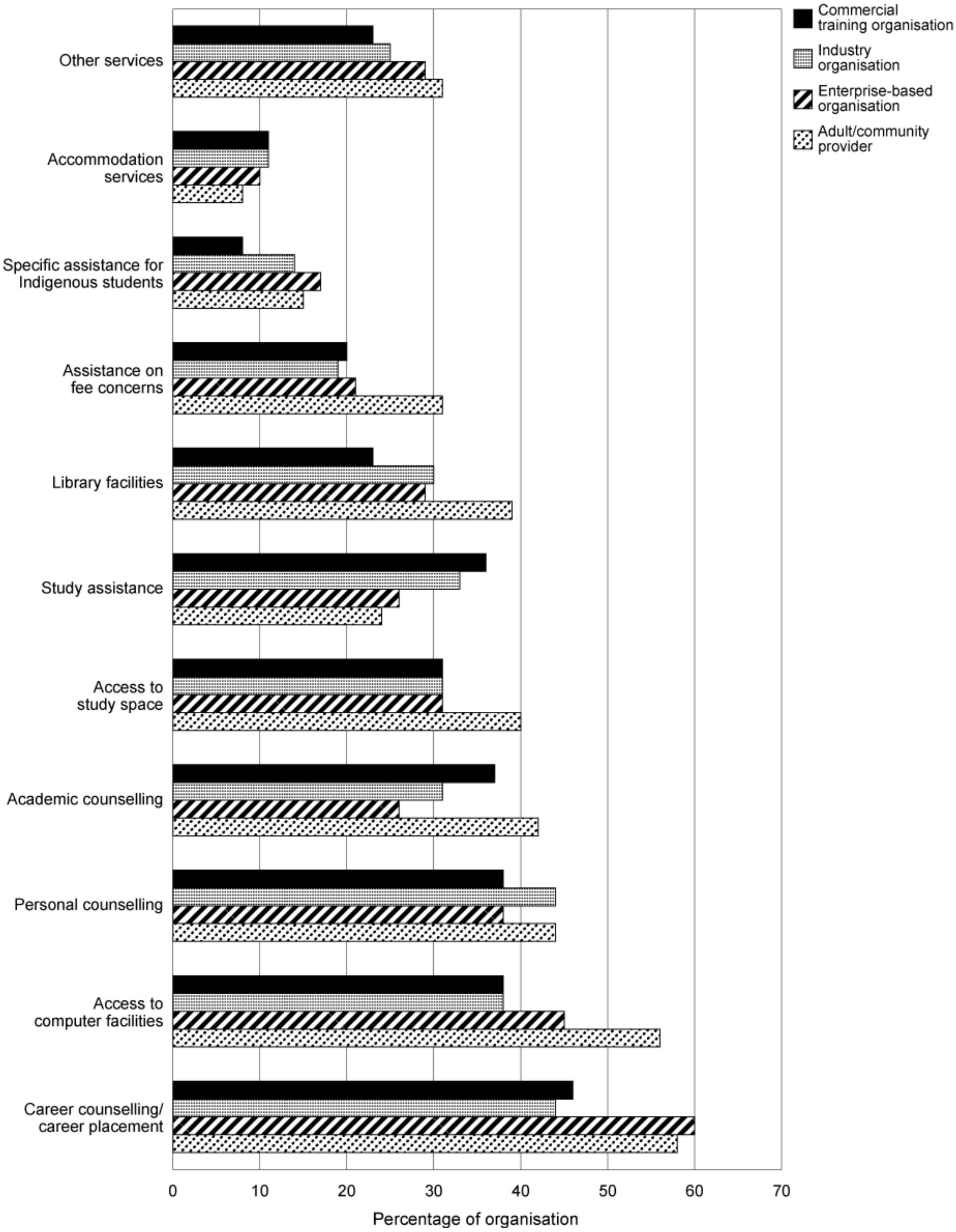
The organisations were presented with a list of services and asked about those they provided for students who were completing nationally accredited training. Figure 21 shows the percentages of the various types of providers offering these services to their students.

Career counselling/placement was offered by just over half of the registered training organisations, 45% offered computer facilities and 41% offered personal counselling. These services were followed by academic counselling (36%); access to study space (34%); study assistance (31%); library facilities (30%); assistance with fees concerns (24%); specific assistance for Indigenous learners (12%); and accommodation services (11%). ‘Other services’ reported were: literacy and numeracy assistance (n=13); assistance for those with disabilities (n=4); childcare; industry-specific equipment; and on-the-job support (each 1).

Specific assistance that was provided for Indigenous students included: contextualisation of study materials to suit language/culture; provision of more one-on-one assistance; and specific people to assist in job placement (a complete listing of these forms of assistance for Indigenous students is presented verbatim in appendix I).

The most notable aspect of services provided to students is the similarity in the responses of the enterprise-based, industry and commercial training organisations and the relative difference of the adult/community providers from these three types of organisations. In general, higher proportions of adult/community providers than the other types reported that they provided various services, which is perhaps understandable given their strong educational orientation and pastoral mandate in meeting learner needs. In particular, more of these organisations reported providing access to computer facilities (56%); academic counselling (42%); study space (40%); library facilities (39%); and fees assistance (31%), as well as offering, along with the enterprise-based organisations, more career counselling/career placement.

Figure 21: Services offered to students completing nationally accredited training, by provider type



Inhibitors and promoters of growth in the organisations

This section of the survey sought to have respondents classify a number of factors into either inhibitors or promoters of growth. Interviewees were provided with a five-point scale on which to assess each factor. On this scale, (5) was a 'strong promoter of growth', (4) a 'promoter of growth', (3) 'no real effect' (or neutral), (2) an 'inhibitor of growth' and (1) a 'strong inhibitor of growth'. Therefore the closer the mean scores (reported below) are to (3), the more the factor is not important in terms of growth. As the mean increases above (3), then the factor becomes a stronger promoter of growth and as it decreases below (3), then the factor becomes a stronger inhibitor of growth.

The percentages of interviewees who gave a positive response (promoter of growth, (4) or [5]), a neutral response (3) or a negative response (inhibitor of growth, (1) or [2]) are also shown in table 10 for all the organisations. (Appendix J presents the verbatim responses from interviewees on what they considered were promoters and inhibitors of growth in the case of their registered training organisations.)

Table 10: Growth factors—all registered training organisations

	n	Mean	Std dev.	% +ve	% neutral	% -ve
Requirements of training packages	326	3.1	1.1	40	30	29
Requirements of the AQTF	325	3.1	1.1	41	25	31
Requirements of New Apprenticeships	323	3.1	0.9	21	61	16
State/territory course accreditation processes	318	3.0	1.0	27	43	27
Competition from online training providers	325	2.9	0.5	5	80	14
Lack of recognition by overseas countries of Australian pre-university qualifications	325	2.9	0.5	4	84	10
Absence of HECS for private students	327	2.8	0.7	5	75	20
Competition from TAFE providers	327	2.6	1.0	11	54	34

Notes: AQTF = Australian Quality Training Framework
HECS = Higher Education Contribution Scheme
Std dev. = standard deviation

In general, organisations were neutral about the growth factors. Most factors were fairly evenly split between organisations considering them as a promoter or as an inhibitor (3.1 to 2.9), resulting in a neutral rating overall. The key result is that the opinion of the organisations is split regarding the growth factors. For some, they are a promoter; for others, they are an inhibitor. The main factors where opinion was tending towards negative were 'absence of HECS for private students' (2.8) and, particularly, 'competition from TAFE providers' (2.6).

A summary of the inhibitors and promoters of growth by type of provider is presented below (further details are provided in appendix H).

Adult/community providers

The key inhibitor of growth for adult/community providers was 'competition from TAFE providers' (mean 2.5), with a further inhibitor of 'absence of HECS for private students' (mean 2.7). In general, this provider category did not consider any factor to be a promoter of growth, with only 'requirements of New Apprenticeships' achieving a slightly positive score (mean 3.1). 'requirements of training packages', 'requirements of the AQTF', and 'state/territory course accreditation processes' were scored as neutral by 40% or less of this category, with the remainder fairly evenly divided between being considered a promoter and an inhibitor.

Enterprise-based organisations

The key promoter for enterprise-based organisations was 'requirements of training packages (mean 3.4). To a lesser extent, another promoter was 'requirements of the AQTF' (mean 3.2). 'Competition from TAFE providers' was an inhibitor of growth (mean 2.8), although less strongly so than for other provider types.

Industry organisations

For industry organisations, the 'requirements of training packages' (mean 3.3) was a key promoter, and to a lesser extent, so also was 'requirements of New Apprenticeships' (mean 3.2). 'Competition from TAFE providers' (mean 2.6) was a key inhibitor for these providers. As with other providers, the remaining factors were either overwhelmingly rated as having a neutral impact or had roughly equal numbers of organisations considering them as promoters and as inhibitors.

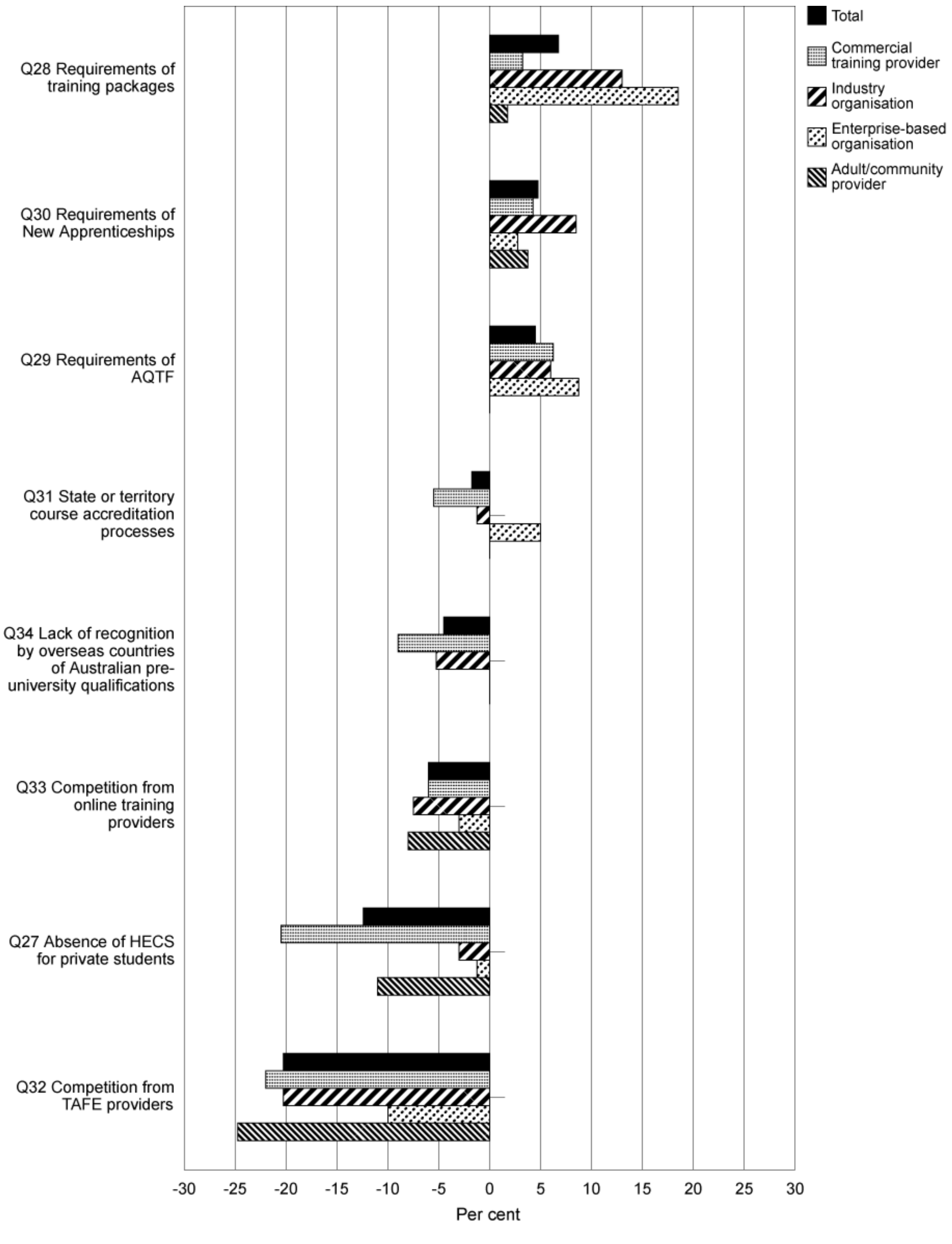
Commercial training organisations

For commercial training organisations, the two key inhibitors were 'competition from TAFE providers' and the 'absence of HECS for private students' (both means 2.6). To a smaller degree, the 'lack of recognition by overseas countries of Australian pre-university qualifications' (mean 2.8) was also an inhibitor. No factor exactly achieved a neutral rating, although all the other factors were within 0.1 of this figure. This was the most different of the four types of providers in terms of inhibitors and promoters of growth.

In summary, figure 22 clearly shows those factors that are promoters and inhibitors of growth, and indicates that there were more inhibitors of growth than promoters. The mid-point (0.0) represents the neutral score (3.0). Bars to the right of this point are promoters of growth, those to the left are inhibitors. The longer the bar, the more the factor is a promoter or inhibitor, with the maximum possible length being 100.

There is some variation between the provider types but, in general, the 'total' sample is a good indication of the status of the factor. 'Requirements of training packages', 'requirements of new apprenticeships' and 'requirements of AQTF' are all promoters of growth, although not strongly. 'State/territory course accreditation processes' are viewed as neither. 'Lack of recognition by overseas countries' and 'competition from online training providers' were inhibitors of growth, although not strongly. The key inhibitors are the 'absence of HECS for private students' and 'competition from TAFE providers'.

Figure 22: Promoters and inhibitors of growth



Estimates of training activity of all private providers in Australia

This study focused primarily on the *nature* of the training activity of Australian private providers. However, one of the continuing mysteries of vocational education and training in Australia is the *extent* of training activity of private providers. National statistics at present include information on government-funded RTOs; that is, TAFE and other government providers, multi-sector higher education institutions, registered community providers and registered private providers—what is termed the 'public VET sector' (NCVER 2004, p.2). NCVER acknowledges that some private providers report on a voluntary basis, even though they are not in receipt of government funding. This may be offset, however, by the fact that many private providers who receive government funding report only their government-funded activities and do not necessarily report their fee-for-service activity (McPhee 2005, p.11). Thus, until information can be collected nationally on *all* private providers, national statistics will remain incomplete and difficult to interpret with any degree of accuracy.

In the absence of national data, a few studies have attempted to tackle the issue of extent at the state level. Hall Chadwick (2003), in their study on private providers in Queensland, recognised that organisational size needed to be taken into consideration in extrapolating to state level from their sample of 15% of organisations. They divided their sample into large providers (2000 or more students) and other providers (fewer than 2000 students), and then multiplied by a factor of 10/7 for the former and 10/1.5 for the latter, knowing that they had captured seven out of ten large organisations and one-and-a-half out of ten other organisations in their sample. To be able to perform such calculations, the sizes of the total number of registered private providers in the state would need to have been known.

A subsequent survey by William Buck (2005) of 42% (n=283) of registered private providers in Queensland also attempted to cater for size in extrapolation processes. In this case, all non-respondents were surveyed for size in order to obtain a fuller picture of the total population (although they still needed to extrapolate from a sample of 425 [62%] organisations). It is noted that a very large percentage (90%) of the sample were industry organisations, with 5% each of community providers and government organisations. This indicates a different method of labelling provided by the Department of Employment and Training from that of other states/territories. (This was also noted when drawing up the population and sample frames for this present study; see appendix B.) Thus, the degree to which these Queensland data are comparable with the national data from this study is debateable, given the quite different representation of provider types captured in this study.

Estimates of the total numbers of full- and part-time students were derived from estimating total numbers of full- and part-time students from each of the five groups of providers (adult/community providers, enterprise-based organisations, industry organisations, commercial training organisations and other types). Full details of the method used to derive the estimates of full- and part-time students can be found in appendix B. In addition, estimates of the number of students undertaking accredited training were made. These estimates need to be treated with caution because of the low response rate (around one in three) and problems with the population framework (the National Training Information Service had inaccurate contact and scope data).

Based on these calculations, we can estimate that the number of Australian students who enrolled full-time with private registered training organisations in 2003 was approximately 474 000, with a standard error of 19% (table 11). Similarly it is estimated that 1.7 million students were enrolled on a part-time basis with registered private training providers in 2003, with a standard error of 11% (table 12).

Table 11: Estimate of full-time students in 2003

	Adult/ community	Enterprise-based	Industry organisation	Commercial training organisation	Other	Outlier	Total
Population: Private training organisations on the NTIS							
Number	430	208	875	1 371	242	1	
Estimated number 'live'	394	199	745	1 145	214	1	
Sample:							
Number selected	143	70	290	449	79	1	
Number responding	50	14	89	136	40	1	
Number refusing	81	53	158	239	30	0	
Number defunct	12	3	43	74	9	0	
Full-time students:							
Mean	105	408	187	112	396	0	
Standard deviation	343	1 123	438	278	1 440	0	
Estimates:							
Total full-time students	**41 321**	**81 115**	**139 220**	**127 822**	**84 803**	**0**	**474 281**
Standard error of estimate	19 141	59 757	34 747	27 389	48 881	0	91 017
Relative standard error (%)	46	74	25	21	58	0	19

Note: NTIS = National Training Information Service

Table 12: Estimate of part-time students in 2003

	Adult/ community	Enterprise-based	Industry organisation	Commercial training organisation	Other	Outlier	Total
Population: Private training organisations on the NTIS							
Number	430	208	875	1 371	242	1	
Estimated number 'live'	394	199	745	1 145	214	1	
Sample:							
Number selected	143	70	290	449	79	1	
Number responding	50	14	89	136	40	1	
Number refusing	81	53	158	239	30	0	
Number defunct	12	3	43	74	9	0	
Part-time students:							
Mean	641	230	490	431	1 115	291 981	
Standard deviation	1 246	311	1 423	1 001	2 511	0	
Estimates:							
Total part-time students	**252 390**	**45 737**	**364 790**	**493 710**	**238 714**	**291 981**	**1 687 322**
Standard error of estimate	69 716	16 611	112 772	98 827	85 579	0	186 934
Relative standard error (%)	28	36	31	20	36	0	11

Estimates of the numbers of students in private providers enrolled in both accredited and non-accredited programs have also been made. Tables 13 and 14 show that, in 2003, about 1.6 million students were enrolled in accredited programs and 573 000 in unaccredited programs.

Table 13: Estimate of students in accredited programs in 2003

	Adult/ community	Enterprise-based	Industry organisation	Commercial training organisation	Other	Outlier	Total
Population: Private training organisations on the NTIS							
Number	430	208	875	1 371	242	1	
Estimated number 'live'	394	199	745	1 145	214	1	
Sample:							
Number selected	143	70	290	449	79	1	
Number responding	50	14	89	136	40	1	
Number refusing	81	53	158	239	30	0	
Number defunct	12	3	43	74	9	0	
Students in accredited programs:							
Mean	419	576	516	446	891	255 981	
Standard deviation	882	1 098	923	766	2 306	0	
Estimates:							
Total students in accredited programs	**165 173**	**114 608**	**384 226**	**511 059**	**190 702**	**255 981**	**1 621 749**
Standard error of estimate	49 363	58 480	73 488	76 022	78 477	0	152 300
Relative standard error (%)	30	51	19	15	41	0	9

Table 14: Estimate of students in non accredited programs in 2003

	Adult/ community	Enterprise-based	Industry organisation	Commercial training organisation	Other	Outlier	Total
Population: Private training organisations on the NTIS							
Number	430	208	875	1 371	242	1	
Estimated number live	394	199	745	1 145	214	1	
Sample:							
Number selected	143	70	290	449	79	1	
Number responding	50	14	89	136	40	1	
Number refusing	81	53	158	239	30	0	
Number defunct	12	3	43	74	9	0	
Students in non-accredited programs:							
Mean	335	44	166	129	582	36 000	
Standard deviation	763	141	696	518	1 396	0	
Estimates:							
Total students in non accredited programs	**132 112**	**8 726**	**123 685**	**148 197**	**124 604**	**36 000**	**573 324**
Standard error of estimate	42 636	7 511	55 081	50 937	47 536	0	98 805
Relative standard error (%)	32	86	45	34	38	0	17

Summary and conclusions

The overall picture painted here of private providers is one of a substantial and diverse training sector. It is substantial in terms of its numbers of students, numbers of staff and range of qualification levels. It is diverse, especially in its modes of delivery, staffing arrangements and funding arrangements.

From this study, the private sector offers a wide spread of fields of education, particularly management and commerce, across the full range of qualification levels to Australian students. There is minimal off-shore activity in evidence in this sample, the great majority are registered only in the VET sector and three-quarters deliver in only one state/territory. Delivery is mainly face-to-face to part-time learners within relatively small registered training organisations (as judged by numbers of students and staff) whose predominant offering is nationally accredited training, although there is also evidence of some non-accredited training. The organisations provide a healthy array of services to their students. Almost two-thirds acknowledge receipt of some government funding, although one-quarter operates on self-funding only. They tend to see contextual factors in Australian VET more strongly as inhibitors than promoters of organisational growth.

These findings assist in providing some answers to the research questions posed in the introduction. These research questions related to the characteristics of private providers delivering accredited VET programs, the accredited and non-accredited nature of their activity, features of the accredited training, numbers of students and views on organisational growth. The answers to these questions necessarily relate to the sampled 330 organisations. As indicated earlier, to the extent that this sample is skewed in favour of some organisational types, these answers need to be interpreted with caution.

The accuracy of these findings cannot be verified against other national data as there are none publicly available. However, wherever possible, comparisons have been made with data from other available studies, even though they either focus on a single state (for example, Kell, Balatti & Muspratt 1997; Hall Chadwick 2003; William Buck 2005; McPhee 2003, 2004, 2005) or take different samples (for example, Anderson 2006; NCVER 2004) from that analysed in this study. In general, the findings in this study are largely confirmed by what can be gleaned from these other studies.

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Support document details

Additional information relating to this research is available in *Private training providers in Australia: Their characteristics and training activities—Support document*. It can be accessed from NCVER's website <http://www.ncver.edu.au/publications/1688.html>. The document contains:

- Appendix A: Literature review
- Appendix B: Methodology
- Appendix C: First draft of interview schedule
- Appendix D: Cognitive testing protocol
- Appendix E: Interview schedule used in the study
- Appendix F: Primary approach letter
- Appendix G: Non-participant organisational information
- Appendix H: Further data
- Appendix I: Specific forms of assistance provided by private providers for Indigenous students
- Appendix J: Factors cited by interviewees as promoters or inhibitors of growth in their registered training organisation.

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