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Public and private training provision

REVIEW OF RESEARCH

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NATIONAL TRAINING REFORM has promoted competitive delivery of VET by seeking to remove the impediments faced by non-TAFE providers and encouraging public providers to operate in a more entrepreneurial fashion. By endorsing an open training market a more significant role for private providers was automatically encouraged.

However, this change in policy direction was initiated with a dearth of research and statistical evidence about the nature and operation of private provision and about the implications of altering the public/private balance by market-driven provision. It is only in the past four years or so—throughout the period of the implementation of these initiatives—that this knowledge gap has begun to be addressed, but even so, it is apparent from this review that more research will be needed in order to obtain a comprehensive and coherent view of the factors which influence the training market and within this, of the most appropriate strategies to foster a dynamic balance between public and private provision of VET.

Although VET providers are often described in terms of their sectoral base—private or public—this segmentation is not a clear one. It disguises the fact that providers in either sector do not necessarily operate exclusively within one sector, and furthermore it suggests a degree of homogeneity which does not in fact exist, particularly among 'private' providers. Public and private provision of training cannot be readily identified in terms of separate sectors, or even in terms of individual providers.

A critical problem for researchers has been the absence of comprehensive data collection about the size and operation of the private and public training sectors. This has made it difficult to determine the composition and relative size of the private sector, and in particular of the unregistered private sector. Neither the ABS nor individual government agencies had, until recently, kept data on private training provision on a regular or comprehensive basis.

The implementation of procedures for the registration of providers and the accreditation of courses have been significant in providing a basis from which to quantify the VET sector in terms of its providers. However, insufficient information exists (either nationally or at State/Territory level) to allow accurate comparison of providers' performance at the point of delivery. There is an absence of outcomes-related data for both TAFE and non-TAFE providers.

A further gap in existing knowledge arises from the absence of an overview of course delivery on a provider basis in order to produce a comparative picture which encompasses all components of the VET provision matrix. Such an analysis would elucidate and clarify important differences between TAFE and non-TAFE providers, and between public and private provision.

VET provision in an open training market

The increased use of competitive tendering processes for VET provision reflects a whole-of-government approach to increasing efficiency and effectiveness in both administration and program delivery. This has been timely given that during 1993–94 the amount of funds allocated for competitive tendering represented only one per cent of total recurrent funding. In reviewing the extent of competition in the training market, the Allen Consulting Group (ACG) found that only minimal pressure to compete with private providers had been exerted on TAFE because of the limited nature and extent of competition.

In terms of market share, TAFE is the dominant provider, even though private providers have increased their share through competitive tendering. Providers in the private VET sector have been found to operate within 'niche' markets, thus enabling them to compete with TAFE in a less direct way. Niche markets usually arise from gaps in public sector provision as a result of under-supply or non-provision.

Recent research has identified a range of market distortions or barriers to entry which have not facilitated competitive neutrality or a 'level playing field' in VET provision. These include:

- lack of access in some States to curriculum developed with public funds or conversely, to curriculum developed privately

- slow and bureaucratic accreditation and registration procedures
- a tendency for accreditation authorities to use TAFE curriculum as a benchmark thus limiting product diversity
- poor articulation to higher education courses
- many courses offered by competitive tender have short-term (one year) funding which disadvantages private providers who are usually reliant on continuity of income to a greater extent than are TAFE providers
- an open training market does not favour all private providers because geographical, political and organisational factors influence their ability to deliver services competitively

Collection of crucial information relating to competitive neutrality has recently commenced, but this critical, and so far little documented area, requires ongoing monitoring as well as the development of a comprehensive and coherent research strategy in order to adequately inform future VET policy.

Adoption of components of training reform by public and private providers

Research has focussed, to some extent, on the way in which public and private VET providers have adopted key components of national training reform, although findings to date are limited. The components studied include:

- *Competency based training.* Although research has been fragmented overall there seems to have been a concentration on program delivery to the detriment of assessment issues.
- *Accreditation of courses and registration of providers.* Research to date indicates that the processes involved in obtaining accreditation present barriers for private and community providers. There has been no research identifying equivalent difficulties for TAFE providers.
- *Quality assurance.* Research regarding the pursuit of quality by public and private VET providers can be divided into two main groups—studies examining the relationship between quality and accreditation and registration procedures, and studies examining the relationship between quality and competitive tendering. However, the research is limited in the scope of its findings.
- *Recognition of prior learning.* Little research has been undertaken comparing public and private providers use of RPL in particular, and

assessment generally. What is known at present is that the implementation of RPL varies from provider to provider. It would however be equally useful to gather information from across the assessment spectrum with particular emphasis on the implementation of assessment techniques by private providers, and also information relating to the factors which act as incentives and disincentives to providing assessment which meets quality standards and which is consumer-focused.

- *Promotion of access and equity.* Considerable research has been undertaken which depicts the VET system as one where women and other groups with special needs face a series of barriers which hinder their participation, and where their participation is characterised by a number of identified inequalities. An investigation of the appropriateness of monetary and non-monetary incentives for providers to service groups with special needs and for new funding models which can achieve equitable distribution of funds across all training systems is both timely and necessary.

Public/private provision of VET post national training reform

Reform of Australia's vocational education and training (VET) system has been extensive and is a process which, in response to changing economic and industry conditions, is ongoing. The degree and impact of the change resulting from training reform is in itself a research issue, because the long-term impact of the change process as a whole, on individual providers as well as on the system itself, is not known. It would appear that research has been focused on aspects of change (for example, competitive tendering, competency-based training) but no coherent in-depth analysis of the entire system has been conducted. Given the extensive policy formulation which has occurred, a significant amount of which has been implemented without a research base, it is imperative that this omission be rectified with the commissioning of research which is directly linked to VET policy.

The demand for a more efficient and effective training system came from both industry and government sources, and was a response to profound changes in Australia's economy, changes which, because of its relative lack of international competitive ability, spelt vulnerability for Australia during the late 1980s. Government policy has endorsed the link between workforce skill and the flexibility needed for industry to adapt successfully to changing economic circumstances (ESFC 1989).

The changes required to achieve this outcome were initially described under the umbrella term 'training reform agenda', a package of reforms which was agreed to by Commonwealth, State and Territory ministers, and initiated with two special conferences in April 1989 and November 1990. The agenda had broad support from employer and employee interest bodies in industry and constituted a national policy approach comprising a number of components new to the Australian VET sector, including:

- the development of national competency standards and competency-based training
- a national framework for the recognition of training

- an open training market
- increased competition between public and private providers of training
- a blurring of the divisions between public and private provision of training

It is obvious that the last three components are closely interlinked, resulting in a significant proportion of research examining public and private provision of VET being focussed on the competitive training market, and its impact on training providers.

What is meant by an open or competitive training market?

The most specific definition and description to date of this term is offered by the Allen Consulting Group (ACG). In a study conducted for the Victorian Office of Training and Further Education (OTFE) to determine the extent and character of the training market, the patterns of competition within the VET sector and trends and accomplishments of existing market practices by the Allen Consulting Group (ACG) (1994a) defines the training market as

. . . that part of the education and training system which provides individuals with the skills and learning expressly required by enterprises and industry. (p. 1)

The analytical framework adopted by the ACG (1994a) distinguished providers (for example, TAFE), purchasers (governments, enterprises and individuals), products (that is, skills), clients and outputs. The study found that rather than a single training market, a number of sectors co-existed which were characterised by specific market structures, across which market participants could be delivering training at any one time.

National training reform has promoted competitive delivery of VET by seeking to remove the impediments faced by non-TAFE providers and encouraging public providers to operate in a more entrepreneurial fashion. By endorsing an open training market a more significant role for private providers was automatically created.

However, this change in policy direction was initiated with a dearth of research and statistical evidence about the nature and operation of private provision and about the social and educational implications of altering the public/private balance by market-driven provision (Anderson 1994). It is only in the past four years or so that this knowledge gap has begun to be addressed, but even so, it is apparent from this research review that more research will be needed in order to obtain comprehensive information about the factors which influence the training market and within this, of the most appropriate strategies to foster a dynamic balance between public and private provision of VET.

Research which has been undertaken in relation to public and private provision of VET can be grouped into two main areas of enquiry, namely:

- ❖ characteristics of VET providers
- ❖ the provision of VET in a competitive training market, involving:
  - public versus private providers
  - adoption of components of training reform by public and private providers

This research review is structured to reflect these key areas of enquiry, with the final section identifying areas requiring further research.

Characteristics of VET providers

Dimensions of the training market

THE ALLEN CONSULTING Group (1994a) has provided a detailed analysis of the size and extent of the VET training market and estimated the total size of the market in financial terms to be about $6.5 billion. The largest provider in the VET sector was identified as TAFE with $3 billion of revenue. ACG estimates (see table 1) show that government funding accounted for just under half the income of the training market, with enterprises providing the next largest major source (a minimum estimate of 40 per cent, excluding some $2 billion of employee costs incurred while undertaking training).

ACG's estimates were hampered by shortfalls in information regarding major areas of spending. However, based on evidence obtained through research and interviews, ACG estimated the absolute size by sector and in terms of upper and lower limits for the year 1992. They noted that the most accurate information available related to major types of VET providers and found that TAFE was the largest sector, followed by training offered by the suppliers and manufacturers of equipment.

Training offered by enterprises accounted for the second largest portion of training dollars. This is training conducted in-house as opposed to contracted externally. Commercial providers and non-profit training organisations were next, followed by adult community education providers. The smallest sector covered private business colleges.

The following table, adapted and reproduced from ACG (1994a, p. 4) summarises this information.

Table 1: Estimates of size of major training provider groups

Provider	Estimated size (1992, $m)
TAFE	2934
Supplier, equipment manufacturer	1000 - 1700
Other (enterprise internal training, spending only, excluding employee salary costs during training)	1100
Commercial training businesses	500 - 1000
Non-profit training organisations	500 - 1000
Adult and community education centres	250 - 500
Industry skill centres	250 - 500
Business colleges (ABS defined, involving secretarial	200 - 250
and private commercial colleges	60 - 150
	6544 - 8634

On this basis, ACG estimated that the overall size of the training market was between $6.5 billion and $8.6 billion in 1992 (1994a, p. 5), with slightly less than half of this funding deriving from the Commonwealth Government and the State Governments. Of the remainder, 43 per cent was sourced from enterprises (most of which was spent on training not leading to qualifications) and seven per cent from individuals (1994a, p. 6).

Private VET provision

Classification of private providers

Although VET providers are often described in terms of their sectoral base—private or public—this segmentation is not a clear one. It disguises the fact that providers in either sector do not necessarily operate exclusively within one sector, and furthermore it suggests a degree of homogeneity which does not in fact exist, particularly among 'private' providers. Too often, private providers have been distinguished on the basis of sectoral location rather than according to their method of operation. Research has confirmed that public and private provision of training cannot be readily identified in terms of separate sectors, or even in terms of individual providers (Anderson 1993; Kell et al. 1995).

Anderson (1995) defined 'private' providers in terms of:

> *. . . the provision of post-school VET in the non-government sector by privately financed individuals and institutions operating more or less independently of government control.* (p. 2)

In relation to private providers, a widely used, but far from definitive, classification identifies four main groups—commercial, community, industry and enterprise providers. This classification has been used by many of those researching public and private VET provision, and while it has some limitations (particularly with regard to overlapping provision, such as adult community education providers who deliver vocational training on a fee-for-service basis), the classification at least provides a starting point from which to analyse the roles and methods of operation of the various types of VET providers. These categories are also used by Commonwealth, State and Territory training authorities for the purpose of provider registration and usually involve defining the four provider groups in the following way:

- *Commercial providers*—those providing training on a commercial, usually for-profit basis, and typically deriving most of their income from private sources by attracting individual consumers on a fee-paying basis. This category comprises most privately owned colleges, schools and training institutions.
- *Industry providers*—generally organisations providing training which is developed to meet industry-wide need. Often this training is delivered on a non-commercial basis to members of professional and trade associations, but this does not mean that industry providers operate on a non-profit basis.
- *Enterprise providers*—typically in-firm providers whose operation involves the development and training of enterprise staff. Programs are delivered in a number of ways including on the job by supervisory staff as well as by external training consultants or by the firm's own training staff as part of specific training initiatives.
- *Community providers*—or adult community education (ACE) providers, community-based providers usually operating on a non-profit basis, being largely subsidised by governments and with low cost contributions from consumers. Neighbourhood houses are an example of this category of provider. However, the advent of training reform has seen many ACE providers add a commercial role to their traditional role of lifelong learning, and learning which can benefit a local community.

The classification described above serves some useful purposes, but from a research perspective it is probably that more meaningful information can be obtained by analysing and comparing outcomes achieved by different providers. It would appear that such research has been almost non-existent.

At present, insufficient information exists (either nationally or at State/Territory level) to allow accurate comparison of providers' performance at the point of delivery (ACG 1994a; Anderson 1994). That is to say, there is an absence of outcomes-related data for both TAFE and non-TAFE providers. From a market perspective, where consumer choice is critical, this omission limits the basis from which VET customers can make informed choice regarding their selection of providers.

Provider registration

The implementation of procedures for the registration of providers and the accreditation of courses have been significant in providing a basis from which to quantify the VET sector in terms of its providers.

During 1993 there were more clients involved in courses not leading to formal qualifications than there were in studies leading to qualifications (ABS 1994). In 1993 more private providers were offering non-accredited than accredited training (ACG 1994a, p. 9). Considered together these facts suggest that the unregulated segment of the private sector is larger than the regulated segment (Anderson 1995, p. 8). However, this is extremely difficult to verify, and the accurate identification of the size of the total private sector remains an ongoing problem.

Furthermore, ABS data (1994) indicate that in 1993, 39 per cent of private providers were registered with a State Government recognition authority and that 25 per cent of commercial providers were conducting accredited courses. In addition, six per cent of training courses conducted by private providers in 1994 were accredited and some 13 per cent of training providers conducted some accredited training courses, with most of these being large size providers.

Characteristics of the private VET sector

Neither the ABS nor individual government agencies had, until recently, kept data on private training provision on a regular or comprehensive basis. As recently as 1992, DEET concluded that there was no reliable information about the number of private providers. The OECD has also highlighted a similar lack of data in its member countries (1991). Anderson (1995, p. 2) has argued that the absence of official statistics in this area of the VET sector has contributed to the lack of research.

However, in 1994 the ABS released the first comprehensive survey of training delivered by private training providers, based on information collected about training activity between January and December of 1994. The survey involved private sector providers delivering VET courses on a commercial basis, that is, by charging fees which at least covered the costs of the training provided.

Survey findings

Training hours

The ABS data indicate that in 1994 there were 3174 private sector VET providers, of whom 1462 (46.1%) operated with training as their key activity while 1172 (53.9%) operated with training as one of their business activities. In terms of size (as measured by teaching hours) the study found that:

- half were *small* providers (that is, delivering less than 4000 participant hours in the
- 12-month period studied)
- 38 per cent were *medium*-size providers (that is, providing between 4000 and 40 000 participant hours)
- 11 per cent were *large* providers (that is, providing more than 40 000 hours)
- a greater proportion (68%) of *large* providers conducted commercial training as their main business activity than did medium or small providers

By contrast, in 1995 there were 606 TAFE providers (reported as 'training locations') all of which operated with training as their main activity. In terms of size (as measured by teaching hours):

- 17 per cent were *small*
- 25 per cent were *medium*
- 58 per cent were *large*

Staffing

In relation to numbers of staff employed by private providers and their characteristics, the 1994 ABS survey, as well as a paper prepared by Kell et al. in 1995, showed that:

- almost 13 000 employees (not differentiated on the basis of employment status) were employed by private providers to deliver commercial training courses in 1994 (ABS 1994)
- forty per cent of private providers employ between two and five staff; sixty three per cent had between two and ten staff (Kell et al. 1995)
- the majority of trainers employed by training organisations during 1994 (55%) were male (ABS 1994)
- training providers used their own employees more frequently than they employed external training consultants (ABS 1994)

By contrast, in 1995 there were approximately 19 000 full-time teaching staff employed by TAFE, contributing 55 per cent of total teaching hours (Fooks et al. 1997, p. 8).

Income

The survey highlighted the following in relation to private provider income:

- 54 per cent generate a proportion of their income from the Commonwealth Government and the relevant State Governments
- the majority obtain income from fees charged to students
- 67 per cent have required capital to establish their businesses and 22 per cent of these have received this primarily from Commonwealth Government funding (Kell et al. 1995)

By contrast, Fooks et al. (1997, p. 9) in their critique of the TAFE sector show that, in the operation of this sector:

- approximately 64 per cent of funding was provided by State and Territory Governments
- approximately 10 per cent was raised through fee-for-service delivery
- about 4 per cent was derived from student fees and charges
- some 20 per cent was provided by the Commonwealth Government (Fooks et al. 1997, p. 9)

Course provision by public and private providers

It is only in the past three years or so that information has been compiled about the types of courses being delivered by public and private providers.

While this information provides useful data, it lacks a context since there has been, to date, no overview of all aspects of course delivery on a provider basis. This research review reveals that the information about available courses is limited because it does not take account of the scope and characteristics of the courses themselves. The courses ultimately serve to indicate the VET provision offered by the provider. Factors not given in descriptions of courses offered by public and private providers include:

- method of delivery
- extent to which self-paced and flexible delivery is utilised
- off-the-job provision as opposed to on-the-job provision
- the balance between theory and practice in the provision
- the significance of training versus vocational education
- provision of full-time as opposed to part-time study
- access and equity issues
- assessment instruments used

In other words it is important to have a comparative picture which includes all components of the VET provision matrix and this has not been undertaken to date. Such an analysis would elucidate and clarify important differences between TAFE and non-TAFE providers, and between public and private provision.

Commercial providers offer training for a diverse range of occupations and industries. However, most provision is concentrated in the service sector, for example, business and secretarial, computing, tourism and hospitality, hairdressing and beauty, fashion and design and health and community services (ACPET 1992; Smith 1996). These providers also tend to offer training in the low resource areas of the service sector (Smith 1996), in contrast to private industry providers (associated with a specific industry) who appear to be more concentrated in the high resource and capital-intensive areas of manufacturing (Anderson 1994a).

Where research by Smith (1996) and by ACPET (1992) revealed commercial providers as delivering programs which were concentrated in the service sector, ABS research elaborated further and identified private sector training courses (by commercial as well as by other private providers) as being offered in five areas (in descending order of provision). As the list following indicates, the most training hours involved management and administration courses, and the least, sales and personal service courses:

- management and administration
- supervision
- general computing
- technical and para-professional
- sales and personal services (ABS 1994)

ABS data also revealed that the industries for which the greatest proportion of training was provided were manufacturing, finance, insurance, property and business services. The least amount of training was provided for personal and other services industry.

Private provider categories

A number of researchers have studied the roles and functions of private providers on the basis of the four categories identified earlier—those of commercial, industry, enterprise and community provision. Most research takes as its focus the commercial providers—an examle is provided in the next section: Comparative studies of public and private providers. In the remaining three types of provision, the most consistent and comprehensive research in this area has been undertaken by NCVER through a series of interlinked projects (Anderson 1993; Barnett & Wilson 1994; Barnett 1995).

Industry providers

Industry providers target a range of enterprises across an industry or industry sector and training is the central feature of the organisations. Consequently, their focus is most likely to be on training needs which are generic rather than enterprise-specific. They are also more likely than enterprise providers to rely on government funding, particularly fee-for-service provision, to deliver training (Barnett 1995, p. 5).

Most VET training is provided at the equivalent of AQF levels 1 to 3, but industry providers are more likely than enterprise providers to be delivering training at higher levels. Industry providers, like enterprise providers, employ external providers to deliver training, and these are most likely to be commercial providers (Barnett 1995, p. 21 and p. 23– 24).

Enterprise providers

Private providers are used less frequently than public providers by small firms, while medium-size firms tend to rely on a range of public and private external providers (Baker & Wooden 1995).

Research findings show that a key factor affecting the nature of enterprise training is that its providers, in contrast to other VET providers, operate in an environment where training is but one part of an overall program of operation, (Barnett 1995; Smith 1996). Training within enterprises has been found to be widely accepted as part of the solution to deal with an increasingly competitive environment, but to be treated primarily as an operational rather than a strategic issue within enterprises, an enabler rather than a driver of strategy (CSU 1995a).

External training providers are generally employed by enterprises on an as-needs basis and are most likely to be commercial providers, individuals rather than training colleges, after which TAFE is the next most likely choice of external provider (Barnett 1995).

Community providers

National training reform has provided the adult community education (ACE) sector with the opportunity to take its place in the VET system as a provider of vocational programs and has been a powerful influence on the vocational program development of many community providers. In general, community providers have faced change of enormous magnitude as well as speed, involving choices to be made about future directions which challenge the sector's traditional identity and role.

As a result of national training reform, ACE providers are delivering vocational training on a for-profit basis, competing against other providers in the process. The implications of this trend in relation to the traditional identity of the sector which is essentially non-commercial, are not yet known. However, it would seem at this stage that a distinction will continue to be drawn between the sector's 'core business' and its for-profit training role (Barnett & Wilson 1994).

Comparative studies of public and private providers

To date, the most definitive comparative research in the area of public and private VET provision has been undertaken by Anderson (1993). His research involved detailed case studies of three matched pairs of commercial and TAFE colleges delivering training in business and secretarial studies, hospitality and tourism, and computer studies. A comparative analysis of the structure, operation and approach to training of these six providers revealed that the identified differences could be attributed to TAFE colleges having been shaped more by government policy and bureaucratic forces than by market forces. Commercial colleges, on the other hand, had been driven more by commercial influences.

In the context of growth factors and market forces shaping the direction pursued by each type of provider, Anderson found that the major driving forces for both sectors had been unemployment, the lack of new job opportunities and unmet demand for tertiary places. Differences occurred in the nature and extent of the impact of these factors on public and private providers due to the varying degrees of exposure to these forces experienced by providers in each sector.

In both sectors, growth factors were found to have stimulated changes in traditional client and program profiles, and to have diversified the sources of funding of each type of provider. This had produced a range of changes which Anderson identified as beginning a process of 'fundamental transformation in character and behaviour' (1993, pp. xiv– xvi). While some of these changes are specific to each sector, the following major trends were identified for both public and private providers:

- servicing of an increasingly diversified set of markets
- deriving funding from a wider range of sources
- moving up the academic hierarchy in response to market forces
- convergence in the training market with each assuming certain traits and patterns of behaviour normally associated with providers in the other sector

VET provision in a competitive training market

Public versus private providers

A NUMBER OF key national reports have predicted that training reform would result in TAFE providers being subject to greater competition from private sector providers (e.g. Deveson 1990; ESFC 1989). ANTA policy on user choice now makes this a reality.

Increased competition has seen TAFE broaden its program delivery with provision in newer areas such as, Business, Office Administration, and Hospitality and Tourism. As a result in these areas there is now a high concentration of private providers in direct competition with TAFE. These providers have been able to respond quickly to demand and have won business by offering clients a high probability of a job on completion of the course. However, in relation to market share, TAFE is the dominant provider, even though private providers have increased their share through competitive tendering (ACG 1994a; Anderson 1996).

Furthermore, in terms of relative positions in most segments of the training market, TAFE colleges continue to occupy the dominant position and also tend to operate in a broader set of markets than do private sector colleges (Anderson 1993). However, TAFE has lost market share to private providers (particularly to community providers whose infrastructure costs are lower) in the training component of labour market programs, off-the-job, entry-level training and migrant education (ACG 1994a).

Fooks et al. (1997) argue that for TAFE to be competitive in a training market, TAFE colleges need to be autonomous, an opinion which supports the widely held view of TAFE providers who believe that their lack of autonomy inhibits flexible responses to changing market demand (Anderson 1993).

Providers in the private VET sector have been found to operate within 'niche' markets (Anderson 1993; ACG 1994a), a way of operating which has enabled them to compete with TAFE in a less direct way. While there is considerable overlap between the market segments for which private sector providers compete (ACG 1994a), niche markets usually arise from gaps in public sector provision as a result of under-supply or non-provision. Rather than competing directly with TAFE, commercial colleges have addressed unmet demand, primarily from school leavers, thereby expanding the market for post-school training (Anderson 1993).

TAFE and commercial colleges compete directly in the following market segments:

- fee-for-service short courses
- labour market training programs
- traineeships
- international student programs (Anderson 1993)

TAFE providers, on the other hand, believe that ability to compete in a flexible and cost-effective manner is limited because of bureaucratic constraints which mean that private providers have advantages such as:

- greater flexibility and control of resources
- no restrictions on fee charging
- commercial independence and institutional autonomy
- access to accredited TAFE curriculum
- freedom from community service obligations (Anderson 1994)

However, encouraging new providers into the training market and widening the range of training providers offers the potential for cost-shifting, that is, the shifting of costs previously borne by one stakeholder to another. Training authorities in most States and Territories are attempting to prevent cost-shifting within their competitive tendering processes by specifying that the training for which funding is sought is additional to that which the tenderer usually provides. The progressive application of the AVETMISS (Australian Vocational Education and Training Management Information System Standard) to private providers may provide a means of checking cost-shifting but it is also important that other safeguards are developed (WADOT 1996, pp. 38–39).

Competitive tendering

In 1996, some $108 million was allocated by the Australian VET system for 'contestable' funding mechanisms with an expected increase to $153 million in 1997. The move to make increased use of competitive tendering processes reflects a trend across government generally to increase efficiency and effectiveness in both administration and program delivery (WADOT 1996). During 1993–94 the amount of funds allocated for competitive tendering was small, representing one per cent of total recurrent funding. In Victoria and NSW competitive tendering for funds had been restricted to private providers thus preventing TAFE from competing. In reviewing the extent of competition in the training market, ACG (1994a) found that only minimal pressure to compete with private providers had been exerted on TAFE because of the limited nature and extent of competition. The degree to which TAFE competed directly with private providers varied by State, depending on the commercial strategy of individual State training authorities. Where TAFE had been able to compete, mixed results were evident (ACG 1994a).

Preferred provider approach

A key disadvantage of competitive tendering is its highly resource-intensive nature, both for those bidding as well as for those assessing proposals. Several States and Territories have consequently considered moving to a 'preferred provider' approach which involves the purchaser approaching the provider to deliver a program, based on their acknowledged expertise as a provider (WADOT 1996).

The following advantages have been identified in relation to this strategy:

- reduction of administrative input
- reduction of costs to tenderers
- degree of continuity of funding to preferred providers thereby encouraging providers to plan for and invest in training provision, and facilitating capital planning (WADOT 1996)

However a number of concerns relating to this approach have also been identified:

- new providers will have difficulty breaking into the market
- the approach is less transparent and more open to abuse, allowing for favourable treatment of some providers (WADOT 1996)

Conclusion

Collection of crucial information relating to competitive neutrality has recently commenced but this critical and so far little documented area requires ongoing monitoring—including feedback from user choice pilots—as well as the development of a comprehensive and coherent research strategy in order to adequately inform future VET policy. Two potentially problematic areas in the open training market are those of cost-shifting from one stakeholder to another and the preferred provider approach to competitive neutrality.

Adoption of key components of national training reform by public and private providers

Research has focussed, to some extent, on the way in which public and private VET providers have adopted key components of national training reform, although findings to date are limited. Crucial components which have attracted research are:

- competency-based training
- accreditation of courses and registration of providers
- quality assurance
- recognition of prior learning
- promotion of access and equity

Competency-based training (CBT)

There has been limited research into the implementation of CBT in relation to public/private delivery of VET.

Non-TAFE providers have been found to be more likely than TAFE providers to be delivering competency-based programs. Of non-TAFE providers, the most likely to be providing CBT were found to be enterprise and industry providers, and the least likely to be community providers (CSU 1995b).

Private providers have commented adversely on the implementation of CBT and the standards associated with it, claiming that outcomes have not improved and benefits remain to be demonstrated. A range of structural barriers have been identified including accreditation difficulties, cross-subsidies, and lack of access to public infrastructure. The development and national endorsement of competency standards is supported by private enterprise-based providers but they perceive that the Australian Standards Framework adds limited value to enterprises (ACG 1994b).

Accreditation and registration of providers

It would appear that VET stakeholders agree that training providers who receive funding through competitive tendering processes should be required to be registered to deliver accredited courses. Such a requirement would then offer a guaranteed minimum standard for the training delivered (WADOT 1996, p. 27). However, research to date indicates that the processes involved in obtaining accreditation present barriers for private and community providers. These has been no research identifying equivalent difficulties for TAFE providers.

Research has found that while private providers are supportive of provider registration and course accreditation as quality control strategies, they are extremely hostile to what they perceive as cumbersome, time-consuming, costly and complex procedures, and continual change in these procedures. These processes have also been found by researchers to be not well understood by these providers (Barnett 1995; ACG 1994b; Kell et al. 1995; Smith 1996). Removal of course accreditation requirements should therefore go a long way to removing these problems.

Other factors which prevent accreditation of private provider programs include the provider:

- not being interested in receiving accreditation
- being unaware of the procedures involved
- being unaware of the existence of an accreditation body
- not having ready access to information on accreditation (ABS 1994)

Community providers have also reported significant difficulties in relation to the accreditation process, particularly in relation to time, personnel and finances. While acknowledging the importance of accreditation, these providers have expressed reluctance about pursuing accreditation (Barnett & Wilson 1994).

Quality assurance

Research relating to the pursuit of quality by public and private VET providers can be divided into two main groups—studies examining the relationship between quality and accreditation and registration procedures, and studies examining the relationship between quality and competitive tendering. Again, the research is limited in the scope of its findings.

Accreditation is widely assumed to encourage and promote quality provision of training. Allen Consulting Group (1994a) identified a direct relationship between quality assurance and accreditation and registration procedures, but noted a lack of systematic effort to identify and implement quality issues in relation to assessment.

TAFE providers have indicated that quality had suffered as a result of competitive tendering, arguing that low prices quoted by private providers could only be achieved with a reduction in quality of the training delivered. However, private providers have expressed the belief that tendering documentation and processes demand quality and therefore, that they compete against TAFE on the basis of quality (ACG 1994a). The private provider view is endorsed by WADOT's study (1996) which found no evidence that quality was being undermined by competitive tendering processes. This was due to the development of monitoring processes designed to safeguard quality and also to the fact that the lowest price has not necessarily been the criterion driving the process.

Hall and Rimmer (1994) reviewed relevant international findings on the quality assurance implications of competitive tendering but found no clear consensus. They did find broad agreement that contracting draws attention to quality issues, but that there is a lack of comprehensive and comparable data about the impact on quality of competitive tendering.

It is extremely difficult to measure the efficiency or effectiveness of TAFE outcomes at the systems level because most TAFE quality assurance programs are administered primarily at the college level, a situation which inhibits consistency in the approach to quality processes and precludes comparability of quality outcomes (ACG 1994a).

Fooks et al. (1997) argue that quality assurance is pivotal to developing a client-responsive VET system and that setting sufficiently high standards of quality will encourage user confidence in VET. They propose that all providers seeking public funding for training should satisfy a set of national quality control standards, using a modified version of the model proposed by WADOT (1996).

(For further information in relation to quality issues, refer to Paul Hager, Quality assurance in VET, in this collection of papers.)

Recognition of prior learning

Examination of the research relating to RPL indicates that there exists concern among providers in regard to funding arrangements. The provision of RPL to students on entry to a course funded through competitive tendering, and which includes refund clauses, may result in reduced funding due to a decrease in delivered student contact hours. This acts as a disincentive to providers to implement RPL (WADOT 1996).

Research has found industry providers to be more likely to have made formal provision for RPL than enterprise providers, many of the latter being uncertain as to how to implement RPL (Barnett 1995).

Charles Sturt University (1995b) identified 58 per cent of TAFE courses as having implemented RPL provisions by 1994. A similar level of provision existed among non-TAFE providers, with 61 per cent having established RPL provisions within the same time frame. Differences within non-TAFE providers by type were identified, with community providers being much more likely than any other non-TAFE provider to have implemented RPL procedures. However, the non-TAFE providers surveyed were limited to a sample of 100, this small number indicating that these findings should be treated with caution.

Access and equity

The promotion through the national training reform of competition between training providers, and the intended outcome of improved efficiency raises concerns about access and equity. These concerns focus on the possibility of equity being treated as an unwanted cost rather than a desirable outcome (Barnett 1993). Considerable research has been undertaken which reveals the VET system as one where women and other groups with special needs face a series of barriers which hinder their participation, and where their participation is characterised by a number of identified inequalities. This begs the question of whether a competitive training market will further entrench these inequalities (Barnett & Wilson 1995).

The tradition set by public policy—to concentrate access and equity responsibility within the public sector—has meant that the VET public sector has developed considerable knowledge and skills in addressing access and equity (Barnett & Wilson 1995).

Feedback from VET providers consulted by the WADOT research team demonstrated a willingness to provide courses to groups falling into the access and equity category. Generally, provision for these groups was regarded as more difficult due, for the most part, to their complex needs. Public providers expressed concern that they would be obliged to assume full responsibility leaving private providers in a position where they were able to focus on the 'easier' option of generic provision. The WADOT study identified the need for further investigation into the appropriateness of monetary and non-monetary incentives for providers to service groups with special needs, and for new funding models which can achieve equitable distribution of funds across all training systems (WADOT 1996, p. 43).

Conclusion

Research into the adoption by public and private providers of key components of national training reform reveals a number of omissions which should be addressed in future research. For example, in the area of CBT implementation by both public and private providers, investigation of incentives to encourage its wider adoption should be encouraged; while in the area of maintenance of standards and quality assurance, a number of measuring and monitoring processes needs to be established. Although RPL has been a feature of VET provision for many years, there are still many aspects of RPL which demand further investigation. However, it would appear from available documentation and the issues raised that one of the most pressing areas for further research and investigation relates to ensuring fair and equitable VET provision.

Findings and areas for future research

THE RESEARCH REVIEWED for this report has identified a number of omissions in existing research material relating to changes in the VET sector over the preceding decade. Such omissions highlight future directions for research into the VET sector. Furthermore, pre-emptive research into the newly emerging areas of VET provision will ensure a sound base for the establishment of initiatives in these areas. Ideally, the form and direction of future research should be designed so that it both informs and enhances the ongoing policy development process. A number of areas deserving of future research are suggested below.

The change in policy direction made explicit through the national training reform initiatives took place in a training context where little research or statistical evidence on the nature and operation of private provision and on the social and educational implications of altering the public/private balance by market-driven provision (Anderson 1994) had been conducted. It is only in the past four years or so—throughout the period of the implementation of these initiatives—that this knowledge gap has begun to be addressed, but even so, it is apparent from this review that significantly more research is required in order to obtain a comprehensive and coherent view of the factors which influence the training market and within this, of the most appropriate strategies to foster a dynamic balance between public and private provision of VET.

Data about private providers

The ongoing collection and updating of statistical information (the last major ABS collection being in 1994) relating to private providers is essential in ensuring that currency and relevance are maintained, particularly in a context where change takes place so rapidly. It is recommended that this data collection exercise be undertaken annually and be accessible through the national VET statistics. Such information will also prove invaluable to and inform the planning of future VET provision. Presently the research and available statistical information indicates a lack of data which would allow direct comparison between public and private providers.

VET outcomes

Most research related to public and private provision of VET has focussed on inputs rather than outcomes. Insufficient information exists (either nationally or at State/Territory level) to allow accurate comparison of providers' performance at the point of delivery (ACG 1994a; Anderson 1994). There is an absence of outcomes-related data for both TAFE and non-TAFE providers.

Relating course provision by providers to the context for delivery

From this research review it is apparent that the available information about courses is limited because it does not relate, for example, to the manner of delivery, the degree to which self-pacing and flexible delivery are involved, the impact of delivery within an institution as opposed to on the job, the balance between theory and practice in delivery, the notion of vocational education as opposed to training, the provision made for full-time as opposed to part-time study, access and equity provisions, and the type of assessment techniques involved.

It is crucial that information relating to the scope, characteristics and contents of available VET courses is collected comprehensively and collated so that a coherent and comparative matrix of VET provision is constructed which takes account of all providers and their characteristics.

A research project of this nature, while of significant magnitude, is an essential tool in facilitating an analysis of the Australian training market. Furthermore it would assist in elaborating the important differences existing between TAFE and non-TAFE providers and between public and private provision.

Competitive tendering

The research has highlighted the need to document the full implications and costs and benefits of competitive tendering. Recent evaluation of pilot activities suggest that competitive processes can operate effectively to produce enhanced flexibility and responsiveness and can achieve positive cultural change within TAFE institutions (WADOT 1996, p. 6).

There is also a need for research which can provide information on:

- ❖ how to maximise the benefits and minimise negative consequences of competitive tendering processes
- ❖ the full implications of competitive tendering for providers, students and industry
- ❖ the full cost of delivering training in TAFE in order to undertake a cost–benefit analysis of competitive tendering (WADOT 1996, pp. 44– 48)

The preferred provider approach

Since this approach is relatively new it is recommended that further monitoring of the outcomes of the preferred provider strategy be undertaken before clear conclusions can be drawn about its ability to enhance competitive neutrality.

Cost-shifting

Although cost-shifting, a new concept in training provision, has been identified in several studies as a potential difficulty associated with the implementation of a competitive training market, there is a need for specific research to be undertaken to verify and quantify this.

Competitive neutrality

Collection of crucial information relating to competitive neutrality has recently commenced, but this critical, and so far little documented, area requires ongoing monitoring, as well as the development of a comprehensive and coherent research strategy which can be applied to adequately inform future VET policy. The preceding areas of competitive tendering, preferred provider and cost-shifting would provide critical input to research on competitive neutrality.

Feedback from the 'User Choice' pilots will be critical in complementing existing knowledge on promoting competitive neutrality and increasing understanding generally about the operation of the training market.

Competency-based training

A need for further research to inform the development of policy relating to the implementation of CBT by different types of providers has been identified. An investigation into the incentives necessary to encourage a wider adoption of CBT and associated standards processes is also recommended.

Quality

There is a need for research which can measure quality outcomes and relate these to the inputs of particular providers. Current research regarding the attainment of quality in VET delivery on the basis of provider type is based on the opinions of stakeholders from different sectors, and for this reason, little agreement exists. Research and analysis involving independent measurement of outcomes in a context of accepted indicators of quality and taking account of all relevant sectors and stakeholders is without question an urgent priority in this area.

Assessment and RPL

This review has demonstrated that there is a lack of research relating to RPL in particular, and assessment generally. Current research indicates that the implementation of RPL varies from provider to provider. It may however be equally useful to gather information from across the assessment spectrum with particular emphasis on the implementation of assessment techniques by private providers and also information on the factors which act as incentives and disincentives to providing assessment which meets quality standards and which is consumer-focussed.

Access and equity

The review has demonstrated the need for research which explores the appropriateness of monetary and non-monetary incentives to providers to service groups with special needs and for the development of alternative funding models which can achieve equitable distribution of funds across all training systems (WADOT 1996, p. 43).

Also revealed through this review was the absence of research detailing audits of access and equity incentives and similar provisions made in tender briefs, as indeed was any analysis of the ways in which access and equity considerations have been addressed in competitive tendering processes. Future analysis in this area should be confined to funders and providers of VET. Any study of impact on consumers should be undertaken as a separate exercise.

Also identified was a need for research designed to develop a mechanism for the separate costing and funding of community service obligations (CSOs) (Maglen and Selby-Smith 1995). A project of this nature would also involve an analysis of the components of the additional costs involved in meeting CSOs, how to measure them and what they mean in dollar terms (Butterworth 1995, p. 58).

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This review of research on vocational education and training is one of a series of reports commissioned to guide the development of future national research and evaluation priorities.

Kate Barnett has reviewed the issues of training provision for both public and private providers in Australia in the past six years. She draws conclusions relevant to vocational education and training policy and identifies areas for further investigation.