



Competition Policy Review
of the
**Vocational Education
Employment and Training
Act (1994)**

FINAL REPORT

DEPARTMENT OF EDUCATION
TRAINING AND EMPLOYMENT

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EXECUTIVE SUMMARY

This competition policy review of the *Vocational Education, Employment and Training Act (1994)* has been undertaken in accordance with South Australia's obligations under the *National Competition Principles Agreement* of 1995.

In essence, this NCP Agreement requires a review, and, if appropriate, the reform of all legislation which restricts competition. The guiding principle of such reviews is that restrictions to competition should only be retained where they can be clearly justified as providing a net public benefit.

Accordingly the South Australian Government has convened a Competition Policy Review Panel to undertake a competition review of the *VEET Act*, as part of a concurrent wider review of the legislation. The Competition Review Panel has prepared this report as a result of consultation with all sectors of industry and the community as part of the competition review.

Vocational education and training is a significant area of interest for industry and enterprises, and the broader community. It is a pathway to employment for a significant number of young people. It also contributes to the upskilling of the labor force for greater productivity and competitiveness, and to quality of life in the community.

Regulation reflects the needs of industry and the community for standards of training that meet industry requirements for skills and create employment opportunities for individuals. Registration of providers, accreditation of courses, and protection of the interests of employees entering apprenticeships lie at the heart of regulation of training.

Importantly, the *VEET Act* is also complementary legislation, forming a basis for the State's commitments to national agreements in relating to planning, funding, monitoring, reporting, quality and mutual recognition arrangements for vocational education and training. The *VEET Act* exists as a reflection of the South Australian context within a national system of vocational education and training.

The *VEET Act* Competition Review Panel has determined that there are three areas of restriction to competition in the *VEET Act* which have an impact on the market for vocational qualifications and skills.

These areas of restriction are:

1. Degrees

The *Act* restricts organisations from offering programs of study for which degrees will be awarded on completion, by requiring such organisations to be registered and courses accredited in accordance with the terms and conditions provided under the *Act*.

2. Apprenticeships

The *Act* determines the type of training which may be undertaken under a contract of training, and requires that employers be approved before a contract of training can be approved and registered.

3. Fees for recognition services

The *Act* provides for the fixing of fees by regulation for the services of the Accreditation and Registration Council, including provider registration and course accreditation.

Approximately 3000 organisations were asked to comment on the Review Panel's assessment of the areas of restriction as outlined and to raise any further matters about potential restrictions impacting on the market for vocational qualifications and skills and not identified by the Review Panel. Eleven organisations took up the opportunity to comment through a written submission. Their views evidenced almost universal support for the retaining of the restrictions.

The Panel explored the objectives of the *VEET Act* and assessed the community views presented in the submissions received. It has undertaken a cost benefit analysis of the restrictions, in light of the objectives, the views of the community and an assessment of the impact of the restrictions on the market for vocational education and training.

The proposals for the retention of the restrictions are framed by strong arguments for net public benefit shown in each case. The proposals to change the *Act* to accommodate the implementation of New Apprenticeships were also assessed, and it is the Panel's view that restriction is lessened by the proposed changes, although not removed.

It is the Panel's view that the community interest is served well by the consumer protection, cost recovery and quality outcomes of the *Act*'s provisions, and that where restrictions to competition arise, the benefits accruing are greater than the possible negative effects of those restrictions.

Subsequently, the Panel's *conclusions* and *recommendations* are as follows:

Conclusions

1. The benefits of the restriction on the awarding of degrees in the *Act* outweigh the costs.
2. The benefits outweigh the costs of the approval and authorisation restrictions governing the quality of training provided under contracts of training, as set out in Part 4 of the *Act*.
3. The benefits of Regulation 4 of the *Vocational Education, Employment and Training Act Regulations 1996*, allowing the Minister to fix fees payable to the Minister for recognition services, outweigh the costs.
4. No further restrictions to competition are imposed by proposed changes to the *VEET Act* to implement New Apprenticeships

Recommendations

1. Regulation 4 of the *Vocational Education, Employment and Training Act Regulations 1996*, be retained.
2. The restriction on the awarding of degrees in the *Act* be retained.
3. The approval and authorisation requirements governing the quality of training provided under contracts of training, as set out in Part 4 of the *Act*, be retained.
4. The proposed New Apprenticeships changes to the *VEET Act* be implemented.

INTRODUCTION

This paper concerning competition policy is the first of two Discussion Papers that have been distributed for public comment as part of the review of the *Vocational Education, Employment and Training (VEET) Act*.

The second paper, Discussion Paper 2, covers general issues for an overall review of the *Act*.

The purpose of the review of the *VEET Act* is to refine and update the State's training legislation in line with key policy changes in vocational education and training over the last few years, and to ensure a pro-competitive approach to regulation of training.

The responses by industry and the community to each of the two Discussion Papers will be drawn together to contribute to any proposals for change to the *VEET Act*.

This report on the competition policy review of the *Vocational Education, Employment and Training Act 1994*¹ arises from South Australia's legislation review obligations under the Council of Australian Government's Competition Principles Agreement of 11 April 1995 to facilitate the implementation of national competition policy objectives.

Clause 5 of the Competition Principles Agreement requires all parties to the Agreement to review, and where necessary, reform all existing legislation which restricts competition. The Department of Education, Training and Employment is reviewing the *VEET Act* during 1999 as part of this competition policy process, and concurrently conducting an overall review of the *Act*.

The guiding principle is that legislation, including Regulations, should not restrict competition unless it can be demonstrated that:

- a) the benefits of the restriction to the community as a whole outweigh the costs; and
- b) the objectives of the legislation can only be achieved by restricting competition.

The terms of reference for this competition policy review comply with the Competition Principles Agreement, which states that a review should:

- a) clarify the objectives of the legislation;
- b) identify the nature of the restriction on competition
- c) analyse the likely effect of the restriction on competition and on the economy generally;
- d) assess and balance the costs and benefits of the restriction; and
- e) consider alternative means for achieving the same result including non-legislative approaches.

In balancing the benefits of a policy or a course of action against its costs, and in assessing the most effective means of achieving a policy objective, the following should be taken into account:

- a) government legislation and policies relating to ecologically sustainable development;
- b) social welfare and equity considerations, including community service obligations;
- c) government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- d) economic and regional development, including employment and investment growth;
- e) the interests of consumers generally or a class of consumers;
- f) the competitiveness of Australian business; and the efficient allocation of resources.

The terms of reference of this competition policy review form part of the Terms of Reference for the overall review of the *Act* being undertaken concurrently.²

This report is set out in four sections, and includes an executive summary.

Chapter 1 deals with the *Vocational Education, Employment and Training Act*, and its objectives.

Chapter 2 explores the market for vocational education and training in South Australia, including the national and State policy and legislative context for its operations.

Chapter 3 gives an analysis of the restrictions to competition identified in the *Act*, including the costs and benefits of the restrictions, community and VET Stakeholders' views about these restrictions and the Panel's final conclusions and recommendations resulting from this analysis.

Chapter 4 summarises the process, the issues for consultation and the responses from the community and VET stakeholders.

The Appendices contain background information in support of the discussion in this report.

² See Appendix 2 - Terms of Reference

CHAPTER 1

The Vocational Education, Employment and Training (VEET) Act

1.1 Background

In 1992, States, Territories and the Commonwealth signed the national Vocational Education and Training System Agreement. This agreement formed the basis of a new national system of vocational education and training, with leadership and policy coordination to be achieved through the Australian National Training Authority (ANTA).

A further national agreement, the National Framework for the Recognition of Training (NFROT), paved the way for enhanced recognition of training credentials within the new national arrangements.

The *Vocational Education, Employment and Training Act*, given assent in December 1994, established the legislative basis for South Australia's participation in the national vocational education and training system, fulfilling its obligations under the two national agreements.

The legislation also responded to the emerging consensus for the need to give industry a stronger role in shaping public policy on training and employment issues.

1.2 Overview of the Act

The *Act* establishes an industry led Vocational Education, Employment and Training (VEET) Board to assist, advise and report to the Minister on vocational and adult community education, and employment, in South Australia. The Board is supported by two Councils - the Accreditation and Registration Council, which is concerned with the registration of training providers and the accreditation of courses, and with the administration of contracts of training; and the Adult Community Education Council, which promotes and coordinates adult community education.

The *Act* sets out the composition, roles and functions of the Vocational Education, Employment and Training Board, the Accreditation and Registration Council and the Adult Community Education Council. It determines the reporting relationships between these bodies, and to the Minister. It establishes the Minister as the State Training Agency, accountable to the national Ministerial Council for the purposes of the *Australian National Training Authority Act*.

The VEET Board largely undertakes the functions of the State Training Agency, especially in relation to its contribution to the National Strategic Plan for Vocational Education and Training and the preparation of annual State Strategic Plans for training on which funding under the national arrangements depends.

The *VEET Act* repealed the *Industrial and Commercial Training Act 1981*, and the *Tertiary Education Act 1986*. However the functions of accreditation and administration of contracts of training performed under those legislative

arrangements were continued under the *VEET Act* through the responsibilities of the Accreditation and Registration Council, the Vocational Education, Employment and Training Board and the Minister.

The *VEET Act* also signalled changes to the system of provider registration and course accreditation. It provided access to a national system of recognised credentials on an equal footing for public, private, community and industry-based training providers, under the National Framework for the Recognition of Training (NFROT) Agreement.

The *VEET Act* continued provisions of the *Tertiary Education Act*, which prohibited the award of degrees by non-accredited bodies, but which allow organisations to seek accreditation in this area. It was the Government's intention that accreditation for degrees would not be permitted unless they were demonstrably of a standard equivalent to those of the State's universities.

1.3 Development of the Act

The Act has its origins in the *Industrial and Commercial Training Act 1981* and the *Tertiary Education Act 1986*, both of which the *VEET Act* repealed.

The *Industrial and Commercial Training Act 1981* was a response to the emerging understanding of the need for more flexible and mobile skills at a time of booming resource development and manufacturing growth. The *Industrial and Commercial Training Act* brought together the coordination of the administration of all areas of industrial and commercial training, including apprenticeship, with aim of ensuring training opportunities were available to men and women of all ages.

In addition the *Industrial and Commercial Training Act* recognised for the first time the importance of post secondary pre-vocational training, and the need for retraining arrangements to take account of the declining need for some skills and the need for workers to acquire new ones. The Industrial and Commercial Training Commission, established by the *Industrial and Commercial Training Act* was empowered to determine and approve other schemes of training appropriate to non-trades and non-declared vocations but for which a training contract was not considered necessary.

The *Tertiary Education Act 1986* provided for the planning and coordination of tertiary education in South Australia. It also determined that an institution other than a university must not confer a degree or any other academic award in relation to a prescribed course unless the course had been accredited by the Minister.

Many of the provisions of the *Industrial and Commercial Training Act*, particularly in relation to the monitoring of contracts of training were preserved under the new *VEET Act*.

Further, the *VEET Act* provided an umbrella for both the planning and coordination of vocational education and the intentions of quality control provisions of the *Tertiary Education Act*.

The South Australian Government, as a provider of funds to vocational education and training, has an interest in ensuring the standard of its funded

services is acceptable to industry and the community, and the *VEET Act* is the legislative mechanism by which this aim is achieved.

1.4 Objectives of the *Vocational Education, Employment and Training Act*

“An *Act* to make provision relating to vocational education, employment and training; to repeal the *Industrial and Commercial Training Act 1981* and the *Tertiary Education Act 1986*; and for other purposes.”

This is the only objective stated in the *VEET Act*.

However, the following objectives for the *VEET Act* have been identified by reference to the *Act*, and its associated Second Reading speech³:

- to facilitate the effective participation of South Australia in the national vocational education and training system.
- to establish effective mechanisms for the role of industry in providing strategic advice and input to public policy in national vocational education and training.
- to protect and promote training partnerships between employers and apprentices/trainees through the Contract of training system.
- to facilitate the development of high quality, industry responsive courses and portable qualifications through the accreditation system.
- to protect and promote high quality vocational education and training provision through a provider registration system.
- to facilitate linkages between planning and provision of vocational and adult community education and training, and the operation of the accreditation and registration systems.
- to ensure broad industry and community involvement in the strategic planning for vocational education and training through advice on training needs and priorities to meet these needs.
- to provide a role for industry in advising Government on employment opportunities.
- to provide a role for community providers in decision making about publicly funded adult community education.

³ pp 652 – 658, Hansard *Legislative Council* Tuesday 1 November 1994

CHAPTER 2

The Vocational Education and Training Market

2.1 Introduction

Fundamental to a competition policy legislative review is an analysis of the impact of legislative restrictions upon competition in markets. Identification of the relevant market is therefore necessary before assessing the impact of legislative restrictions on competition.

A market can be defined as the area of close competition between firms. Within the bounds of the market there may be substitution, between one product and another, and between one provider and another.

However in the context of the broad market for vocational education and training, other factors come in to play.

Each course may be a market in itself, and different courses may not be substitutable. For example, welding may not be substitutable for hairdressing. Within each area of study, there may be several providers offering similar programs, all competing with each other for students.

The applicability of market concepts to vocational education and training is further complicated, however, for a number of reasons.

2.2 Government involvement

The State and Commonwealth Governments have had a longstanding involvement in vocational education and training, based on the importance of skills in the competitiveness of national economies and the significant externalities accruing to industry and the community from training.

It is a matter of equity and social imperative that the government provides substantial resources to the provision of entry level training, for the attainment of a first post school qualification, whether this is from the higher education sector or the vocational education and training sector.

Recent reforms in vocational education and training have been directed at changes to the role of government from that of public provision, funding and regulation to a more market oriented approach, to maximise the scope for competition and client choice.

The government's role as a regulator in the training market is important in correcting market failures, and ensuring the integrity of the system of public qualifications as 'social currency'⁴. Recognisable and portable skills are useful to both individuals and employers, and thus facilitate the operation of a flexible and skilled labour market.

⁴ Allan Consulting Group, *Establishing an Effective Australian Training Market* 1994, p185

2.3 Market Failure

Market failure may be said to occur in vocational education and training "when market operations alone fail to result in optimal levels of provision or standards of efficiency and fairness", and when, "by itself, the market is unlikely to invest in socially or economically optimal levels of training."⁵

The potential for market failure arises from the absence of adequate information on training supply and demand, and insufficient knowledge of the value of training on the part of both individuals and enterprises. There is likely to be insufficient incentive for providers to maintain high standards of training, access for disadvantaged groups, and consumer protection.

Damon Anderson's review of research⁶ indicates that a market based solely on the training decisions of individuals and enterprises in isolation would lead to under-investment in key industry and occupational sectors. Such market failure leads to skills shortages in the medium to longer term, and a mismatch between the skills available in the labour force and the skills required by industry and enterprises, with unemployment and under-competitiveness of firms as undesirable consequences.

2.4 Vocational Education and Training Products

The notion of a product is central to a consideration of any field as a market. The products in the vocational education and training market are: the qualifications attained by people completing training programs, and which are valued by employers and recognised in the labour market; and the skills and competencies on the one hand gained by individuals to find work or perform their jobs better, and on the other required by enterprises to increase their productivity and profitability.

The present system of national education and training qualifications, the Australian Qualifications Framework (AQF), was introduced on 1 January 1995. The AQF builds on earlier attempts to develop a consistent and nationally understood nomenclature for vocational qualifications, and the national register of TAFE courses.

The AQF recognises major developments since the 1980's, including the introduction of competency based training, a national framework for the recognition of training, and expansion of training provision beyond TAFE to many private and other non-TAFE providers.

The AQF covers qualifications issued by the secondary schools sector, vocational education providers, and higher education institutions. The qualifications in the Framework are shown in the following table, listed under the sector where the qualification is delivered. Diploma and Advanced Diploma are considered common to the vocational and higher education sectors.

⁵ Australian National Training Authority, *Developing the Training Market of the Future*, a consultation paper, Brisbane 1996, p14

⁶ Anderson, D, *Competition and Market Reform in the Australian VET Sector*, Review of Research, ANTA, 1997

Australian Qualifications Framework (AQF) Qualifications

Schools Sector	VET Sector	Higher Education Sector
		Doctoral degree
		Masters Degree
		Graduate Diploma
		Graduate Certificate
		Bachelor Degree
	Advanced Diploma	Advanced Diploma
	Diploma	Diploma
	Certificate IV	
	Certificate III	
Senior Secondary	Certificate II	
Certificate of Education	Certificate I	

It is important to note that training accredited under the AQF is only one element of the training provided in the market.

The market could be said to consist of the following segments:

- a) vocational education training accredited under the AQF – this may be achieved as a full qualification, or a Statement of Attainment, representing competencies achieved, may be awarded to a person who satisfies part of the requirements for a full qualification; and
- b) vocational education and training which is not accredited under the AQF, but for which an award of some other kind is often received on completion. The terms “certificate” and “diploma” for example, do not in themselves necessarily indicate that the training is accredited under the AQF, and are used very widely.

Vocational education and training funded by the government is almost always AQF accredited training, delivered by registered training providers known as Registered Training Organisations (RTO's).

Some of the very large amount of training delivered in industry and by private training providers may be AQF accredited, but the provider must be registered in order to issue the relevant AQF credential. However, most private vocational education and training falls outside the AQF arrangements.

2.5 The Market - “Customers”

The key clients, or “customers”, for vocational education and training, are enterprises and industry, and individuals. Enterprises seek cost effective training relevant to business needs, and individuals seek training to improve their employability or perform their work better.

However, not only enterprises and individuals gain from training. The national economy benefits by having the ideal overall skill base to improve international competitiveness, and meet the nation’s economic and social needs. Regional economies benefit from the local availability of skills to assist regional development and structural adjustment. And finally, the community at large benefits when the skill needs of different groups within the community are met effectively.

2.6 Dimensions of the Market in South Australia

The Australian National Training Authority has estimated the size and composition of the vocational education and training sector Australia wide by analysing yearly revenue and expenditure data of training provider groups. Of the estimated \$8 billion expended annually, governments and enterprise each expend 45%, while individuals contribute the remaining 10%.

In 1997 Australia wide there were about 1.46 million enrolments in publicly funded vocational education and training alone, with about 10 per cent of Australia's working age population participating at any one time. Publicly funded vocational education and training expenditure was estimated at about \$3.96 billion.

In South Australia in 1997, 141,500 clients enrolled in publicly funded vocational education and training.⁷

This figure included enrolments in TAFE and other government providers, registered community providers, some vocational education and training in schools, and publicly funded delivery by private providers. It does not include fee for service delivery by private providers.

Expenditure on publicly funded training in South Australia in 1997 was approximately \$290 million.

Over eighty percent of publicly funded vocational education and training is delivered in South Australia through the State's TAFE institutes, and a range of other training organisations. A portion of this public funding is allocated through public tendering and the User Choice program.

In addition there is a significant amount of privately funded training, provided by employers, equipment suppliers, industry associations and other private providers such as business colleges and consultants. It is estimated that this portion of the market is at least as big as the publicly funded component.

2.7 Vocational Education and Training Providers

There is a range of public and private providers of vocational education and training in South Australia, many of whom seek to become registered to deliver accredited training programs. At present, there are 557 Registered Training Organisations delivering training in South Australia.

Some are enterprises choosing to deliver their own training to employees. Others are not-for-profit organisations, or private providers including business colleges, industry skills training centres, or registered community providers.

2.8 TAFE Institutes

In South Australia there are eight institutes of TAFE, operating over a total of 64 sites. These institutes deliver the majority of publicly funded vocational education and training in South Australia, servicing over 90,000 students in five major program areas - Human Services; Information Industries and Applied Design; Primary Industries; Tourism and Hospitality; Business Services; and Manufacturing, Construction and Transport Services.

⁷ NCVET data

2.9 Adult Community Education

In South Australia, adult community education is recognised as a stepping stone to formal vocational education and training, and as an avenue for the delivery of non-accredited vocational skills training. These roles are both recognised and supported through the VEET legislation. Programs are delivered in the community, in a range of settings such as Neighbourhood Houses, and in TAFE institutes.

2.10 Vocational Education and Training in Schools

Changes in the workforce as well as restructuring of work practices has placed a greater pressure on young people to stay on at school and gain skills to make them more competitive in the labour market. The South Australian Government has recognised the importance of vocational skills acquisition in post-compulsory schooling, and has developed policy directions and curriculum initiatives which bring schools, local and regional businesses, and industry closer together. Delivery of vocational education and training through a range of school programs is often achieved through cooperative arrangements with public and private training providers. This is a growing area of vocational education and training provision.

2.11 Vocational Education and Training and Universities

There are three universities in South Australia with a total of over 50,000 students.

Pathways exist for vocational education and training students to enter university studies and take advantage of credit transfer agreements. There is an increasing trend for students to move from the university sector to the vocational education and training sector. Many people who gain university credentials enter vocational education and training to improve their employment opportunities.

The vocational education and training sector is experiencing growth in diploma and advanced diploma courses and now has the capacity to offer degree level courses in some areas.

Within the VEET legislative framework, courses up to the Doctorate level can now be accredited for delivery by providers other than universities.

2.12 Recent reforms

Globalisation, underpinned by an increasing rate of technological change, has forced an intense and rapid response in the vocational education and training sector. These influences on the overall Australian economy have increased the demand for skills in the labour force, and have been a driving force in policy change in the vocational education and training sector over the last decade.

With industry taking a prominent role in developing a responsive training system, changes have resulted in new national approaches to building the stock of skills to meet the needs of industry, and to ensuring the currency of those skills in the labour market.

New arrangements for national recognition within vocational education and training, known as the Australian Recognition Framework, came into effect on 1 January 1998.

The ARF is a major joint government initiative to streamline training recognition processes and ensure that skills and qualifications are recognised across Australia. Quality assurance mechanisms, including nationally agreed registration arrangements for providers, and monitoring and auditing processes, have been developed in response to the demands of industry for a more flexible and responsive system.

Mutual recognition of training organisations, qualifications and training products is the basis of the Australian Recognition Framework. Australian Qualifications Framework qualifications and statements of attainment issued by one registered training organisation are accepted and recognised by all other Registered Training Organisations in Australia. Furthermore, RTO's can operate in another state or territory within the scope of their original registration, without needing to re-register.

These changes mean that under the ARF, registration for RTO's will be related to the provision of products and services rather than simply being tied to the delivery of particular courses. It should be noted that the wider review of the *VEET Act* will address the necessary changes to the legislation to accommodate these more flexible arrangements. Proposed changes to address these initiatives are discussed in Appendix 6.

South Australia is a committed signatory to the national agreements underpinning reform in the sector, and these agreements form the basis of the recognition processes and policies developed under the authority of this State's vocational education and training legislation.

CHAPTER 3

Restrictions to Competition

3.1 Introduction

Competition is a means for the delivery of better outcomes for consumers and better allocation of resources within the economy.

Where restrictions impose costs in the relevant market and in the economy generally, those restrictions must be removed unless the benefits of the restriction to the community outweigh the costs, and the objectives of the legislation can only be achieved by restricting competition.

At the same time, markets can be imperfect, and as competition takes place in markets, there may be a need for intervention in a market to produce better results for consumers. There may also be sound policy reasons for regulation, to address:

- information inequalities
- social policy and equity objectives, including community service obligations
- environmental considerations
- economic and regional development including employment and investment growth
- the interests of consumers generally, or a class of consumers
- the competitiveness of Australian business; and
- the efficient allocation of resources.

Restrictions on competition may be of three types:

1. Those that restrict entry to the market;
2. Those that restrict competitive conduct by persons in the market;
3. Those that discriminate between competitors.

Three areas of restriction to competition have been identified in the *Vocational Education, Employment and Training Act*.

Each of the restrictions identified has been categorised as one of the above three types, to assist in the subsequent analysis of the impact of each restriction on the relevant market.

3.2 Level of Restriction

For the purposes of this review, the restrictive provisions have been assessed as intermediate. This implies that the restrictions have more than a minimal effect on competition, but without being major enough to either prohibit entry or re-entry into the market.

It is important that the policy context of the restrictions is well understood, as this will assist in a consideration of not only the possible alternatives to legislation, but also the case for either retaining or removing each restriction.

3.3 Part 3 Section 29 – Provisions Relating to Degrees

Section 20 of the *Act* provides that the Accreditation and Registration Council (ARC) may

- Accredit a course or proposed course of education and training; or
- Accredit other courses or proposed courses of education and training; or
- Register a person as a provider of an accredited course or part of an accredited course; or
- Register a person as a provider of education and training to overseas students.

Section 21 of the *Act* provides that accreditation or registration are subject to conditions determined, from time to time, by the ARC, which may include conditions relating to codes of practice, course content, on the job training requirements, premises where training is to be conducted and so on.

Section 22 of the *Act* also states that in determining an application for accreditation or registration and in fixing any conditions of accreditation and registration, the ARC will apply: the principles contained in the National Agreement (if applicable); and any applicable guidelines approved by the Vocational Education, Employment and Training Board.

Section 29 of the *Act* states that a course to which a degree is to be conferred must be accredited by ARC, and the provider registered by ARC, under Part 3 of the *Act*. This section does not apply to a university in the State, or other institutions or classes of institution prescribed by regulation. No such regulations currently exist, but are contemplated pursuant to recent advice of the Accreditation and Registration Council.

3.3.1 Nature of the Restriction

Part 3 of the *Act* does not operate as a restriction on entry to the market for provision of vocational education and training, in the case of courses or programs of study which confer qualifications other than that of a degree. Accreditation and registration are voluntary, and the refusal of such accreditation and registration does not necessarily mean that the training cannot be offered.

However, the provider of the training may not obtain advantages available to accredited courses. Such advantages may include eligibility to compete for some Government tendered training funds and eligibility of participants for some forms of financial support from the Commonwealth. This may mean that the course is not as attractive to consumers in the market place.

The restriction imposed by this Part is in relation to courses offering a degree on completion, where a provider must comply with the

provisions of section 21 and 22. This restricts competition by acting as a barrier to entry to the market.

3.3.2 Purpose

The purpose of the restriction is to ensure that the qualification entitled 'degree' is only awarded on completion of a course that meets standards that are equivalent to those of the courses offered by the universities in the State. The intention of the provision was to provide a pathway for institutions other than universities to respond to the demand by individuals or industry for degree level courses. This demand has emanated from a range of industries, as a result of the need for higher-level skill development, sometimes in areas not traditionally serviced by universities. These include hospitality, alternative medicine and theology.

In effect this provision acts as a restriction on the use of the term 'degree'. It impacts on training providers either not wishing to seek accreditation of the proposed degree program or registration as a provider, and those who may seek such accreditation and registration and be refused.

Whilst this may be the case, a provider is still free to offer and market any course and confer an unprotected qualification title, such as diploma or certificate, to participants on its completion. Accreditation for the program and registration for the provider can be sought but there is no obligation on a provider to take this path.

The provision is intended to protect the standard of South Australian degrees, and to protect South Australians from the expense and time commitment of undertaking degree length programs which are not of a similar standard to those offered by the State's universities.

Section 29 (4) of the *Act* states that the provisions of section 29 do not apply in relation to a university in the State or an institution, or institution of a class, prescribed by regulation.

3.3.3 Effect

Since the passage of the *VEET Act* 1994, 45 applications for the accreditation of courses leading to a degree, and registration to deliver the courses, have been processed.

Of the 45 applications, two were unsuccessful. The courses were not accredited because the applicant did not meet the criteria for accreditation and registration.

The provision exempting universities in the State from needing to seek accreditation and registration in respect of degrees has the effect of requiring that universities and other institutions from other states and territories of Australia, wishing to offer degrees in South Australia, seek registration and accreditation of their proposed programs.

Only one interstate university has applied to deliver a course, and that application was successful.

Course Advisory Panels, constituted by the Accreditation and Registration Council in accordance with its Policies, assess applications for recognition of courses leading to degrees. These Policies are developed in consultation with industry and the community, and are published for the information of all intending applicants and other interested parties. The function of the Course Advisory Panel is to provide the Accreditation and Registration Council with advice in respect to an application. Under the *Act*, the ARC has the power to accredit courses. (Registration and accreditation processes are also discussed in Section 3.3 of this report)

3.3.4 Discussion

Section 29 of the *Act* has been effective in expanding the number of institutions offering higher education programs, and in expanding the range of degree courses on offer in South Australia.

The number of successful applications as a ratio of unsuccessful applications would indicate that the process is not overly burdensome for intending providers.

The control of the term 'degree' protects consumers in an area where there is likely to be an asymmetry of information. That is, a consumer is unlikely to be skilled at assessing the relative quality of unregulated degrees, and stands to lose a considerable amount if an unsuitable choice is made.

In the national context, all other states and territories control the use of the term 'degree'. Providers regard this control as an enhancement to the competitiveness of Australian higher education credentials both in Australia and overseas, and in particular in the South East Asian region. In the absence of any other standards setting mechanism on a national level, the provision is a key one in maintaining the integrity and marketability of the credential, amongst industry, the community and in the education export market.

South Australia, in concert with other States and Territories, is committed to maintaining the Australian Qualifications Framework as the single system of credentials.

A summary of the provisions of legislation in the other states and territories illustrates the consistency of approach on this issue by all jurisdictions:

Table 1 Legislative Restrictions on the Title of "Degree" in other Jurisdictions

STATE	ACT	NOTES
ACT	<i>Vocational Education and Training Act 1996</i>	Requires the Accreditation Council to advise the Minister on higher education courses. The Accreditation Council policies require accreditation and registration.
NT	<i>Northern Territory Education Act 1995</i>	Any organisation other than a university must be approved by the Minister to offer degree level programs, and must operate under terms and conditions the Minister specifies. Exemption for universities recognised under law by the NT, Commonwealth or other States and Territories of the Commonwealth.
NSW	<i>Higher Education Act 1988</i>	<i>Act</i> protects title of 'university' and 'degree'. No specific requirement in <i>Act</i> that courses to which a degree will be conferred must be accredited. However <i>Act</i> permits degrees to be awarded by any official university established by executive order of Australian Government or legislation. Any other institution must be approved to confer degrees by the Director General of Education and Training.
VIC	<i>Tertiary Education Act 1993</i>	Prohibits institutions other than recognised universities from conducting courses leading to higher education awards unless the institution has been granted university status by the Minister, or has obtained course accreditation and the authority to conduct a course.
TAS	<i>Tasmanian Universities Registration Amendment Act 1997</i> <i>Tasmanian Universities Registration Act 1995</i>	Protects title of 'university' and 'degree', 'graduate certificate' and 'graduate diploma'. Requires institutions offering a course leading to an award ('degree', 'graduate certificate', or 'graduate diploma') to be registered with the Universities Registration Council. Courses must be specified and approved by the Universities Registration Council.
WA		No specific legislation covering higher education. Looking to SA as a possible model for processes for the assessment and approval of courses and providers of degrees.

The *Vocational Education, Employment and Training Act* gives exemption only to universities of the State from the accreditation and registration requirements in relation to degrees. Effectively, all other non-South Australian organisations, including universities, need to make application to the ARC to offer degree level programs in South Australia.

Neither the Government Green and White Papers, nor the second reading speech preceding the passage of the VEET legislation, provides an indication of the Government's intention in not specifically exempting other universities in Australia from the requirements for registration and accreditation. Work has commenced on a proposal to draft a regulation under the *Act* to allow *bona fide* interstate universities to operate in South Australia, by according them the same exemptions from the provisions of the *Act* as are provided to universities of South Australia.

3.3.5 Alternatives to Legislation

A consideration of possible alternatives to legislative restriction includes:

1. Removal of the legislative restriction
2. Co-regulation
3. Industry self regulation

3.3.5.1 Removal of the restriction

Removal of the legislative restriction on the awarding of degrees would allow anyone to offer any sort of training at all, and confer a degree in relation to it. The effect on the market would be twofold, in the short term. It would undermine the standard of the degrees already held, by removing the benchmarking process that underpins degree courses at present.

It would also open the way for unscrupulous operators seeking to exploit the market in the highly specialised area of higher education. It would be necessary for consumers to judge for themselves, on the basis of their own *knowledge or beliefs, the merits of a particular course at a particular institution.*

This would ultimately impact on the labour market for graduates, causing confusion for employers.

A further difficulty is the cross-jurisdictional nature of this provision. If South Australia were to deregulate the use of the term 'degree', it would have the effect of undermining the currency of the qualification in other states, and put South Australia in breach of the national Ministerial Council of Education, Employment and Training and

Youth Affairs concurrent accreditation protocols. (See Appendix 10)

It would entail costs for the recognition of South Australian degrees interstate, at the expense of the individual, industry or the community, and prove a restriction to freedom of movement in the labour market. This would put South Australian consumers at a disadvantage in the national labour market, and undermine the spirit of mutual recognition initiatives.

A further probable effect is that South Australian employers would come to regard with caution the value of degrees from anywhere other than a university in the State, which would undermine the impact of initiatives to expand the market for the provision of degrees.

It is possible that some providers would voluntarily participate in the accreditation and registration process, but unlikely that all would do so.

3.3.5.2 Co-regulation and Self Regulation

Typically co-regulation involves an industry organisation or representative of a large proportion of the industry participants formulating a code of practice in consultation with government. The code is designed to ensure that breaches are enforceable via effective sanctions by government or industry or professional association.

Co-regulation enables the industry to take the lead in the regulation of its members by setting industry standards and encouraging greater responsibility for the performance of its own members. Co-regulation also recognises and uses the expertise and knowledge held within the professional or industry association.

The absence of an industry association with broad coverage, which is representative of the higher education sector, outside the universities, would make this option difficult to implement in South Australia.

The number of providers presently offering degrees is relatively small. There is diversity in areas of activity amongst these providers presently, and it is unlikely that sufficient expertise or will exists to establish an industry association which could take on a co-regulatory role.

For these reasons, self-regulation is unlikely to be successful in meeting the educational, economic and social objectives of the present legislative arrangements.

3.3.6 Costs

There is a possibility that providers with new ideas and programs might be discouraged from the market for the provision of training leading to degrees by the rigours and costs of seeking accreditation for their program of study, and meeting the minimum registration standards as providers.

However, non-accredited training can still be offered and a provider is free to offer a qualification with a different title to participants on completion of the training if desired.

There may be administrative and compliance costs associated with the accreditation and registration process. These would include the resources needed to develop the program prior to seeking accreditation, and any costs associated with meeting registration requirements. Fees for accreditation and registration applications are discussed later in this report, as these operate as a restrictive mechanism in themselves.

These costs may operate as a barrier to entry, but are mitigated by several factors. Firstly, policies and procedures of the industry led, independent Accreditation and Registration Council require strong industry and peer involvement in the course development and accreditation processes. Further, the standards imposed are minimum standards.

Secondly, advice to providers from officers of the Department of Education, Training and Employment is available throughout the development of courses for accreditation and in relation to meeting registration requirements. Wide publicity is disseminated about the registration and accreditation processes, and on-going client satisfaction surveys indicate that support to providers is regarded highly. In this way, the present approach to regulation can be said to be pro-competitive.

Further, the *Act* provides for appeals mechanisms (See Appendix 11) in the case of an unsuccessful applicant seeking a review of an application.

3.3.7 Benefits

The benefits of this restriction pertain to individuals, industry and providers themselves.

Minimum course and provider standards provide reassurance for consumers, who are not in a position to choose between providers and programs, and who are at risk of considerable losses if an inappropriate choice is made. The reassurance is that the degree course will be of a similar standard to those provided at any university in the State or in Australia, and will have the acceptance of the relevant industry, which will have been involved in the setting of the standards for the course.

Section 29 of the *Act* provides a mechanism for access for non-universities to the market for the provision of degrees, with the assurance that those degrees will be of a similar standard, and hence marketability, as degree courses offered by the South Australian universities and other recognised institutions.

There are benefits to industry of certainty in the standard of degree programs, developed with industry and university input.

The input to the South Australian economy of the overseas student higher education portion of the export education market is estimated to be \$125 million annually, without taking account of the multiplier effect of additional associated expenditure by overseas students resident in South Australia.

There are significant benefits to the Australian economy as a whole from overseas students. A uniform approach to standards protects this lucrative industry, by providing leverage in marketing through reassurance to potential students that the courses are of worthwhile standing, and providers are viable and meet minimum quality standards.

3.3.8 Community response

Responses to the Consultation Draft Report indicate that the community has attached a level of "intrinsic social, educational and economic worth" to the nomenclature of degree. Of the 6 respondents who commented on this restriction, 5 indicated support for the retaining of the regulatory mechanisms to safeguard degree credentials.

One respondent argued that organisations other than universities offering degree courses should not be regulated by the Accreditation and Registration Council because the restriction did not apply to universities. Subsequent discussion in the submission illustrated that that this issue related more to a recommendation that interstate universities wishing to offer courses in South Australia be afforded mutual recognition status. This issue is currently under review and will be addressed as part of the wider *VEET Act* review.

3.3.9 Cost Benefit Assessment

It is the Panel's view that there is a net public benefit in retaining the requirements that the ARC accredit courses to which degrees will be conferred, and that providers of those courses be registered by the ARC.

This quality arrangement requires regulation, and this is provided through the independent Accreditation and Registration Council, which is obliged to consult and involve the universities and industry in the development of its accreditation and registration policies and in making its assessment of applications.

Benefits accrue to

- consumers, through reduction of exposure to financial risk
- industry, through assurance of the value of the educational program undertaken in relation to a degree qualification
- the economies of South Australia and Australia, in promoting the competitiveness and marketability of South Australia and Australia as a destination of choice for overseas students
- providers of degree programs who benefit from the marketing advantages of a quality arrangement.

3.3.10 Conclusion

It is the conclusion of the Review Panel that the benefits of the restriction on the awarding of degrees in the *Vocational Education, Employment and Training Act 1994* outweigh the costs.

3.3.11 Recommendation

It is the recommendation of the Review Panel that the restriction on the awarding of degrees be retained in the *Vocational Education, Employment and Training Act 1994*.

3.4 Part 4 Contracts of Training - Apprenticeships and Traineeships

The South Australian Government is committed to ensuring pathways to employment for young people are available through a structured entry level training system. The contract of training system is a national scheme, with the Commonwealth contributing in the form of employer incentives, and the State contributing through the funding, regulation and administration of training for apprenticeships and traineeships.

Both apprenticeships and traineeships involve a formal contract of training, or training agreement, which is established between an employee and an employer.

Contracts of training are an important means of regulating some entry level training positions. The objective of regulation is to establish incentives for employers and employees to enter into formal employment arrangements that involve components of both on and off-the-job training, resulting in the achievement of industry recognised competencies and portable qualifications.

Apprenticeships and traineeships contribute to the growth of employment opportunities, especially for young people. They also support the development of the South Australian economy through increasing the skill level in the labour market.

The role of the employer in an apprenticeship system is to employ unskilled, typically young, people and provide them with paid employment while they develop their skills. Apprenticeships generally last three and a half to four years, and involve payment of wages at low rates. Traineeships generally last between six and eighteen months.

For employers, access to apprenticeship wages and Commonwealth and State subsidies and support, are important incentives in taking on apprentices.

For an apprentice, the trade off against the initial low wages is the opportunity to learn skills with on-the-job experience, and gain a recognised qualification on completion. The portability of the qualification, under the Australian Qualifications Framework, certifying industry endorsed competencies, is a key element in the apprenticeship system.

As at 30 June 1999, there were 17,530 apprentices and trainees in training in South Australia.

Contracts of training in South Australia are legal contracts registered with the Accreditation and Registration Council. A contract places an obligation on the employee to undertake the necessary training to achieve competence in a given field, and on the employer to ensure that the employee receives the necessary training to fulfil the requirements for attaining the relevant nationally recognised vocational qualification.

Apprenticeships are currently only available in vocations that have been "declared" apprenticeship vocations. This declaration process has been regarded as a support to the incentives of the apprenticeship system because training in certain trade occupations can only take place through an apprenticeship.

At 14 October 1999 there were 194 declared vocations, of which 76 are trades and 118 are non-trades. Apprenticeships result in a qualification of certificate level 3 being awarded, whilst traineeship qualifications range from Certificate Level 1 to Certificate Level 4. Appendix 8 lists the present declared vocations in South Australia.

Traineeships were established in South Australia in the 1980's to extend the availability of contracts of training beyond the manufacturing and construction industries whose needs had been well served by the apprenticeship system. The intention was to make contracted training available to a larger proportion of the workforce in a wider range of occupations.

3.4.1 Recent Reforms – New Apprenticeships

Under national arrangements, South Australia, along with the other States and Territories and the Commonwealth, has developed a number of reforms under the title of 'New Apprenticeships', to:

- increase employment based training arrangements; and
- integrate apprenticeships fully within the National Training Framework.

The central proposal in the change to New Apprenticeships is the substitution of declared vocations with nationally recognised qualifications. The intention is to improve access to, and streamline the administration of contracts of training. This will open up access to apprenticeships in a very wide range of industry areas, promoting pathways to skills development and employment.

The three points of regulation under New Apprenticeships will be:

- nationally recognised vocational qualifications, through Training Packages

- the delivery and issuance of qualifications by Registered Training Organisations; and
- the registration of a contract of training, or training agreement.

Training Packages are replacing existing competency standards and accredited courses, and are being developed on a national basis by national industry training advisory bodies and endorsed by the Australian National Training Authority.

Full implementation of these new arrangements requires change to some elements of the present VEET legislation. Proposals to change the legislation are discussed at Appendix 6, with respect to any implications for competition.

The impact of new arrangements has already seen significant growth in South Australia in the numbers of employers and employees taking up New Apprenticeships.

Table 2 Apprenticeship and Traineeship Commencements⁸

Year	1995	1996	1997	1998
Apprentices	2,737	2,820	2,540	2,887
Trainees	1,775	4,383	6,255	14,096
Totals	4,512	7,203	8,795	16,983

Under proposals to replace the declaration of vocations system with a system linked to qualifications and Training Packages, Contracts of training will continue to form the basis of the training arrangements under New Apprenticeships.

3.4.2 Nature of the Restriction

Part 4 of the *Vocational Education, Employment and Training Act* regulates the training of apprentices and by operating a scheme for the registration of contracts of training. Section 30 of the *Act* provides that an employer can only train a person in a trade under a contract of training, and that an employer may undertake to train a person in a declared vocation other than a trade under a contract of training.

Section 30 of the *Act* requires that:

- a contract of training be in the form required by the Accreditation and Registration Council (ARC) by notice in the *Gazette* for the trade or other declared vocation to which the contract relates
- the contract must contain the conditions required by ARC by notice in the *Gazette* for that trade or other declared vocation
- the employer must provide ARC with a copy of the contract.

⁸ Data from Analysis and Planning Branch, Office of Vocational Education and Training, Department of Education, Training and Employment

Pursuant to section 34 of the *Act*, the employer must ensure that the place of employment, the equipment and methods to be used in the training, the supervisor of the trainee and the ratio of trainees to supervisors must be as approved by ARC.

The *Act* allocates responsibility to the ARC for determining the nature of the training which must be undertaken to fulfil the requirements of the trade or other declared vocation. The ARC requirements are set in consultation with industry and the community, and notified publicly. Broadly, this training must be accredited, and training providers involved in off-the-job training provision must be registered. This is a restriction on entry to the market for the provision of training for contracts of training.

There are restrictions arising from this section of the *Act* which impact on employers. The requirement that a contract of training be in a certain form is a minimal restriction. However the requirements of section 34 may impose a cost to the employer in order to meet the requirements in relation to the environment and supervision required for employment under contracts of training.

3.4.3 Purpose

The restrictions serve a number of key social and economic objectives for the apprenticeship system.

These objectives are to promote employment and skills development in the labour market, to ensure jobs for new entrants to the labour market, and a supply of skills for industry to promote competitiveness and economic development.

The incentives provided to employers of apprentices and trainees have been put in place to recognise the importance of the contribution an employer makes in the contract of training arrangement to the development of skills and to employment opportunities for new entrants to the labour market.

The restrictions on the place of employment and requirements in relation to supervisory arrangements are intended to promote quality of training, and protect apprentices and trainees, by ensuring acceptable learning and working environments are in place.

As the major funder of apprentice and trainee training, the South Australian Government needs to be assured of the quality of the training received by apprentices and trainees. The linkages to nationally recognised qualifications for apprentices and trainees are achieved through the requirements that training be accredited and that providers be registered. This ensures appropriate course material is delivered, and that there are appropriate resources to deliver the education programs leading to the learning outcomes required. The registration and accreditation processes assist in providing accountability for public expenditure on apprentice and trainee training.

3.4.4 Effect

Providers may incur expenditure to become eligible to compete for funds to train apprentices and trainees, and decide not to do so. This could therefore result in providers and employers experiencing some limitations in terms of choice of provider and location of training.

3.4.5 Costs

Training organisations that are not registered are unable to award accredited qualifications, which may act as a limitation on their activities. This may limit the choice of training providers by enterprises and employees under contracts of training.

Employers may experience costs in making the workplace suitable for an apprentice or trainee, and in establishing the contract of training. These costs are partially offset however by the subsidies and support provided as employer incentives.

3.4.6 Benefits

The benefits of the authorisation and approval process are that courses remain relevant over time, responding directly to the changing needs of industry.

Student and community confidence in the qualifications achieved and in the training organisation is promoted through the approval process. Furthermore, dishonest or unscrupulous providers may be discouraged.

Employers and employees and the general community are able to make informed choices of training provider, based on the knowledge that the courses provided are appropriate and nationally recognised, and the provider is viable and capable of delivering the required training. The registration and accreditation process assists in maintaining high standards of delivery of competency based training.

A quality assurance mechanism for the allocation of government funds is provided.

3.4.7 Community Assessment

All of the 6 respondents who commented on this restriction indicated that the retaining of the restrictions were justified.

3.4.8 Cost Benefit Assessment

Contracts of training are linked to the industrial awards and employment agreements operating in both State and Federal arenas. The contract of training system is a regulatory one, with clear social objectives and strong industry and community support.

It is the view of the Review Panel that the benefits outweigh the costs of the approval and authorisation restrictions governing the quality of

training provided under contracts of training, as set out in Part 4 of the *Act*.

3.4.9 Conclusion

It is the view of the Review Panel that the benefits outweigh the costs of the approval and authorisation restrictions governing the quality of training provided under contracts of training, as set out in Part 4 of the *Act*.

3.4.10 Recommendation

It is the recommendation of the Review Panel that the approval and authorisation requirements governing the quality of training provided under contracts of training, as set out in Part 4 of the *Act*, be retained.

3.5 Regulations under the Vocational Education, Employment and Training Act 1994 – No 64 of 1996

Schedule of Fees for Recognition Services in South Australia

The *Vocational Education, Employment and Training Act Regulations 1996*, made by the Governor in Executive Council on 2 May 1996, authorise the Minister to fix fees payable to the Minister for the performance of the functions of the Accreditation and Registration Council (ARC) under the *Act*.

The functions for which fees may be charged are outlined in Regulation 4 of the *Regulations* and include:

- accrediting courses and registering education and training providers under Part 3 of the *Act*
- renewing or reviewing accreditation or registration under Part 3 of the *Act*
- performing functions assigned to ARC under Part 4 of the *Act* in relation to trades and declared vocations
- granting certificates to persons completing education and training courses
- assessing, and granting certificates certifying, the competencies of persons who have acquired qualifications or skills otherwise than through courses accredited by ARC.

In May 1997, the Australian National Training Authority Ministerial Council (MINCO) agreed to support a detailed proposal setting out new arrangements for national recognition for vocational education and training. These new arrangements, the Australian Recognition Framework (ARF), were endorsed by the Australian National Training Authority in August 1997 and approved by MINCO in November 1997, and subsequently amended in May 1998. The ARF was implemented from 1 January 1998.

The purpose of the ARF is to facilitate mutual recognition, national portability of qualifications and consistency of regulatory arrangements across States and Territories. It establishes the national quality assurance requirements for registration administered by individual States and Territories.

The ARF sets out national protocols for the charging of fees for recognition services.

These national protocols are as follows:

Protocol 1 - Fees for registration are based on costing and pricing guidelines established by each State and Territory, and will encompass all components of associated costs involved in the registration process, including the costs of compliance audit.

Protocol 2 - Information to clients on registration fees should clearly identify the services and benefits of registration.

Protocol 3 - Registration fees should relate to the scope of registration and operation, including Quality Endorsement.

Protocol 4 - Fees apply to all Registered Training Organisations.

Protocol 5 - No additional fees will apply for the purposes of recognition as a Registered Training Organisation operating in States and Territories other than the initial State or Territory of registration.

The Fee Schedule for Recognition Services in South Australia set out in Appendix 7 was developed on the following principles:

1. the fee structure should reflect as far as possible the services provided by the Accreditation and Registration Council;
2. fee levels for accreditation and registration through the ARC should reflect the direct costs incurred by the Government in processing applications;
3. while the processing costs will vary from case to case fees should be determined for broad classes of applications to reflect average direct costs incurred; and
4. assessment costs should aim to minimise costs to applicants.

The Fee Schedule was developed in consultation with the Accreditation and Registration Council, and in accordance with the National Protocols and the above principles, and was approved by Cabinet for introduction on 1 July 1998.

3.5.1. Description of Recognition Services Delivered under the Australian Recognition Framework

3.5.1.1 Accreditation

Course accreditation is voluntary unless the course proponent wants the course to be a nationally recognised qualification or the course leads to the granting of a degree.

The accreditation process involves the assessment of a curriculum, against agreed national principles and alignment to an appropriate qualification within the Australian Qualifications Framework (AQF). The assessment is conducted by a Course Advisory Panel (CAP) comprising representatives of:

- employer associations
- unions or professional associations
- competency standards body or Industry training Advisory Board
- education and training specialists
- client groups
- past trainees or learners.

ARC approves the membership of the CAP. A Departmental officer briefs the CAP on its responsibilities and the assessment process, and guides the panel on an appropriate qualification level for the course.

Course accreditation is for a period of up to 5 years.

The fees for accreditation reflect processes and costs.

3.5.1.2 Registration

Registration is voluntary unless an organisation wishes to obtain access to public funds, issue a nationally recognised qualification or offer a course leading to a degree.

The registration process involves:

- the provision of information to applicants
- an assessment of each application against the registration requirements
- an initial audit (site visit) to validate the evidence provided in the application and at least one compliance audit during the 5 year registration term

Costs involved include:

- the time of Departmental officers in advising on and managing applications
- the involvement of an industry expert or trained auditor in the initial and compliance audits
- the maintenance of records at a State and national level on an RTO's status
- training programs and maintenance of standards for auditors
- preparation and publication of information for providers on ARF recognition services.

The fees for registration were set with regard to the costs incurred, with a view to recovery of the *additional costs of processes* required for South Australia to implement the

Australian Recognition Framework. This cost recovery approach supports the State and national policy objective of developing an open training market, whilst ensuring that fees are kept to an affordable level for smaller and not-for-profit providers.

3.5.2 Purpose

The purpose of the fees is to offset the costs to government of the services it provides to training organisations seeking accreditation and registration.

In accordance with 'user pays' principles, the fees ensure that public monies do not pay the costs of a training provider seeking to establish itself in a sector of the vocational education and training market for its own purposes.

3.5.3 Effect

The South Australian Government has sought to promote and develop a diverse and competitive training market, and directs significant funds to high quality training leading to nationally recognised qualifications.

Expansion of opportunity to access government funds for delivery of vocational education and training has seen a rapid growth in the number of Registered Training Organisations operating in South Australia. Mutual recognition arrangements have also made an impact, with an increasing number of providers operating beyond their original state of registration.

At 31 December 1996, there were 190 providers (now known as Registered Training Organisations) registered to deliver training in South Australia. By 31 December 1997, this number had grown to 366, with 83 of these delivering under mutual recognition arrangements; that is, their primary state of registration was not South Australia. By 31 December 1998, there were 535 RTO's in the State, 195 under mutual recognition arrangements. As of 24 March 1999, 557 RTO's were registered to deliver in South Australia, with 217 registered under mutual recognition arrangements.

It may be argued that there are now so many providers of accredited training in the market that government policy objectives to expand and develop a competitive training market have now been significantly achieved with respect to the number and diversity of providers. There is therefore no case to be made for the use of public funds to subsidise an increase to these numbers, and a user pays approach is justified.

The fees for recognition services are a business cost to providers, and may serve as a restriction on competition insofar as they are a barrier to entry to the market for the provision of publicly funded training. This is because accreditation and registration are generally pre-requisites for participation in this segment of the market.

It can be argued however, that the continuing expansion of the vocational education and training market, with its national and international dimension, will reduce the impact of fees as a potential barrier to entry to the market over time.

3.5.4 Discussion

As discussed, national protocols under the ARF and local principles have been applied in determining that fees be charged for recognition services, and in setting the level of these fees.

Differences in fees between states and territories reflect local approaches to a number of components making up the totals payable. These include period of registration, whether the fee is paid up front or in instalments over the period of registration, and the mechanisms used in each state to fulfil the national requirements. It is difficult to draw comparisons with other States and Territories, as variation in fees is considerable.

Fees have not yet been in place in South Australia for a full financial year, and information is not yet available about whether cost recovery targets have been achieved.

3.5.5 Alternatives to Legislation

Two possible alternatives to the present fee arrangements are:

- removal of fees
- reduction in fees.

3.5.5.1 Removal of fees

Free access to accreditation and registration services for providers would lower costs to their businesses, and remove a barrier to entry into the market for publicly funded training.

However accreditation and registration are voluntary and there is no requirement on training providers to enter into this area of the market unless they so wish. For those who do, removal of fees would reduce administrative and compliance costs.

Advantages to providers of being a Registered Training Organisation include the signalling in the market place to consumers of an RTO's recognised quality and capacity to deliver nationally recognised training. Given the marketing advantages, and the access to additional markets, that is, the publicly funded component, it would seem reasonable that such access be paid for by the organisation seeking to benefit financially by doing so.

3.5.5.2 Reduction in fees

An additional alternative is to lower the fees significantly.

However, in this scenario, interstate providers seeking cheaper accreditation and registration services and access to the national system could apply through South Australia. This would incur costs on the South Australian community, without South Australian consumers benefiting from the availability of that provider's services if that provider does not intend to set up delivery in the State.

National protocols for mutual recognition and the viability of South Australia's participation in the Australian Recognition Framework would be threatened under this strategy. This is because national protocols would currently oblige South Australia, as the registering state, to take responsibility for the on-going quality control of any training organisation it registers, including any complaints about that provider. This may lead to the situation where this State is responsible for the quality of training largely delivered outside its borders.

3.5.3 Costs

The costs to providers seeking registration and accreditation increase when fees have to be paid. Up front fees mean the loss of funds that might be applied to other business-related activity by the provider.

Fees will be passed on to consumers in some cases in the form of higher course costs.

A typical charge for a provider seeking new registration would be \$3,250, over a period of 5 years, with a \$1,000 fee for accreditation of a course up to advanced diploma level.

The impact of this fee on businesses needs to be considered in the light of the overall costs of establishing as a provider, and of the benefits which registration and accreditation bring. For example, under User Choice arrangements for the delivery of publicly funded training to apprentices and trainees by RTO's, the hourly fee ranges from \$6.50 for a hairdressing apprentice to \$10.75 for a printing machining apprenticeship. Over the course of a three to four year apprenticeship where nominal course hours are 704 hours for hairdressing, and 800 hours for machining, a Registered Training Organisation might expect to receive \$5,000 to \$9,000 per student from the Government.

Amounts distributed to RTO's under User Choice Contracts in South Australia in 1998 ranged from \$10,000 to \$2 million.

The fees for recognition services are a significant business cost for training providers. Compared with the potential value of any training Contracts entered into with the Government for the provision of training, however, these should not be regarded as a major impediment to entry into the market.

3.5.4 Benefits

For providers, payment of the fees for services results in access to mutual recognition arrangements, whereby they may operate in other jurisdictions without needing to seek re-accreditation or re-registration in each state or territory.

South Australians benefit from participation in the national mutual recognition arrangements under ARF, in that high levels of quality assurance are maintained to ensure consistency across the system.

Access to RTO status benefits the community by establishing the basis for an understandable market where information helps consumers make choices of training program and provider with increased awareness.

A nationally recognised system of qualifications benefits the labour market by marking the differentiated skills of participants, and so enhancing mobility. This creates better employment opportunity for individuals and better access to skilled employees for industry.

Fees ensure the Government has the financial resources to provide the monitoring and assistance functions required under the VEET legislation. Reduced fees would put pressure on limited Government funds.

3.5.5 Community Assessment

Six organisations commented on this restriction with five out of the six respondents supporting the retaining of the restrictions. While one of the respondents felt that the charging of fees unfairly disadvantaged regional centres, they acknowledged this was an issue to be resolved in another area and was not related to competition policy per se.

Various other issues were raised. These included that there is a wide discrepancy in fee scales used by providers and that Quality Endorsed Training Organisations should have operate with delegated authority from the ARC. These issues were considered to be outside the scope of the competition policy review.

3.5.6 Cost Benefit Assessment

It is the view of the Review panel that there is net public benefit in retaining the *Vocational Education, Employment and Training Regulations* which allow the Minister to fix fees in relation to recognition services in South Australia.

This regulation promotes quality, by allowing South Australian individuals and industry to benefit from this State's participation in the national system of recognised qualifications through the Australian Recognition Framework.

The fees charged for recognition services ensure that taxpayers are not subsidising the private benefits to a training organisation from a business decision to enter a particular segment of the training market.

3.5.7 Conclusion

It is the conclusion of the Review Panel that the benefits of Regulation 4 of the *Vocational Education, Employment and Training Act Regulations 1996*, allowing the Minister to fix fees payable to the Minister for recognition services, outweigh the costs.

3.5.8 Recommendation

It is the recommendation of the Review Panel that Regulation 4 of the *Vocational Education, Employment and Training Act Regulations 1996*, be retained.

CHAPTER 4

Consultation Process, Summary of Issues for for Consultation and Summary of Responses

4.1 The Consultation Process

The Competition Policy Review Panel sought the advice of all major educational and training sector bodies, industry and community representatives in relation to its draft conclusions about restrictions to competition in the *VEET Act*.

Approximately 1700 organisations were mailed a copy of the Consultation Draft Report which asked for a response to the questions listed at 4.2 below. Organisations were given a period of two months to respond. A list of those who submitted responses is included at Appendix 5. Point 4.3 below summarises the responses.

4.2 The Issues for Consultation

Degrees

- 4.2.1 What has been the impact of the restriction in the *Vocational Education, Employment and Training Act* on the offering of courses to which a degree will be conferred, on the market for the provision of degrees in South Australia?
- 4.2.2 What are the costs of this restriction, and who bears these costs?
- 4.2.3 Who benefits from the restriction?
- 4.2.4 Do you consider that this restriction to competition should be retained in the *Vocational Education, Employment and Training Act*?

Apprenticeships and Traineeships

- 4.2.5 What are the costs and benefits of the restrictions imposed on competition by the Contract of training requirements of the *Vocational Education, Employment and Training Act*?
- 4.2.6 What are the costs of this restriction, and who bears these costs?
- 4.2.7 Who benefits from the restrictions?
- 4.2.8 Do you agree that the benefits of these restrictions outweigh the costs?
- 4.2.9 Should the restrictions to competition in relation to the conditions for Contracts of training be maintained in the *Act*? (See also Appendix 6)

Fees for Recognition Services

- 4.2.10 What has been the impact of the introduction of fees for recognition services on competition in the training market in South Australia?
- 4.2.11 What are the costs of this restriction, and who bears these costs?
- 4.2.12 What are the benefits of this restriction?
- 4.2.13 Do you agree that there is a net public benefit in the charging of fees, set on a cost recovery basis, for recognition services?

- 4.2.14 Should the provision for the fixing of fees be retained in the *Vocational Education, Employment and Training Act Regulations 1996*?

New Apprenticeships

- 4.2.15 Do you agree that the proposed changes to the *VEET Act* in relations to New Apprenticeships do not impose any additional restrictions to competition?
- 4.2.16 If you do identify additional restrictions, what are the likely restrictions, and the costs and benefits of these?

4.3 The Responses

Written responses to the questions were received from eleven organisations. A summary of these responses in relation to each of the questions is outlined below.

Further comment about the restrictions is included as part of the assessment process in the relevant preceding chapters. Included is a summary of other matters, several of which will be considered in the context of the wider review of the *VEET Act*.

Degrees

Six organisations commented on this restriction. Five of the six respondents indicated the restriction was warranted.

Two respondents suggested that interstate universities should be able to deliver degree courses in South Australia under mutual recognition arrangements.

One organisation believes there should be no restrictions on the grounds that universities are exempted from regulation under the Act and are therefore advantaged in this regard.

Apprenticeships and Traineeships

Six organisations commented on this restriction.

All six respondents supported the retaining of the restrictions.

One respondent noted the further public benefit to be gained from the complementary licensing arrangements required for occupations such as plumbers, gas fitters and electricians.

Fees for Recognition Services

Six organisations commented on this restriction.

Five respondents supported the retaining of the restrictions.

One respondent commented that the charging of fees unfairly disadvantaged regional centres but acknowledged this was not a competition policy issue.

Other comments included that there is a wide discrepancy in fee scales used by providers and that Quality Endorsed Training Organisations should have operate with delegated authority from the ARC.

New Apprenticeships

Three organisations commented on this restriction and all three support the recommendation that this amendment be implemented.

Other Matters

Other matters commented on included that conflict of interest issues should be tightened and that all registered providers should be required to carry some form of distinguishing logo to increase public awareness and acknowledgment of quality assurance standards.

Two competitive neutrality issues were commented on.

APPENDIX 1

References

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- Australian National Training Authority, *Australian Recognition Framework Arrangements*, 1998
- Australian National Training Authority, *Directions and Resource Allocations for 1999*, 1998
- Australian National Training Authority, *Equity in New Apprenticeships*, Background Paper, 1998
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- Learning: The Treasure Within*, Report to UNESCO of the International Commission on Education for the Twenty-first Century, UNESCO 1996
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- National Competition Council, *Compendium of National Competition Policy Agreements*, 1998
- Robinson, C and Kenyon, R (Eds), *The Market for Vocational Education and Training*, NCVET, 1998

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Ryan, R, *The Market for Training*, NCVET, Adelaide, 1995

SA Department of Employment and Technical and Further Education: *A Vocational Education and Training Authority for South Australia*, Discussion Paper, Adelaide, 1992

SA Department of Premier and Cabinet, *Guidelines paper for agencies conducting a competition policy review under the CoAG Competition Principles Agreement*, 1998

APPENDIX 2

Terms of Reference for the Review

The review of the *Vocational Education, Employment and Training (VEET) Act (1994)* will:

1. Update and refine the *VEET Act (1994)* to provide for vocational education, employment and training in South Australia
2. Propose recommendations for legislative change which
 - facilitate and promote the State's participation in the national vocational education and training system
 - ensure effective advice and guidance from industry to public policy in employment and vocational education and training
3. Comply with the legislation review obligations of the National Competition Principles Agreement and the Government's deregulation policy, including:
 - a. Clarify the objectives of the *VEET Act (1994)*
 - b. Identify the nature of any restrictions to competition
 - c. Analyse the likely effect of any identified restrictions on competition, and on the economy
 - d. Assess and balance the costs and benefits of the restrictions
 - e. Consider alternative means for achieving the same result, including non-legislative approaches.
 - f. Report separately on findings in the overall *VEET Act* Review Report
4. Ensure effective consultation with industry, the community and the vocational education, employment and training sectors
5. Be completed by the end of 1999.

APPENDIX 3

**Membership of the VEET Act Competition
Policy Review Panel**

Mr Vince Duffy	Principal Policy Officer Competition Policy	Department of Treasury and Finance Economic Branch
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Ms Mariann McNamara	Assistant State Manager	Training & Youth Branch Department of Education, Training and Youth Affairs
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Dr Geoff Wood	Executive Director	Office of Vocational Education and Training Department of Education, Training and Employment
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Ms Sally Jeremic	Reviewer	Office of Vocational Education and Training Department of Education, Training and Employment
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APPENDIX 4

Consultation List

This report was mailed out to over 1700 organisations, including:

- Industry Training Advisory Bodies
- SA Training and Development Group
- Regional development boards
- Vocational Education, Employment and Training Board
- Accreditation and Registration Council
- Adult Community Education Council
- Employer associations
- United Trades and Labor Council
- Aboriginal Education Consultative Committee
- SSABSA
- Australian Council of Private Education and Training (SA)
- Industry Training Providers Association (SA)
- Group Training SA
- TAFE Institutes
- Universities
- Community organisations
- Australian College of Education
- Government Departments
- Interested individuals and organisations on request

APPENDIX 5

List of Organisations who Responded to the Draft Consultation Report

Mr Peter Jones	Director, Training and Professional Development	Housing Industry Association
Ms Mariann McNamara	Assistant State Manager	Training & Youth Branch Department of Education, Training and Youth Affairs
Mr Marcus d'Assumpcao	Manager, Training Development	Construction Industry Training Board
Ms Nicky Page	Training Co-ordinator	Radio 5UV
Mr Walter Spehr	A/Commissioner	Office of Consumer and Business Affairs
Mr L Phillips	Manager, Training Programmes	SERCo Adelaide Buses
Ms Vicki Bryant	Manager	Peer Training
Mr Graham Bell	Managing Director	The Adelaide Hospitality and Tourism School
Mr Mike Mulvihill	Director	Douglas Mawson Institute of TAFE
Ms Elke Unger	Treasurer	South East Education and Training Association
Mr Allan Swinstead AM	Chairperson	Accreditation and Registration Council

APPENDIX 6

**National Competition Assessment of
Reforms Proposed by the Minister
for Education, Children's Services
and Training**

Introduction

The purpose of this section is to outline reforms proposed by the Minister for Education, Children's Services and Training, and to assess them to ensure that the guiding principle for legislation under the national Competition Principles Agreement is upheld.

That guiding principle is that legislation should not restrict competition unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs, and the objectives of the legislation can only be achieved by restricting competition.

It is the view of the Review Panel that the proposed reforms represent a lessening of regulation. They do not impose an additional burden on any persons or group.

It is the view of the Review Panel that there are no additions or changes to the restrictions to competition in the *Act* identified in Sections 3.1, 3.2 and 3.3 of this Consultation Draft Report of the Competition Policy Review of the *Act*.

Background

State, Territory and Commonwealth Ministers of vocational education and training, at the meeting of the Ministerial Council on 20 September 1996 agreed

that State/Territory VET legislation be amended to remove the Declaration of Vocations...and as an alternative use nationally endorsed competency standards and qualifications outcomes supported by national Training Packages leading to specific training programs approved at the industry, State/Territory or regional level.

State, Territory and Commonwealth Ministers further agreed that New Apprenticeships would be implemented from 1 January 1998.

The South Australian Government established the New Apprenticeship Transition Committee (NATC) to make recommendations on how New Apprenticeships could proceed in this State in accordance with the Ministerial decisions, and with the support and confidence of industry.

Following the development of a discussion paper and extensive consultation with industry by the NATC, the Committee reported to the Minister in July 1998. In its report, the NATC recommended that changes be made to the *Vocational Education, Employment and Training Act* to facilitate implementation of New Apprenticeships.

There was broad general support from the industry representatives consulted for the changes proposed.

The Minister for Education, Children's Services and Training has approved these proposals, and reforms will be progressed into legislative change on completion of the overall review of the *Act*.

Rationale for Proposed Changes

The proposed amendments to the present *Vocational Education, Employment and Training Act 1994* allow implementation of national training initiatives. The reforms include changes to:

- the regulation of apprenticeships and traineeships;
- arrangements for the issuance of qualifications and completion of Contracts of training; and
- course accreditation.

The New Apprenticeships reforms in South Australia are intended to:

- streamline the administrative arrangements for apprenticeships, including replacement of the declaration of vocations with a system linked to qualifications and Training Packages; and
- improve access to opportunities for participation in apprenticeship training across industry sectors, occupations and qualification levels.

The three points of regulation of the New Apprenticeship system will be:

- nationally recognised qualifications through Training Packages
- the delivery and issuance of qualifications by registered training organisations (RTO's)
- the registration of a Training Agreement (now known as a Contract of Training).

Discussion of Proposed Amendments to the *VEET Act* for the Implementation of New Apprenticeships

1 Removal of declared vocations and registration of a contract of training for a nationally recognised qualification

[*VEET Act* Part 1. s3; Part 2. 14(1)(d)(e); Part 3. s30 (3) (4)]

Contracts of training are presently registered in respect of declared vocations. This is to be changed to enable the registration of Contracts of training for the attainment of nationally recognised qualifications. A nationally recognised qualification will be defined as a qualification recognised under the Australian Qualifications Framework (AQF), either through endorsement of a Training Package or through accreditation by a State/Territory recognition authority.

There are a large number of declared vocations for which the required course of instruction is not recognised under the AQF. Contracts of training for these courses will need special provision under the legislation to ensure contracts of training can continue to be registered so that no apprentices are disadvantaged before the AQF is fully implemented by 1 January 2000.

It is proposed that the power be retained to refuse to register a contract of training for qualifications deemed unsuitable for Contract of training arrangements.

A register, open to public inspection, of those qualifications for which contracts of training will be registered, will continue to be maintained.

2 Removal of conditions prescribed for a specified Contract of training

[*VEET Act* Part 4.; s32(2)(3); 36(1) (2)(3)(4); s38(1)(2)]

The Accreditation and Registration Council, as the State's recognition authority, on advice from industry for each declared vocation, presently determines for each contract of training, the:

- term of the contract ;
- required course of instruction;
- nominal hours of attendance; and
- probationary period.

These determinations are published in the Gazette.

It is proposed that the above noted contract conditions not be determined by the recognition authority but by the employer and apprentice with advice from the Registered Training Organisation, selected by the employer and apprentice under User Choice to deliver the training and issue the qualification.

Such an arrangement would remove the need for the approval of variations from the prescribed conditions as required under s36(2). However once a contract of training is registered, any variations to the conditions of the contract should be submitted for approval (eg as presently required for extension of contract term under s36(6)).

The recognition authority will need to have the power to refuse a contract of training which has conditions it believes are unfair or prejudicial to either party to the contract. It is proposed that guidelines be determined under which it would deem a contract to be unfair.

Section 32(2) refers to the probationary period specified by ARC by notice in the Gazette for the specified trade or declared vocation. As it is proposed not to specify conditions for a Training Agreement, the probationary period could be calculated from a formula specified in the general conditions attached to the contract of training form published in the Gazette. It has been suggested that the current arrangements of two weeks for each half-year of the contract term, up to three months maximum for full time contracts, and a maximum of six months for part-time contracts, be prescribed. It is suggested that the recognition authority should also have the authority to approve a variation from this formula to accommodate industries such as printing which currently have a six month probationary period for their four year apprenticeships.

It is suggested that published guidelines be made available to advise employers and trainees on any industry norms or expectations for each qualification, including the nominal hours of training for each qualification.

3 Issuance of a qualification and completion of a Contract of training

[*VEET Act* Part 4. s36(1) (5); s38(1)(b)]

Presently, *the Act* does not specify that qualifications will be issued by training organisations registered by ARC. This is an authority conferred by ARC under s14(1)(f) and s21(i) and is granted by ARC to Registered Training Organisations (RTO's).

The Act refers to completion of *courses* under a contract of training. This will be changed to *qualifications*.

The Act currently requires that at least three quarters of the term of the contract be completed before an apprentice who is deemed competent can be released from a contract of training. It is proposed that this be amended to delete reference to a fixed minimum period of the contract term for a contract to be completed, and to require only issuance of the qualification certifying competence and mutual agreement of the parties for release from the contract.

It is proposed that issuance of a qualification prior to completion of the term of the contract of training should not lead to automatic termination of the contract but be subject to mutual agreement between the parties or lapse of the initially agreed term.

Under the proposed arrangements for the issuance of a qualification to an apprentice the employer will be required to certify an apprentice's competence before a qualification is issued by an RTO. A dispute may arise between an employer and an apprentice about an apprentice's competence. In such cases, *the Act* presently provides for the matter to be referred to the Disputes Resolution Committee (DRC) which operates under Section 40. A similar mechanism under the *VEET Act* will still be required to determine and, if appropriate, confirm an apprentice's competence so that a qualification can be issued by an RTO.

Situations may also arise where a qualification or statement of attainment has been issued by an RTO in a manner inconsistent with either the Assessment Guidelines of the Training Package, curriculum document or ARC policies. The power to revoke such statements or qualifications must be vested in the recognition authority. Similarly, the authority should also be able to order an RTO to issue a qualification or statement of attainment if it is withholding the issuance of either of these without sound reason.

It is proposed that there be a requirement for qualifications to be issued within a minimum period of time once an apprentice has met the requirements for a qualification.

4 Recognition of trades under the *VEET Act*

VEET Act Part 4. S30(1)]

The recognition of occupations as "trades" under the *VEET Act* will continue but without reference to declared vocations. It is proposed that the *Act* provide for the recommendation to the Minister of those occupations to be recognised as trades, and for a list of these occupations to be made public in the Gazette. Any employer

training a person in a trade would be required to do so under a contract of training as presently required under Section 30(1).

5 Contracts of training with more than one employer or for more than one qualification

[*VEET Act* Part 4. s30(6); s37(2)]

It is proposed to make provision for registration of either a contract of training for the attainment of two qualifications, or two part-time Contracts of training, each for a separate qualification, to accommodate situations where an apprentice or employer seeks this flexibility.

Provision will also need to be made for an apprentice to enter two part-time Contracts with different employers for different qualifications.

6 Summary of proposed amendments to the *VEET Act* for new apprenticeships

- Contracts of training to be registered for the attainment of nationally recognised qualifications. (A nationally recognised qualification will be defined as a qualification recognised under the Australian Qualifications Framework (AQF), either through endorsement of a Training Package or through accreditation by a State/Territory recognition authority.)
- ensure continuation of existing contracts of training for non-AQF courses of instruction so that no apprentices are disadvantaged before the AQF is fully implemented by 1 January 2000.
- Contract of training conditions will no longer be determined by the State recognition authority (presently the Accreditation and Registration Council) but by the employer and apprentice with advice from the Registered training Organisation selected by the employer and apprentice under User Choice to deliver the training and issue the qualification.
- The *Act* should not authorise refusal of a contract of training which has conditions that are unfair or prejudicial to either party to the Contract.
- The state recognition authority should determine guidelines under which it would deem a contract to be unfair
- general conditions, including a formula for calculating probationary periods for full and part-time Contracts, to be attached to the Contract of training form and published in the Gazette
- published guidelines to be made available to advise employers and trainees on any industry norms or expectations for each qualification, including the nominal hours of training for each qualification.
- Terminology - *courses* under a Contract of training to be changed to *qualifications*.
- delete reference to a fixed minimum period of contract term and require only issuance of the qualification certifying competence and mutual agreement of the parties for release from the contract.

- issuance of a qualification prior to completion of the term of a contract of training should not lead to automatic termination of the contract but be subject to mutual agreement between the parties or lapse of the initially agreed term.
- Registered Training Organisations to issue qualifications. An employer to be required to certify an apprentice's competence before a qualification is issued by an RTO. Should a dispute arise, an alternative mechanism under the *Act* may be needed to determine and, if appropriate, confirm an apprentice's competence so that a qualification can be issued by an RTO.
- power to revoke statements of attainment or qualifications, or order an RTO to issue such statements or qualifications if necessary, to be vested in the recognition authority.
- requirement for qualifications to be issued within a minimum period of time once an apprentice has met the requirements for a qualification
- recognition of occupations as "trades" under the *VEET Act* will continue but without reference to declared vocations.
- provision to be made for recommendation to the Minister of those occupations to be recognised as trades, and for a list of these occupations to be made public in the Gazette.
- provision to be made for registration of either a contract of training for the attainment of two qualifications, or two part-time contracts of training, each for a separate qualification
- Provision to be made for an apprentice to enter two part-time contracts with different employers for different qualifications.

7 Community Response

All respondents (3) indicated that the proposed changes to the *VEET Act* in relation to the implementation of New Apprenticeships do not impose any additional restrictions to competition.

8 Conclusion

It is the conclusion of the Review Panel that there are no additional or substantial changes to the restrictions to competition in the *Act* already identified (in Sections 3.1, 3.2 and 3.3) imposed by the proposed changes to the *Act* to implement New Apprenticeships.

9 Recommendation

It is the recommendation of the Review panel that the proposed New Apprenticeships changes to the *VEET Act* be implemented.

APPENDIX 7

Schedule of Fees for Recognition Services – South Australia

Accreditation Services

FEE	DESCRIPTOR	DETAILS
Standard Fees		
\$2,000	Degree	
\$1,000	Diploma/Advanced Diploma	
\$800	Certificate I-IV	
\$250	Short Course	Where there is no direct Credit Transfer
\$250	Training Program	Where there is no need for a CAP as direct Credit Transfer applies.
CAP Management Fee		
\$500	CAP Management	Applicable where a Departmental Officer convenes and manages the CAP. This fee is charged in addition to the accreditation fee.

Please note the following conditions:

- Costs for travel and/or accommodation are not included and must be paid in addition to the fees identified above.
- Where a suite of courses is presented for accreditation the fee is based on the highest qualification level (eg a suite of courses from Certificate I to Diploma will cost \$1,000)

FEE	DESCRIPTOR	DETAILS
Standard Fees		
\$250	Application	This fee covers the cost of a site assessment at one training location for up to 2 industry areas.
Audit Fees for New RTO's and RTO's seeking Re-registration		
\$1,000	Initial Audit	This fee covers the cost of a site assessment at one training location for up to 2 industry areas.
\$250 (min)	Additional Site Assessments	This fee will be charged where an additional on site assessment is required. It is based on the following sliding scale: \$250 for 1 site \$500 for 2-3 sites \$1,000 for 4-5 sites \$2,000 for more than 5 sites
\$250	Additional Industry Areas	This fee is charged for each additional industry area where the scope of operations covers more than two industry areas.

FEE	DESCRIPTOR	DETAILS
Audit Fees for Existing RTO's		
\$500	Expansion of Scope	This fee is payable where a site assessment is required as part of an expansion of scope by an RTO. This fee covers the assessment of up to 2 industry areas at one site.
\$250 (min)	Additional Site Assessments	This fee will be charged where a site inspection is required at any additional training location. It is based on the following sliding scale: \$250 for 1 site \$500 for 2-3 sites \$1,000 for 4-5 sites \$2,000 for more than 5 sites
\$250	Additional Industry Areas	This fee is charged for each additional industry area where the expanded scope of operations covers more than two industry areas.
Annual Fees		
\$300/yr (min)	Annual Fee incorporating cost for Compliance Audit	Sliding Scale: \$300/yr for 1 industry area \$400/yr for 2 industry areas \$500/yr for 3 industry areas \$600/yr for 4 or more industry areas

Please note the following conditions:

- Where an RTO applies to be registered to deliver a short course or training program and an on site assessment is not required the Initial Audit Fee will be waived.
- An industry area is usually defined as the area covered by a Training Package or equivalent.

Quality Endorsement Services

FEE	DESCRIPTOR	DETAILS
\$3,500 - \$8,800+	Validation Fee	Sliding scale based on size of RTO: \$3,500 - \$4,000 for Small RTO's \$6,500 - \$7,800 for Medium RTO's \$8,800+ for Large RTO's

Please note the following conditions:

- RTO sizes are defined as follows: Small (1 or 2 industry areas); Medium (3 to 5 industry areas); Large (6 or more industry areas)
- All fees for QE are applicable to individual Institutes of TAFE SA, not TAFE as a whole.
- An industry area is usually defined as the area covered by a Training Package or equivalent.

APPENDIX 8

**Declared Trade and Non-Trade Vocations in
South Australia**

Declared Vocations-Trades

Aircraft Maintenance Engineer (Mechanical)	Locksmithing
Automotive Parts Interpreting (Specialist)	Mechanical Services Plumbing
Automotive Tradesperson (Auto Electrician)	Motor Cycle Mechanic
Binding and Finishing	Motor Mechanic (Diesel)
Boat Building	Motor Mechanics
Bodymaking 1 st Class	Motor Painting
Brake Mechanics	Office Machine Tradesperson (Electrical/ Electronics)
Bread and Pastry Cooking	Optical Mechanics
Breadmaking	Painting & Decorating
Bricklaying	Panel Beating
Butchering and/or Slaughtering	Pastry Cooking
Butchering and/or Smallgoods Making	Plastering (Solid and/or Fibrous)
Carpentry and/or Joinery	Plumbing and/or Gasfitting
Carriage and Wagon Building	Printing Machining
Carriage Painting	Roof Plumbing
Confectionery Making	Roof Tiling
Cooking	Saddle and/or Harness Making
Coopering and Vatmaking	Saw Doctoring
Dental Prosthetics	Scalemaking Tradesperson (Electrical/Electronics)
Electrical Tradesperson (Armature Winding)	Screen Printing Stencil Preparation
Electrical Tradesperson (Electrical/Electronics)	<i>Ships Carpentry and Joinery</i>
Electrical Tradesperson (Electrician)	Shipwrighting
Electrical Tradesperson (Lifts)	Signwriting
Electrical Tradesperson (Lifts)	Silver Smithing
Electrical Tradesperson (Power Line)	Sprinkler Fitting
Electrical Tradesperson (Refrigeration and/or Air Conditioning)	Stone Masonry and/or Carving and/or Letter Cutting
Engineering Tradesperson (Electrical / Electronics)	Television/Radio/ Electronics Tradesperson
Engineering Tradesperson (Fabrication)	Textile Mechanics
Engineering Tradesperson (Mechanical)	Tiling (Wall and Floor)
Floor Finishing and Covering	Trimming (Vehicle)
Furniture Tradesperson	Upholstering
Garment Maker	Watch and Clock Making
Glass Bevelling	Wood Carving
Glass Embossing	Wood Machining
Glazing	Wood Turning
Graphic Pre Press	
Hairdressing	
Higher Engineering Tradesperson	
Instrumentation Tradesperson (Electrical/ Electronics)	Total: 76
Jewellery Making	
Jockey	
Leather Goods Making	

Declared Vocations-Non Trade

Aboriginal and Torres Strait Islander Education Worker
Aerated Water Processing
Animal Attendant
Arts (Interactive Multi Media) Traineeship
Asset Maintenance
Asset Security Operations
Automotive Manufacturing
Automotive Mechanic - Steering and Suspension
Automotive Servicing
Bicycle Mechanic
Blind and Awning Fabrication Operations
Child Care Aide
Civil Construction and Maintenance Worker
Civil Construction and Maintenance Worker (Plant)
Clerical Processing (General Office)
Clerical Processing (Insurance)
Clerical Processing (Legal)
Clerical Processing (Library Assistant)
Clerical Processing (Office Administration)
Commercial Fishing (Wild Catch)
Communications (Customer Support) Traineeship
Confectionery Processing
Construction and Maintenance Worker (Parks Assistant)
Construction Worker – Grades 1 & 2
Conveyancing
Correctional Officer
Customer Servicing (Automotive Parts)
Customer Servicing (Accommodation)
Customer Servicing (Automotive Sales)
Customer Servicing (Community Pharmacy Operations)
Customer Servicing (Financial Institutions)
Customer Servicing (Food and Beverage)
Customer Servicing (General Retail)
Customer Servicing (Real Estate Operations - Sales)
Customer Servicing (Service Station Operations)
Dairy Processing
Drilling
Dry Cleaning Plant Operator
Electrical/Electronics Trades Assistant
Electronic Automotive Accessories Traineeship
Electronic Data Processing (Office)
Electrotechnology Manufacturing Traineeship
Engine Reconditioning
Engineering Production Employee Level III
Engineering Production Employee Level IV
Engineering Technician
Entertainment Industry Worker
Extractive Industries Operator
Farm Operation
Farming
Farricry
Fish Farm Attendant (Aquaculture)
Fisheries Compliance Officer
Flour and Stockfeed Milling
Footwear Manufacturing
Forest Products Operators
Fruit and Vegetable Processing
Gas Operations
General Foods Processing
Health Ancillary Worker
Health Ancillary Worker (Dental Assistant)
Horticulture
Industrial Textiles Fabrication
Information Technology
Kitchen Hand
Laboratory (Technical Assistant)
Leader Trainer (Automotive Manufacturing)
Machine Operating - Polymer Processing
Machining and Cutting (Clothing)
Machining and Cutting (Textiles)
Management
Management – Baker's Delight
Management - Supermarket Retail
Manufacturing Goods Assembling
Mariculture Farm Hand
Marketing and Management (Cultural Industries)
Mattress Making
Meat Processing (Abattoirs)
Meat Processing (Slaughtering/Boning)
Meat Processing (Smallgoods Manufacturing)
Metal Rolling Mill Operator
Music Business Assistant
Personal Servicing Worker (Aged Care)

Personal Servicing Worker (Disability)	Stablehand/Trackrider
Personal Servicing Worker (Youthworker)	Stevedoring Employee
Pharmaceutical Manufacturing	Storeworker
Picture Framing Operations	Telecommunications Installing
Printing	Textile Care Worker - Laundries
Prisoner Escort Officer	Textile Production
Process Plant Operator	Tourism Operations
Process Worker (Seafood Handling)	Union Recruitment and Organising Works
Production Employee - Furniture Production	Veterinary Animal Attendant
Production System Employee	Veterinary Nursing (Levels 1&2)
Prosthetic / Orthotic Technician	Water Industry Operator
Racing Operations	Wine Industry Worker
Rail Transport (Civil Infrastructure)	Wine Industry Worker Level 2 + 3
Rail Transport (Train Operations)	
Recreation Industry Worker – Fitness Instructor	
Traineeship	
Recreation Industry Worker (Equine)	
Road Transport Operator	
School Assistant	
Service Technician Portable Fire Equipment	
Skilled Process Worker (Optical)	
Small Business Operations	
Sportsperson (Player)	

Total:

118

APPENDIX 9

Australian Qualifications Framework

The Australian Qualifications Framework covers qualifications issued by the secondary schools sector, vocational education and training providers (including TAFE and other registered providers) and higher education institutions (mainly universities).

The qualifications in the Framework are shown in the following table. Each qualification is listed under the education and training sector that is primarily responsible for its delivery.

<i>Secondary Schools Sector</i>	<i>Vocational Education & Training Sector</i>	<i>Higher Education Sector</i>
		Doctoral Degree
		Masters Degree
		Graduate Diploma
		Graduate Certificate
		Bachelor Degree
	Advanced Diploma	Advanced Diploma
	Diploma	Diploma
	Certificate IV	
	Certificate III	
Senior Secondary	Certificate II	
Certificates of Education	Certificate I	

The requirements for each qualification have been nationally agreed and are being issued to course developers and to bodies which approve courses or issue qualifications.

Under the Australian Qualifications Framework a "Statement of Attainment" may be issued to a person who satisfies part of the requirements of a full qualification.

APPENDIX 10

MCEETYA Concurrent Accreditation Protocol

Agreed Procedures for Considering Applications

All States and Territories have agreed on procedures for considering applications for accreditation and authorisation to offer higher education courses in two or more States and Territories.

These concurrent accreditation and approval procedures contain the following 8 steps:

- 1 The applicant lodges a preliminary application with the accreditation agency in the State or Territory where its headquarters or registered office is located, (the receiving authority), notifying that body of a desire to operate in specified other States or Territories.
- 2 The receiving authority notifies accrediting agencies in the other States or Territories specified, inviting comments on the application, asking whether the agencies agree to a concurrent accreditation process, and whether, and if so, how they wish to be directly involved in the process.
- 3 Relevant documents are forwarded by each other agency to the accrediting agency to which the initial application was made. That agency advises the applicant of requirements and confirms the applicant's intention to apply to operate in each jurisdiction.
- 4 *On receipt of a formal application for accreditation and/or approval, the receiving agency arranges for a panel to conduct the concurrent assessment, taking account of advice received under (2).*
- 5 The applicant is assessed by the panel with advice presented to the receiving authority. Each other participating agency is given a copy of the advice and carries out supplementary investigation of resources and other matters relating to local resources and requirements as required.
- 6 In cases where an applicant is withdrawn, the receiving authority is responsible for notifying each of the authorities involved in the concurrent assessment process.
- 7 Recommendations are made to Ministers and/or other bodies as required in each jurisdiction, and the applicant is advised of the outcome by each State or Territory involved in the assessment.
- 8 Applicants are liable for a fee based on the estimated costs of considering an application, with the fee to be set by the receiving authority following consultation with the other States and Territories involved.

APPENDIX 11

Appeal Against an Adverse Recommendation for Registration

If an assessment report advises that an organisation does not meet the criteria for registration, the Accreditation and Registration Council (ARC) Secretariat will advise the applicant in writing of the areas of difficulty as well as the steps which are considered necessary to redress the situation.

The applicant will also be given the opportunity to respond to the points raised within a time limit specified in the letter.

The applicant may:

- comply with the steps suggested to redress the areas of difficulty
- accept a recommendation for non-registration
- appeal to the ARC against the recommendation, stating the grounds for the appeal

In the event of an appeal the recommendation for non-registration is then submitted to the ARC for determination.

A Registered Training Organisation (RTO) may appeal to the Administrative Appeals Court against an ARC decision to:

- refuse an applicant for accreditation or registration
- impose or vary conditions on accreditation or registration.