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TDA policy position papers on tertiary education

REALISING AUSTRALIA'S TERTIARY SECTOR:

THE CASE FOR PROVIDER CATEGORIES IN VET

INTRODUCTION

This paper presents a case for the establishment of provider categories and associated standards in VET as a first step towards developing provider categories across the whole of Australia's tertiary sector.

In the VET sector, with over 5,000 providers, there are no provider categories. All are simply Registered Training Organisations (RTOs). For both domestic and international students, there is no easy way to differentiate between providers, to distinguish between size, scope, history, quality, capability and by extension, risk. The 'one-size-fits-all' approach to categorisation and therefore regulation is not appropriate for the extremely wide variation in the sector on all of these measures and will not assist the new Australian Skills Quality Authority (ASQA) in its goal of achieving the improved regulatory rigour which is so urgently needed in the sector. The standards defined for each provider category will support an improved approach to registration and regulation to strengthen the VET system and assure quality.

The inability to distinguish between providers was one of the contributing factors to the demise of international education in the VET sector, which has caused significant damage to Australia's reputation. Provider categories would assist the establishment of visa classifications for international students that both meet the requirements of the Department of Immigration and Citizenship and responsibly promote Australia's VET sector in the international market. Domestically, there is also evidence that VET qualifications are being devalued by providers of questionable practice and reputation.

In Higher Education, National Protocols that define provider categories have been in place since 2000 and have been regularly reviewed. With the establishment of the Tertiary Education Quality and Standards Agency (TEQSA), they are under review again. New 'Provider Category Standards' will apply to the less than 500 Higher Education Providers (HEPs).

BACKGROUND

TDA's Position on the Tertiary Sector

2010 saw the release of TDA's *Blueprint for Australia's Tertiary Education Sector, 2010*, (hereafter the *Blueprint*). The *Blueprint* built on the vision for the tertiary sector outlined in the Bradley Review[1] of 2008. It presented a case for a tertiary sector that is characterised by its quality, diversity, opportunities and accessibility offered through a wide range of organisational types. It proposed eight criteria that might be considered in devising a range of organisational types to cover tertiary institutions:

- financial, governance and management capacity
- commitment to educational outcomes for students from all backgrounds and regions
- commitment to scholarship and free inquiry
- breadth of education and training to be provided – industries and fields of education
- range of qualifications offered
- capacity to self-accredit to standards required
- extent of research of national and international standard
- whether provision of tertiary education is the core activity of the organisation.

The *Blueprint* argued that new categories of tertiary provider types would require new nomenclature and canvassed some preliminary approaches to how this might be achieved.

The Emerging Tertiary Sector

Since the Bradley Review, the tertiary sector has been evolving rapidly. For example, the sector has seen:

- The establishment of at least two additional institutions bearing the name 'polytechnic'[2]
- Moves to establish the sixth dual sector university[3], and the first in Queensland, through the amalgamation of Central Queensland University and Central Queensland Institute of TAFE
- The establishment of a regional university network comprising a host university and a number of small regional TAFE institutes under one academic 'umbrella'

[1] Bradley, D et al, 2008, *Review of Higher Education Final Report*, Department of Employment, Education and Workplace Relations
[2] Includes Polytechnic West and the Tasmanian Polytechnic addition to the existing use of the name in the private sector
[3] The others being Ballarat, Charles Darwin, RMIT, Swinburne, Victoria University

- Change to the structure of a university[4] to incorporate other sectors of education including schools and VET, both public and private
- Increases in the number of TAFE institutes registered as Higher Education Providers (HEPs)
- Further developments in franchising arrangements or joint delivery of university courses in many different forms[5]
- Implementation of State and Territory tertiary planning processes (Victoria, NSW, ACT, Queensland).

There has also been a number of structural changes at Federal, State and Territory level to reflect a tertiary environment. These developments are symptomatic of significant convergence in the tertiary sector as well as increasing diversity amongst the providers.

Delivering on Government Policy Priorities

TDA has consistently voiced its strong support, in Higher Education and VET, for the Government's targets for improved participation and attainment generally, and for lower socio-economic groups in particular. This is unsurprising, since its members are particularly committed to, and experienced in dealing with student cohorts that have not traditionally had access to and/or availed themselves of tertiary education and have not completed year 12.

TDA maintains that improved participation and attainment will best be achieved by formalising the tertiary sector and introducing provider categories and standards that enable students to navigate it.

TEQSA-Australian Skills Quality Authority Alignment

The evolution of a national tertiary regulator and a separate VET regulator has arisen primarily as a result of recommendations contained in the Bradley Review. The Review recommended that national regulation was appropriate for an expanded tertiary sector and that the interim position of two regulators should transition into one regulator by 2012.

There are many legal and constitutional impediments to achieving a timely transition, but just as importantly as these, TDA believes that the existing provider categories in the National Protocols for Higher Education do not accommodate the variety of institutional types that exist now in Higher Education. Moreover, in the VET sector, there is no differentiation between 5,000+ existing providers. TDA believes that unless the VET sector begins to clarify provider

4 University of Canberra
5 For example, 'Deakin at Your Doorstep'

types, then the transition is unlikely to occur because if the current classification arrangements were to be maintained in a tertiary sector that included VET and Higher Education institutions, less than 10% of institutions would be identifiable. Such a situation would do little to promote Australian tertiary education credentials.

The introduction of a unified set of provider categories which cover Higher Education and VET would be a big step in promoting alignment. The VET sector and its institutions are at a major disadvantage in a tertiary framework if provider classifications and standards are not addressed.

The Australian Qualifications Framework

The advent of a single qualifications architecture in the revised Australian Qualifications Framework (AQF), is further impetus for the tertiary sector. According to the Communiqué for the November 2010 MCTEE Meeting, the AQF will 'result in an increasingly integrated tertiary sector, with stronger pathways between VET and Higher Education'[6]. It is important to note that MCTEE considered the AQF in the context of what governments need to focus on to lift the productive capacity of Australia's workforce and create the conditions for high performing workplaces. The AQF may well assist in defining provider categories. As it becomes more widely known across all education sectors, it will provide a clear and consistent basis that RTOs can use to publicise the level of qualifications offered.

[6] Communiqué for the MCTEE Meeting, November 19, 2010, page 2

RATIONALE FOR PROVIDER CATEGORIES IN VET

The VET Sector – A Miscellany

The contrast between the VET sector with currently over 5,000 RTOs and the Higher Education sector with less than 500 HEPs is stark.

In VET, there has been a simplistic mantra of 'the more providers, the greater the competition, the more efficient the system'. The number of RTOs was a point of competition between States with high numbers or year-on-year increases even being noted in Annual Reports[7]. The demise of the VET international education market demonstrated the folly of this approach. The range of RTOs is now wide, confused and varied.

The Range of RTOs

While all RTOs are treated alike, there is in fact already a number of obvious categories, including:

> TAFE institutes
> Schools
> Group Training Organisations
> Community-Based Providers e.g. Neighbourhood Houses
> Universities
> Enterprise RTOs
> Other Private/Commercial Providers.

However, these categories of provider types do not adequately account for the many other specific characteristics which differentiate between RTOs. Box 1 illustrates how RTOs can be seen on a range of six sample characteristics.

[7] See for example Queensland Training and Recognition Council Annual Report 2009–10, page 12

Box 1: Sample Characteristics of RTOs

COMPREHENSIVE The RTO offers a wide range and level of qualifications in multiple industry areas	**< BREADTH/DEPTH >**	**SPECIALIST** The RTO offers a limited range and level of qualifications in specific industry areas
LARGE The RTO has large numbers of students, annual hours and campuses	**< SIZE >**	**SMALL** The RTO has small numbers of students, annual hours and campuses
PUBLIC The RTO is established under government legislation	**< OWNERSHIP >**	**PRIVATE** The RTO is a privately owned, commercial operation
CORE The RTO has VET as its core, prime activity	**< PURPOSE >**	**ADJUNCT** The RTO's core activity is not VET
HIGHER EDUCATION PROVIDER (HEP) In addition to offering VET, the RTO is also a registered HEP	**< PATHWAYS >**	**NON-HEP** The RTO is not a registered Higher Education Provider
INTERNATIONAL/ OVERSEAS The RTO has international and/or off-shore operations	**< SPREAD >**	**AUSTRALIAN/ DOMESTIC** The RTO operates in one or more states of Australia only

It is emphasised that these characteristics represent only a sample of possible ways to distinguish between providers. Depending on the availability of data, standards relating to issues such as quality and risk would also be included. In the Higher Education sector there is a considerable body of literature which could be drawn on in this respect.

Referring to sample characteristics outlined in Box 1, it can be seen that there can be significant divergence within each provider type on each spectrum. For example, amongst the private commercial providers there are those that are comprehensive, large, international and registered as a HEP while others are more typically specialist, small, non-HEP and domestic.

With this wide range of providers, it is to be expected that they cater for a multitude of learner cohorts, which include:

- school-age learners;
- disengaged young people;
- people experiencing difficulty in clarifying career options;
- apprentices;
- trainees;
- frontline workers;
- supervisors;
- managers;
- learners seeking a pathway to university;
- older workers with limited or no qualifications;
- workers upgrading their skills;
- self-employed, unemployed or retrenched persons;
- women seeking to return to work after child-rearing;
- migrants;
- refugees;
- international students

… the list goes on.

The implementation of provider categories and standards would be an important step in assisting this wide array of students as well as employers and the wider community to understand the types of Australian providers they are dealing with. While all RTOs are required as part of their registration under the Australian Quality Training Framework (AQTF) to identify the type of training organisation they are, that information is not always publicly accessible. The current data that is available on providers is often patchy and not illuminating.

As Australia slowly rebuilds its international reputation, so too would the VET market be better protected if international students and agents could make better informed choices with improved transparency amongst the thousands of providers marketing their services. The introduction of provider categories would be a useful step in this direction.

TDA envisages that the proposed MySkills website would contain comprehensive information about all RTOs and the categories into which they fall.

TDA also notes that the Federal Government has made what might be described as tentative steps towards this by announcing a Quality Skills Incentive initiative in the 2010 Federal Budget which allocated $129.8 million in performance-based funding for the top 100 VET providers. This is an implicit Federal recognition that there are very real variations in the VET sector but begs the question of how the 100 providers might be identified.

Confusion in the VET Sector

At present, only the name of the provider distinguishes it from another and in some cases the distinctions are subtle, if not confusing or even misleading. Box 2 illustrates this point by selecting examples of thirty actual provider names to highlight the maze which can confront a prospective student in the VET sector.

Box 2: A Sample of 30 RTOs from the National Training Information Service (NTIS) (Providers commencing with the letter 'A' across Australia)

Name		No. Qualifications Registered	No. States Registered
1	Australasian Training Academy	(2 courses)	1
2	Australian Academy	35	7
3	Australian Academy of Commerce	4	1
4	Australian Academy of Management & Science	8	1
5	Australian Academy of Technology & Management Studies	2	1
6	Australian Business Academy	13	2
7	Australian Business and Retail Academy	5	1
8	Australian Management Academy	28	8
9	Australian Business Development Centre	2	3
10	Australian Business School	7	2

11	Australia National Institute of Business	18	1
12	Australian College of Commerce and Management	75	8
13	Australian College of Commerce and Information Technology	2	1
14	Australian College of Management and Technology	11	1
15	Australian College of Management	38	8
16	Australian College of Management Studies	11	8
17	Australian College of Technology	35	1
18	Australian College of Technology and Business	13	1
19	Australian College of Training	61	8
20	Australian Commercial College	7	1
21	Australian Global Institute	1	1
22	Australian Global Training	12	1
23	Australian Institute of Business Administration	27	1
24	Australis Institute of Business and Technology	4	1
25	Australian Institute of Commerce and Technology	15	1
26	Australian Institute of Technology and Management	6	2
27	Australian International Business Institute	6	1
28	Australian National Institute of Business and Technology	31	4
29	Australian National Institute of Technology	2	1
30	Australian National Institute	37	3
Source: National Training Information Services (NTIS)			

Commentary

> Despite claims to being ‘Australian’, ‘Australasian’, ‘National’ or ‘Global’, 18 of the 30 are registered to operate in only one state and only 6 of the 30 which operate in all States merit such a title.

- 14 of the 30 RTOs offer fewer than 10 qualifications with 9 offering more than 20.
- This type of confusion is evident right across the sector.

In TDA's view, while acknowledging that it may now be impractical to change names/titles of existing providers, a classification system would assist in clarifying the market for consumers.

Variations in the Sector.

Information about public sector providers is regularly reported on and collated but claims concerning the extent of delivery in the private sector are difficult to confirm or challenge, because the data is not available. It is a serious omission that there is no publicly available analysis and comparison of the 5,000+ RTOs across Australia. Boxes 3 and 4 therefore serve as a proxy for such an analysis. Box 3 analyses all RTOs in the State of Queensland commencing with the letter 'A' which, taken as a 'snapshot', assist in illustrating this variation, although it is recognised that the analysis can at best be regarded as indicative. Box 3 is then compared with Box 4 which is a related analysis of the TAFE institutes in Queensland (No TAFE institutes appear in Box 3 because of the sample chosen.)

Box 3: A Snapshot of RTOs in VET
(Providers commencing with the letter 'A' in the State of Queensland)

Queensland RTOs	No = 196	%	Note
Schools/Trade Training Colleges	14	7%	
Group Training Companies	1	1%	
Community-based Providers	-		1
Enterprise RTOs	-		
Other Private/Commercial	181	92%	
History: Duration of Registration:			
Registered 2006–2011	116	59%	
Registered 1999–2005	46	24%	
Registered 1998 (initial year)	34	17%	
Size: Annual Hours (Publicly-Funded Only)			
500,000+	1	1%	2
100,000 – 499,000	3	2%	
50,000 – 99,000	0	-	
0 – 49,999	192	98%	
Scope: No. Qualifications Registered			
10 or less qualifications	144	73%	3
11–49 qualifications registered	49	25%	
50 or more qualifications registered	3	2%	4
Depth: Highest Level of Qualification			
Diploma and above	85	43%	
Certificate IV and below	111	57%	
TAA/TAE Qualifications			
No with TAA/TAE on Scope	39	18%	
(No with highest level Certificate)	(11)	(30%)	

Notes:

1. This is a best estimate. The type of provider is not always self-explanatory in the title.
2. 2009 figures. This is indicative of size only. Data on privately-funded hours is not available.
3. Counted here are only full qualifications, not courses or units.
4. The highest nos of qualifications registered are 51, 60 and 65.

Source: NTIS, Provider websites, AVETMISS

Box 4: A Snapshot of TAFE Institutes
(All TAFE Providers in the State of Queensland)

Institute	Year Registered	Annual Hours 2009	No Students	No. Qualifications[1]	Highest Level Qual
Barrier Reef	1998	2.85m	12,936	154	Adv. Dip.
Brisbane North	2002	5.65m	38,149	190	Adv. Dip.
Central Queensland	1998	3.90m	21,271	166	Adv. Dip.
Gold Coast	1998	5.56m	16,311	155	Adv. Dip.
Metropolitan South	2006	6.94m	22,186	205	Adv. Dip.
Mount Isa	1998	0.42m	1,814	51	Adv. Dip.
Skills Tech	1998	6.11m	24,662	129	Adv. Dip.
Southbank	1998	8.04m	30,069	200	Adv. Dip.
Southern Queensland	1998	3.37m	18,922	258	Adv. Dip.
Sunshine Coast	1998	4.16m	14,781	308	Adv. Dip.
The Bremer	1998	2.97m	14,286	195	Adv. Dip.
Tropical North Queensland	1998	3.15m	15,251	179	Adv. Dip.
Wide Bay	1998	2.66m	11,744	203	Adv. Dip.

Notes:

1. Counted here are only full qualifications, not courses or units.

Source: NTIS, Provider websites, Annual Reports, AVETMISS

Commentary

Even recognising that the sample in Box 3 is limited and comprehensive data on private sector delivery is not yet available, the following tentative conclusions might still be drawn:

> The VET sector is dominated numerically by private RTOs, many of which are relatively small.

> The absence of enterprise RTOs in the sample used in Box 3 is consistent with their relatively small presence in the market. However this does not deny their value to the host enterprises concerned.

> Similarly, the absence of community-based providers commencing with the letter 'A' does not diminish the importance of these providers to their communities.

> In terms of publicly-funded annual hours (the only delivery data available), there is wide variation in the private sector, but the majority deliver less than 50,000 hours per annum. This compares with the TAFE institutes in Box 4, which in Queensland average 4.3 million hours per annum. Sydney Institute is the largest provider of publicly-funded training with 22.8 million hours and 59,000 students in 2009.

> It would appear that there may well be considerable turnover among private RTOs if the figure of 59% being registered within the last five years is any way typical of the wider market. Closer analysis of the next largest group in the sample, the schools, shows that most of them have been registered since 1998 and maintained their registration[8], so they do not contribute to this turnover. It compares with the longevity of the TAFE institutes and may also be an indicator of the history of the RTOs and therefore the role they play in their regions.

> The relatively limited scope of registration of the RTOs in Box 3, with 73% of them registered for 10 or less qualifications and only 3 registered for more than 50, compares with the TAFE institutes, which range between 51 (Mt Isa) and 308 and average184. This may indicate that many RTOs cater for a niche or specialised market, while TAFE institutes cater for the needs of the wider community and industry.

> Related to this, all TAFE institutes in Box 4 offer qualifications at Advanced Diploma level, while 57% of RTOs in Box 3 do not offer qualifications higher than Certificate level IV. If these figures apply in any way more generally, they could well indicate a significant difference in depth of capability.

> From TDA's perspective the number of small providers offering TAE/TAA qualifications is a matter of concern, especially the

[8] NTIS information

numbers which do not otherwise offer qualifications above the Certificate IV level. This is hardly an arrangement designed to guarantee the quality of delivery or professionalism of the VET workforce.

> Until data becomes available, and it has only recently begun to be collected, the full extent of delivery in the private sector remains a matter of speculation. However, the considerable turnover together with the generally limited scope of registration in terms of both the number and level of qualifications would appear to make it unlikely that many of the private/commercial RTOs are comparable in size or capability to the TAFE institutes.

While the figures provided in Boxes 2, 3 and 4 are admittedly limited, TDA asserts that they are sufficient to substantiate the argument for provider categories and associated standards in VET based on:

> The confusing number of RTOs and their titles

> The wide variation between RTOs in terms of size, scope of registration, breadth and depth of capability and history.

TDA further asserts that such categories would assist:

Students	–	in making a better informed choice of provider
Industry and enterprises	–	in distinguishing between providers and selecting the appropriate form of provision
Government	–	in making funding decisions
The ASQA	–	in managing risk
Providers	–	in segmenting their markets and marketing their programs and services
The international market	–	in promoting consumer protection.

THE NEXT STEPS

To progress the issue of Provider Categories in the VET sector, TDA proposes that the following actions occur within the next 12 months:

VET

1. A comprehensive analysis of the 5,000+ RTOs in the VET sector be undertaken to gain an accurate understanding of their comparative characteristics, initially covering at least all data currently collected for the public sector. Collection and analysis of this information be regarded as mandatory for any provider seeking to offer nationally accredited programs and be undertaken jointly by the National Centre for Vocational Education Research (NCVER) and Skills Australia as soon as possible. Such an analysis is a pre-requisite for determining appropriate categories.

2. *Skills Australia* be tasked with identifying appropriate provider categories, standards and nomenclature in conjunction with the Australian Skills Quality Authority, taking into account international practice and research in this area and in consultation with the key stakeholders in VET, including but not limited to:
   - TAFE Directors Australia
   - Australian Council of Private Education and Training (ACPET)
   - Enterprise RTO Association (ERTOA)
   - Representatives of the State and Territory jurisdictions.

3. The Australian Skills Quality Authority be advised to plan on the basis that there will be categories of providers with associated standards to assist the regulatory function and action be taken to ensure that the legislative status of these categories and standards parallel the arrangements for TEQSA.

Tertiary

4. A timeline be established for a tertiary working group consisting of the key stakeholders in VET and Higher Education and the two regulatory authorities to develop integrated provider categories, associated standards and nomenclature across the whole tertiary sector.