Australia introduced User Choice nationally in January 1998 to develop a national training system that is more responsive to clients' needs. User Choice is based on nine principles, including the following: (1) clients can negotiate their publicly funded training needs; (2) User Choice operates in a national training market not limited by state or territory boundaries; (3) pricing of training programs is based on clearly identified state/territory unit cost benchmarks; and (4) clients can negotiate and purchase training over and above what is essential to their qualification outcomes. The evaluations of User Choice have been broadly supportive. A comprehensive evaluation concluded that the overall policy framework is strong and progressing well. However, support for User Choice by employers has been stronger than support by public and private providers. Studies have credited User Choice with increasing the range of training options to satisfy client needs and increasing interaction between employers and providers, particularly in technical and further education. However, all the evaluations of User Choice have highlighted areas of concern and made recommendations for change, particularly in the areas of quality of training and implementation of the nine principles of User Choice in practice. A summary of user choice project approvals is appended. (Contains 20 references.) (MN)
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The Monash University-ACER Centre for the Economics of Education and Training (CEET) is a joint venture of Monash University and the Australian Council for Educational Research (ACER). CEET also collaborates with staff of the Centre for Human Resource Development and Training at the University of Melbourne.

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Funding
CEET receives its main funding from ANTA as a Key VET Research Centre and undertakes consultancies for a range of other authorities.

Focus of Work
CEET’s research focuses on the contribution of education and training to economic and social development. CEET’s recent work includes:
- the costs of vocational programs in schools, in TAFE and in industry;
- models for assessing demand for training;
- labour turnover and the effect on jobs for entrants to the labour market;
- the impact of globalisation on the occupational structure;
- evaluation of 'user choice' for apprenticeship training;
- analysis of the efficiency and equity in the training market;
- policies to improve the transition of youth from education to work;
- framework for performance measures of school completion and transition to work and study;
- the impact of VET research on policy and practice;
- equity and VET;
- models for analysing student flows in higher education and in vocational education; and
- returns to investment in enterprise training.
1. Background

User Choice was introduced nationally from January 1988 for New Apprenticeships, following pilot projects in 1996 and 1997. In most States and Territories New Apprenticeships are referred to as apprenticeships and traineeships; and this is the terminology generally used in the Working Paper. CEET was originally involved in evaluating the ANTA-funded User Choice pilot projects and since then has been investigating how this policy is operating in vocational education and training.

The adoption of the User Choice policy follows the intention of the ANTA Ministerial Council to develop a national training system which is more responsive to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients. The policy seeks to increase investment in training, provide training which is more congenial for enterprises and their apprentices and trainees, contribute to achieving more equitable outcomes and maximise the value of public VET expenditure. The development of policy and practice has been monitored at national and State/Territory levels.

Until the mid-1990's moves to open up the training market had concentrated on the supply side, directed towards making the market more contestable and less monopolistic. In some States and Territories actions had been taken to devolve management responsibility and accountability to individual TAFE institutions, and to remove barriers to market entry for private and industry providers. There had also been some demand side measures, including the separation of the purchaser and provider roles of training authorities, and the opening of a proportion of the publicly-funded VET budget to competitive tendering. (A range of these initiatives are discussed in C. Selby Smith, F. Ferrier, G. Burke et al, The Economics of Vocational Education and Training in Australia: CEET’s Stocktake, NCVER, Adelaide, in press, ch. 6).

The Allen Consulting Group (ACG, 1994) criticised the demand side measures, arguing that:

... they seem to be strongly centralist in their approach, aggregating demand up from the enterprise level ... (This strategy) does little, however, to encourage a more direct and market responsive relationship between the provider of training and the purchaser client - enterprise or individuals (p. 39).

ACG reported that the ‘lack of responsiveness, flexibility and relevance’ was a recurring theme in their discussions with industry. To counter these problems they recommended a move towards a market-based or choice system that they labelled ‘User Buys’. Under this system State and Territory funds would be allocated directly to enterprises or groups of enterprises, enabling them to purchase accredited training from any registered provider they considered best able to meet their needs - including (if accredited) the enterprise itself.

ANTA accepted much of the Allen Consulting Group’s proposal, but recommended that, rather than being paid to employers, the funds would pass directly from the training authority to the provider, when notification was received of the employer’s choice. The scheme was confined to apprenticeships and traineeships. A series of ‘User Choice’ pilots

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1 This evaluation was conducted by Joy Selby Smith Pty Ltd. The evaluation team included the authors of this paper.
followed, in all States and Territories and across industry sectors. They included several in Aboriginal and Torres Strait Islander communities.

Following the election of the Howard Government in March 1996, User Choice became a higher priority. The new government aimed to link training more closely with employment, replacing the existing arrangements with an industry and enterprise driven training system ... focusing on the development of direct relationships between enterprises and individuals on the one hand and training providers on the other’ (Liberal Party of Australia, 1996, p. 16). In July 1996, State and Commonwealth Ministers agreed to progressive implementation of User Choice during 1997 and to full implementation of User Choice for off-the-job training of apprentices and trainees from 1 January 1998.

Ministers approved the new policy, although NSW reserved its overall position and there was recognition at the official level of the complexity of the changes required. As the policy moved towards implementation, the emphasis shifted from policy development, where ANTA and the Commonwealth had the lead role, to implementation, where the States and Territories had the lead role. This decision emphasised the contested nature of VET in Australia: between levels of government, between the industry partners, and between the public and private sectors. It also emphasised the interactions between VET policy processes and the broader policy approaches and stances of each of the parties to the ANTA Agreement.

The objective of User Choice was endorsed by Ministers as:

> to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients (MINCO, July 1997).

Ministers also endorsed nine principles to underpin its implementation, which are set out in Box 1 below and whose implementation is discussed in Section 4.

2. Evaluating User Choice

2.1 The pilot programs

Most of ANTA’s user choice pilot projects had commenced by mid-1996 and were evaluated in 1996 and 1997 (Selby Smith, Selby Smith and Ferrier, 1996, 1996a, 1997a, 1997b; and Selby Smith and Selby Smith, 1997). Two central issues were investigated at the enterprise level. First, did enterprises want a greater degree of choice in relation to their training arrangements? Secondly, did enterprises exercise their choices when given the opportunity to do so, and if so in what respects?

The responses from the 55 enterprises involved in the pilots were clear-cut. First, they regarded it as important or very important to be able to exercise choice in timing, location, content, mode and quality of training. They also wanted choice of training provider. Secondly, the enterprises did exercise their options to make choices when they were provided with the opportunity to do so. For instance, they made choices about the training provider and specific elements in the training arrangements. More than two-thirds of the pilot project enterprises reported that they had changed their training provider, but of course the pilot projects sought the involvement of employers who had particular dissatisfactions with existing training arrangements; and change has not been reflected to
such a large extent after User Choice was introduced more generally. In relation to each of
the specific elements, other than quality of training delivery, the majority of respondents
had decided to change their previous arrangements. The participating Aboriginal
communities also supported the importance of greater choice, particularly with regard to
customisation. A common view was that the user choice approach 'allows more diversity',
was good because 'the customer is always right' and the training can be 'Koori-ised'. The 55
pilot projects are listed in Attachment 1.

2.2 KPMG’s evaluation

In April 1999 ANTA commissioned KPMG Consulting to undertake an evaluation of the
implementation of User Choice. They investigated the progress of implementation through
five distinct perspectives: a survey of providers; a survey of employers; case studies of
providers; focus group discussions with apprentices and trainees; and a self-assessment
survey of State training authorities. KPMG commented on the difficulty of separating the
impact of User Choice from the impact of other changes on vocational education and
training and suggested that 'User Choice may be better seen as an enabler of a large, multi-
faceted change program, rather than the sole driver of change in the training system'
(KPMG, 1999, Volume 2, p. 33). Nevertheless, the evaluation concluded that, overall, the
policy framework was strong and progressing well. There was evidence of the development
of more meaningful partnerships between providers and employers and, at least from an
employer perspective, the benefits of User Choice outweighed the costs (KPMG, 1999).

Drawing on their survey of employers, KPMG found high levels of satisfaction with the
scope for exercising choice, the degree of provider responsiveness to employer needs, and
the information employers received about training products. Employers believed that User
Choice had driven improvements in training services and overall relationships. Employers
were involved in a range of training decisions and equipped with more information to make
choices and influence provider behaviour. They saw fewer barriers to accessing training.
KPMG found that employers who used private providers were more likely to report
positively on a number of items to do with User Choice than those who used public
providers, as were employers who employed trainees only compared to those who
employed apprentices. There was evidence of more meaningful partnerships developing
between providers and employers. But the evaluation reported also that increases in
employer satisfaction with training delivery and quality were lower and that relatively few
employers had altered their market behaviour. Only seven per cent had changed their
provider since User Choice began. KPMG found no statistically significant differences in the
responses to their employer survey between the various States and Territories.

A survey and case studies of providers by KPMG produced more mixed results. Providers
indicated that, though User Choice had enhanced responsiveness to employer needs, it had
also potentially reduced efficiency due to administrative, marketing and advertising costs,
and had possibly compromised quality. Administrative complexity had increased. Overall,
only 38% of RTO's regarded User Choice as a success, with private providers more likely
than TAFE to respond positively. KPMG found no statistically significant differences in the
responses to their provider survey between providers in the different States and Territories.

KPMG also Investigated the views of apprentices and trainees, and the views of State
training authorities:
Among apprentices and trainees KPMG found less recognition of key elements of User Choice than among employers and providers. This is not surprising. Interestingly, the evaluation noted that, while apprentices and trainees had exercised only limited choice of provider, they had exercised more choice in relation to the content of training and the mode and timing of delivery.

The evaluation found that State training authorities were generally satisfied with their progress in implementing User Choice. Where difficulties had been encountered it was stated that steps were being taken to redress them.

Although KPMG concluded that the overall policy framework was strong and progressing well, they expressed concern in some areas and made recommendations for change, including:

- increased efforts were needed to raise understanding of User Choice among providers;
- the types of choices available should be clarified;
- there should be a greater emphasis on partnership relationships based on quality and responsiveness between providers and employers rather than solely focusing on contestability between providers;
- few stakeholders understood the meaning of Principle 7 (see Box 1 below), which requires that User Choice be harnessed to improve access and equity in VET, or were implementing it effectively;
- the provision of information by State training authorities, providers and New Apprenticeship Centres should be more carefully targeted (over 40 per cent of the employers surveyed believed they received no information);
- there should be a stronger emphasis on aspects of choice other than choice of provider. In particular, choices around content, timing and location of training needed greater emphasis, with improved advice on ways by which they might be achieved; and
- they were critical that there was no national process for the dissemination of good practice in User Choice and accumulative learning.

KPMG identified three 'hot spots for future monitoring', where, they argued, there was potential for problems to arise. The first area was 'over-bureaucratization of choice'. There were high levels of concern among providers about increased cost and administration following the introduction of User Choice. The second area concerned the impact of training packages that were being interpreted and implemented too often, they concluded, in ways that could introduce inflexibility and restrictions on client choice. Thirdly, they drew attention to perceptions that User Choice, if interpreted solely from the perspective of the employer's interest in training with specific business relevance, can conflict with apprentice and trainee interests in acquiring a breadth of skills and experience. However, most of the apprentices who were consulted by KPMG commented that their opinions had considerable weight in decisions about selection of optional subjects or modules, timing and the location of training under User Choice.

2.3 State-based evaluations

A specific evaluation of the operation of User Choice in practice was carried out in Queensland (Smith, 1999). Drawing on a wide range of interviews and providers, Smith concluded that
There was almost total agreement among all of those interviewed, irrespective of their affiliation, regarding the effectiveness of the system and the major issues impacting on its implementation (Smith, 1999, p. 21).

He found very strong support among employers, providers and system administrators for the principle that systems for the funding and provision of training should, as far as practicable, allow apprentices, trainees and employers to access the training and the training provider of their choice. In practice, User Choice was having a clear influence on the choice of provider in apprenticeships and traineeships, particularly the latter. By the end of 1998, TAFE Queensland had suffered losses in its State market share of apprenticeship new approvals and re-approvals in all the major industry areas employing apprentices.

User Choice had increased the level of competition among providers, and as a consequence, had resulted in an increased range of training options (programs, delivery methods and times) to satisfy client needs. There was an increased level of interaction between employers and providers, particularly public providers. User Choice was seen as having been an important process for 'levering providers out of their institutions to meet their clients in the workplace'. There was a general perception among VET stakeholders that, due to the increased competition for its 'traditional' business resulting from User Choice, TAFE Queensland had significantly streamlined its administrative processes, addressed a wide range of efficiency issues, and significantly improved its 'customer service'.

On the other hand, Smith also identified a number of concerns. In particular:

- implementation was unsatisfactory;
- information was inadequate, although essential for informed choice; and
- quality was threatened.

In Tasmania a formal review of User Choice arrangements was undertaken in 1999 by researchers at the University of Tasmania. It evaluated outcomes against objectives and included surveys of stakeholders such as clients and providers. The full report is not available publicly, but a substantial summary is posted on the Office of Post-Compulsory Education and Training’s website (Tasmanian Review of User Choice, 1999). The Tasmanian Government’s policy is to support the development of a more competitive training market, but not at the expense of the major public provider (TAFE Tasmania), given the substantial public investment in its infrastructure and tenured staff. Tasmania has decided to hold User Choice and competitive funding at January 1998 levels for three years.

The surveys found that 88% of employers and 72% of New Apprentices valued their increased rights to choose a provider and negotiate additional aspects of their training. Awareness of User Choice rights was more restricted among New Apprentices than among employers. 34% of employers expressed dissatisfaction with the range of training providers among whom they could choose. The employer’s recommendation was the factor most commonly cited as influencing a New Apprentice’s decision about training provider. For employers, it appeared that the location of training was the most frequently mentioned influence on their choice of provider, followed by the content of the program and its mode of delivery. The study argued that there is a need to improve the flow of information to employers and New Apprentices, including making clear and simple English information available to employers, New Apprentices, Group Training Companies, registered training...
organisations, and New Apprenticeship Centres clarifying the role and responsibilities of the various stakeholders.

Nevertheless, 63% of the employers and 60% of the New Apprentices who were surveyed indicated that they had negotiated at least one aspect of their training. The aspects most frequently negotiated by employers were where the training would take place (75%) and when (65%). For New Apprentices the aspect most frequently negotiated was the order of the modules (36%), followed by when the training would occur (33%).

The responses from employers indicated that RTO’s are more flexible and responsive to client requirements, that training programs are better suited to enterprise needs and that opportunities for training have increased. User Choice was perceived as a major change factor. Many stakeholders saw it as being directly responsible for significant positive changes that have occurred in terms of the flexibility of providers, particularly the right to negotiate about the trainer, assessments and RTO.

There had been some slight change in apprenticeship activity in the State, but a significant increase in traineeship commencement activity. The expansion of Government funded traineeship commencements was particularly evident in the areas of business and clerical, community and health services, and information technology. In these sectors TAFE Tasmania had not increased its traineeship numbers as fast as the private sector. There had been a significant increase in RTO’s; and some increase in interstate training providers in particular industry areas, such as sport and recreation training through South West Institute of TAFE in Victoria, call centre training through Westpac, and textile manufacturing through the national skill centre, Texskill. A particularly active market was developing in hospitality and hairdressing. In 1998, TAFE received approximately 31% of available funds allocated through User Choice and 41% of available funds allocated through the competitive bidding process. However, the funds allocated through User Choice ‘open market’ arrangements accounted for only 4% of total VET funds available in 1998.

Four other points from the Tasmanian review are noted. First, the demand for User Choice training was in excess of the capacity to supply it. The User Choice open market budget and the User Choice TAFE Revenue Guarantee were both fixed, which created tension between the expanding demand for training and the funds available to purchase it. For example, if no funding remains available to sustain market activity at some times during the year the viability of non-TAFE providers is affected. Secondly, where User Choice arrangements have been applied there was strong support for their continuation and expansion. User Choice was perceived positively by most industry training advisory bodies. However, a number of stakeholders were concerned that in some specific industry areas competition could not be sustained due to a thin market. TAFE Tasmania and the Australian Education Union, while supporting the concept of User Choice, saw a need for caution. Thirdly, if current policy with respect to Training Package implementation is maintained, some existing traineeships which currently fall outside the restrictions will be incorporated within them as more Training Packages are developed (to the advantage of TAFE Tasmania and the disadvantage of private providers). Fourthly, the survey results indicated that Office of Vocational Education and Training (OVET) staff were the primary source of information (for 87% of RTO’s) and that OVET staff are responsive (74% of RTO’s said so). However, some concerns were expressed about who receives information and what roles different stakeholders have in the New Apprenticeship arrangements, particularly where organisations have multiple roles as Group Training Companies, New Apprenticeship Centres and/or RTO’s. 40% of employers indicated that more information would improve
their ability to negotiate better training outcomes. A number of employers also expressed dissatisfaction with the complexity of the processes under User Choice. Approximately a quarter of employers responded that User Choice had made administration more difficult. Only 46% of RTO's and Group Training Companies agreed that payment of claims was prompt and timely. The review concluded that there was a need to streamline administrative processes and minimise delays which currently occur in the process of registering training agreements (a precondition for funding to RTO's).

Three other inquiries, which focus primarily on the quality of VET training in Queensland, Tasmania and Victoria (Schofield, 1999, 1999a and 2000) contain relevant comments on User Choice in those States. Queensland asked Kaye Schofield to investigate the quality and effectiveness of the traineeship program, with particular regard to those training programs which are delivered fully on-the-job, and to provide recommendations on measures by which quality and effectiveness might be improved. She stated that 'notwithstanding some strengths and some quality characteristics, the investigation has concluded that, on the whole, Queensland's traineeship system is only partly effective, is not fit for its purpose, is inefficient and its accountability framework is not as strong as it needs to be. In short, it cannot reasonably be described as a quality system' (Schofield, 1999, p. ii).

The inquiry was not primarily about User Choice, which in any case had only been introduced in Queensland from January of the previous year. Many of the problems she identified were much more deep-seated and long-standing. However, she raised three points that have particular significance for User Choice policy-making and implementation. First, policy objectives had become blurred, as traineeships had come to serve multiple, even conflicting, purposes. Secondly, key stakeholders, such as industry, employers and registered training organisations (RTO's), consistently reported that they were confused about their respective roles in the traineeship system. She argued that 'at the heart of this confusion lies the question of respective roles and responsibilities of the Commonwealth and the Queensland Government' (Schofield, 1999, p. v). Thirdly, specifically with respect to User Choice, she concluded that 'The benefits which can flow from the introduction of contestability into a traditional public service program or service delivery arrangement have not flowed from User Choice arrangements in Queensland due to two fundamental flaws in the system: proxy purchasing and market viability issues. ... User Choice today harbours the worst features of both a voucher system and direct government procurement, with none of their benefits' (Schofield, 1999, p. vi).

She argued that these flaws reflected a failure by government to organise and manage the training market effectively. 'Proxy purchasing' had reduced effective client choice, created conflicts of interest and increased administrative complexity, while imperfect information and insufficient providers in some areas had undermined market viability. She also identified a range of specific problems including:

- a failure to manage thin markets, particularly in geographically remote areas and specialised industry sectors;
- pricing policies and practices that promoted quantity and efficiency at the expense of quality and effectiveness;
- overly complex and resource-intensive administrative systems, resulting in the diversion of funds from training delivery;
- a lack of rigour in quality control, particularly during contract allocation; and
• under-investment by providers in human resource and capital infrastructure development, due to inadequate funding and short-term, uncertain contracts.

Nevertheless, she emphasised that ‘the many flaws and problems in the User Choice system do not justify a return to a public monopoly’ (p. viii); and that contestability can help agencies to become more efficient without impairing their effectiveness.

She proposed an ‘alternative competitive model’ guided by three objectives: increasing the responsiveness of the VET system to the needs of clients (both employers and trainees) through direct market relationships; achieving viable training markets for traineeship delivery; and promoting quality and innovation in delivery.

Subsequently, Schofield undertook a review of the quality of the traineeship system in Tasmania (Schofield, 1999a) and another review of the quality of training in Victoria's apprenticeship and traineeship system (Schofield, 2000). She found that the share of government-funded apprenticeship and traineeship training in Victoria held in private and ACE providers had increased sharply, from just under 20 per cent in 1998 to around 40 per cent in 1999. Government funding for apprenticeship and traineeship training in Victoria amounted to $151.1 million in 1999. While there are some differences in her Queensland, Tasmanian and Victorian reports and her thinking developed ('In hindsight, the process of undertaking three sequential reviews was rather like peeling an onion') the broad thrust of her conclusions remained consistent. Summarising her conclusions from the three inquiries at the NCVER research conference in July 2000 she emphasised four matters (Schofield, 2000a).

First, User Choice has promoted flexibility, responsiveness and innovation. In Victoria,

... the introduction of User Choice has had clear benefits including: more innovative and flexible approaches to training ... A stronger focus on client service ... better management and training practices [by providers] ... There is greater responsiveness in the system to industry and employer needs ... More effective use of resources ... User Choice has encouraged some RTO's to establish collaborative industry partnerships and alliances (Schofield, 2000a, p.12).

Secondly, 'competition has had both positive and negative effects on quality'. There is a range of significant problems in the training system in each State. However,

many of the claims that competition per se has reduced quality, attribute to competition consequences arising from other factors such as the rise of workplace delivery, greater client demand for customisation, wider issues of contestability of the VET budget, the cumulative effect of years of cost-cutting within the sector, and funding systems which have rightly sought greater efficiency and accountability but not always with due regard to effectiveness, fitness for purpose and ethical practice (Schofield, 2000a, p. 12).

Thirdly, there are significant problems.

Market confidence in the system has been shaken. In some instances, quality providers are not entering or are reducing their involvement in the apprenticeship and traineeship system on the grounds that their commitment to quality training is not sustainable under current arrangements. Employer incentives have distorted employer (and provider) behaviour, casting doubt on the market-driven model of funding for training ... more and more of the training
dollar is being diverted away from actual training delivery and this inevitably reduces the quality of training, notably by reducing facilitated training and replacing it with self-managed training at a distance. Conflicts of interest inevitably exist ... But they are not always managed ethically. The highest risks of conflict of interest arise when a New Apprenticeship Centre is also an RTO and when an employer is also an RTO ... There has been corrupt and unethical behaviour within the apprenticeship and traineeship system, and this has not been confined to the private sector. ... There is some evidence that the combination of employer incentives and government funding for training has led some employers to reduce their own private investment in training by substituting public funds ... [especially] when the employer is also the RTO (Schofield, 2000a, pp. 12-13).

Forthly, Schofield’s inquiries led her to raise some broader issues about the future of the overall apprenticeship and traineeship system. In her view the complexity and consequences of mass customisation of apprenticeship and traineeship training have never been fully appreciated within the VET system. ‘What is now needed is a re-evaluation of how employment-based structured training can be made more flexible without sacrificing quality training along the way’. She expressed concern about the long-term sustainability of the apprenticeship and traineeship system, given that the new economy has different workforce requirements, is a different mix of primary industry, manufacturing and services industries, and that ‘new service-based industries ... have different commitments to training’. She noted that the work/study option provided through the contracts of training system is less and less appealing to companies, even though attitudes to work/study combinations are generally positive; and emphasised that:

this projected decline in company demand for structured entry level training and the concern of governments to find sensible policy responses, is not confined to Australia. It is a feature and a policy concern in many OECD countries (Schofield, 2000a, pp. 14-15).

2.4 Five observations

First, User Choice has been seen as a Commonwealth initiative. The States and Territories have responded to it with varying degrees of enthusiasm. NSW, which represents over two-fifths of total VET activities in Australia, has continued formally to reserve its overall position, although in practice it has implemented User Choice on a careful, considered and measured basis. The formulation and implementation of User Choice illustrates the contested nature of policy-making and practical implementation in VET and the respective roles of the different levels of government.

Secondly, User Choice reflects general changes in public policy, including public sector management, towards more direct and market responsive relationships between providers and purchasers or clients. These broad changes towards the greater empowerment of users relative to providers, although reflected in VET, were not driven initially from within the VET sector.

Thirdly, User Choice policy development and its implementation illustrate a changing balance between the industry partners. The early powerful role played by the union movement under the Hawke and Keating governments has been replaced since 1996 by an industry and enterprise driven training system under the Howard government. At the enterprise level there can be continuing tension between the needs of employers and those of apprentices and trainees.
Fourthly, there are numerous areas where further research could be useful in investigating how efficient use of resources, effectiveness and equity can be enhanced. Outcomes and processes are both important to the diverse stakeholders in VET. Schofield has identified the importance of training quality as well as quantity. Interestingly, the 55 User Choice pilots, which included projects in Aboriginal and Torres Strait Islander communities, in regional and remote locations, in prisons and sheltered workshops, demonstrated how User Choice can facilitate empowerment of previously disadvantaged clients of the VET system.

Finally, due to the relatively recent introduction of many of the competition and market reforms in Australian VET, together with the lack of comprehensive data and research on their effects, it is premature to reach definitive conclusions about their consequences. The economic benefits of competition and market reforms in the VET sector are yet to be fully substantiated, and they may be outweighed by adverse social, economic, educational or political consequences that have still to be fully identified and understood. However, the development of a competitive training market entails a comprehensive redesign of institutional structures, cultures and practices in the Australian VET sector. The changes have major implications for the roles and relationships of key stakeholders, including for government’s role with respect to funding and regulation. The challenge now confronting the VET sector is to engage in open and constructive debate about the most effective way forward, based, as far as practicable, on empirical evidence.

3. User Choice Principles

In May 1997 a meeting of the ANTA Ministerial Council endorsed nine Principles for User Choice (see Box 1.) MINCO specified the objective of User Choice as being 'to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients". Under User Choice they envisaged the flow of public funds to individual training providers reflecting the choice of provider made by the client. They defined the client as the employer and the employee, acting jointly, recognising that they may agree to authorise a 'broker' to act on their behalf.

The Ministerial Council argued that User Choice comprises three essential elements, which must all be satisfied together to establish a genuine market relationship between individual training providers and clients. Separately, the three elements alone would not meet objectives. The three elements were:

- significantly greater market power to individual clients to negotiate with individual registered training providers, both public and private, about the off-the-job component of new apprenticeships. The Ministers noted that negotiation could include choice of provider and choice about specific aspects of training, such as location, timing, etc.;
- increased responsiveness on the supply side of the training market, to enhance the capacity of individual VET providers to respond to the expressed needs of clients. Training outcomes will then be able to reflect more closely clients' views of their own needs. This increased responsiveness was expected to include greater contestability among individual providers; and
- outcomes compatible with public expenditure constraints and efficient use of resources. There could be no implication that all requests for training from clients, however specialised or expensive, would be met from public funds. At their meeting in June 2000
Ministers indicated that, in addressing inconsistencies in User Choice, States and Territories retain decision-making responsibility on resource issues.

Box 1: The Nine User Choice Principles

1. Clients are to be able to negotiate their publicly funded training needs.
2. Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.
3. User Choice operates in a national training market not limited by State and Territory boundaries.
4. The provision of accurate and timely information about training options is necessary for informed choice.
5. Pricing of training programs by State/Territory Training Authorities should be based on clearly identified State/Territory unit costs benchmarks. Unit costs set for efficient provision may be increased by including a loading for access and equity reasons.
6. Training over and above that which is essential to the qualification outcome for the apprentice or trainee, and is above that which is funded publicly, can be negotiated and purchased by the client.
7. User Choice would be harnessed to improve access and equity in the VET system and be integrated with existing initiatives.
8. Regulatory frameworks and administrative arrangements relating to VET at the National, State and Territory level are to be complementary to the achievement of the objectives of User Choice.
9. Evaluation of outcomes of User Choice against objectives is an integral element of a program of continuous improvement. Innovation is required to achieve and maintain a best practice training system.

Source: MINCO, July 1997

4. The User Choice Principles and Practice in the States and Territories

We now consider the extent to which VET practice in the various States and Territories is consistent with the nine User Choice Principles agreed by MINCO in July 1997 and set out in Box 1. The material is drawn from publicly available sources, whenever possible, although it is noted that the information is not always easy to obtain. For example, in some States or Territories certain information is only provided to training organisations which are already registered there. The material presented is generally factual, but at the end of each Principle there is a more evaluative discussion. The material does not have formal endorsement from the individual States and Territories; and it represents a snapshot, at a particular point in time, of what continues to be a changing picture.

4.1 Principles 1 and 2

It is not the case that (all) clients are able to negotiate their publicly-funded training needs or that clients have the right of choice of registered provider and negotiations cover choice over specific aspects of training.
Substantial limitations on client choice exist, including in relation to total numbers, particular courses, levels of training, geographical region and specific client groups. For example, choice is limited to certain courses. In one small State choice of training provider is limited to the public provider, which is the sole nominated RTO for publicly-funded training in traditional apprenticeships for building and construction, automotive, agriculture, furniture and metal trades (including boilermaking/welding, mechanical maintenance, sheet metal, and fitting and machining). In another (larger) State the government determined that private RTO's would only be permitted to commence the same number of apprentices and trainees in the coming year as they had commenced in the previous twelve months. (No such restrictions were placed on enrolments by public providers.) In another (substantial) State clients could choose any RTO that has received appropriate registration to deliver the specific training program and that has been contracted by the State Department, except for apprenticeships in some designated thin markets. However, these thin markets were defined to cover all apprenticeship delivery in the State outside of the metropolitan area (except for six trades in a particular region of the State).

Choice tends to be wider for trainees than for apprentices, in some fields than others (it tends to be particularly restricted where capital costs of provision are high and total enrolments are low) and in city rather than country locations. For example, in NSW open market apprenticeships can only be delivered in metropolitan Sydney, the lower Hunter and the Illawarra regions. Most STA's restrict choice for existing workers, although there can be exceptions. In one State for example, the exclusion can be varied, taking account of skill shortages, the level of training and casual employment during secondary education. The extent of choice available also varies by the level of the qualification being sought. Choice tends to be particularly restricted at AQF level 1 (for example, one large State requires that the structured training leads to an AQF Certificate II-IV) and at Diploma and Associate Diploma levels. In another (small) State AQF level IV qualifications do not receive funding, unless exceptional circumstances prevail. 'Thin market' is a term frequently used to justify limitations on contestability and restrictions on private providers. In another (large) State training markets are also managed where Indigenous people constitute a high proportion of the total population.

Little information is available on whether the negotiations between clients and training providers under User Choice covered specific aspects of training. However, a survey conducted previously provided information on these matters (Selby Smith, Selby Smith and Ferrier, 1996a). The enterprises regarded it as important or very important to be able to exercise choice in relation to all of the specific aspects of choice which were identified in the survey. These aspects were timing, location, tailoring of training to the enterprise's specific needs, mode of delivery, quality of training delivery and feedback. The enterprises argued that negotiating specific elements of a training program could usually be undertaken satisfactorily provided the overall ongoing relationship between the enterprise and the training provider was good. However, if the relationship was poor then the same choices in relation to specific elements were only second order issues, and generally were less satisfactorily resolved or not satisfactorily resolved at all.

The survey of users also found that enterprises did exercise their options to make choice about training when provided with the opportunity to do so through the User Choice pilot program. More than two-thirds of these respondents reported that they had changed their training provider. In relation to each of the specific elements outlined in the previous paragraph (except quality of training delivery) the majority of respondents decided to change their previous arrangements. Change occurred most frequently in relation to the
timing of courses, location and tailoring the course to the specific needs of the enterprise; and also in relation to the closer integration of on-the-job and off-the-job training. Constraints on choice in markets where contestability appeared to be relatively weak were keenly felt by some of the enterprises.

Three other points are noted in relation to User Choice Principles 1 and 2. First, even when enterprises did not change their training provider it appeared that increased contestability often led to a greater sensitivity by providers to client requirements and resulted in the client being more satisfied with the training provided. Secondly, the balance between employer and employee varied between enterprises. Training arrangements often reflected the perspectives of both client groups. However, where their views diverged those of employers/enterprises tended to dominate the training outcomes. Thirdly, there was little evidence of progress in relation to third party access; and a continuing conflict of roles. Ministers and State/Territory Training Authorities are responsible for the effective, economical and equitable operation of the overall VET system. However, they also are responsible directly for the TAFE system in their own jurisdiction. If TAFE's interests are inconsistent with those of the overall VET system there is potential for a conflict of interest for Ministers and STA's.

4.2 Principle 3

The development of a national training market is strictly limited. At least one STA gives priority to RTO's whose primary registration is in that jurisdiction when allocating User Choice funds where markets are deemed to be 'thin'. A number of STA's appear not to permit RTO's whose primary registration is in another State or Territory to access User Choice funds when local providers are already providing that training. In addition, RTO's whose primary registration is in another State or Territory are excluded from eligibility for User Choice funding in jurisdictions which are applying a cap to User Choice activity by private providers.

It may be that some State and Territory training authorities are interpreting Section 2.6 (viii) of the Statement of User Choice Policy which makes provision for States/Territories to limit choice in thin markets to mean that 'locally registered' providers can be given preferential treatment in what are deemed to be thin markets. However, such an interpretation is in conflict with the concept of a 'national training market' endorsed by MINCO. In June 2000 Ministers reiterated their commitment to the operation of a national market for User Choice through resolution 5 of the National Consistency Report, which stated that 'the Ministerial Council agrees that RTO's will not be discriminated against under User Choice on the basis of their location of primary registration'.

Most VET provision is by public providers operating within the boundary of their State or Territory. Nevertheless, there is considerable provision of training services across State or Territory boundaries. For instance, NSW and Victoria have negotiated a special arrangement that allows apprentices in the border areas to enrol at Sunraysia and Wodonga TAFE's without incurring User Choice payments. Similarly there is a reciprocal agreement between NSW and the ACT regarding the cost of training for ACT apprentices in NSW and NSW apprentices in the ACT. While some VET provision is by providers outside the State or Territory, most STA's are sensitive to this potential outflow of funds and students. In general, it appears that STA's would be concerned if it became a significant element, except where they choose to embrace it, for example, to provide training for small numbers or in particular fields requiring high capital expenditures and specialist staff. For example, a
number of apprentices from the Northern Territory travel interstate because courses are not available locally. Glaziers travel to Hobart, jewellers to Melbourne, aircraft mechanics to Adelaide and apprentices in the printing trades to Brisbane. Overall, there appears to be acceptance by STA’s of inter-State co-operation in relation to TAFE systems, but concern about inter-State competition.

Three other points are noted. First, most inter-State competition is by private providers. Secondly, enterprises operating across jurisdictions may prefer to deal with training issues on a national basis appropriate to their operations rather than dealing individually with the training authorities in every State or Territory in which they operate. Thirdly, inter-State providers would benefit from clearer identification of, ideally, a single point of contact to pursue their inquiries about the conditions they need to satisfy, especially where these are not consistent across States and Territories.

4.3 Principle 4

The provision of adequate information on which to base choices is essential for the effective operation of User Choice. In practice, there is considerable variability in the accessibility, consistency and accuracy of the information that can be obtained across and within the various jurisdictions and some complaints have been made by employers about the quality and consistency of the information provided on User Choice.

All STA’s provide information to support decision making through a variety of sources. For instance:

- Victoria has a communication strategy for providing information to RTO’s that includes: an internet site (which provides information relating to the apprenticeship and traineeship program), information sessions for RTO’s held in various locations, an information booklet that is distributed to all contracted private RTO’s, and a telephone and e-mail hotline.
- NSW has a training market website from which employers, trainees, apprentices, RTO’s and other stakeholders (such as Apprenticeships Centres and Group Training Organisations) can access information about open market apprenticeship and traineeship arrangements in the State.
- The RTO contracts in one (substantial) State include a requirement on the RTO to provide information about training options to employers and their apprentices and trainees at the commencement of their training.
- In another (small) State the service standards for RTO’s state that they must provide clients with a statement of their rights under User Choice.

It is important to note that there can be conflicting roles for those providing information. For example, a training provider operating in a competitive market is likely to be encouraging clients to use its training services. How can the provision of information best facilitate informed choice when the provider of the information has a vested interest in particular outcomes?

Also of concern is the extent to which the provision of information can be seen as merely providing information to potential clients compared with actively promoting particular outcomes for specific industries, enterprises or individuals? To what extent does information play an active or passive role? In relation to some VET activities and client groups the flow
of information may be seeking to influence client choice, not just provide additional information to facilitate it.

A further issue concerns the desirability of greater utilisation of innovative approaches to information dissemination. There are multiple sources of information, and certain sources or approaches are likely to be more relevant to some VET clients than others. Greater use of websites and greater consistency between them has been advocated, for example, including to facilitate comparison of VET offerings.

It has also been argued that clients should be able to turn to disinterested sources of information and advice. Governments were seen as having the responsibility to ensure that such disinterested information and advice is quickly available, at low cost and in a user-friendly way.

4.4 Principle 5

Under market-oriented approaches, such as User Choice, price is a more important signal than in situations where resource allocation decisions are made and administered centrally. For example, it is a necessary condition, if resources are to be used efficiently, that training providers know the differential resource costs involved in delivering particular training services and reflect those costs in their pricing. The extent to which these principles are reflected in current User Choice arrangements appears to vary between jurisdictions. Available cost estimates typically refer to recurrent expenditures only. Capital costs generally cannot be compared between alternative providers or modes of provision. Competitive neutrality between public VET systems requires that costs are calculated on a consistent basis between States and Territories, while competitive neutrality between public and private providers requires that costs are calculated on a comparable basis in both sectors (and allowing for any differences in their mission, for example in terms of access and equity). This does not appear to be the case at present. As noted previously, conflicts of interest can arise for STA’s between managing the overall training market and their direct responsibility for the TAFE sector.

The introduction of User Choice also provides opportunities for cost-shifting: between public and private contributions; between enterprises and apprentices/trainees; and between the different levels of government. Further work could be undertaken to provide consistent information on the costing approaches used in each State and Territory, taking account of both capital and recurrent costs and comparing information for public and private providers. The present arrangements are quite complex. For example, one large State sets a unit price, but varies it by such factors as industry, whether apprentices or trainees are involved and the mode of training delivery. In another large State payment for training agreements of 1, 2, 3 and 4 years respectively is for a maximum 400, 780, 1080 and 1300 hours respectively. The same amount is paid for training delivered through various modes. The complex pricing structures and variations between jurisdictions conflict with Principle 3.

Consideration could also be given to other relevant factors, such as economies of scale and scope, and the elasticity of demand for particular VET programs, which do not appear to be taken explicitly into account in any State or Territory. Overall, it is doubtful that the current costing, pricing and charging arrangements encourage the provision of training and the efficient use of resources. Limited public funding is a significant background factor for governments, coupled with fears of cost shifting from industry for training they funded.
previously or are seeking to expand with User Choice funding. These aspects raise the prior pattern of allocation of the overall public training budget between courses, industries and regions.

In general, the pricing structures appear to be passive, reactive and historically based. There is little evidence of a pro-active, forward looking, incentive oriented pricing regime. On the basis of currently available information it is difficult to establish how, for example, the prices for courses using different modes of delivery and provided in different locations relate to their relative costs of provision and thus what incentives for providers or users are being built into the system.

Principle 5 also states that ‘Unit costs set for efficient provision may be increased by including a loading for access and equity reasons.’ The KPMG evaluation expressed particular concern about the extent to which stakeholders understood how User Choice could be harnessed to improve access and equity in VET. Interestingly the seven ATSI communities included in the evaluation of the pilot projects in 1996 and 1997 were supportive of the new approach. From the communities’ viewpoint, as respondents said, the User Choice approach ‘allows more diversity’, is good because ‘the customer is always right’ and the training can be ‘Koori-ised’. All seven of the ATSI pilot projects had been substantially customised to the training needs of the particular community. Similarly supportive comments were made in relation to other disadvantaged groups, such as sheltered workshops and prisons, included among the pilot projects.

Some STA’s had included loadings in their User Choice arrangements, for example for geographical location of training programs. There were also opportunities for individuals or RTO’s, for example in South Australia and the ACT, to apply for additional support on grounds of disadvantage. In one large State up to fifty hours of extra delivery could be funded publicly for demonstrated equity assistance for Certificate II level courses and up to one hundred hours extra for Certificate III and IV courses. But in general there was little in the way of specific loadings to User Choice prices for access and equity reasons, little proactive initiative in this area, and an absence of consistent approaches across the different States and Territories. Despite some exceptions there was little evidence of concentrated attention by STA’s on how to use pricing mechanisms to pursue access and equity objectives.

4.5 Principle 6

There is little available information on the extent to which training over and above that which is essential to the qualification outcome for the apprentice or trainee, and which is above that funded publicly is negotiated and purchased by the client. STA’s do not monitor the arrangements or keep records in relation to them. On the positive side it can be argued that STA’s do little if anything to prevent it. It is seen as a commercial matter to be negotiated between the client and the RTO. On the other hand, there is no evidence that any STA sees it as desirable or of any great concern to encourage additional training that might benefit enterprises or apprentices/trainees. No interest is apparent concerning ways in which User Choice actions by the STA (or other activities) might operate to encourage (or dissuade) enterprises and apprentices/trainees to undertake additional training or seek further qualifications. Again, the impression is of a narrow, accountability based, minimum standards, reactive approach, rather than STA’s encouraging the maximum amount of high quality training of benefit to enterprises and apprentices/trainees and seeking to multiply the total outcomes achieved from the limited public funding available.
The extent to which User Choice initiatives have been harnessed to improve access and equity in VET is limited. In some States and Territories, particularly those with dispersed populations, the prices paid for User Choice delivery are higher in country and remote areas than in the metropolitan centres. Special assistance, in terms of overall support and specific services, is also available for User Choice students with special needs, either through RTO's or directly. For example, in Tasmania a special purpose service contract with the public provider, funded from the User Choice budget, provides literacy and numeracy support. It is available to all apprentices and trainees who are assessed as requiring it. Similarly, in Queensland, special support for User Choice students with a disability includes equipment on a loan-out basis, tutorial support and personal support services, such as sign language interpreters, note takers and personal carers. And, in Western Australia increased User Choice funding has been negotiated for a number of traineeships in remote Aboriginal communities.

In most States and Territories there is considerable scope for considering applications for special assistance on a case-by-case basis. However, assistance available to RTO's and clients on an application basis may need to be supplemented by more pro-active measures. One approach would be to set specific outcome targets, with clear indicators of the performance improvements expected by agreed dates, and to subsequently monitor performance against these targets. Any such process would require flexibility for STA's to emphasise targets that reflect their particular needs, local conditions and priorities.

Significant differences exist between the individual States and Territories. For example, as noted earlier, in one large State payment of equity assistance is available for apprentices and trainees who have been assessed as needing additional support, up to 50 hours of training for AQF Certificate II and 100 additional hours for AQF Certificate III and IV. A wide range of specific assistance is available under the equity provisions. The States and Territories with particularly dispersed populations tend to provide special assistance in country and remote regions. On the other hand, in another (large) State the STA makes no special arrangements to meet Principle 7.

It is a pre-condition for students to gain the benefits of User Choice that they have a job. Gaining employment is more difficult for some people than others, and tends to be particularly difficult for disadvantaged students. There is potential for equity initiatives at this point. Also, for students in employment, non-completion of training programs is a significant concern. Targeted initiatives in this area could also yield benefits in terms of access and equity objectives.

Overall, there are valuable initiatives in place in various States and Territories. However, they tend to be piecemeal and inconsistent between jurisdictions. It appears that significant improvements could be made under User Choice; that STA's, RTO's and clients could learn valuable lessons from each other in this area; and that further investigation could yield concrete practical proposals for improvements in policy and practice. VET has an important role to play in relation to access and equity in the Australian education and training system, and it appears that its contribution could be significantly enhanced in relation to Principle 7.
4.7 **Principle 8**

This Principle is implemented in reverse, since User Choice arrangements are largely grafted onto existing regulatory frameworks and the administrative arrangements already developed for the VET system in each State or Territory. The changes required to implement User Choice are integrated with pre-existing VET regulatory frameworks and administrative arrangements, and specific local circumstances. For example, in one substantial State it is mandated that an organisation be approved as meeting the requirements of the Australian Recognition Framework and the requirements set out in the relevant State legislation. In another State the Act provides the legislative basis for regulatory arrangements in VET, including a council concerned with accreditation and registration, which has authority to register training organisations (including through mutual recognition), accredit courses and approve New Apprenticeships in accordance with the Australian Recognition Framework, endorsed training packages and other relevant national agreements.

There are considerable differences between States and Territories in their administrative arrangements. For example, there are differences in application procedures and the sequencing of the necessary administrative stages, and differences in application timetables. There are differences in User Choice contracts in relation to appearance, structure, terminology and content (for example, the titles and descriptors of User Choice contracts and the standards and conditions which are included vary between jurisdictions). There are differing requirements regarding sub-contracting and workplace training in User Choice contracts used by different STA’s and the arrangements under which providers receive payments differ across jurisdictions. There is also perceived to be variability in the quality of customer service between different States and Territories.

In practice, some national companies with an RTO arm have had to interact with up to eight different additional regulatory processes if they want to deliver training to their New Apprentices in different jurisdictions using User Choice funds. Some have concluded that deliberate barriers are being put in their way. The regulatory situation has also imposed time delays on the commencement of training programs for New Apprentices of national companies as their preferred RTO negotiates its way through up to eight different State/Territory based regulatory processes in order to become eligible for User Choice.

The establishment by STA’s of regulatory processes additional to User Choice to control eligibility for User Choice was not intended by the User Choice policy, since the funding mechanisms were intended to operate within the broader VET regulatory framework. The frustrations caused by the existence of this additional layer of regulation have been compounded by the fact that each State and Territory has a different regulatory process. The strengthening of the Australian Recognition Framework is necessary to give States and Territories confidence in removing additional RTO eligibility requirements for User Choice funding.

4.8 **Principle 9**

The KPMG report suggested several concerns in relation to quality: the quality of programs, such as teaching, learning, supervision and assessment; the quality of providers, such as registration and performance; and the effectiveness of systems and processes (KPMG, 1999). Similarly, the Schofield Report on the quality of Queensland’s traineeship system concluded that, in many instances, quality assurance mechanisms had not been built into workplace
delivery and a structured learning program has not been followed (Schofield, 1999, p. (v)). Schofield concluded that the approach had inhibited the delivery of quality client services.

All STA's have procedures in place to ensure compliance with registration and other requirements by RTO's, including interstate providers, seeking to provide training under User Choice. They also monitor public funding and audit it. For example, in one State payments to RTO's are linked to meeting the specifications outlined in their contractual agreement with the State authorities and payments are only made on receipt of commencement, progress and completion reports. Sub-contracting has been a concern throughout Australia. Generally the original RTO is held responsible for compliance, including by any sub-contractors with whom they enter into delegated arrangements (in at least one (large) State there is a limit of 50% on sub-contracting).

Monitoring the quality of providers, the training they provide and the outcomes they achieve is recognised as more difficult. STA's are taking a variety of approaches in this area. For example:

- In one substantial State the department has a comprehensive monitoring system, focussing on standards and outcomes. Employers, apprentices and trainees are interviewed as part of this monitoring. RTO's are assessed for compliance with their contractual agreement and the RTO guidelines (including through site visits).

- In another substantial State a group within the department conducts audits of private RTO's, while the integrated audit process for public providers is devolved to the TAFE institutes. These processes tend to emphasise financial and regulatory compliance rather than learning processes and training outcomes. All RTO's delivering User Choice training in the State must sign a contract with the department. As part of this contract they must meet relevant registration requirements, gain approval to deliver approved training schemes, comply with the Australian Training Framework, and hold quality assurance certification or be able to demonstrate that they meet the principles of the State quality framework for VET.

- In one small jurisdiction a set of generic service requirements applies for all contestable programs; and the performance review process seeks to identify providers who are not meeting the standards, including analysis, assessment, additional investigation and risk analyses, in relation to the minimum service requirements. All RTO's were visited during 2000. Where changes are required they are documented and a timeframe is set for satisfactory completion of the necessary modifications. If satisfactory outcomes cannot be negotiated the result can include contract amendment or cancellation, review of the RTO's registration or review of the provider's User Choice approval.

- In a large State User Choice payments to RTO's are linked to the achievement of specified outcomes and milestones. A risk management model is in place, which includes monitoring of delivery by RTO's, performance auditing against the agreed contract, and compliance assessment against Australian Recognition Framework standards.

- One small State is moving towards a closer integration of performance audits with RTO compliance audits.
STA's consider how best to monitor the quality of providers and what action to take when performance is unsatisfactory as important issues warranting further attention. The problems are general, although current situations vary, different approaches are being taken to registration, performance evaluation and remedial action, and a variety of local conditions are being imposed.

Interestingly, a number of States have commissioned investigations into quality-related issues. Schofield has investigated the quality of training in Queensland, Tasmania and Victoria. User Choice was not her main concern, although her analysis is relevant to it and she makes some specific comments about it. Other State and Territory based evaluations have focussed more specifically on User Choice (although not in either NSW or Victoria, significantly). There is scope to compare and contrast the various State-based reviews and to develop an overall evaluation of the outcomes of User Choice against its objectives for Australia as a whole, consistent with Principle 9 agreed by MINCO. At this stage financial and compliance auditing exists (and steps for remedial action, if required), but there is no process of ongoing evaluation at a national level of the outcomes of User Choice against the objectives which have been set for it as an integral element of a program of continuous improvement.

5. Concluding Observations

The development of a more competitive training market for vocational education and training in Australia, of which the introduction of User Choice is a significant element, involves a major change to established institutional structures and practices in VET. The nature and consequences of increased competition and market reforms, and of giving a greater say to users compared to VET providers, have engendered considerable debate among policy-makers, researchers and other affected parties. However, since these changes are relatively recent, are only partially implemented and have not yet been comprehensively researched it is premature to reach definitive conclusions about their net effects.

The evaluations of User Choice are broadly supportive. KPMG concluded that the overall policy framework was strong and progressing well. It was more strongly supported by employers than by providers, and by private than public providers. The Queensland and Tasmanian reviews of User Choice were also supportive. For example, Smith found very strong support among employers, providers and administrators for the principle that systems for the funding and provision of training should, as far as practicable, allow apprentices, trainees and employers to access the training and the training provider of their choice. He found that User Choice had resulted in an increased range of training options in Queensland to satisfy client needs; and there was increased interaction between employers and providers, particularly in TAFE. Schofield, reflecting on the three reviews she conducted in 1999 and 2000 in Queensland, Tasmania and Victoria, concluded that User Choice has promoted flexibility, responsiveness and innovation. There is a stronger focus on client service and there is greater responsiveness in the VET system to industry and employer needs.

However, all of the evaluations have highlighted areas of concern and made recommendations for change. The specific suggestions made by KPMG, in the Queensland and Tasmanian evaluations and by Schofield based on her inquiries in Queensland, Tasmania and Victoria indicated some room for significant improvement, particularly in relation to the quality of training. This has been generally acknowledged; and extensive
national work has been undertaken over the last twelve months or so to strengthen the quality framework for VET training throughout Australia.

Finally, the ANTA Ministerial Council endorsed nine Principles for User Choice, but in practice none of these Principles are being consistently matched by STA practice across Australia. Moreover, there are some significant differences in practice between States and Territories.

Overall, principles and practice are closer for some Principles than others, in some States and Territories more than others and in relation to some training activities more than others (eg. for trainees than for apprentices). There is considerable room for additional effort in relation to all of the Principles, but particularly in providing information to support choices, in decreasing restrictions on choice, in rationalising and simplifying administrative and regulatory arrangements, in providing equity support, in pricing and costing, and in relation to quality and continuous improvement.
References


KPMG Consulting (1999), National Evaluation of User Choice: Report to ANTA (Overview Report; Volume 1, including employer survey, provider survey and State Training Authorities survey; and Volume 2, including Apprentice/trainee focus groups, and case studies), ANTA, Brisbane.


Tasmanian Review of User Choice (1999),
## Summary of User Choice Pilot Project Approvals (at July 1996)

### NEW SOUTH WALES

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Client</th>
<th>Provider</th>
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| 1  | Apprenticeships (x3) – Aircraft Maintenance Engineer (AME)  
    • Mechanical  
    • Structural  
    • Avionics | Employer – Qantas Airways Pty. Ltd. | Qantas Airways Pty. Ltd. |
| 2  | Traineeship – Certificate 1-3 Retail Community Pharmacy Operations | Broker – Pharmacy Guild of Australia | Pharmacy Guild of Australia – where they are registered |
| 3  | Traineeship – Driller’s Assistant Traineeship | Employer – Pontil Pty. Ltd. | TAFE NSW – Dubbo College |
| 4  | Traineeship – Certificate in Food Retailing (McDonalds) | Employer – McDonalds Franchise Operators (in non-metropolitan NSW) | Western Institute of TAFE, NSW |
| 5  | Traineeship – National Rural Skills Traineeship | Broker – NSW Farmer’s Association | CB Alexander Agricultural College |
| 6  | Traineeship (x4)  
    • Foundation Engineering  
    • Engineering  
    • Advanced Engineering  
    • Engineering Technician | Broker – JOBSKO | TAFE NSW |
| 7  | Traineeship – Butcher Traineeship | Broker – Retail Group Training and Employment Ltd.  
(employers using the package will be Coles Myers, Woolworths and Franklins) | NSW TAFE Commission |
| 8  | Traineeship – Certificate in Office Skills, General Office | Employer – Broken Hill College of TAFE  
    • Far West Health Service  
    • Broken Hill College | Western Institute of TAFE – Broken Hill College |
| 9  | Traineeship – Certificate 2 in Food Processing (Wine Operations – Viticulture) | Broker – NSW Agriculture, Yanco Agricultural Institute  
Employer – Yanco Agricultural Institute  
Employer – Riverina Group Training | NSW Agriculture, Yanco Agricultural Institute |
| 10 | Apprenticeship – Certificate 2 in Electrical Trades  
Traineeship – Certificate 2 in Electrical Trades | Employer – Electrotechnology Industry Group Training Company Ltd. | Australian Electrotechnology Industry Training Centre Ltd. |
| 12 | Apprenticeship – Electrical Fitter Mechanic  
Traineeship – Electrotechnology | Employer – Integral Energy/Prospect Electricity | Mount Druitt College of TAFE, NSW |
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<td>1</td>
<td>Traineeship - Certificate in Engineering</td>
<td>Employer - Transfield Defence Systems Pty Ltd</td>
<td>Victoria University of Technology (TAFE Division)</td>
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<td>2</td>
<td>Traineeship - Certificate in Engineering</td>
<td>Employer - Byford Fabrication Pty Ltd</td>
<td>Wodonga Institute of TAFE</td>
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| 4  | Traineeship - Home and Community Care      | Broker of training - Careskills - Community Services & Health Industry Training Company | Several registered providers identified:  
- Royal Melbourne Institute of Technology  
- East Gippsland Institute of TAFE  
- Western Metropolitan Institute of TAFE  
- Sunraysia Institute of TAFE |
| 5  | Traineeship - Personal Care Worker         | Broker of training - Careskills              | as above                                     |
| 6  | Traineeship - Child Care                   | Broker of training - Careskills              | as above                                     |
| 7  | Traineeship - Certificate II in Arts (Interactive Multimedia) Industries | Broker of training - TEAME                   | Registration for scope of provision is presently being negotiated with the following organisations-  
- Public Radio News  
- Holmesglen TAFE  
- Royal Melbourne Institute of Technology  
- Regional TAFE Colleges |
| 8  | Traineeship - Certificate II in Media Journalism | Broker of training - TEAME - Training and Employment for Arts Media and Entertainment Company Ltd. | as above                                     |
| 9  | ATSI Initiative - Certificate in Office Administration | Community group - Victorian Aboriginal Education Association Inc. (VAEAI) | RMIT (TAFE)                                  |
| 10 | ATSI Initiative - Certificate III in Small Business Management (modules) | Community group - Coranderrk Aboriginal Co-operative | Outer Eastern Institute of TAFE               |
| 11 | ATSI Initiative - Certificate of Video Production | Community group - Koori Arts Collective | Open Channel Co-operative                     |
| 13 | ATSI Initiative -                          | Community group - Victorian Aboriginal Education Association Inc. (VAEAI) | Melbourne Institute of Textiles              |
| 14 | Traineeship - National Training Course for Pharmacy Assistants | Broker of training - Pharmacy Guild of Australia | Pharmacy Guild of Australia                  |
### TASMANIA

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<td>1</td>
<td>Small Enterprise Project</td>
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<td>Traineeship - Office Skills Traineeships and Traineeship - Retail Operators CST (sales)</td>
<td>Employer - individual enterprises to be identified throughout pilot project</td>
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<td>Large Enterprise Project</td>
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<td>Employer - INCAT Tasmania Pty Ltd</td>
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<td>Traineeship - Retail Operations CST</td>
<td>Employer - Coles/Myer Ltd</td>
<td>Coles/Myer Ltd</td>
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<td>4</td>
<td>Apprenticeship - Pharmacy Assistants (Distance Learning) Traineeship</td>
<td>Broker - Pharmacy Guild of Australia, National Secretariat</td>
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### AUSTRALIAN CAPITAL TERRITORY

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<tr>
<th>No</th>
<th>Title</th>
<th>Client/Broker of Training</th>
<th>Training Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Traineeship - Retail Traineeship in Fashion</td>
<td>Broker of training - Business Skills Centre (BSC) (for Katies, Hiltons, Sussans, Millers of Manuka, Nunis, Emporio, and Suzanne Gray)</td>
<td>BSC</td>
</tr>
<tr>
<td>2</td>
<td>Apprenticeship - Engine Reconditioning</td>
<td>Employer - Regional Group Training (RGT)</td>
<td>Canberra Institute of Technology (CIT), RGT</td>
</tr>
<tr>
<td>3</td>
<td>Apprenticeship - Motor Mechanic</td>
<td>Employer - Regional Group Training (RGT)</td>
<td>RGT</td>
</tr>
<tr>
<td>4</td>
<td>Apprenticeship - Construction Worker, Fitout and Finish (Wet &amp; Dry)</td>
<td>Employer - Construction Industry Training and Employment Association (CITEA)</td>
<td>CITEA</td>
</tr>
<tr>
<td>5</td>
<td>Apprenticeship - Construction Worker, Fitout and Finish</td>
<td>Employer - ACT Master Builders Association Group Scheme</td>
<td>ACT Master Builders Association Group Scheme</td>
</tr>
<tr>
<td>6</td>
<td>Traineeship - Course for Pharmacy Assistants</td>
<td>Broker - Pharmacy Guild of Australia</td>
<td>Pharmacy Guild of Australia (distance learning mode)</td>
</tr>
<tr>
<td>7</td>
<td>Traineeship - Small Offset Printing</td>
<td>Broker - Communications, Information Technology and Printing ITAB (on behalf of CPN Publications, Snap Printing, Pirie Printing and others)</td>
<td>CIT</td>
</tr>
<tr>
<td>8</td>
<td>Apprenticeship - Floor Covering and Carpetlaying</td>
<td>Employer - Master Builders Association Group Scheme</td>
<td>Master Builders Association Group Scheme</td>
</tr>
<tr>
<td>9</td>
<td>Apprenticeship - Commercial Cookery</td>
<td>Broker - Tourism Training</td>
<td>CIT</td>
</tr>
</tbody>
</table>
### QUEENSLAND

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Client/Broker of Training</th>
<th>Training Provider</th>
</tr>
</thead>
</table>
| 1  | Apprenticeship - Apprenticeship Training Pilot:  
• engineering (mechanical)  
• engineering (electrical)  
• cooking  
• hairdressing | Broker - Training and Employment Queensland | • Brisbane Institute of TAFE  
• Bremer Institute of TAFE  
• Yeronga Institute of TAFE  
• Cooloola Sunshine Institute of TAFE  
• Gold Coast Institute of TAFE  
• Logan Institute of TAFE  
• Moreton Institute of TAFE  
• Northpoint Institute of TAFE |

### SOUTH AUSTRALIA

<table>
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<tr>
<th>No</th>
<th>Title</th>
<th>Client/Broker of Training</th>
<th>Training Provider</th>
</tr>
</thead>
</table>
| 1  | Traineeship - State Public Sector | Employer - The South Australian Office for the Commissioner for Public Employment | • Various TAFE Institutes  
• Stones Business College  
• Prides Business College  
• Several others to be advised |
<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Client/Broker of Training</th>
<th>Training Provider</th>
</tr>
</thead>
</table>
| 1  | Apprenticeship - Engineering Tradesperson      | Employer - Alcoa of Australia Ltd.                                                       | • CCI Skills Centre  
• Rockingham College of TAFE  
• Thornlie College of TAFE  
• Midland College of TAFE  
• South West Regional College of TAFE |
| 2  | Apprenticeship - Engineering Tradesperson      | Employer - Chamber of Commerce and Industry of WA                                        | • CCI Skills Centre and a TAFE campus                                                                                                                |
| 3  | Apprenticeship - Engineering Tradesperson (Fabrication) | Broker - The Great Southern Group Training Scheme (for two country employers who refuse to send their apprentices to Perth due to travel and time) | • registered providers to be advised                                                                                                                 |
| 4  | Apprenticeship - Certificate of Trade Studies Engineering Tradesperson | Employer - Western Power Corporation                                                    | • Gippsland College of TAFE  
• CCI Skills Training Centre in WA                                                                                                                     |
<p>| 5  | Traineeship - General Curriculum Option of Certificate of General Education for Adults | Employer - ACTIV Industries, Albany                                                      | Great Southern Regional College of TAFE, Albany                                                                                                    |
| 6  | Traineeship - Flexible training program in aged care | Employer - Perth All Care Nursing Services                                               | Dillon Whittlaw and Associates, Fremantle                                                                                                           |
| 7  | Traineeship - Certificate in Cookery (Asian)   | Broker - Asian Restaurant Association of WA                                              | Centre Care Skills Training Centre, Perth                                                                                                            |
| 8  | ATSI Initiative - A CBT course written for Aboriginal people who work in schools | Community Group - Wheatbelt Aboriginal Corporation, Northam                             | C Y O'Connor College of TAFE, Northam                                                                                                               |
| 9  | Apprenticeship - Mechanical Engineering       | Employer - Western Power (at Muja Power Station), Collie                                | Western Power's Skills Training Centre at Muja Power Station                                                                                         |
| 10 | Traineeship - Kitchen hand course (traineeship for EASL persons) | Employer - Sheraton Hotel, Perth                                                        | Centre Care Skills Training Centre, Perth                                                                                                           |
| 11 | ATSI Initiative - Certificate in General Worker Skills (Office) | Community Group - Southern Aboriginal Corporation, Albany                               | Regional Training Services, Albany                                                                                                                     |
| 12 | Traineeship - Certificate in Workplace Training | Employer - Metro Meats International, Katanning                                         | Kan-Work Options Centre, Katanning                                                                                                                   |
| 13 | Traineeship - Certificate 1-3 Retail Community Pharmacy Operations | Broker - Pharmacy Guild of Australia                                                   | Pharmacy Guild of Australia (WA Branch)                                                                                                             |</p>
<table>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>ATSI Initiatives - Remote Area Essential Services Operations</strong></td>
<td><em>Employers</em> -</td>
<td>Northern Territory University (Darwin Campus or local training centre)</td>
</tr>
<tr>
<td></td>
<td><em>Northern Territory Power and Water Authority</em></td>
<td>• Northern Territory Power and Water Authority</td>
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<tr>
<td></td>
<td><em>Borroloola Community Government Council (CGC)</em></td>
<td>• Borroloola Community Government Council (CGC)</td>
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<td><em>Galiwin’ku CGC</em></td>
<td>• Galiwin’ku CGC</td>
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<td><em>Milingimbi CGC</em></td>
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<td><em>Nguiu CGC</em></td>
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<td><em>Nauiyu Nambiyu CGC</em></td>
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<td><em>Numbulwar - Numburindi CGC</em></td>
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<td><em>Maningrida CGC</em></td>
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<td><em>Milikapiti CGC</em></td>
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<td></td>
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<tr>
<td></td>
<td><em>Numbulwar - Numburindi CGC</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>ATSI Initiatives - Wild Crocodile Harvesting and Egg/Hatching Care</strong></td>
<td><em>Broker</em> - Wildlife Management International Pty Ltd</td>
<td>Seafood and Maritime Industries Training Ltd.</td>
</tr>
<tr>
<td></td>
<td><em>Employer</em> - Bawinanga Aboriginal Corporation*</td>
<td><em>Employer</em> - Bawinanga Aboriginal Corporation</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>ATSI Initiatives - Traineeships in:</strong></td>
<td><em>Employer</em> - Batchelor College</td>
<td>Batchelor College and other registered training provider where Batchelor is not registered</td>
</tr>
<tr>
<td></td>
<td><em>Office skills</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Gardening and horticulture</em></td>
<td></td>
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<tr>
<td></td>
<td><em>Mechanical and electrical</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>Traineeships - Course for Pharmacy Assistants</strong></td>
<td><em>Broker</em> - Pharmacy Guild of Australia</td>
<td>Pharmacy Guild of Australia (WA Branch)</td>
</tr>
</tbody>
</table>

Notes:

Had not commenced as a User Choice project at time of second survey, or was discontinued.

Replaced by related projects.

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