RESEARCH REPORT

The role and function of small VET providers

Patrick Korbel
Kristen Osborne
National Centre for Vocational Education Research

INFORMING + INFLUENCING
THE AUSTRALIAN VET SECTOR

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This document should be attributed as Korbel, P & Osborne, K 2018, *The role and function of small VET providers*, NCVER, Adelaide.

This work has been produced by NCVER on behalf of the Australian Government and state and territory governments, with funding provided through the Australian Government Department of Education and Training.

COVER IMAGE: GETTY IMAGES

ISBN 978-1-925717-32-7
TD/TNC 135.08

Published by NCVER, ABN 87 007 967 311

Level 5, 60 Light Square, Adelaide SA 5000
PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

Phone +61 8 8230 8400 **Email** ncver@ncver.edu.au
Web <https://www.ncver.edu.au> <https://www.lsay.edu.au>
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About the research

The role and function of small VET providers

Patrick Korbel, Kristen Osborne, National Centre for Vocational Education Research

The aim of this research was to gain a better understanding of the role and function of small providers in the Australian vocational education and training (VET) system in meeting the needs of learners. Small providers — those with low numbers of students — account for almost one-third of the total, thus justifying a closer look at this segment. In 2017 there were 1130 registered training organisations (RTOs) from a total of 3573 non-school RTOs with fewer than 100 students.

We categorised RTOs into three sizes: small providers (those with fewer than 100 students enrolled in VET); medium providers (with between 100 and 999 students); and large providers (with 1000 or more students). We selected providers that were in the same size category in 2015, 2016 and 2017. Schools were excluded from our analysis as they are RTOs in only some jurisdictions. Accordingly, the findings reflect VET delivered by non-school RTOs with a stable number of students in terms of their size category between 2015 and 2017. These stable small providers made up 24% of providers in the scope of this research but had fewer than 1% of all students in 2017.

Key messages

- Stable small providers play an important role in providing diversity in student choice. In every state and territory in 2017, all stable small providers combined delivered more national training package qualifications and nationally recognised accredited courses than any single stable large provider with a comparable number of enrolments.
- Stable small providers tend to deliver higher-level and more specialised programs than stable medium and large providers. A higher proportion of enrolments at stable small providers in 2017 were in Australian Qualifications Framework (AQF) programs at certificate IV level and above. For example, in 2017, most enrolments in qualifications in the Funeral Services Training Package, the Diploma of Aviation (Instrument Rating) and the Advanced Diploma of Dance (Elite Performance) were with stable small providers.
- Stable small providers more often delivered highly specialised courses on a fee-for-service basis in areas where there is little or no government funding, such as the performing arts, theology, religious ministry and yoga. In many cases the providers themselves had applied to have them nationally recognised as accredited courses.
- Some stable small providers delivered highly specialised services for key equity groups. Students with a disability made up at least a quarter of students at one in 20 stable small providers (compared with one in 100 stable large providers). Similarly, Indigenous students made up at least a quarter of students at one in 20 stable small providers (compared with one in 100 stable large providers).
- Stable small providers are similar to stable medium and large providers in terms of their geographical reach, rates of graduate satisfaction, regulatory compliance, and the issues faced in reporting training data to the National VET Provider Collection.

Simon Walker
Managing Director, NCVER

Acknowledgments

Our thanks to the Australian Skills Quality Authority for their assistance in the provision of the audit data and valuable feedback.

Our thanks to Katherine McGregor and the National Standards Branch at NCVER for their advice and the provision of data from the Client Support team.

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Executive summary

Given the number of smaller providers in the Australian vocational education and training (VET) system, this research aims to provide a better understanding of the role and function of these smaller providers in meeting the needs of learners.

We categorised registered training organisations (RTOs) into three sizes: small providers (those with fewer than 100 students enrolled in VET); medium providers (with between 100 and 999 students); and large providers (with 1000 or more students). We selected providers who remained in the same size category in 2015, 2016 and 2017. Schools were excluded from our analysis because they are RTOs in only some jurisdictions.

Accordingly, the findings reflect VET delivered by non-school RTOs with a stable number of students, in terms of their size category, between 2015 and 2017 ('stable' providers). These stable small providers made up 24% of providers within the scope of this research but had fewer than 1% of all students in 2017.

The analyses focused on training activity that occurred in 2017, which was the most recent data available and also ensured that students who were enrolled over multiple years were only counted once.

Key findings

Provider characteristics

In this section, we explored the general characteristics of stable small, medium and large providers. The key findings included:

- There were 518 providers in the small provider category across 2015, 2016 and 2017 (that is, stable small providers), making up 24% of stable providers over that period.
- Stable small providers had less than 1% of all students at stable providers in 2017. In contrast, while there was a similar proportion of stable large providers, they had 89% of all students at stable providers in 2017.
- Most stable small providers were private training providers. It was notable that 34% of stable enterprise providers were small.
- Stable small providers tended to have been registered for a shorter period of time than stable medium or large providers. Fifty per cent of stable small providers had been registered for nine years or fewer.

Training characteristics

In this section, we explored the types of training and specific courses that stable small providers were delivering and how this training was funded. The key findings included:

- A higher proportion of program enrolments in nationally recognised programs at stable small providers were in courses at certificate IV level and above in 2017, compared with stable medium and large providers.
- In 2017, there were 45 national training package qualifications across 21 training package groups where stable small providers had more enrolments than stable medium

or large providers. These qualifications were in areas such as funeral services, aviation, and disability access consulting.

- The range of national training package qualifications and nationally recognised accredited courses delivered by all stable small providers combined was greater than any single stable larger provider with a similar number of program enrolments in 2017. This indicates that stable small providers were contributing to the diversity of choices available to students within the system.
- Stable small providers were delivering niche nationally recognised accredited courses in areas such as dancing, acting, theology, religious ministry and yoga in 2017.
- Within nationally recognised programs, stable small providers had relatively more students undertaking fee-for-service training than stable medium and large providers in 2017. Sixty-four per cent of stable small providers had only fee-for-service students in 2017.

Student characteristics and outcomes

We focused on students with a disability and Indigenous students, the reason being that, while stable small providers overall had fewer of these students than stable large providers, they made up a higher percentage of students at stable small providers in 2017. The key findings included:

- A few stable small providers had a relatively higher percentage of students with a disability or Indigenous students in 2017, indicating that they may be delivering very specialised and targeted services to those students.
- Most of the training by students with a disability at stable small providers was on a fee-for-service basis, in contrast to stable medium and large providers.
- Across all provider size categories, training undertaken by Indigenous students was mostly government-funded. At stable small providers much of this government-funded training was in courses in community services, Indigenous studies and performing arts.
- There were no substantial differences between the employment, further study or satisfaction outcomes for graduates across all three size categories.

Geographic characteristics

In this section, we investigated whether there were any differences in the geographic areas that stable small providers serviced compared with other stable providers. The key findings included:

- While slightly more of their students resided in remote or very remote regions than stable medium and large providers, the majority of students at stable small providers resided in major cities in 2017 (similar to other stable providers).
- There were more students enrolled at stable medium or large providers than stable small providers across almost all regions across Australia in 2017.
- In 2017, the geographical reach of all stable small providers combined was comparable with the reach of single stable large providers, when measured by the number of regions they collectively covered.

- In regional and remote areas and in major cities, stable small providers delivered relatively fewer subject enrolments through electronic media than stable large providers in 2017. The greater use of electronic media may be helping large providers to reach students in regional and remote areas.

Regulatory and data-reporting comparisons

We analysed audit data from 2016—17 on providers registered with the Australian Skills Quality Authority (ASQA) to explore whether these stable small providers were experiencing any difficulties in meeting their regulatory requirements. The key findings included:

- Stable small providers were compliant slightly more often than stable medium and stable large providers, and when they were non-compliant it was more often a minor issue.
- Stable small providers appeared to have less difficulties maintaining their ongoing registration, but faced more difficulties adding new programs or subjects to their registered scope of delivery.

To get a sense of the operational challenges that stable small providers may face in meeting their data-reporting requirements, we looked at the issues they had experienced with reporting their training activity to the National VET Provider Collection in 2017. Examining calls and emails to NCVER's Client Support service, we investigated whether stable small providers required support more often than stable medium and large providers. The key findings included:

- Stable small providers made fewer requests for help than would be expected (if requests were evenly distributed). When they did make a request, it was often regarding similar issues to stable medium and large providers.
- The data indicate that stable small providers were not having any greater operational difficulties than stable medium and large providers in meeting their data-reporting requirements.

Introduction

The VET system in Australia is comprised of a diverse range of students and providers. A key driver of this research was to more comprehensively understand the market served by smaller providers, those who continue to operate in the VET system despite perceptions that it would be more profitable and sustainable for them if they expanded their operations (either through internal growth or mergers and acquisitions), thereby benefiting from economies of scale.

A review of the existing Australian literature, referenced at relevant points throughout the report, suggested that smaller providers may be fulfilling an important role in some sections of the VET market, especially in niche areas of training, regional or remote areas and training for particular cohorts, such as those who are educationally disadvantaged. This overlap with equity groups and their access to VET emphasises why the management, funding and regulatory design of the VET system needs to carefully consider the operation of smaller providers when considering questions of balance in the efficiency and equity of the VET market.

The aim of this project was to investigate the role and function of smaller providers to gain a better understanding of them and their place in the VET system. We were guided by the following research questions:

- Provider characteristics
  - In what ways are smaller providers different from larger providers?
    - Are smaller providers serving students from particular locations?
    - Do smaller providers deliver certain types of training?
    - What regulatory and operational challenges do small providers face?
- Student characteristics
  - What student groups are studying at smaller providers?
    - What are these groups achieving as their training outcomes?

The report is divided into five sections:

- *provider characteristics*: an analysis of smaller providers in terms of number, size, type and years in operation
- *training characteristics*: an analysis of the types of training that smaller providers are delivering
- *student characteristics and outcomes*: an analysis of the characteristics of students studying at smaller providers, and their employment and satisfaction outcomes
- *geographic characteristics*: an analysis of the geographic regions covered by smaller providers, based on student residence
- *regulatory and reporting comparison*: an analysis of the regulatory outcomes of smaller providers, and help requests from providers on data-reporting issues.

Provider characteristics

Defining the scope

The scope of this research was VET delivered by registered training organisations. To ensure consistency, training delivered by schools was excluded from the analysis because of differences between jurisdictions. Each state or territory has its own structure for the delivery of VET to senior secondary school students and in some states and territories (such as Queensland) the schools themselves are registered as VET training organisations, while in others they are not. (For more information, see Nguyen 2010).

Defining small providers

This section outlines the process we undertook to arrive at our definition of a 'small provider'.[1] We chose to categorise providers into three sizes based on the number of students enrolled in VET (NCVER 2018a). We matched the categories used by Anlezark and Foley (2016), listed in table 1.

Table 1 Provider size categories

Size category	Definition
Small providers	Fewer than 100 students
Medium providers	100 to 999 students
Large providers	1000 or more students

We then calculated the number of providers in each category in 2015, 2016 and 2017 (table 2).

Table 2 Number of providers in each provider size category, 2015–17

Provider size category	2015		2016		2017	
	N	%	N	%	N	%
Small providers	1 238	33	1 238	33	1 130	32
Medium providers	1 747	47	1 739	46	1 664	47
Large providers	752	20	766	20	779	22
Total	**3 737**	**100**	**3 743**	**100**	**3 573**	**100**

Note: 1. Only includes RTOs and excludes students in the 'School' provider type. Consequently, the numbers may not match those presented in other NCVER publications.
2. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

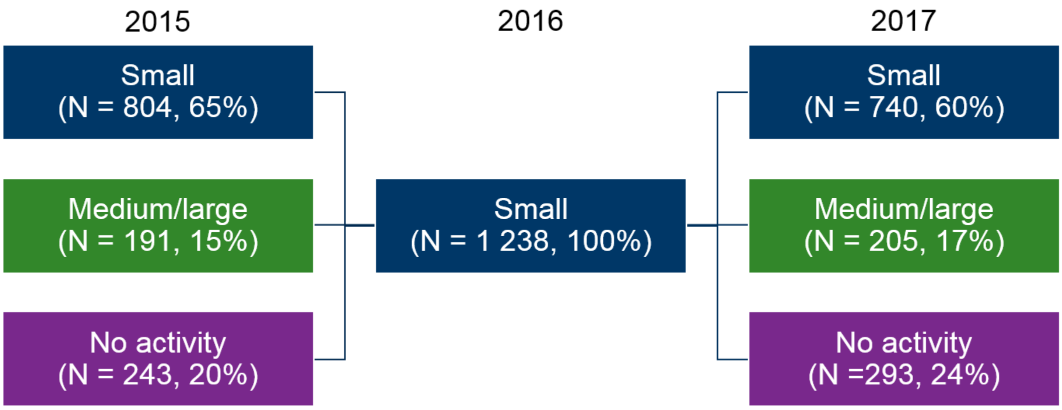
Small providers in transition

Our initial focus was on providers classified as small in any one year (that is, fewer than 100 students in 2017). However, we suspected that many of the small providers in any one year were in a 'transitional' state, meaning that they were small in that year, but they were growing or contracting in size compared with the years before or after.

1 In this context, there is no formal, commonly agreed definition of what constitutes a 'small provider'.

To illustrate this, figure 1 shows the size category in 2015 and 2017 of the 1238 'small' providers in 2016. In 2015, 65% of these providers were small, 15% were medium/large and 20% reported no training activity. In 2017, 60% were small, 17% were medium/large and 24% reported no training activity. Figure 1 highlights the substantial movements between the size categories, including providers apparently leaving the VET market altogether.

Figure 1 Size category in 2015 and 2017 of providers that were small in 2016



Note: 1. Only includes RTOs and excludes students in the 'School' provider type. Consequently, the numbers may not match those presented in other publications.
2. Percentages are given as the percentage of all small providers in 2016. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

The following are two examples of the processes that may lead to business size transitions:

- A medium/large provider in 2015 may have decided to cease delivering accredited VET. As part of the transition it ceases taking on new students in 2015 although it continues to operate until its current cohort of students has left or graduated. As students leave the provider, it becomes a small provider in 2016 and eventually it reports no activity in 2017.

  Sixty-two providers (5% of small providers in 2016) followed the pattern of medium/large to small, to no activity between 2015 and 2017.

- Alternatively, in 2015 a provider may have just entered the accredited VET market. As the provider has only begun to add qualifications to its delivery scope, marketing its services and enrolling students, it is a small provider in 2015 and 2016. Its initial business plan outlines a growth strategy and it becomes a medium provider in 2017 as it becomes established in the market. After several years of growth, it may reach its intended size and enter a maintenance phase.

  One-hundred-and-one providers (8% of small providers in 2016) followed the pattern of moving from small in 2015 and 2016, to medium/large in 2017.

Stable small providers

Our investigation assumed that providers remaining in the same size across all three years were most consistently representative of their size category. As demonstrated above, some providers within a size category are in the process of transition and this may mean they have different characteristics from other providers of a similar size. Focusing on providers that were stable in size can enable better identification of the characteristics integral to the nature of providers of that size. For these reasons, our investigation looked at providers that remained small across all three years, from 2015 to 2017 — termed 'stable small' — and compared them with providers that were consistently medium or large — 'stable medium' and 'stable large'.

Number and size of providers

Some previous research indicated that, while small providers make up a substantial proportion of all providers, in aggregate they have far fewer students than larger providers (Anlezark & Foley 2016). Of the providers that were active and in the same size category in each year between 2015 and 2017 ('stable' providers), 24% were stable small providers (table 3). The data in tables 2 and 3 show that the 518 stable small providers were 42% of all 1238 small providers in 2015; 42% of all 1238 small providers in 2016; and 46% of all 1130 small providers in 2017. Despite stable small providers making up 24% of all providers, they had less than 1% of all students in 2017.

Table 3 Providers and students by provider size category

Provider size category	Number of stable providers in 2015–17		Number of students at stable providers in 2017	
	N	%	N	%
Stable small providers	518	24	19 085	<1
Stable medium providers	1 081	50	437 069	11
Stable large providers	558	26	3 698 362	89
Total	**2157**	**100**	**4 154 516**	**100**

Note: 1. Only includes RTOs and excludes providers reported in the 'School' provider type.
2. Provider type is that reported in the 2017 National VET Provider and VET in Schools Collections. Providers can report under different provider types in different years.
3. There were 2175 providers with 915 352 students in 2017 that were not active or not in the same size category in all years between 2015 and 2017.
4. Percentages may not sum to 100 due to rounding.
Source: NCVER (2018d, 2018e).

While stable small providers were defined as having fewer than 100 students, 50% had 31 students or fewer, as shown by the median in table 4. The number of students at stable medium providers was also closer to the bottom end of their range of students (between 100 and 999), with 50% having 347 students or fewer (median in table 4).

The mean number of students at stable large providers was much higher than the median, due to a small number of very large providers (some with around 100 000 students). Fifty per cent of stable large providers had 2630 students or more.

Table 4 Mean and median students by provider size category, 2017

Provider size category	Mean number of students	Median number of students
Stable small providers	37	31
Stable medium providers	404	347
Stable large providers	6 628	2 630

Source: NCVER (2018d, 2018e).

Type of providers

The next step to understanding stable small providers was to determine what type of provider they tend to be. Most stable small providers were private training providers, but this was also true for stable medium and large providers, as indicated in table 5. Table 5 shows the percentage within each stable size category and table A1 (in the appendix) shows the percentage within each provider type.

Table 5 Providers by provider size category and type, 2017

Provider type	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
TAFE	0	0	0	0	36	7
University	2	<1	2	<1	6	1
Enterprise provider	33	6	47	4	18	3
Community education provider	36	7	108	10	36	6
Private training provider	447	86	924	86	462	83
Total	**518**	**100**	**1 081**	**100**	**558**	**100**

Note: 1. Provider type is that reported in the 2017 National VET Provider and VET in Schools Collections. Providers can report under different provider types in different years.
2. Percentages may not sum to 100 due to rounding.
Source: NCVER (2018d, 2018e).

Years in operation

Table 6 shows the median number of years during which stable providers of different sizes have been in operation, based on the length of their registration as an RTO. There are a number of caveats to this. Some providers may have been in prior operation as providers of unaccredited training. Mergers and restructures of providers can also often result in new registrations. For example, TAFE SA previously had three separate registrations, but when it was restructured in 2014 it was registered as a single new provider. The number of years that the registration system has been in place also sets an upper limit to a provider's length of registration, and our definition of 'stable' requires providers to have been registered for at least the last three years.

Table 6 Median length of registration by provider size category

Provider size category	Median duration of registration (years)
Stable small providers	9
Stable medium providers	11
Stable large providers	14

Note: Provider size is based on the number of students that providers had across the years 2015 to 2017.
Source: NCVER (2018d, 2018e).

We found that 98 stable small providers had been registered for at least 17 years (table 7). However, they may not have been small providers across all of those years: our classification of provider size is based on the number of students they had over the last three years.

Table 7 Year and length of registration of current providers by provider size category

Year of registration	Length of registration	Stable small providers		Stable medium providers		Stable large providers	
		N	%	N	%	N	%
1991 to 1995	22 to 26 years	15	3	72	7	53	9
1996 to 2000	17 to 21 years	83	16	220	20	163	29
2001 to 2005	12 to 16 years	92	18	222	21	115	21
2006 to 2010	7 to 11 years	160	31	369	34	159	28
2011 to 2015	2 to 6 years	168	33	198	18	68	12
Total		**518**	**100**	**1 081**	**100**	**558**	**100**

Note: 1. Provider size is based on the number of students that providers had across the years 2015 to 2017.
2. Shading indicates the range containing the median duration of registration for that size category.
3. Percentages may not to sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Summary

While less than 1% of students at stable-sized providers undertook their training with a stable small provider in 2017 (table 3), this does not mean stable small providers are not playing an important role in the VET sector. Subsequent sections of this report look at the types of training being delivered by stable small providers and the locations they are serving.

Of the 98 stable providers that reported as an enterprise provider in 2017, 33 (34%) were stable small providers (table A1 in the appendix). For these stable small-sized enterprise providers, VET is serving a role in supporting their primary enterprise. Since there is a cost to maintaining registration as an RTO, including registration fees and employing appropriately qualified teachers, presumably the benefits of being an RTO outweigh the associated costs for these providers.

We also found that stable small providers tended to have been registered for a shorter period than stable medium or stable large providers. The median in table 6 indicates that 50 per cent of stable small providers had been registered for nine years or fewer. There may be several business explanations behind this. For instance, some RTOs established as small providers prior to 2015 may have since grown in size; some may have ceased operating when their owner—operators retired or changed careers; and some may have decided to focus their operations on delivering unaccredited training.

Training characteristics

We also considered the types of training being delivered by stable small providers. Previous research suggested that small providers could be operating in niche markets and be offering a small, but highly specialised, range of courses.

For example, Anderson (1994) suggests there is a place for highly specialised smaller providers with focused course offerings and that these arrangements make economic sense, especially if they do not have substantial administrative and physical infrastructure costs. These highly specialised providers may be operating in ‘thin student markets’, an expression referring to parts of the training market in which there are few students, effectively limiting the number and size of providers operating in these markets.

Ferrier, Dumbrell and Burke (2008) also investigated thin markets in VET. Thin markets can occur in occupational areas, certain industries and geographical areas (and sometimes a combination of the three). Their concern at that time was that thin markets would not be robust enough to encourage the sustainable competition being promoted by reforms in the VET market. Small providers may be occupying these thin markets.

Fieger, Villano and Cooksey (2016) also analysed the efficiency of TAFE (technical and further education) institutes and other similar providers. Their research indicates that significant economies of scale apply, but that these are reduced once providers reach a certain size. Anderson (1994) also suggests that a large number of smaller providers offer ‘quantitative flexibility’ (the ability to vary the workforce and hours worked), whereas a smaller number of larger providers offer ‘qualitative flexibility’ (the ability to shift the workforce to other tasks).

We investigated whether stable small providers were delivering the same kinds of training as stable medium and large providers and whether any type of training was delivered more often by stable small providers than by other stable providers.

Type of accreditation

Basically, three broad types of nationally recognised programs exist: training package qualifications, accredited qualifications and courses, and training package skill sets. In addition, RTOs may deliver locally recognised skill sets and a very small number of higher education qualifications, which we refer to here as other VET programs, as well as subject-only enrolments. Providers can deliver more than one of these types of training: 9% of stable small providers delivered more than one type of nationally recognised program in 2017, compared with 20% of stable medium and 39% of stable large providers. Hence, stable small providers more commonly delivered only one type of nationally recognised program than stable medium and large providers.

Table 8 Number of types of nationally recognised program delivered, by provider size category, 2017

Number of types	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
One type	405	78	736	68	249	45
Two types	45	9	201	19	175	31
Three types	0	0	15	1	44	8
Total number of providers	**518**		**1 081**		**558**	

Note: Numbers do not sum to totals and percentage do not sum to 100 as not all providers delivered nationally recognised training; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.

Source: NCVER (2018d, 2018e).

Table 9 shows that the majority of stable small, medium and large providers delivered national training package qualifications in 2017 (at least 75% of providers in all three categories). As mentioned above, many stable providers deliver more than one type of training, so they can be counted multiple times in table 9.

Table 9 Providers by type of training delivered and provider size category, 2017 (%)

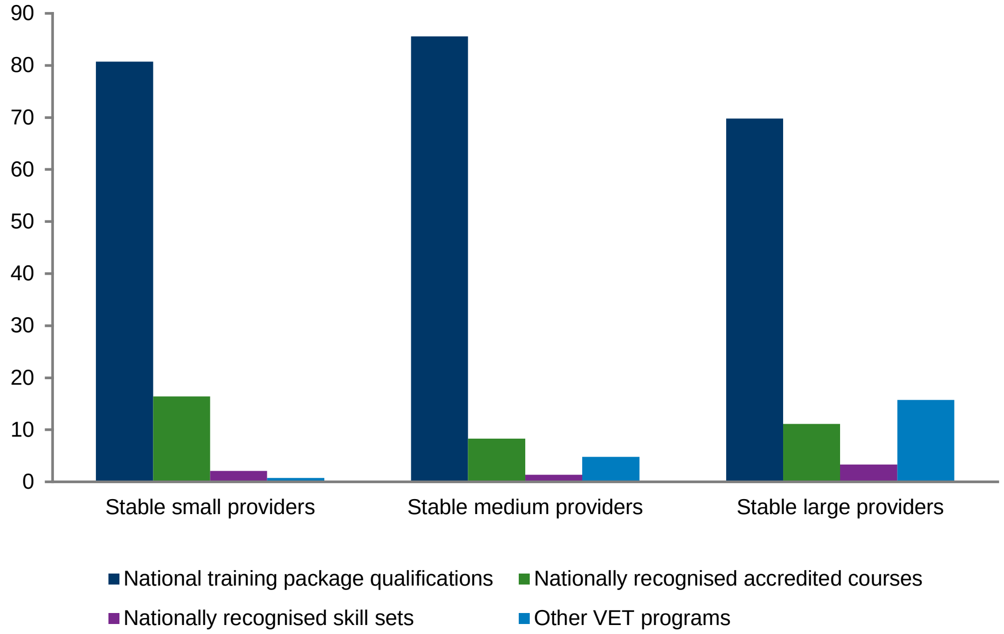
Type of accreditation	Stable small providers	Stable medium providers	Stable large providers
Nationally recognised programs			
National training package qualifications	75	83	77
Nationally recognised accredited courses	18	18	35
Nationally recognised skill sets	3	8	19
Other VET programs	2	14	32
Subject-only enrolments	32	63	79
Total number of providers	N = 518	N = 1081	N = 558

Note: Column per cent shown. Providers can deliver more than one type of training; hence, the totals can be greater than 100%.

Source: NCVER (2018d, 2018e).

Most program enrolments across all three size categories were in national training package qualifications (figure 2). A higher proportion of enrolments at stable small providers were in nationally recognised accredited courses (16%), compared with stable medium and large providers (8% and 11%, respectively) (figure 2).

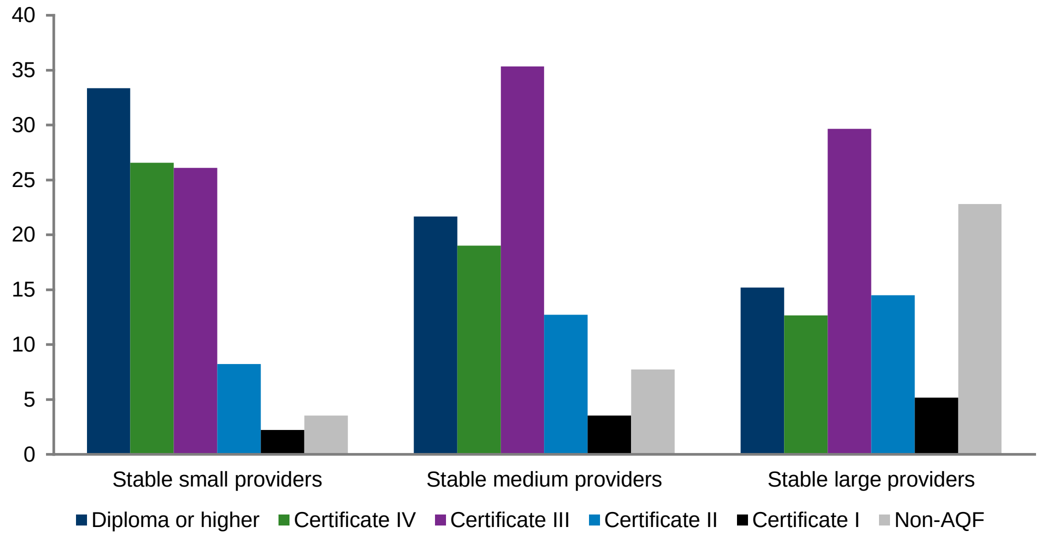
Figure 2 Program enrolments by type of accreditation and provider size category, 2017 (%)



Note: Does not include subject-only enrolments.
Source: NCVER (2018d, 2018e).

Figure 3 shows the AQF level of program enrolments for the provider sizes. A higher proportion of enrolments at stable small providers were in programs at certificate IV level and above compared with stable medium and large providers.

Figure 3 Program enrolments by AQF level and provider size category, 2017 (%)



Note: Does not include subject-only enrolments.
Source: NCVER (2018d, 2018e).

Training packages

Having gained a broad overview of the types of accreditation and qualifications being delivered by stable small providers, we now focus on the specific training package qualifications being delivered. In doing so, we find some evidence that stable small providers do operate in niche markets and deliver highly specialised training, as suggested by some previous research (Anderson 1994).

Despite having fewer than 1% of all students at stable size providers in 2017, stable small providers had more enrolments in qualifications from the Funeral Services Training Package than stable medium and large providers combined (50 enrolments from a total of 95). The funeral services industry is not expected to grow substantially (SkillsIQ 2017) and that may mean there is little incentive for large providers to start offering training in this area. This is the only training package in which stable small providers have the majority of program enrolments.

There are some limits to this analysis as our definition may be too narrow to expect stable small providers (fewer than 100 students) to have the majority of enrolments in qualifications within a training package.

Specific qualifications

With the exception of the Funeral Services Training Package, stable small providers did not have more national training package qualification enrolments than stable medium and large providers across the entire span of training packages. However, training packages can span hundreds of qualifications covering different occupations and industry sub-sectors. As a general indication of the scale of training packages, as of December 2017, there were 10 training packages with at least 50 current qualifications and a further 15 training packages with at least 25 current qualifications (of 59 training packages in total). For this reason, the next analysis focused on individual national training package qualifications and nationally recognised accredited courses (not part of a training package) to identify where stable small providers may have developed a niche.

Table 10 indicates that stable small providers had more enrolments than stable medium and large providers in 45 national training package qualifications (separately) across 21 training package groups.

Stable small providers also had more enrolments than stable medium and large providers in 108 nationally recognised accredited courses (not part of a training package). All but six of these courses were taught by a single stable small provider. Further investigation showed that many of the courses were created by the stable small providers themselves and were not necessarily available for other providers to teach, such as those related to dancing, acting, theology, religious ministry and yoga (see table A2 in the appendix).

Table 10 Programs where stable small providers had more enrolments than medium and large providers, by training package group, 2017

Training package group	Programs predominantly delivered by stable small providers		Total number of programs delivered by stable providers
	Number	Percentage	Number
National training package qualifications	**45**	**2**	**1 895**
Information and Communications Technology (ICA, ICT)	5	7	74
Agriculture, Horticulture and Conservation and Land Management (AGF, AGR, AHC, RTD, RTE, RTF, RUA, RUH)	5	3	147
Funeral Services (SIF, WFS)	4	57	7
Health (HLT)	4	4	109
Plastics, Rubber and Cablemaking (PMB)	2	25	8
Electricity Supply Industry – Generation Sector (UEP, UTP)	2	20	10
Transmission, Distribution and Rail (UET, UTT)	2	14	14
Public Safety (PUA)	2	7	30
Aviation (AVI, TDA, ZQF)	2	6	31
Public Services (PSP)	2	3	58
Property Services (CPP, PRD, PRM, PRS)	2	3	64
Creative Arts and Culture (CUA, CUE, CUV)	2	3	72
Transport and Logistics (TDT, TLI)	2	2	105
Resources and Infrastructure (BCC, DRT, MNC, MNM, MNQ, RII)	2	2	111
Manufacturing (MSM)	1	10	10
Music (CUS)	1	8	12
Training and Education (BSZ, TAA, TAE)	1	8	13
Forest and Wood Products (FPI, FWP)	1	3	40
Electrotechnology (UEE, UTE, UTL)	1	2	62
Financial Services (FNA, FNB, FNS)	1	1	69
Business Services (BSA, BSB)	1	1	120
Nationally recognised accredited courses (not part of a training package)	**108**	**14**	**755**

Note: Only includes national training package qualifications and nationally recognised accredited courses.
Source: NCVER (2018d, 2018e).

- Within the Aviation Training Package, stable small providers had 150 enrolments in the Diploma of Aviation (Instrument Rating) compared with 145 enrolments at stable medium providers and 25 enrolments at stable large providers.
- Stable small providers also had 90 enrolments in the Diploma of Aviation (Commercial Pilot Licence — Helicopter) compared with 75 enrolments at stable medium and large providers combined.
- Within the Creative Arts and Culture Training Package, stable small providers had 90 enrolments in the Advanced Diploma of Dance (Elite Performance) compared with 35 enrolments at stable medium and large providers combined.

Table A2 in the appendix provides a full listing of these individual national training package qualifications and nationally recognised accredited courses (not part of a training package) and the number of enrolments by provider size category.

Examples of stable small providers delivering high-level, highly specialised national training package qualifications were also identified, some of which were only delivered by stable small providers (table 11). This list indicates that, without stable small providers, there may well be no opportunities for students to undertake these qualifications, such as the Diploma of Access Consulting and the Advanced Diploma of Telecommunications Network Engineering.

Table 11 National training package qualifications only being delivered by stable small providers, 2017

National training package qualification	Number of enrolments
PUA30412 – Certificate III in Public Safety (SES Rescue)	50
PMB20116 – Certificate II in Polymer Processing	45
CPP50711 – Diploma of Access Consulting	30
CPP40811 – Certificate IV in Access Consulting	30
MSM10116 – Certificate I in Process Manufacturing	30
TLI22315 – Certificate II in Rail Customer Service	30
SIF40213 – Certificate IV in Embalming	30
ICT60210 – Advanced Diploma of Telecommunications Network Engineering	15
PMB20107 – Certificate II in Polymer Processing	15
SIF30313 – Certificate III in Funeral Operations	15
UET40612 – Certificate IV in ESI – Power Systems Network Infrastructure	10
SIF40208 – Certificate IV in Embalming	10
PSP60912 – Advanced Diploma of Government (Workplace Inspection)	5
ICA50611 – Diploma of Website Development	5
UEP20112 – Certificate II in ESI Generation – Operations Support	5
ICA40811 – Certificate IV in Digital Media Technologies	5
CUS40309 – Certificate IV in Music Business	0
AHC51216 – Diploma of Community Coordination and Facilitation	0
RII51013 – Diploma of Well Servicing Operations	0
SIF20113 – Certificate II in Funeral Operations	0
TLI22313 – Certificate II in Rail Customer Service	0
TAE70210 – Graduate Certificate in Management (Learning)	0
UEP40112 – Certificate IV in ESI Generation – Systems Operations	0

Note: 1. Enrolments are rounded to the nearest multiple of five.
2. Training delivered as part of some qualifications, such as the Certificate III in Public Safety (SES Rescue), may be exempt from reporting for security or safety reasons (NCVER 2018a).
3. The Certificate IV in Embalming appears twice in the list: SIF40213 superseded SIF40208.

Source: NCVER (2018d, 2018e).

Range of delivery

Next, we looked at range of delivery. This analysis was restricted to national training package qualifications and nationally recognised accredited courses. We focused our analyses on the number of programs that providers delivered in 2017. Table 12 shows that stable small providers tended to deliver fewer programs than stable medium and large providers. This was expected as stable small providers have fewer students.

Table 12 Median number of national training package qualifications and nationally recognised accredited courses delivered, by provider size category, 2017

Provider size category	Median number of programs delivered	Median number of enrolments per program delivered
Stable small providers	2	12
Stable medium providers	6	41
Stable large providers	12	91

Note: Only includes national training package qualifications and nationally recognised accredited courses and providers delivering those programs.

Source: NCVER (2018d, 2018e).

Inspired by Anderson's (1998) comparison between the potential flexibility of a large group of small providers and a small group of large providers, we posed the following question:

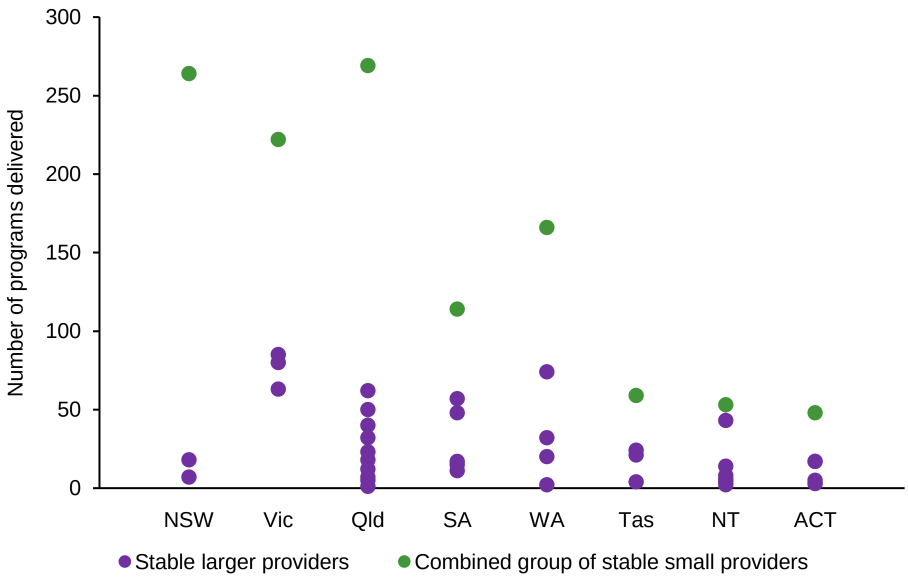
> Assuming that we wanted the VET system to deliver the greatest number of programs (given a fixed number of enrolments) to provide the widest range of possible choices for students, is this equally possible with one large provider on the one hand or a group of small providers on the other?

We investigated this scenario in figure 4, which shows the number of unique programs; that is, national training package qualifications and nationally recognised accredited courses, covered by all stable small providers in each state and territory (the green points). We selected all the stable large providers with approximately the same number of program enrolments as all of these stable small providers combined (plus or minus 10%) and counted the number of unique programs each of these stable large providers covered (the purple points).

In every state and territory, the group of stable small providers combined delivered a wider range of programs than any of the individual stable large providers of comparable size. There was a substantial difference in the coverage of programs delivered by stable small providers in New South Wales, Victoria, Queensland, South Australia and Western Australia.

Stable small providers always delivered a broader range of national training package qualifications and nationally recognised accredited courses as a group than comparable stable large providers. This may be one of the important roles that smaller providers play in the VET sector; that is, providing diversity in student program choice.

Figure 4 Combined scope of delivery of stable small providers compared with single stable large providers of a similar size by state/territory, 2017



Note: Only includes national training package qualifications and nationally recognised accredited courses.
Source: NCVER (2018d, 2018e).

If all stable small providers combined have the ability to cover more national training package qualifications and nationally recognised accredited courses than a single stable large provider with a similar number of program enrolments, how large would a provider need to be to deliver the same number of programs? Addressing this question, we found that, in all states and territories, the only providers with delivery scopes as wide as the stable small providers combined were TAFE institutes (or dual-sector universities). These are very large providers. This suggests it may be difficult, or uneconomical, to replicate the same breadth of delivery by means of a single large provider.

This analysis suggests that stable small providers contribute to a diverse VET system by providing choice for students who may not otherwise be able to access their preferred training from a larger provider.

Funding source

One element of understanding the role and function of small providers is understanding how the training they are delivering is funded. As shown above, stable small providers are delivering some specialised and niche training. The next step is to investigate whether this training is being funded by governments or is undertaken on a fee-for-service basis (possibly being paid by the student directly or their employer). This analysis of funding source is based on a distinct count of students in each provider category according to the specific funding source.

The analysis indicated that a much lower percentage of students at stable small providers undertook government-funded training (30%), compared with stable medium and large providers (44% and 51%, respectively; table 13). Eligibility to access government funding can depend on the provider, the student and the program being studied. To further identify and clarify the nature of this association, these various other aspects will be investigated in the tables that follow (tables 12 to 16 and figures 5 and 6).

Table 13 Students by funding source and provider size category, 2017 (%)

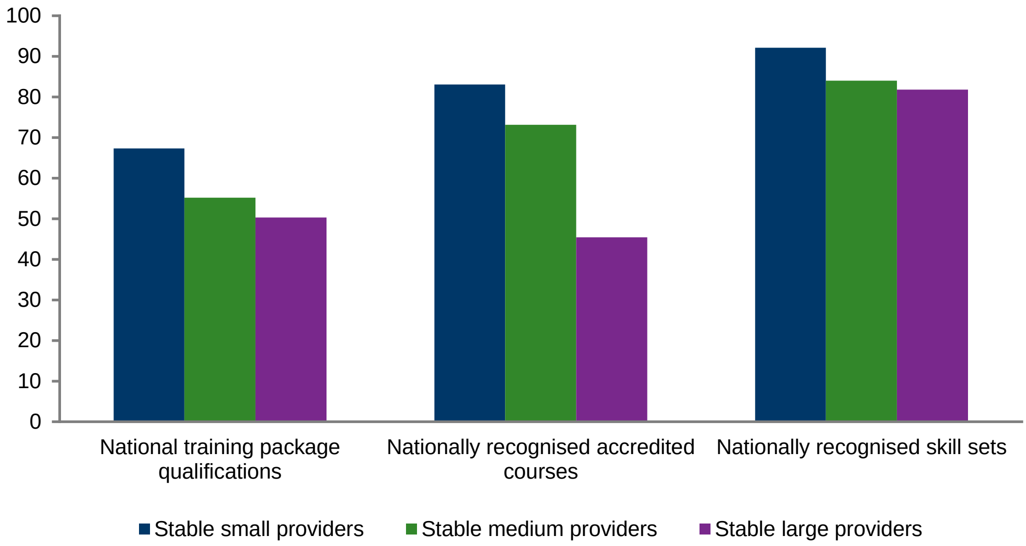
Funding source	Stable small providers	Stable medium providers	Stable large providers
Commonwealth/state funding	30	44	51
Fee-for-service – domestic	62	45	46
Fee-for-service – international	8	13	5
Total	N = 14 989	N = 295 328	N = 1 672 560

Note: 1. A student can undertake training supported by multiple funding sources and/or at multiple RTOs; hence, students may be counted multiple times and percentages do not sum to 100%.
2. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.

Source: NCVER (2018d, 2018e).

Stable small providers had a consistently higher percentage of students who were undertaking fee-for-service training than did stable medium and large providers across all three types of nationally recognised programs (figure 5). This indicates that the differences in funding source in table 13 — fee-for-service or government — were attributable to more than the type of programs being offered.

Figure 5 Fee-for-service students by type of accreditation and provider size category, 2017 (%)

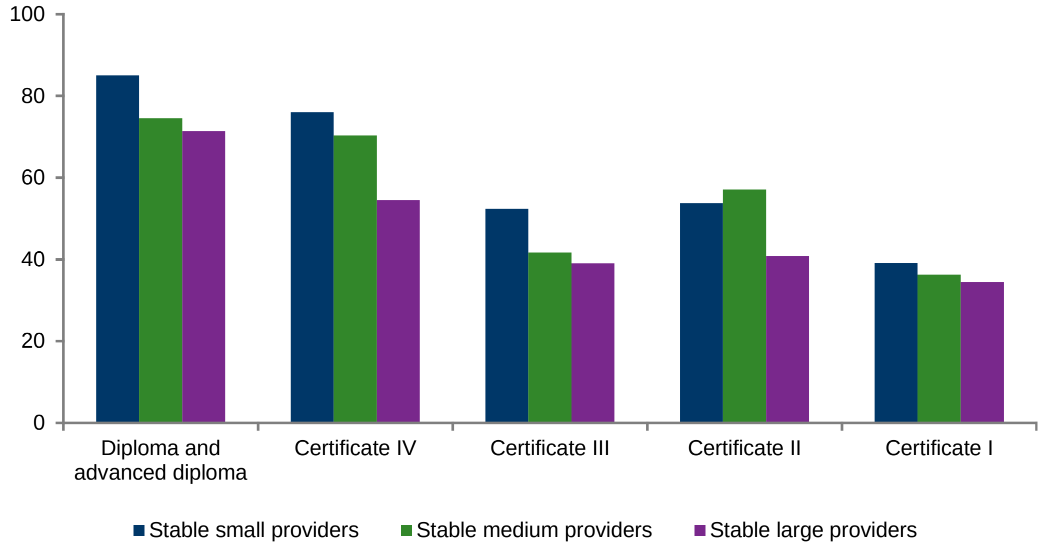


Note: 1. A student can undertake training supported by multiple funding sources, in multiple types of accreditation, and/or at multiple RTOs; hence, students may be counted multiple times.
2. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
3. Fee-for-service includes both domestic and international students.

Source: NCVER (2018d, 2018e).

Across all AQF levels (except for certificate II level), stable small providers had more students undertaking training funded through fee-for-service arrangements than did stable medium and large providers (figure 6).

Figure 6 Fee-for-service students by AQF level and provider size category, 2017 (%)



Note: 1. A student can undertake training supported by multiple funding sources, at multiple qualification levels, and/or at multiple RTOs; hence, students may be counted multiple times.
2. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
3. Fee-for-service includes both domestic and international students.

Source: NCVER (2018d, 2018e).

Around two-thirds of stable small providers (64%) only had students who were undertaking fee-for-service training in 2017; that is, none of their students were government-funded (table 14). Most of the stable medium and large providers (60% and 71%, respectively) had students undertaking training funded by both fee-for-service and government funding sources in 2017 (table 14).

Table 14 Providers by funding source of students and provider size category, 2017

Funding source of students	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
Fee-for-service only	289	64	309	32	125	27
Commonwealth/state funded only	58	13	71	7	13	3
Both funding sources	103	23	572	60	330	71
Total	**450**	**100**	**952**	**100**	**468**	**100**

Note: 1. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set. Hence the total number of providers in each size category does not match the totals given in table 3.
2. Fee-for-service includes both domestic and international students.
3. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d,e).

We can learn more about these providers offering only fee-for-service training by investigating what nationally recognised programs they delivered in 2017. Table 15 shows the spread of fields of education within these providers, by provider size category. Providers can deliver programs from more than one field of education, so they can be counted multiple times in table 15.

The training profile of these stable small providers providing only fee-for-service training is shown in table 15 by comparison with stable medium and large providers providing only fee-for-service training. Management and commerce, society and culture and engineering and related technologies were the three most common fields across all VET providers (NCVER 2018a). However, there is some variation to the pattern of delivery observed for each provider size category; for example, 10% of stable small providers delivering only fee-for-service training delivered programs in the creative arts field, but only 4% of equivalent stable medium providers did so.

Table 15 Providers with enrolments in nationally recognised programs by field of education for providers delivering only fee-for-service training, 2017 (%)

Field of education	Stable small providers	Stable medium providers	Stable large providers
01 Natural and physical sciences	0	2	1
02 Information technology	1	7	3
03 Engineering and related technologies	15	28	27
04 Architecture and building	3	7	12
05 Agriculture, environmental and related studies	3	4	2
06 Health	14	19	39
07 Education	15	12	14
08 Management and commerce	31	48	35
09 Society and culture	21	18	22
10 Creative arts	10	4	3
11 Food, hospitality and personal services	7	12	7
12 Mixed field programmes	4	8	5
Total number of providers	N = 289	N = 309	N = 125

Note: 1. Includes enrolments in nationally recognised programs; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
2. Column per cent shown. Providers can deliver programs in more than one field of education; hence, the totals can be greater than 100%.
3. Providers were classified as delivering only fee-for-service training if all subjects they delivered as part of nationally recognised programs were through fee-for-service arrangements. See table 14 for more information.

Source: NCVER (2018d, 2018e).

To investigate further, table 16 shows the five most common fee-for-service national training package qualifications delivered by these 289 stable small providers in 2017. Three of these qualifications (the Certificate IV in Training and Assessment, the Diploma of Leadership and Management and the Diploma of Business) were amongst the 50 most common training package qualifications overall. This indicates that these fee-for-service only stable small providers were not necessarily delivering niche programs in thin markets.

Table 16 Five most common (by number of program enrolments) national training package qualifications at stable small providers delivering fee-for-service only training, 2017

National training package qualification	Number of enrolments	Number of providers
TAE40110 – Certificate IV in Training and Assessment	267	21
BSB51915 – Diploma of Leadership and Management	247	23
AVI50215 – Diploma of Aviation (Commercial Pilot Licence – Aeroplane)	246	9
BSB50215 – Diploma of Business	223	14
HLT52015 – Diploma of Remedial Massage	215	7

Note: Providers were classified as delivering only fee-for-service training if all subjects they delivered as part of nationally recognised programs were fee-for-service. See table 14 for more information.
Source: NCVER (2018d, 2018e).

Table 17 shows the most common fee-for-service nationally recognised accredited courses delivered by these 289 stable small providers in 2017. Of the 98 courses being delivered by those providers, only four were delivered by more than one of those providers. This indicates that these fee-for-service only stable small providers delivered niche courses.

Table 17 Ten most common (by number of program enrolments) nationally recognised accredited courses at stable small providers delivering fee-for-service only training, 2017

Nationally recognised accredited course	Number of enrolments	Number of providers
10382NAT – Certificate IV in Life Coaching	92	1
10149NAT – Advanced Diploma of Performing Arts	89	1
10496NAT – Certificate IV in Christian Life and Ministry	75	1
10540NAT – Certificate IV in Yoga Teaching	75	1
10537NAT – Diploma of Professional Pilates Instruction	73	1
10065NAT – Diploma of Screen Acting	61	1
10030NAT – Diploma of Positive Psychology and Wellbeing	61	1
10527NAT – Advanced Diploma of Rudolf Steiner Education	61	1
40649SA – Certificate IV in Teaching English to Speakers of Other Languages (TESOL)	57	2
10372NAT – Diploma of Integrated Somatic Psychotherapy	55	1

Note: Providers were classified as delivering only fee-for-service training if all subjects they delivered as part of nationally recognised programs were fee-for-service. See table 14 for more information.
Source: NCVER (2018d, 2018e).

Training can also be supported by VET Student Loans (VSL); that is, income-contingent loans, where the associated training activity may be recorded in the National VET Provider Collection as government or fee-for-service funded. Students must be studying an VSL-approved course at a provider on the VSL-approved providers list (Department of Education and Training 2019). Twenty-two stable small providers (4%), 51 stable medium providers (5%) and 67 stable large providers (12%) were currently approved providers as of January 2019. The stable small providers were mostly specialist providers in the areas of aviation and creative arts. While 22 stable small providers were VSL-approved providers, of the 289 stable small providers that were only delivering fee-for-service training in 2017, 14 were currently approved VSL providers.

Summary

A greater percentage of program enrolments at stable small providers were in a nationally recognised accredited courses (not contained within a training package) compared with students at stable medium and large providers (figure 2). Providers (of all sizes) are able to develop their own programs and apply to have them nationally recognised, subject to conditions, but this may be an area in which small providers are specialising and offering training not available elsewhere.

Stable small providers may be providing training in areas that are not commercially viable or practical for stable large providers. The operators of these stable small providers may be offering and leveraging their own industry experience and expertise in these ‘thin markets’.

Stable small providers were offering a higher proportion of enrolments in AQF programs at certificate IV level and above (figure 3) than stable medium and large providers and delivered specialised national training package qualifications (table 11). Anderson (1998) noted that highly specialised providers are able to overcome scale diseconomies despite having relatively few students.

Across all types of accreditation and almost all AQF levels, stable small providers had relatively more students undertaking fee-for-service training than stable medium and stable large providers (figures 5 and 6). A total of 64% of stable small providers had fee-for-service subject enrolments only (table 14). A variety of reasons could account for this, including that: they were delivering training not eligible for government funding; their students were not eligible for funding; or the providers themselves were not eligible for funding.

Many of the nationally recognised accredited courses where stable small providers had more enrolments than stable medium and large providers (listed in table A2 in the appendix) were not eligible for government funding. Relatively popular courses such as the:

- Diploma of Screen Acting (10065NAT)
- Advanced Diploma of Performing Arts (10149NAT)
- Certificate IV in Yoga Teaching (10540NAT)
- Diploma of Professional Pilates Instruction (10537NAT)
- Certificate IV in Ministry (10573NAT)
- Diploma of Advanced Jewish Studies and Education for Women (10156NAT)

were not eligible for subsidised training in any state or territory or VSL[2], although other courses in a similar field were eligible for a VET Student Loan, such as the Diploma of Acting (10294NAT) and the Advanced Diploma of Acting (10073NAT). It may be that stable small providers are fulfilling a gap in the market where government funding is not available.

2 According to <https://www.myskills.gov.au/> and *VET Student Loans (Courses and Loan Caps) Determination (CWlth)* as of March 2019.

Student characteristics and outcomes

Having looked at the training that students are undertaking, we now examine student characteristics and graduate outcomes. Our investigations in this area are driven by previous research that suggested that smaller providers may be better positioned to deliver training to students from particular cohorts, such as early school leavers, students with a disability and Indigenous students.

Myconos, Clarke and te Riele (2016) investigated the training provided by private training providers to young early school leavers. The providers participating in this research considered that their small scale, intimate learning settings and ability to engage students face to face in small groups placed them at an advantage to other providers. Another perceived advantage was their small and focused course offerings, allowing them to build strong links with local employers. Myconos, Clarke and te Riele (2016) did however note that they may lack the infrastructure, economies of scale and student support systems that are typically found in larger providers such as TAFE institutes.

The findings of Myconos, Clarke and te Riele (2016) are supported by the work of Lamb et al. (2018), who looked at improving participation and success in VET for disadvantaged learners. In this study, smaller providers reported that they were more agile, responsive and flexible than larger providers and were able to adopt learner-centred approaches. They often saw themselves as working with learners not suited to training at larger TAFE institutes, a claim that echoes the findings of Myconos, Clarke and te Riele (2016).

One of the key findings from the case studies conducted by Lamb et al. (2018) was that VET providers can make a difference to local communities when they take whole-of-organisation approaches to supporting disadvantaged groups. Smaller providers again highlighted their ability to maintain highly personalised contact and care with those that needed it most. Lamb et al.’s research (2018) found that the ability of smaller providers to be highly specialised was particularly important.

Student characteristics

We were interested to determine whether one of the roles and functions of stable small providers in the VET system was to cater for particular groups of students. We looked at the percentages of students with various characteristics at stable small, medium and large providers.

Table 18 shows that, relative to stable large providers, slightly more students at stable small providers had a disability (7% of students at stable small providers compared with 4% at stable large providers). At stable small providers 6% of students were Indigenous, compared with 4% of students at stable large providers.

Stable small providers also had relatively more students who were born overseas (29%) and students who had completed Year 12 (56%) than stable large providers (21% and 47%, respectively). However, stable small providers had a similar percentage of students residing in the most socioeconomically disadvantaged areas to stable medium and stable large providers.

It thus seems that stable small providers are contributing slightly more towards equitable access to VET for students with a disability and Indigenous students than are larger providers. This provides some support for the findings of the previous research (Myconos, Clarke & te Riele 2016; Lamb et al. 2018).

Table 18 Students by characteristic within provider size category, 2017 (%)

Student characteristic	Stable small providers	Stable medium providers	Stable large providers
Disability status			
With a disability	7	6	4
Without a disability	79	83	79
Not known	14	11	17
Total	100	100	100
Indigenous status			
Indigenous	6	4	4
Non-Indigenous	83	85	83
Not known	11	10	13
Total	100	100	100
Country of birth			
Overseas	29	30	21
Australia	64	63	69
Not known	6	6	10
Total	100	100	100
Highest school level completed			
Year 12	56	51	47
Lower than Year 12	30	35	33
Not known	14	14	20
Total	100	100	100
Socioeconomic status (SEIFA IRSD 2011)			
Quintile 1 (Most disadvantaged)	17	20	18
Quintile 2	18	19	20
Quintile 3	18	19	19
Quintile 4	19	18	19
Quintile 5 (Least disadvantaged)	17	13	15
Not known	10	12	8
Total	100	100	100

Note: 1. Socioeconomic status is calculated based on students' place of residence.
2. SEIFA = Socio-Economic Indexes for Australia; IRSD = Index of Relative Socio-economic Disadvantage.
3. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Students with a disability and Indigenous students

The following section looks more closely at students with a disability and Indigenous students at stable providers, the aim being to determine whether there are any differences in the providers, how the training is funded and what the students are studying.

Specialised providers

Aggregate analyses such as those above can mask some important differences. In this case, some stable small and medium providers may be providers that specialise in delivering VET to meet the needs of students with a disability or Indigenous students. To investigate the extent to which smaller providers may be specialised providers to students with a disability and to Indigenous students, we looked at the percentage of these students in stable small, stable medium and stable large providers.

Table 19 shows that few stable providers had student cohorts where there was a high percentage of students with a disability. At most stable providers, less than 25% of their students had a disability.

Table 19 Providers by percentage of students with a disability and provider size category, 2017

Percentage of students with a disability	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
0 to less than 25%	493	95	1 032	95	550	99
25 to less than 50%	13	3	36	3	8	1
50 to less than 75%	4	1	7	1	0	0
75 to 100%	8	1	6	1	0	0
Total	**518**	**100**	**1 081**	**100**	**558**	**100**

Note: Percentages may not sum to 100 due to rounding.
Source: NCVER (2018d, 2018e).

Table 20 indicates that a number of stable providers had student cohorts containing a high percentage of Indigenous students. With the exception of one provider, all of the stable providers where at least half of the students were Indigenous were small or medium-sized. Similar to the case with students with a disability, less than 25% of the students at most stable providers were Indigenous.

Table 20 Providers by percentage of Indigenous students and provider size category, 2017

Percentage of Indigenous students	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
0 to less than 25%	490	95	1 049	97	552	99
25 to less than 50%	7	1	15	1	5	1
50 to less than 75%	4	1	8	1	0	0
75% and above	17	3	9	1	1	<1
Total	**518**	**100**	**1 081**	**100**	**558**	**100**

Note: Percentages may not sum to 100 due to rounding.
Source: NCVER (2018d, 2018e).

Funding source

The slightly higher percentage of students with a disability and Indigenous students at stable small providers could be related to the availability of funding or special government initiatives. In this section, we investigate whether high levels of government-funded students undertake training at stable small providers. This analysis of funding source is based on a distinct count of students in each provider category according to the specific funding source.

At stable small providers, 53% of students with a disability undertook training through fee-for-service (domestic) arrangements (table 21). At stable medium and stable large providers most in this category of students undertook government-funded training (65% and 63%, respectively).

Table 21 Students with disability by funding source and provider size category, 2017

Funding source	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
Commonwealth/state funding	467	47	11 345	65	70 689	63
Fee-for-service – domestic	519	53	5 867	34	44 317	39
Fee-for-service – international	10	1	464	3	422	<1
Total	**988**		**17 399**		**113 001**	

Note: 1. A student can undertake training supported by multiple funding sources and/or at multiple RTOs; hence, students may be counted multiple times, individual cells do not sum to totals and percentages do not sum to 100%.
2. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.

Source: NCVER (2018d, 2018e).

Most Indigenous students at stable small providers undertook government-funded training (72% of students), similar to the split across stable medium and stable large providers (67% and 67% of enrolments, respectively) (table A3 in the appendix). This contrasts with the funding for students with a disability, where over half the students at stable small providers undertook fee-for-service training (table 21).

Field of education

Stable small providers may be offering or specialising in the delivery of certain programs to students with a disability or Indigenous students. In this section, we investigate this proposition by examining the most common fields of education at stable providers.

Program enrolments by students with a disability at stable small providers were commonly in the management and commerce (23%) and mixed field programmes (20%) fields of education, similar to stable medium and stable large providers (table A4 in the appendix).

Program enrolments by Indigenous students at stable small providers were commonly in the society and culture (30%) and creative arts (16%) fields of education, in contrast to stable medium and stable large providers (table 22), where the enrolments were mainly in community services, Indigenous studies and performing arts.

Table 22 Program enrolments in the four most common fields of education for Indigenous students at stable small providers, by provider size category, 2017 (%)

Field of education	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
09 Society and culture	335	30	2 907	18	19 177	19
10 Creative arts	184	16	273	2	2 838	3
08 Management and commerce	148	13	3 065	20	17 289	17
06 Health	131	12	643	4	5 157	5
All other fields of education	325	29	8 826	56	54 555	55
Total	**1 123**	**100**	**15 714**	**100**	**99 016**	**100**

Note: 1. Only includes enrolments in nationally recognised programs; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
2. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Graduate outcomes

Some previous research (Lamb et al 2018; Myconos, Clarke & te Riele 2016) indicated that for a number of reasons students at specialised providers may fare better than students at other providers, and we were keen to investigate this. The earlier research identified the following factors as contributing to student success with these providers:

- Students would receive more individual attention.
- Training and delivery would be tailored to the particular needs of the students.
- Staff, having worked with similar students, would have a better understanding of these students and provide a more appropriate environment.

However, the number of graduates with a disability and Indigenous graduates from stable small providers in the National Student Outcomes Survey, using one or two years of survey data, was not sufficient to explore this.

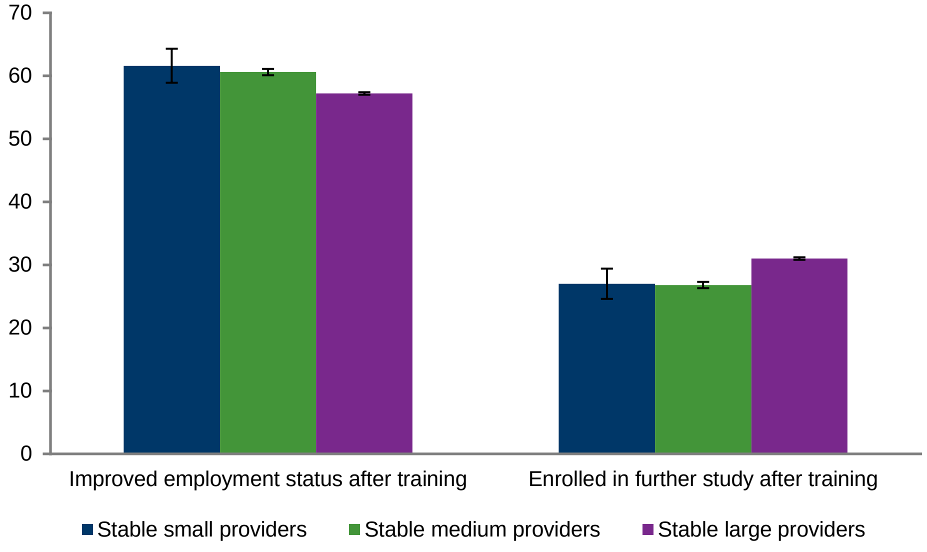
Instead, we combined data from the 2017 and 2018 National Student Outcomes Survey (NCVER 2017b, 2018c) to look at the outcomes for graduates from stable small providers compared with graduates from stable medium and large providers. Here we considered four aspects relating to the training for graduates from each category: whether they improved their employment status after training; whether they went on to further study; whether they were satisfied with their training; and whether they would recommend the training.

A greater share of graduates from stable small providers improved their employment status after training than graduates who attended stable large providers (figure 7).[3] However, a greater share of graduates from stable large providers enrolled in further study after training than graduates from stable small providers.[4] These two aspects may be considered as counterbalancing each other. Other factors, such as the prior employment of the

3 Stable small providers: 61.6% (margin of error: 2.8); stable large providers: 57.2% (margin of error: 0.2)
4 Stable small providers: 27.0% (margin of error: 2.4); stable large providers: 31.0% (margin of error: 0.2)

students, may also be involved. However, these represent small statistical differences and may not be meaningful in practice.

Figure 7 Employment and further study status after training for graduates by provider size category, 2017–18 (%)



Source: NCVER (2017b, 2018c).

Graduates from stable small providers were marginally more satisfied with the overall quality of training than graduates who attended stable large providers (figure A1 in the appendix).[5] However, this difference is small in practice. There was not enough evidence to conclude that there were any differences in graduates' satisfaction with teaching. Across all provider size categories, most graduates would recommend their provider. Graduates from stable medium and stable large providers marginally recommended their training provider more often than graduates from stable small providers (figure A2 in the appendix).[6] Again, there was insufficient evidence to conclude that there were statistically significant differences in whether graduates would recommend the training itself.

Summary

In relative terms, stable small providers had slightly more students with a disability and Indigenous students than stable medium and large providers, which suggests that some of the stable small providers may be catering more to these groups, although the groups themselves represent a relatively small part of the overall VET student population. For a low number of specialised stable small providers, students with a disability and Indigenous students made up a relatively high percentage of their students.

Most of the training undertaken by students with a disability at stable small providers was via fee-for-service arrangements, in contrast to stable medium and large providers. This indicates that most of the training was not reliant or contingent upon government funding.

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5 Stable small providers: 88.5% (margin of error: 1.5); stable large providers: 86.7% (margin of error: 0.1)

6 Stable small providers: 87.4% (margin of error: 1.8); stable medium providers: 90.3% (margin of error: 0.3); stable large providers: 89.6% (margin of error: 0.1)

Training undertaken by Indigenous students at stable small providers was mostly government-funded, reflecting a similar pattern across all stable providers.

Stable small providers were slightly different from stable medium and large providers in terms of their relative delivery profiles (percentage of program enrolments in certain fields of education). However, the courses they are delivering were also delivered by other providers.

There were no substantial practical differences between the employment, further study or satisfaction outcomes for graduates of all stable small providers and stable medium and large providers.

While we have identified that some stable small providers are specialised providers for students with a disability or Indigenous students, the data available do not sufficiently reveal the unique benefits of these providers for those students or the particular role and function of these providers in the system. Qualitative analyses undertaken in future research may further distinguish, from the students' perspective, more precisely the extent of the contribution of small and specialised providers.

Geographic characteristics

In this section, we explore whether there were any differences in the geographic areas serviced by stable small providers compared with stable medium and large providers.

Based on previous research, such as that by Anderson (1994) and Ferrier, Dumbrell and Burke (2008), we anticipated that small providers might be more active in regional and remote areas. Part of our reasoning was that medium and large providers may not be able to attract enough students in these less populated areas ('thin' markets) to generate a sufficient return on investment and that small providers would be filling the gap in those markets.

Other research, by Gelade and Fox (2008), looked at matching training to the needs of regional Australia. Through their case studies on two regional centres, they found that a mix of different providers was needed to deliver the breadth of training required in these regions. They noted, in this context, that private training providers have the capacity to address specific immediate needs more easily than the highly structured TAFE system. On the other hand, Clayton et al. (2004) identified 'the danger of saturation' in the regions; that is, teaching a small set of courses to the same pool of people, along with the limited availability of higher-level courses (such as those at diploma and above).

Issues such as these may enhance or limit the viability of highly specialised smaller providers in regional and remote areas.

Remoteness

In the Australian Statistical Geography Standard (ASGS), issued by the Australian Bureau of Statistics (ABS), regions in Australia are divided into five classes of remoteness, based on their relative access to services (measured using the Accessibility and Remoteness Index of Australia — ARIA+; ABS 2018). Across all three provider size categories, most students reside in major cities, as shown in table 23, which accords with where the majority of the Australian population lives. Slightly more students training with stable small providers live in very remote regions, relative to students at stable medium and stable large providers.

Table 23 Students by remoteness region (ASGS) of student residence within provider size category, 2017 (%)

Remoteness of student residence	Stable small providers	Stable medium providers	Stable large providers
Major cities	66	62	64
Inner regional	21	22	22
Outer regional	8	12	11
Remote	2	2	2
Very remote	3	2	1
Total	**100**	**100**	**100**

Note: 1. The table excludes students residing in overseas locations and those with a 'not known' remoteness region.
2. ASGS = Australian Statistical Geography Standard.
3. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Highly aggregated data, such as remoteness region, can mask differences in smaller distinct regions. In the next section, we look more closely at individual regions.

Individual regions

To determine whether stable small providers were the major providers in certain regions, we looked at the Statistical Areas Level 2 (SA2) regions in which students resided. These regions are also part of the Australian Statistical Geography Standard.

Statistical Areas Level 2 regions are designed to represent a ‘community that interacts socially and economically’, which should provide a good measure for identifying providers working closely with a particular community. In the July 2011 release of the standard, 2196 Statistical Areas Level 2 regions, covering the whole of Australia, were identified; they generally had between 3000 to 25 000 residents. SA2 regions in more densely populated urban and suburban areas are smaller in terms of area than regions in more sparsely populated rural and remote areas.

In 2017 there was only one SA2 region in which stable small providers as a group had a greater number of students than stable medium or large providers, but there were fewer than five students residing in that region.

Geographical reach

To gain a better understanding of the geographical reach of stable small providers, we counted the number of SA2 regions in which each provider’s students resided. This showed that stable small providers tended to cover fewer SA2 regions than stable medium and stable large providers (table 24). From this we conclude that stable small providers have a smaller geographical reach than other stable providers. This may be a result of stable small providers being more focused on serving a particular region (such a suburb or regional town) or simply due to having fewer students (and thus fewer possible regions that can be covered). Table 24 also shows that stable small providers tended to have fewer students per SA2 region than other stable providers.

Table 24 Measures of average geographical reach of delivery, by provider size category, 2017

Provider size category	Median number of SA2 regions	Median number of students per SA2 region
Stable small providers	20	1
Stable medium providers	119	2
Stable large providers	402	7

Note: 1. SA2 region is based on the location of students’ usual residence, not the location of the training provider or the delivery location.
2. The table excludes students residing in overseas locations and those with a ‘not known’ SA2 region.

Source: NCVER (2018d, 2018e).

Applying a similar methodology to that used to investigate range of delivery, we posed the following question:

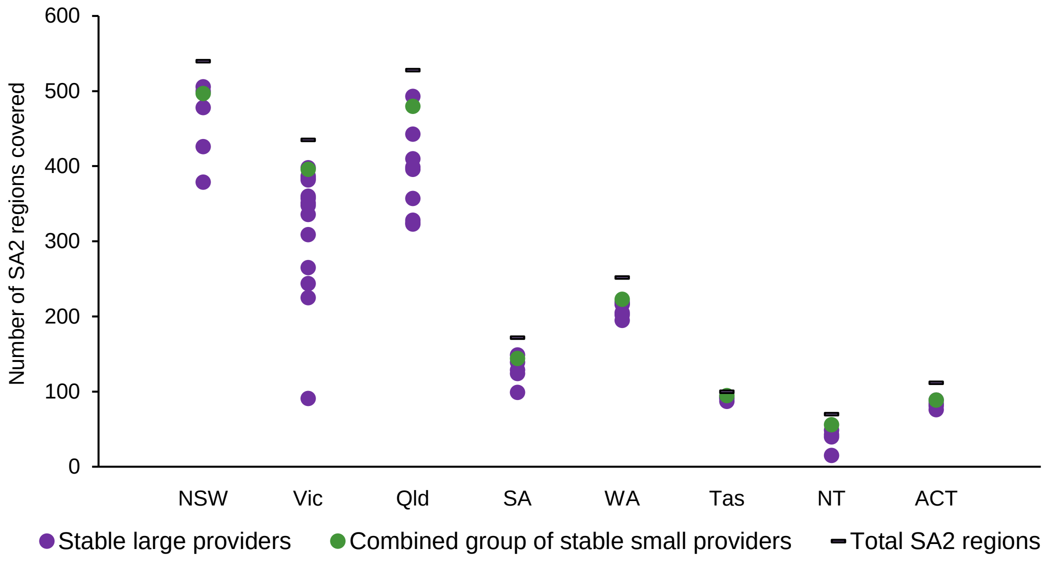
> Assuming that a given number of students needed training and we wanted to cover the greatest number of regions as possible, which would have a greater coverage — one large provider or a group of small providers?

In figure 8, we show the number of SA2 regions covered by all stable small providers in each state and territory (the green points). This is compared with the stable large providers with approximately the same number of students in that state or territory as all of these stable small providers combined (plus or minus 10%). We then counted the number of SA2 regions covered by each of these stable large providers (the purple points). The total number of SA2 regions in each state is also shown (the black bars); these are the upper bounds on the number of regions that the providers can cover.

- As a group, stable small providers covered most of the SA2 regions in each state and territory.
- While stable small providers as a whole covered more regions than some of the individual stable large providers, there were also some stable large providers with a greater geographical reach than all stable small providers combined (in New South Wales, Victoria, Queensland and South Australia).

This suggests that stable small providers are not always covering a wider range of geographical regions than stable large providers.

Figure 8 Combined geographical reach of all stable small providers compared with single stable large providers of a similar size, by state/territory, 2017



Note: The single stable large providers selected had approximately the same number of students in each state and territory as all of the stable small providers combined (plus or minus 10%).

Source: NCVER (2018d, 2018e).

Online delivery and geographic reach

The geographical reach of large providers could be expanded by means of their greater capacity for online delivery than stable small providers. Online delivery enables students in regional and remote areas to be accessed.

Table 25 explores delivery type for those enrolments in Australia in nationally recognised programs where the remoteness region is known (excluding any enrolments with a ‘not known’ or ‘not applicable’ delivery type). Using electronic-based delivery as a rough indicator for online delivery[7], table 25 shows that, for students residing in regional and

7 In the 2017 National VET Provider Collection, subject enrolments were classified as being classroom-based, electronic-based, employment-based, other (for example, a mixture of types) or not applicable (for example, recognition of prior learning).

remote areas, 6% of subject enrolments at stable small providers were delivered through electronic media compared with 25% at stable large providers. The difference was similar for students residing in major cities (6% of subject enrolments were electronic-based at stable small providers compared with 22% at stable large providers).

This indicates that, across all regions, stable large providers deliver relatively more subject enrolments through electronic media than stable small providers. This may be a contributing factor in the wide geographical reach of stable large providers.

Table 25 Subject enrolments by remoteness, delivery type (excluding 'not known' and 'not applicable') and provider size category, 2017

Delivery type	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
Subject enrolments by students residing in inner regional, outer regional, remote and very remote areas						
Classroom-based	26 647	70	453 242	64	2 416 325	55
Electronic-based	2 311	6	48 765	7	1 103 427	25
Employment-based	6 501	17	150 832	21	489 875	11
Other delivery	2 526	7	53 927	8	358 318	8
Total	**37 985**	**100**	**706 766**	**100**	**4 367 945**	**100**
Subject enrolments by students residing in major cities						
Classroom-based	75 753	79	1 122 288	75	4 916 592	58
Electronic based	5 767	6	95 622	6	1 860 046	22
Employment-based	8 297	9	194 499	13	1 034 848	12
Other delivery	5 613	6	88 580	6	704 816	8
Total	**95 430**	**100**	**1 500 989**	**100**	**8 516 302**	**100**

Note: 1. The table excludes students residing in overseas locations and those whose remoteness region is not known.
2. Only includes subject enrolments reported as part of a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
3. Does not include subjects with a 'not known' or 'not applicable' delivery type (for example, recognition of prior learning).
4. In the 2017 National VET Provider Collection, subject enrolments were classified as being classroom-based, electronic-based, employment-based, other, for example, a mixture of types) or not applicable (for example, recognition of prior learning).
5. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Summary

Although some stable small providers are operating in regional and remote areas, the various characteristics explored here demonstrate that, as a group, they did not have a substantially greater percentage of students from those areas than stable medium or large providers. As shown in the previous section on training characteristics, stable small providers tend to offer a smaller and specialised range of training than other stable providers. They may not be able to attract a large enough market in less populated areas.

A further analysis explored delivery through electronic media and found that fewer subject enrolments were undertaken in that way at stable small providers. It appears that it is more economical for large providers to maintain an online learning platform, meaning they can offer their services to a greater range of regional and remote students (table 25).

Stable small providers do not appear to be unique in their coverage of regional and remote areas or their total geographical reach (figure 8). For the same number of students, it is possible to cover the same number of geographic regions with a single stable large provider.

Regulatory and data-reporting comparisons

To determine whether stable small providers were experiencing more challenges with their regulatory and reporting requirements than medium or large providers, we analysed data from the provider audits undertaken by the Australian Skills Quality Authority (ASQA) and support calls to NCVER's Client Support service. The same definition of stable small providers was used as in previous analyses (fewer than 100 students each year in 2015, 2016 and 2017).

Regulatory comparisons

Background and definitions

Most RTOs in Australia must adhere to nationally approved quality standards, as enforced by ASQA. The authority also enforces adherence to standards for those providers delivering training to overseas students.

For this analysis of the challenges experienced by small providers with their regulatory and reporting requirements, only the provider population under the regulatory authority of ASQA was included. Some providers in Victoria and Western Australia are regulated by the Victorian Registration and Qualifications Authority (VRQA) or the Training Accreditation Council Western Australia (TAC) respectively, although this is a minority of the provider population. For this reason, the total counts of the provider population in the analyses in the regulatory comparisons section differ from those in earlier sections in this report.

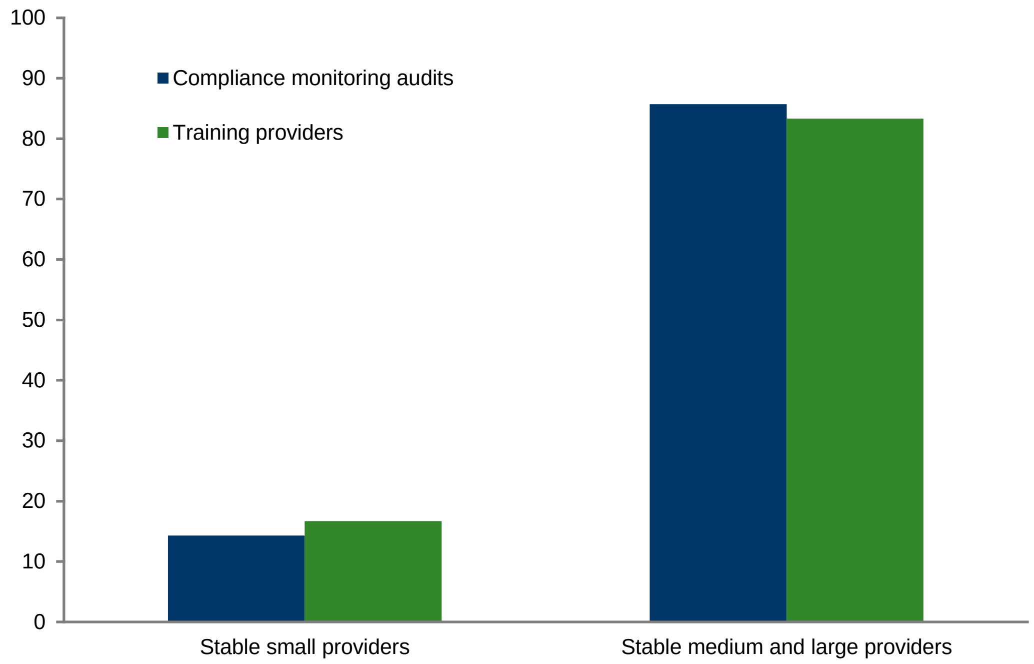
Historically, ASQA has used a transactional approach to regulation, with a regulatory focus on applications (such as for initial registration or for the addition of a course to a provider's scope of delivery). In late 2016, ASQA began transitioning to a student-centred approach to auditing, which includes a risk-based assessment; that is, using a regulatory risk framework to assess risk on two levels: systemic risk — a broad risk likely to exist across a range of providers; and provider risk — a specific risk at an individual provider level based on provider choices and actions (ASQA 2018a). The new approach focuses more on provider behaviour and practice, placing an emphasis on the student's experience, and can be triggered outside provider applications. The timing of the transition to this new approach means that only some of the audits analysed for this report were conducted under the new approach. For the full range of audit types conducted by ASQA, see table A5 in the appendix.

Findings

Figure 9 shows the proportion of compliance-monitoring audits (see table A5 in the appendix) carried out by ASQA according to the size of the provider, alongside the proportion of stable providers that fell in these size categories. If stable small providers were audited at exactly the same rates as stable medium and stable large providers, the proportion of audits would perfectly match the proportion of training providers.

As figure 9 demonstrates, stable small providers made up 14% of those selected for a compliance-monitoring audit by ASQA with an audit outcome in 2016—17. This compares with the 17% of providers that were stable and small during the same period, showing that a slightly lower proportion of stable small providers was selected for compliance-monitoring audits.

Figure 9 Compliance-monitoring audits by provider size category, 2016–17 (%)



Source: ASQA unpublished audit data, 2016–17.

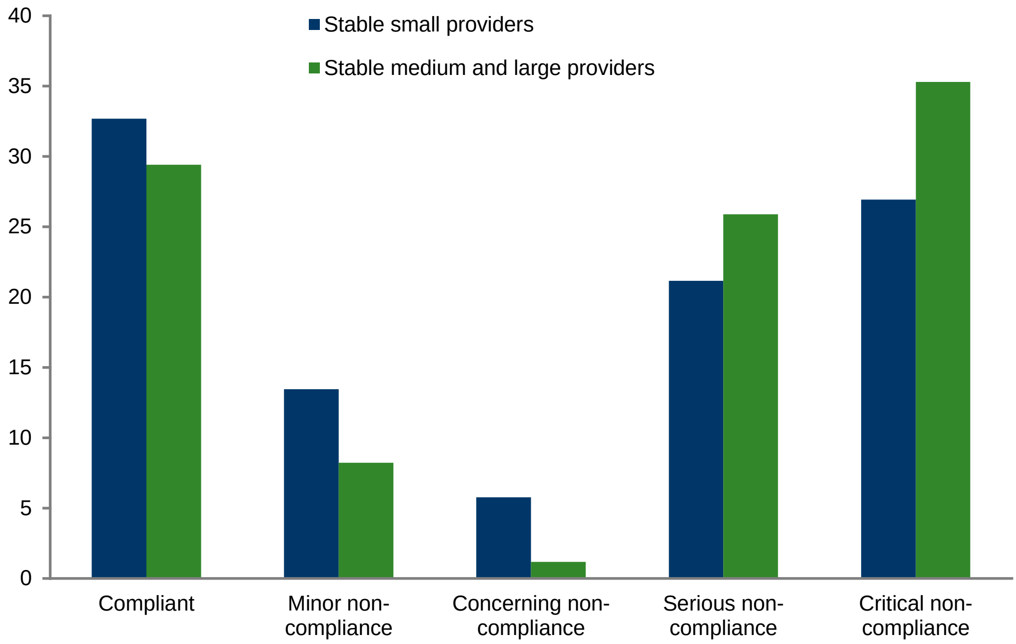
Initial audit outcomes

The results of an audit range from 'compliant' to 'critical non-compliance'. The audits covered in figure 10 relate to both compliance monitoring and the routine auditing of new providers (post-initial audits).

Due to the risk-based approach to the selection of providers for audit, a higher rate of non-compliance is likely to be present here. The results of these audits do not necessarily reflect the rates of compliance amongst providers in general.

Stable small providers had a higher rate of compliance at the time of audit than stable large providers (33% compared with 29%). A detailed breakdown of the ranges of outcomes is given in figure 10. The largest difference was for the percentage of providers receiving the most concerning result, which is 'critical non-compliance'. Among stable small provider audits, 27% received this result, compared with 35% of stable medium and large provider audits. When stable small providers were found to be non-compliant, the results tended to be more minor in nature, compared with stable medium and large providers. This was evident from the 13% of results from stable small providers in the 'minor non-compliance' category compared with 8% of results from stable medium and large providers.

Figure 10 Audit results for compliance monitoring or post-initial audits by provider size category, 2016–17 (%)



Source: ASQA unpublished audit data, 2016–17.

Audit outcomes of applications for change or renewal

As well as being conducted for compliance-monitoring purposes (and a range of other reasons), audits can be triggered:

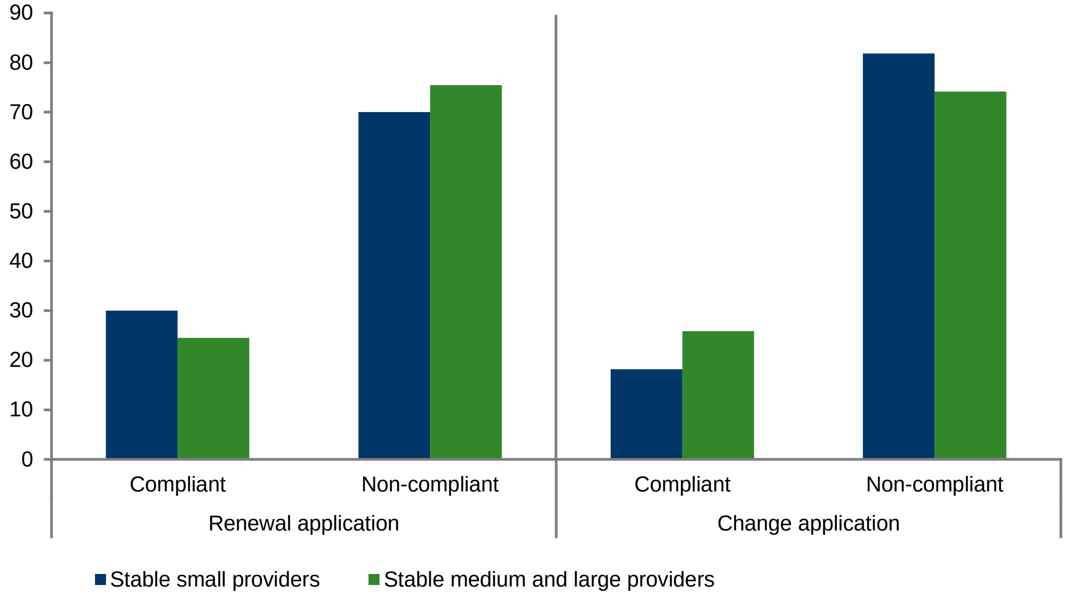
- when a provider makes a 'change application' to add training products (training package qualifications, units of competency, or accredited courses) to their scope of registration
- when a provider applies to renew their registration.

Both of these audit types can include particular scope items (for example, qualifications).

All organisations wishing to become RTOs within the scope of ASQA must submit an initial registration application, which, as of July 2018, will generally (if approved) result in a default registration period of two years (ASQA 2018c). RTOs must apply for renewal of their registration at least 90 days prior to their registration expiry date in order to remain registered. ASQA may renew registrations for a maximum of seven years (as of April 2015). Applications from providers must also be made for the addition of training products to their delivery scope, known as 'change applications' (see above). Although data were not available for the consideration of initial registrations, we reviewed the results of 86 renewal audits and 211 change audits. The results of this analysis are presented in figure 11.

Figure 11 shows the initial audit results for renewal applications on the left and for change applications on the right. A greater proportion of renewal applications from stable small providers had a compliant result (30%) than the applications from stable medium and large providers (25%). This pattern was reversed for change applications, with 18% of these applications from stable small providers assessed as compliant, compared with 26% of applications from stable medium and large providers. Due to the small number of stable small providers included in the analysis above (only 10 renewal audits and 22 change audits related to stable small providers), caution should be used before generalising these results to the total population.

Figure 11 Audit results for applications for renewal or change by provider size, 2016–17 (%)



Source: ASQA unpublished audit data, 2016–17.

Post-rectification audit outcomes unpublished

Under ASQA's student-centred audit approach, providers are accountable for identifying and correcting non-compliance, with a focus on addressing any negative impacts on learners (box 1). Providers may be required to address the impact that non-compliance has had on past learners and ensure that future learners are not negatively affected. From August 2016, the opportunity for rectification (during a designated 'rectification period') only applies for certain registration audits. Additional changes in July 2018 removed the rectification opportunity for initial registration audits (ASQA 2018b).

To compare the responses of providers to opportunities for rectification, we examined only the outcomes after audits with a non-compliant result, presented in figure 12.

These data indicate that a greater percentage of audits of stable small providers were rectified to a compliant result following a non-compliant judgment (53%) than audits of stable medium and large providers (47%). However, stable small providers also had a higher proportion of audits remaining unchanged, with 45% of rectification results non-compliant, compared with 41% within stable medium and large providers. The reason for this anomaly was the higher proportion of cases in which there was no opportunity for rectification for medium and large providers. For stable small providers, only 2% of non-compliant results had no opportunity for rectification, but among stable medium and large providers this proportion was 12%.

Box 1

Addressing non-compliance for future learners

Addressing the non-compliance identified for future learners will usually involve:

- correcting the process or system that has led to the non-compliance
- implementing the revised process or system to ensure the non-compliance does not impact on any future learners.

To demonstrate to ASQA that this has occurred, in most cases [the provider] would submit evidence of a new process or system to ASQA and how [it has] implemented it.

Addressing non-compliance for current and past learners

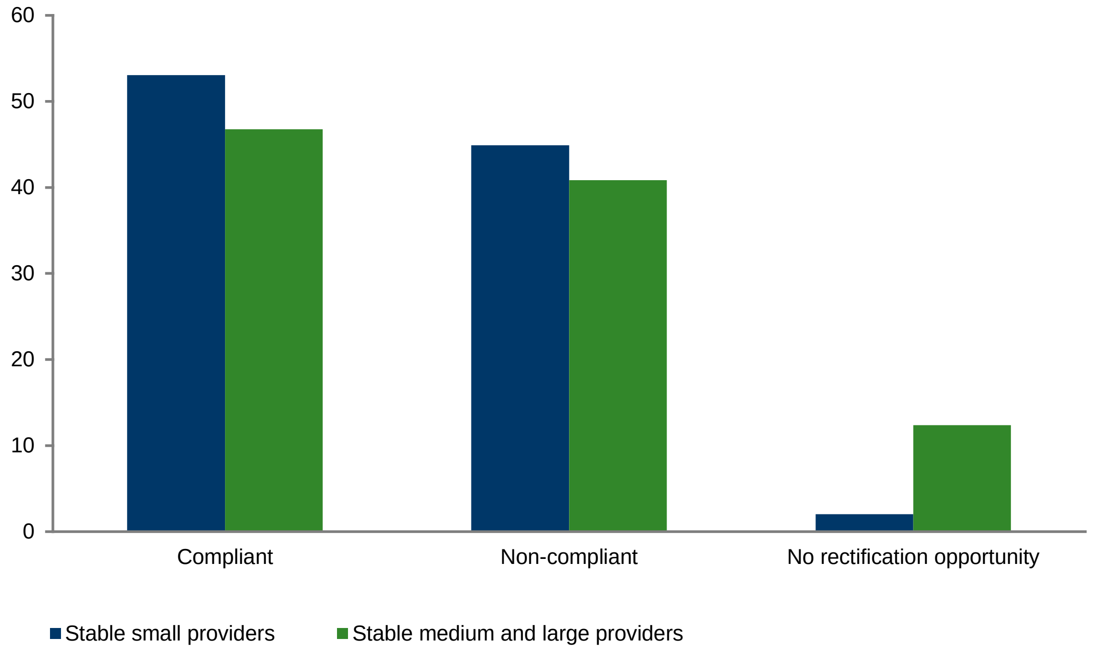
Where a non-compliance may have had a negative impact on current or past learners, [the provider] may also be required to identify the impact and carry out remedial action to address this impact.

In these instances, the audit report will specify:

- the period of time this remedial action needs to cover
- whether the action needs to be carried across the provider's entire operations or for specific training products only.

Source: ASQA (2018).

Figure 12 Post-rectification audit outcomes for non-compliant results by provider size category, 2016–17 (%)



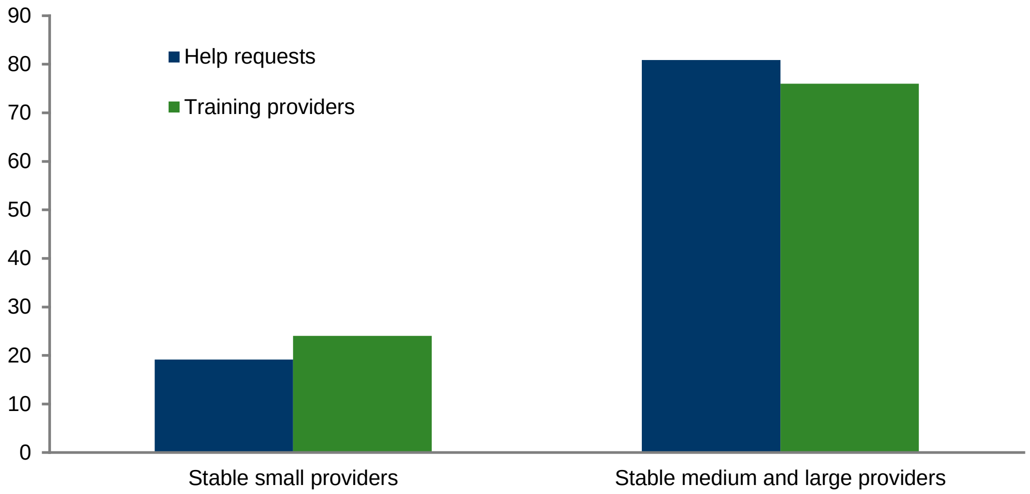
Source: ASQA unpublished audit data, 2016–17.

Data-reporting comparisons

Nearly all providers must report training data to the National Centre for Vocational Education Research for inclusion in the National VET Provider Collection.[8] In cases where providers experience difficulties with this, they are encouraged to contact NCVER's Client Support service for assistance. NCVER maintains a log of the calls or emails it receives from training providers. These are categorised according to the topic of the contact. The findings in this section cover a greater range of providers than the previous regulatory analysis, as providers under the authority of all regulators must submit data to the National VET Provider Collection. The same definition of small providers has been used as in previous analyses (fewer than 100 students in 2015, 2016 and 2017).

The proportions of contacts by provider size is presented in figure 13, which also includes the proportion of training providers in each size category. This allowed us to identify whether stable small providers were seeking help from NCVER more often than stable medium and large providers. If stable small providers sought help at exactly the same rates as stable medium and large providers, the proportion of help requests would perfectly match the proportion of training providers.

Figure 13 Help requests and training providers by size, 2017 (%)



Source: NCVER unpublished Client Support data, 2017.

As figure 13 shows, stable small providers were slightly under-represented in help requests, forming 24% of training providers and making 19% of help requests.

In order to understand the issues arising among providers, NCVER categorises help requests as relating to[9]:

- the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS)[10]

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8 A small number of providers have been granted reporting exemptions for national security, border protection and policing reasons or for delivery of emergency or safety community services. See the National VET Data Policy for more information <https://docs.education.gov.au/node/46116>.

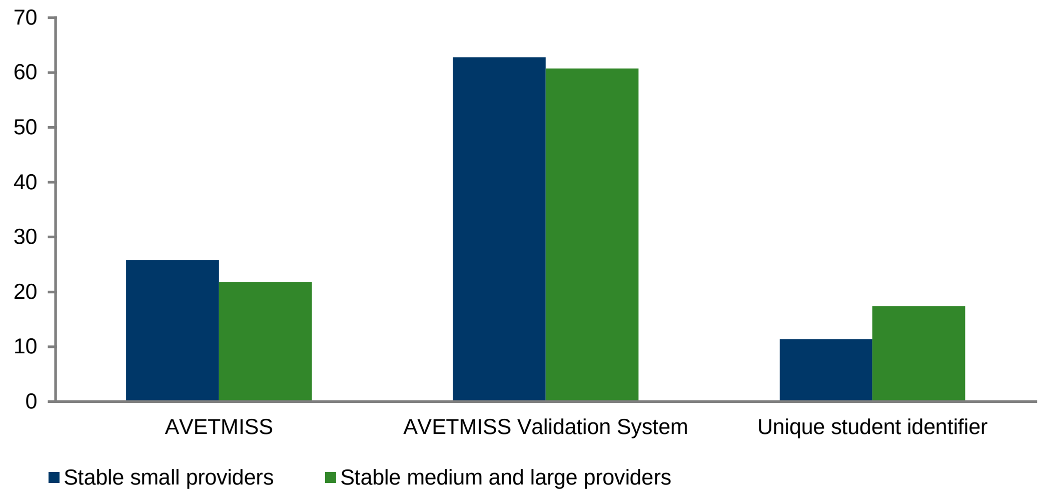
9 Due to the nature of the classification system used enquiries are classified by the single most significant topic.

10 AVETMISS is the national data standard that ensures the consistency and accuracy of VET information.

- the AVETMISS Validation Software (AVS), a web-based data file validation and submission system for providing data to NCVER
- the data entry tool, a free web-based software tool provided by NCVER, which allows smaller RTOs to capture client training data and produce AVETMISS-compliant files. Because data entry is manual, the tool is intended for RTOs that serve around 100 or fewer clients per year
- the unique student identifier (USI), a reference number that all students undertaking national recognised training require (introduced in 2015).

As the intended users of the data entry tool are small providers, it was unsurprising that a greater proportion of calls from stable small providers were on this topic; 18% of calls from stable small providers related to the data entry tool, compared with 3% of calls from stable medium and large providers. For this reason, figure 14 presents the proportion of calls from stable small providers compared with stable medium and stable large providers in the other three categories only.

Figure 14 Help requests by category and size, 2017 (%)



Source: NCVER unpublished Client Support data, 2017.

There were small differences between the various providers, with a slightly greater proportion of requests from stable small providers related to AVETMISS (26%) compared with the proportion of requests from stable medium and large providers on the same topic (22%). The largest difference between the pattern of requests from the two groups of providers was for assistance relating to the unique student identifier, at six percentage points.

Summary

Overall, it appears that stable small providers were audited slightly less often (figure 9) and were slightly more compliant when selected for audit (figure 10) than stable larger providers. This, alongside findings from audit results for applications for renewal (figure 11), indicates that stable small providers had fewer difficulties maintaining their ongoing registration to deliver particular programs or subjects. Although ASQA does not conduct direct assessments of learning quality, this at least suggests that stable small providers are not riskier educational choices than larger providers.

However, the findings from the audit results for applications for change (figure 11) show that stable small providers had more difficulties adding new programs or subjects to their scope compared with stable medium and large providers, indicating that this appears to be the main regulatory challenge for stable small providers.

Not every issue a provider encounters will prompt contact with NCVER through the help request system, but the analysis of these contacts suggests that stable small providers were not finding it any more difficult than stable medium and large providers to meet their reporting requirements.

Stable small providers used the NCVER support facilities in a similar fashion to stable medium and large providers. Although this does not mean that no differences existed in the reporting experiences of stable small providers, it does suggest that they were dealing with the same broad issues (at similar rates) as stable medium and large providers. The differences in the proportion of calls regarding unique student identifiers may be a consequence of the greater number of unique student identifiers being handled by stable medium and stable large providers. For example, stable large providers made up 26% of providers, but had 89% of the students (table 3). This presents more opportunities for issues with the unique student identifiers of individual students.

Together, the NCVER help request data and the regulatory data show limited evidence that stable small providers are struggling under a regulatory and reporting burden, although they did have more difficulties adding new programs or subjects to their scope compared with stable medium and stable large providers. In mitigation of this, the findings also suggest, overall, that stable small providers are not affected to an extent that affects their ability to comply with these rules.

Conclusion

At least as far back as the introduction of the national VET system in the early 1990s, researchers have been interested in understanding the role and function of different types of providers and in profiling the diversity that exists across the sector, as this assists the management, regulation and funding of the sector.

An extensive 1994 study comparing TAFE institutes and private training providers by Anderson noted the many similarities and differences, and strengths and weakness of these different types of providers, with the report raising many issues in its discussion of the topic, such as diversity, flexibility, access, funding and student support.

More recent reports by Anlezark and Foley (2016) and Korbel and Misko (2016) have taken advantage of the introduction, in 2014, of the total VET activity collection, which for the first time covered government-funded and fee-for-service training. This new collection allowed NCVER to quantify the diversity in the sector and the extent of smaller providers.

In our current investigation, we have sought to better understand the role and function of smaller providers in the VET sector by examining their general characteristics; the diversity of the courses on offer; the characteristics of the students who study with them and their outcomes; their geographical reach; and the regulatory and reporting challenges they face.

In many ways, our research has shown that stable small providers are similar to medium and large stable providers. Stable small, medium and large providers teach students in similar geographic areas; they mostly deliver training package qualifications; their graduates have similar outcomes; and they experience similar issues when reporting their data to NCVER.

Nevertheless, stable small providers are distinctive and unique in other ways, which may partly explain their role and function in the VET system.

- As a group, stable small providers deliver a wider range of courses than single stable large providers of comparable size, indicating they contribute to the diversity of student choice within the system.
- Many of these stable small providers deliver qualifications not offered by medium and large stable providers (or by very few of them).
- Some stable small providers were specialised providers that had clearly focused on providing training to students with a disability and Indigenous students.

These are the special contributions that small providers are making to the VET system, representing roles and functions that set them apart from other providers and defining their ongoing place in the VET system.

Smaller providers have an almost paradoxical place in the VET system. On one hand, because there are so many of them and they make up a large percentage of the providers in the system, they represent a large part of the diversity of the expansive Australian VET system and thus cannot be ignored. On the other hand, stable small providers had less than 1% of students in 2017; it is the large providers with which most students will have contact in their experience of VET.

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Appendix

Table A1 Providers by provider size category and type, 2017

Provider type	Stable small providers		Stable medium providers		Stable large providers		Total	
	N	%	N	%	N	%	N	%
TAFE	0	0	0	0	36	100	36	100
University	2	20	2	20	6	60	10	100
Enterprise provider	33	34	47	48	18	18	98	100
Community education provider	36	20	108	60	36	20	180	100
Private training provider	447	24	924	50	462	25	1 833	100

Note: 1. Provider type is that reported in the 2017 National VET Provider and VET in Schools Collections. Providers can report under different provider types in different years.
2. Percentages may not sum to 100 due to rounding.

Source: NCVER (2018d, 2018e).

Table A2 Programs in which stable small providers had more enrolments than medium and large providers, by training package group, 2017

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
Nationally recognised accredited courses (not part of a training package)			
10039NAT – Graduate Certificate in Physical Asset Management	20	-	-
10041NAT – Certificate IV in Performing Arts	5	-	-
10042NAT – Diploma of Performing Arts	35	-	-
10043NAT – Advanced Diploma of Performing Arts	15	-	-
10065NAT – Diploma of Screen Acting	60	-	-
10066NAT – Course in Developing Montessori Environments for Aged Care	15	-	-
10115NAT – Certificate III in Gumbaynggirr Language and Culture Maintenance	20	-	-
10119NAT – Diploma of Life Coaching	5	-	-
10130NAT – Advanced Diploma of Acting for Contemporary Screen Media	25	-	-
10131NAT – Certificate IV in Compliance and Risk Management	50	-	-
10148NAT – Certificate IV in Feedlot Production (Feeding Management)	10	-	-
10149NAT – Advanced Diploma of Performing Arts	90	-	-
10155NAT – Diploma of Practical Rabbinics	0	-	-
10156NAT – Diploma of Advanced Jewish Studies and Education for Women	75	-	-

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
10184NAT – Graduate Certificate in Compliance and Risk Management	15	-	-
10192NAT – Certificate II in Performing Arts	20	-	-
10246NAT – Certificate IV in University Preparation	50	-	-
10247NAT – Certificate I in Life Skills	5	-	-
10250NAT – Graduate Certificate in Neuro-Linguistic Programming	15	-	-
10259NAT – Diploma of Arts (Acting)	30	-	20
10260NAT – Advanced Diploma of Arts (Acting)	30	-	25
10277NAT – Certificate III in Dance Practice for Aboriginal and Torres Strait Islander Peoples	20	-	-
10296NAT – Graduate Diploma of Classical Ballet	15	-	-
10311NAT – Graduate Diploma of Orientation and Mobility	5	-	-
10327NAT – Course in Workplace Alcohol and Drug Monitoring (Collect and Test) (Collect, Test and Train)	20	-	-
10328NAT – Graduate Diploma of Elite Dance Instruction	5	-	-
10334NAT – Certificate IV in BodyTalk	10	-	-
10339NAT – Certificate IV in Kahuna Bodywork (Relaxation)	15	-	-
10346NAT – Certificate IV in Reiki Treatment Practice	0	-	-
10352NAT – Diploma of Visual Communication (Design Communication / Photo Communication)	15	-	-
10353NAT – Advanced Diploma of Visual Communication (Design Communication / Photo Communication)	10	-	-
10356NAT – Certificate IV in Youth and Community Work (Christian)	5	-	-
10372NAT – Diploma of Integrated Somatic Psychotherapy	55	-	-
10382NAT – Certificate IV in Life Coaching	90	-	-
10385NAT – Diploma of Residential Health Education and Management	15	-	-
10386NAT – Advanced Diploma of Group Facilitation	20	-	-
10401NAT – Diploma of Narrative Approaches for Aboriginal People (Counselling, Group and Community Work)	15	-	-
10403NAT – Advanced Diploma of Alexander Technique Teaching	15	-	-
10417NAT – Course in Advanced Safety Awareness	15	-	-
10444NAT – Graduate Diploma of Facilitative Leadership	5	-	-
10450NAT – Diploma of Clinical Hypnosis and Strategic Psychotherapy	30	-	-
10456NAT – Diploma of Satyananda Yoga Training	40	-	-

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
10482NAT – Diploma of Journalism	10	-	-
10484NAT – Certificate III in Psychosomatic Therapy	20	-	-
10496NAT – Certificate IV in Christian Life and Ministry	75	-	-
10500NAT – Certificate IV in Parent, Family and Community Engagement	0	-	-
10525NAT – Course in Integrated Logistics Support in Engineering	10	-	-
10527NAT – Advanced Diploma of Rudolf Steiner Education	60	-	-
10537NAT – Diploma of Professional Pilates Instruction	75	65	-
10540NAT – Certificate IV in Yoga Teaching	75	-	-
10548NAT – Graduate Diploma of Aesthetic Orthodontics (Sequential Aligner Therapy)	25	-	-
10553NAT – Certificate IV in Yoga	30	-	-
10554NAT – Diploma of Yoga Teaching	5	-	-
10555NAT – Advanced Diploma of Yoga Teaching	0	-	-
10560NAT – Advanced Diploma of Performing Arts (Acting)	50	-	-
10567NAT – Diploma of Pilates Movement Therapy	15	-	-
10568NAT – Advanced Diploma of Pilates Movement Therapy	0	-	-
10573NAT – Certificate IV in Ministry	50	-	-
10574NAT – Diploma of Ministry	0	-	-
10642NAT – Diploma of Ageing and Pastoral or Spiritual Care	5	-	-
10645NAT – Certificate IV in Christian Leadership Coaching	0	-	-
10653NAT – Diploma of Positive Psychology and Wellbeing	0	-	-
21975VIC – Advanced Diploma of Acting	0	-	-
22111VIC – Diploma of Practical Rabbinics	10	-	-
22204VIC – Certificate IV in Christian Leadership Coaching	30	-	-
22205VIC – Diploma of Christian Leadership Coaching	5	-	-
22222VIC – Certificate IV in Aboriginal Cultural Heritage Management	20	-	-
22226VIC – Graduate Diploma of Home Economics Education	20	-	-
22233VIC – Diploma of Leadership Coaching and Mentoring	15	-	10
22271VIC – Certificate IV in Bereavement Support	25	-	-
30498QLD – Course in Operating Pressure Equipment	15	-	-

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
30955QLD – Certificate I in Life Skills for Adults with Complex Needs	0	-	-
40603SA – Diploma of Engineering Drafting	10	-	-
40613SA – Certificate IV in Christian Life and Ministry	5	-	-
40638SA – Graduate Diploma of Diagnostic Medical Ultrasound (General Discipline)	35	-	-
40639SA – Advanced Diploma of Ministry	0	-	-
40644SA – Diploma of Ministry	0	-	-
52233 – Diploma of Contemporary Pilates and Teaching	15	-	-
52409WA – Certificate IV in Ministry	5	-	-
52451WA – Certificate IV in Contemporary Pilates & Teaching Methodology	25	-	-
52563WA – Diploma of Youth Ministry	5	-	-
52620WA – Certificate II in Performing Arts	0	-	-
52646WA – Certificate IV in Christian Ministry	20	-	-
52701WA – Certificate III in Ballet Performance	15	-	-
52717WA – Certificate IV in Maintenance Management	20	-	-
52718WA – Diploma of Maintenance Management	15	-	-
52721WA – Advanced Diploma of Educational Counselling	0	-	-
52736WA – Advanced Diploma of International Business Management	35	-	-
52748WA – Diploma of Performing Arts	10	-	-
52749WA – Advanced Diploma of Performing Arts	5	-	-
52766WA – Certificate IV in Biblical Ministry	20	-	-
52767WA – Diploma of Biblical Ministry	0	-	-
52781WA – Advanced Diploma of Performing Arts (Musical Theatre) (Commercial Dance)	15	-	-
52792WA – Advanced Diploma of Holistic Classical Yoga Practices	10	-	-
52811WA – Certificate IV in Ballet Performance	5	-	-
52813WA – Diploma of Indigenous Studies	35	-	-
52814WA – Certificate IV in Indigenous Studies	5	-	-
52815WA – Certificate III in Indigenous Studies	50	-	-
52816WA – Certificate II in Indigenous Studies	5	-	-
52817WA – Advanced Diploma of Indigenous Studies	5	-	-

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
52818WA – Advanced Diploma of Indigenous Pastoral Ministry	0	-	-
52834WA – Certificate III in Ballet Performance	15	-	-
69781 – Graduate Certificate in Movement Based Somatic Therapy	0	-	-
69801 – Advanced Diploma of Rudolf Steiner Education	5	-	-
69802 – Diploma of Pilates Movement Therapy	10	-	-
91532NSW – Certificate IV in Professional Dance Performance	10	-	-
91534NSW – Diploma of Professional Dance Performance	5	-	-
91561NSW – Diploma of Ageing and Pastoral Care	35	-	-
Agriculture, Horticulture and Conservation and Land Management (AGF, AGR, AHC, RTD, RTE, RTF, RUA, RUH)			
AHC32416 – Certificate III in Irrigation	60	10	30
AHC41010 – Certificate IV in Agribusiness	75	-	40
AHC51210 – Diploma of Community Coordination and Facilitation	10	-	5
AHC51216 – Diploma of Community Coordination and Facilitation	0	-	-
AHC60410 – Advanced Diploma of Conservation and Land Management	5	-	5
Aviation (AVI, TDA, ZQF)			
AVI50315 – Diploma of Aviation (Commercial Pilot Licence – Helicopter)	90	30	45
AVI50415 – Diploma of Aviation (Instrument Rating)	150	145	25
Business Services (BSA, BSB)			
BSB41715 – Certificate IV in Recordkeeping	55	5	35
Creative Arts and Culture (CUA, CUE, CUV)			
CUA20515 – Certificate II in Information and Cultural Services	10	-	5
CUA60113 – Advanced Diploma of Dance (Elite Performance)	90	20	15

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
Electricity Supply Industry – Generation Sector (UEP, UTP)			
UEP20112 – Certificate II in ESI Generation – Operations Support	5	-	-
UEP40112 – Certificate IV in ESI Generation – Systems Operations	0	-	-
Electrotechnology (UEE, UTE, UTL)			
UEE61211 – Advanced Diploma of Engineering – Explosion Protection	10	5	-
Financial Services (FNA, FNB, FNS)			
FNS41915 – Certificate IV in Personal Injury Management	30	30	10
Forest and Wood Products (FPI, FWP)			
FWP40116 – Certificate IV in Forest Operations	5	5	5
Funeral Services (SIF, WFS)			
SIF20113 – Certificate II in Funeral Operations	0	-	-
SIF30313 – Certificate III in Funeral Operations	15	-	-
SIF40208 – Certificate IV in Embalming	10	-	-
SIF40213 – Certificate IV in Embalming	30	-	-
Health (HLT)			
HLT52115 – Diploma of Traditional Chinese Medicine (TCM) Remedial Massage	20	10	15
HLT52615 – Diploma of Ayurvedic Lifestyle Consultation	55	-	5
HLT60712 – Advanced Diploma of Ayurveda	45	0	5
HLT62615 – Advanced Diploma of Ayurveda	80	20	20

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
Information and Communications Technology (ICA, ICT)			
ICA40411 – Certificate IV in Information Technology Networking	10	-	5
ICA40811 – Certificate IV in Digital Media Technologies	5	-	-
ICA50411 – Diploma of Information Technology Networking	10	0	5
ICA50611 – Diploma of Website Development	5	-	-
ICT60210 – Advanced Diploma of Telecommunications Network Engineering	15	-	-
Manufacturing (MSM)			
MSM10116 – Certificate I in Process Manufacturing	30	-	-
Music (CUS)			
CUS40309 – Certificate IV in Music Business	0	-	-
Plastics, Rubber and Cablemaking (PMB)			
PMB20107 – Certificate II in Polymer Processing	15	-	-
PMB20116 – Certificate II in Polymer Processing	45	-	-
Property Services (CPP, PRD, PRM, PRS)			
CPP40811 – Certificate IV in Access Consulting	30	-	-
CPP50711 – Diploma of Access Consulting	30	-	-
Public Safety (PUA)			
PUA21312 – Certificate II in Public Safety (SES)	50	10	10
PUA30412 – Certificate III in Public Safety (SES Rescue)	50	-	-
Public Services (PSP)			
PSP60116 – Advanced Diploma of Government (Workplace inspection/ Investigations/Fraud control)	40	5	15
PSP60912 – Advanced Diploma of Government (Workplace Inspection)	5	-	-

Program	Number of enrolments		
	Stable small providers	Stable medium providers	Stable large providers
Resources and Infrastructure (BCC, DRT, MNC, MNM, MNQ, RII)			
RII30809 – Certificate III in Civil Construction Plant Operations	45	45	25
RII51013 – Diploma of Well Servicing Operations	0	-	-
Training and Education (BSZ, TAA, TAE)			
TAE70210 – Graduate Certificate in Management (Learning)	0	-	-
Transmission, Distribution and Rail (UET, UTT)			
UET30512 – Certificate III in ESI – Power Systems – Transmission Overhead	25	-	20
UET40612 – Certificate IV in ESI – Power Systems Network Infrastructure	10	-	-
Transport and Logistics (TDT, TLI)			
TLI22313 – Certificate II in Rail Customer Service	0	-	-
TLI22315 – Certificate II in Rail Customer Service	30	-	-

Note: 1. Enrolments are rounded to the nearest multiple of five. A dash (-) represents a true zero figure, with no enrolments.

2. Training delivered as part of some qualifications, such as the Certificate III in Public Safety (SES Rescue), may be exempt from reporting for security or safety reasons (NCVER 2018a).

3. Some of the qualifications may be superseded. For example, the Certificate IV in Embalming appears twice in the list; SIF40213 superseded SIF40208.

Source: NCVER (2018d, 2018e).

Table A3 Indigenous students by funding source and provider size category, 2017 (%)

Funding source	Stable small providers		Stable medium providers		Stable large providers	
	N	**%**	**N**	**%**	**N**	**%**
Commonwealth/state funding	755	72	9 644	67	55 595	67
Fee-for-service – domestic	296	28	4 936	34	29 380	35
Fee-for-service – international	0	0	5	<1	23	<1
Total	**1 047**		**14 374**		**83 002**	

Note: 1. A student can undertake training supported by multiple funding sources and/or at multiple RTOs; hence, students may be counted multiple times, individual cells do not sum to totals and percentages do not sum to 100%.
2. Only includes students enrolled in a nationally recognised program; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.

Source: NCVER (2018d, 2018e).

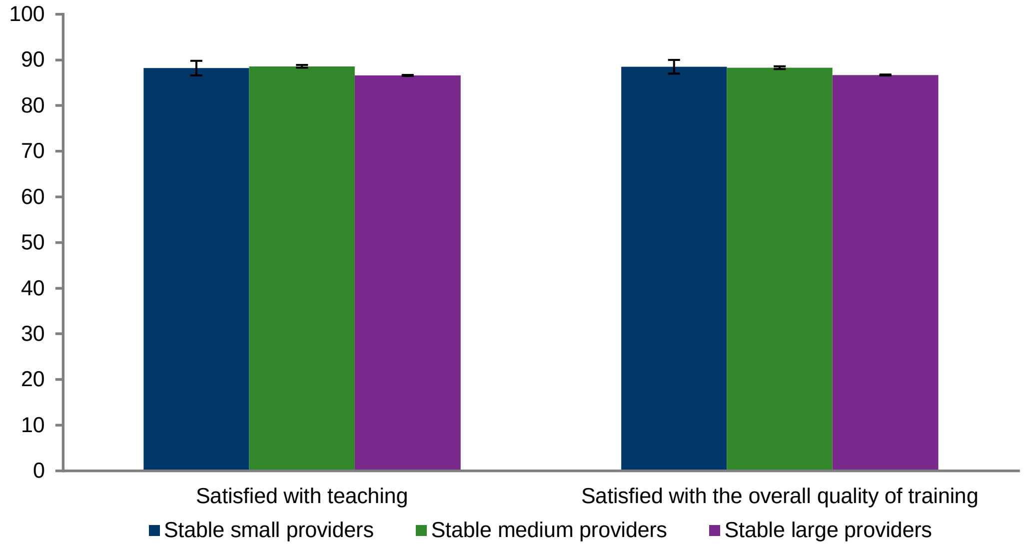
Table A4 Program enrolments in the four most common fields of education for students with a disability at stable small providers by, provider size category, 2017 (%)

Field of education	Stable small providers		Stable medium providers		Stable large providers	
	N	%	N	%	N	%
08 Management and commerce	258	23	3 668	19	27 164	20
12 Mixed field programmes	229	20	3 330	17	20 565	15
09 Society and culture	203	18	4 241	22	23 963	18
10 Creative arts	123	11	598	3	4 753	4
All other fields of education	305	27	7 498	39	57 574	43
Total	**1 118**	**100**	**19 335**	**100**	**134 019**	**100**

Note: 1. Only includes enrolments in nationally recognised programs; that is, a national training package qualification, nationally recognised accredited course or nationally recognised skill set.
2. Percentages may not sum to 100 due to rounding.

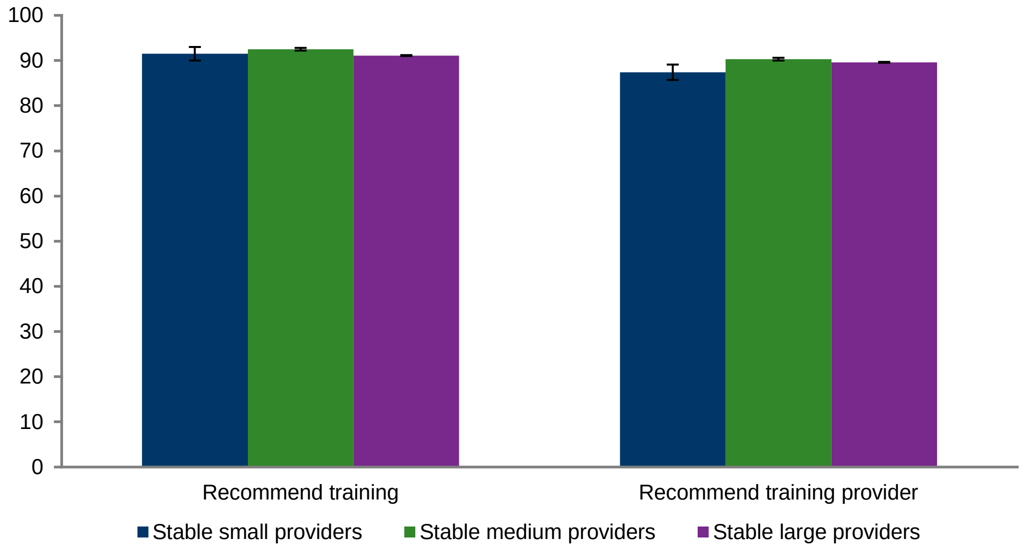
Source: NCVER (2018d, 2018e).

Figure A1 Satisfaction of graduates by provider size category, 2017–18 (%)



Source: NCVER (2017b, 2018c).

Figure A2 Graduates who would recommend the training by provider size category, 2017–18 (%)



Source: NCVER (2017b, 2018c).

Table A5 Audit types conducted by the Australian Standards and Quality Authority

Audit name	Audit description
Compliance Monitoring	An audit being conducted to check the provider's compliance
Application – Change	When an application to add items to scope is being audited
Application – Renewal	An audit for a provider's renewal of registration
Compliance Monitoring – Complaint	Audit conducted in response to a complaint(s) which has been received by ASQA and warrants further investigation
Post Initial	Audit conducted after the provider has been granted initial registration
Complaint Evidence Review	An evidence analysis in response to a complaint about a provider
Sanction Evidence Review	The review of evidence submitted in response to an intention to impose a sanction by ASQA
Reassessment Evidence Review	The provider has applied to have evidence reassessed after a regulatory decision by ASQA
AAT Evidence Review	The provider has created a case with the Administrative Appeals Tribunal over a decision made by ASQA
Compliance Monitoring – Delegation	A compliance monitoring audit conducted to ensure ongoing compliance of a provider with a delegation
Reconsideration Evidence Review	The provider has applied for reconsideration of a decision made by ASQA
Compliance Monitoring – Commissioner Directed	Conducted as a result of a Commissioner Decision, not the result of a previous adverse decision (for example, not as a result of an intent to sanction or AAT agreement).

Source: ASQA unpublished audit data, 2016–17.

National Centre for Vocational Education Research

Level 5, 60 Light Square, Adelaide, SA 5000

PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

Phone +61 8 8230 8400 **Email** ncver@ncver.edu.au

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