

**QUEENSLAND  
USER CHOICE PROGRAM**

**2006-2010**

# FOREWORD

Queensland has been experiencing intense employment growth which has resulted generally in severe skills shortages and specifically in an urgent shortage of trade skills.

The policy positions for the User Choice Program for 2006-10 have been developed in response to issues arising from a training market that is experiencing significant growth and struggling to meet current demand as a result of skills shortages and increased industry demands for flexible, quality and timely training.

This document aims to provide an understanding of the Department's responsibilities to, and expectations of, registered training organisations (RTOs) seeking to access public funding through the User Choice Program.

## USER CHOICE IN QUEENSLAND

User Choice is a program funded by both the Commonwealth Government and the Queensland Government to enable employees to undertake an apprenticeship or traineeship qualification. Employers, apprentices and trainees can negotiate with a RTO of their choice as to when they will attend training, the qualification they will undertake, and any other aspect of the training to be delivered.

The National User Choice Policy was first endorsed in 1997. Under the framework of the national policy, each state and territory determines its own policies regarding User Choice.

The User Choice Program refers to the policies and funding mechanisms implemented by the Queensland Department of Education, Training and the Arts (the department) within the context of the National User Choice Policy.

One of the key challenges faced by the department in providing the User Choice Program is the need to balance client choice of RTO with the need to ensure a high quality, viable training market within the level of public funding available and in line with government's strategic economic, employment and social priorities.

The department manages this challenge by setting priorities for funding and entering into contracts with RTOs that specify the qualifications that can be delivered, the maximum level of funding that will be paid and the services RTOs are to provide during the contract period.

One of the fundamental objectives for the department in 2006-10 is to address skills shortages in key industry sectors and increase the capacity of RTOs to enable them to continue to respond to the immediate and future skills demands of industry.

## KEY POLICY SHIFTS

The User Choice Program for 2006–09 has been reformed to address the apprenticeship training demand issue and grow the capacity of quality training providers delivering apprenticeship and traineeship training in Queensland. Key features of the 2006-10 User Choice Program include:

- targeting funding to meet current and future trade skills needs and support government's economic, employment and social priorities;
- engaging and leveraging with industry to facilitate partnerships with businesses and training providers and to leverage industry contributions towards the cost of skilling;
- encouraging partnerships between providers in order to increase Queensland's training capacity;
- supporting expansion in priority areas where demand is not being met by current suppliers;
- removing barriers for private entry into the User Choice market in priority areas by streamlining purchasing, payment and contract administration methods; and
- an improved pricing structure that more truly reflects the cost of delivering flexible, innovative training and takes into account assessment and other service activities related to delivering apprenticeship and traineeship training.

## WHAT IS FUNDED UNDER USER CHOICE

The User Choice Program funds contracted RTOs for the delivery of approved training and assessment services to eligible apprentices and trainees. Under the User Choice contract, RTOs are required to provide teaching / instruction / learning and assessment (generally referred to as off-the-job training) for apprentices and trainees to support the on-the-job training.

The obligations of private RTOs contracted under the User Choice Program for training delivery in 2006-10 are contained in the Contract and Service Standards. These documents also provide detail on the training, assessment and other services that are paid for under the User Choice Program as well as funding eligibility for individuals and qualifications. For TAFE Queensland Institutes and the Australian Agricultural Colleges Corporation, User Choice this information is set out in the User Choice Public Provider Agreement.

Under the 2006-10 User Choice Program, all delivery type identifiers (ie. Delivery modes) defined by the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) will be funded.

Unlike previous years, the base rate paid in 2006-10 for qualifications for training outcomes will be the same regardless of the delivery mode. The policy intent is to remove delivery mode as a determinant of payment and therefore achieve more flexible and innovative training delivery driven by industry demand rather than price.

RTOs are also required to provide administrative and support services in accordance with all regulatory requirements, including the AQTF Standards for RTOs. The provision of these services, which include provision of induction information to the employer and their apprentice/trainee, development of a training plan etc, have been taken into account in setting the User Choice price.

## FUNDING PRIORITIES

Government purchasing under the User Choice Program is driven by skills shortages and strategic priorities. All priorities are important, irrespective of the level or type of intervention proposed. However, it is critical to target priorities so that public investment is directed towards industry outcomes which best meet the Queensland Government's economic, employment and social development priorities.

In 2006-10 funding will be provided for the delivery of Australian Qualifications Framework (AQF) outcomes that support apprenticeships and traineeships. Specifically those outcomes that:

- represent a declared apprenticeship;
- provide legitimate entry to employment within an industry; and / or
- are a strategic funding priority for Queensland.

User Choice funding priorities for 2006-10 will be directed to:

- support and stimulate growth in apprenticeships to meet current and future skill shortages;
- ensure apprenticeship training needs in critical thin markets continue to be met;
- support high level traineeships in new and emerging industries and in economically critical industry areas;
- continue to support school based apprenticeships and traineeships; and
- provide some level of investment in lower priority traineeships.

The Priority Rating of a particular AQF outcome will determine the level of funding that RTOs are eligible to claim under the User Choice Program. The Priority Ratings for 2006-10 are:

- Priority 1 All apprenticeships;
- Priority 2 Traineeships that are either a skills shortage or other government priority; and
- Priority 3 Traineeships which are neither a skills shortage nor a government priority.

## USER CHOICE PRICES

Price increases for apprenticeships and most traineeships funded under User Choice have been implemented in 2 stages with the first increase effective from 1 January 2006 and the second increase effective from 1 July 2006.

The prices paid for qualifications under the 2006-10 User Choice Program:

- reflect funding and industry priorities for User Choice;
- articulate the department's expectations for training providers to seek industry and user contributions;
- do not differentiate between delivery modes in the base price that is set;
- continue to attract location loadings for country and remote areas in recognition of price differentials associated with delivering services in regional and remote areas; and
- consider priority population groups.

Price increases in priority areas are anticipated to support more flexible training delivery and provide recognition of the increased costs incurred by RTOs in the current market. Higher prices have also been applied in an attempt to provide greater margins for RTOs to encourage investment in infrastructure, teacher recruitment and development.

Under 2006-10 contractual arrangements, continuing students in Priority 1 and 2 qualifications will generally transfer to the new pricing levels.

In line with the agenda to increase government investment in high priority apprenticeships in particular, the public investment under User Choice for some traineeships will be reduced.

As of 1 July 2006, the department will only pay for training delivery in Priority 3 qualifications where the trainee falls within one of the following Priority Population Groups:

- Young people (aged 15-19 years);
- Aboriginal and Torres Strait Islander People;
- Australian South Sea Islanders;
- Long-term unemployed;
- Women re-entering the workforce;
- People over 45 years of age;
- People from a non-English speaking background; and
- People with a Disability.

In 2006-10 these groups only apply to Priority 3 traineeships. The Priority Population Group - People Living in Country and Remote Areas, which applied under the User Choice Program for 2004-06 has been removed from the User Choice Program in 2006-10.

This strategy enables the government to reduce its overall investment in low priority qualifications whilst effectively targeting investment towards those who are disadvantaged in the labour market, thereby meeting government's social objectives of improving training and employment outcomes for these people.

Contractual allocations to RTOs delivering Priority 3 training in 2006-10 will be capped and no price increases will apply to these traineeships as further strategies to manage the department's investment in these industries.

Trainees who are continuing students from the 2004-06 User Choice contract in Priority 3 qualifications will continue to be funded until their traineeship is completed.

## THE ROLE OF PUBLIC PROVIDERS

Queensland's public providers, that is TAFE Queensland institutes and the Australian Agricultural College Corporation, remain as fundamental instruments for implementing government vocational education and training policy. They play a key role in the delivery of government funded training under the User Choice program in Queensland.

In particular, government requires the TAFE Institutes and Agricultural Colleges to provide training in qualifications and geographical locations that are not well serviced by the private training market.

Under the 2006-10 User Choice Program, Queensland TAFE Institutes and Agricultural Colleges will be considered to be a preferred supplier. However, individual Institute and College allocations will be subject to regular performance reviews in the context of government and policy priorities.

Queensland TAFE Institutes and Agricultural Colleges will also be required to direct other government funding provided for institutional, community-driven demand training to the User Choice Program if User Choice contract allocations are exceeded in priority areas.

# SUPPORTING THE PRIVATE SECTOR

Whilst Queensland's network of public RTOs will retain a significant role in delivering skilling through the User Choice Program and continue to complement the robust private sector market, quality private providers will have an increased role in meeting market demand, particularly in priority apprenticeship training.

A number of the User Choice reforms for 2006-10 are aimed at developing new private provider capabilities in high priority training areas where demand is not being met by current suppliers. Some of the reforms that are aimed at supporting and facilitating new and existing private RTOs to expand their customer / market base in areas where there are clear forecasts of growing demand include:

- working collaboratively with new providers to facilitate their entry into the priority training markets by supporting and monitoring them in the early years of market participation to ensure they understand and comply with regulatory and contractual obligations;
- introducing price increases as an incentive to new and existing providers to expand their activities in our key priority areas of training demand;
- streamlining administrative processes to encourage private providers to participate in priority training markets.

## PARTNERSHIPS

The User Choice Program in 2006-10 is seeking to encourage strategic partnerships between training providers and with other organisations that can provide the required expertise in specific training areas, including employers.

Partnering offers the opportunity for existing, established RTOs to partner with other training providers and a range of other organisations for delivery of apprenticeship and traineeship training.

Previous restrictions on the proportion of training and assessment that can be delivered under partnering arrangements have been removed from the 2006-10 contractual arrangements. The policy intent is to use partnering arrangements as a means of introducing new providers into the market to meet unmet demand and to facilitate new and innovative approaches to training delivery.

In 2006-10, the contracted RTO is the party responsible for ensuring training quality is maintained where another organisation is providing training and/or assessment services on behalf of the RTO, including compliance with the terms, conditions, obligations and requirements of the contract. RTOs must comply with AQTF standards applicable to partnering including maintaining a register of all agreements including:

- the responsible person from each organisation;
- the duration of the agreement; and
- the qualifications or units of competency to be provided by the organisation.

No additional funds will be allocated for partnering / subcontracting arrangements – they are to be managed within the contract allocation for the particular qualification/s.

## CONTRACTUAL ARRANGEMENTS

The government wants to enter into a business relationship with suppliers to ensure training demands in high priority apprenticeships, in particular, are met. To signal this intention and to encourage planning and investment strategies by training providers, the department will be entering into multi-year contracts covering the 2006-10 period with preferred suppliers for the delivery of apprenticeship qualifications.

Contractual arrangements with RTOs delivering traineeship qualifications only will remain as 12 month arrangements, however, these RTOs will be able to apply to be included on the User Choice Preferred Supplier List for 2006-10.

Mandatory requirements for User Choice contract holders in 2006-10 remain largely unchanged and include:

- maintenance of scope of registration under the AQTF;
- adherence to AVETMISS and other reporting standards – maintaining compliant software, adherence to reporting standards;
- compliance with the *Vocational Education Training and Employment Act 2000*;
- ongoing compliance with Training Employment and Recognition Council (TERC) Rulings and Department of Education, Training and the Arts Policies and Procedures; and
- Compliance and cooperation in matters relating to audit.

## SPECIAL FUNDING ARRANGEMENTS

### Thin Markets

There are a number of apprenticeships and traineeships which are of strategic importance to the government and industry and are considered to be 'thin markets' because of the limited numbers of apprentices or trainees in training.



The costs of providing training to a small number of apprentices or trainees usually spread across the State is often prohibitive. To accommodate this and to support training providers both public and private to continue to provide this training, if it is an economic priority for the State, the department will enter into direct negotiations with specific providers.

The identification of thin markets will include consideration of the following issues:

- The pricing policy that will underpin the thin market strategy;
- Policy expectations which will be articulated to thin market providers in relation to aspects such as community service obligations, competitive market analysis etc;
- Industry's role in facilitating the effective management of thin markets – for example, whether marketing is required to generate a viable training market; and
- A review of whether certain apprenticeships are funded, for instance where there are no training providers registered and no User Choice contracts in place or if industry is not supportive or the delivery strategy is not viable.

## Funding for Enterprise Specific Training Organisations (ESRTOs)

Special funding arrangements for ESRTOs, that is those enterprises who are registered to deliver apprenticeship and/or traineeship training to its own employees (excluding Group Training Organisations), were introduced in User Choice in 2003-06.

Contracts with ESRTOs for 2006-10 will be established via a direct negotiation process. The funding offer for training in 2006-10 will take the following factors into consideration:

- the size of the organisation's workforce;
- the organisation's demonstrated willingness to contribute to the skills development of its workforce; and
- the alignment of qualifications to be delivered by the ESRTO to identified priority areas.

The funding provided will only be a contribution to the training costs of the employer. It will not be designed to cover the full costs of the employer's training for apprenticeships and/or traineeships.

## Funding for National Registered Training Organisations (NRTOs)

Under the User Choice Program in Queensland a National Registered Training Organisation (NRTO) is a supplier that can demonstrate that it has an exclusive contract to provide training to apprentices and/or trainees of a national company, in all Australian States/Territories where the national company operates.

Contracts with NRTOs for 2006-10 will be established via a direct negotiation process. The funding offer for training in 2006-10 will take the following factors into consideration:

- the national company's demonstrated willingness to contribute to the skills development of its workforce; and
- the qualifications identified for funding and their alignment to priority areas; and
- market coverage by existing suppliers for these qualifications.

The funding provided will only be a contribution to the training costs of the employer. It will not be designed to cover the full costs of the employer's training for apprenticeships and/or traineeships.