THE CHALLENGE OF THE PRIVATE PROVIDERS

MESSAGE FROM THE PRESIDENT

It is with great pleasure that I assume the Presidency of B-HERT and trust that I can continue on the excellent work of my predecessor, Dr Mark Toner, to whom I express the thanks of all those associated with B-HERT for his outstanding contribution during his three year term as President.

Higher education in Australia continues to face many challenges. The outcome of the Nelson Review, whilst not delivering everything that the sector would have hoped for, has seen positive steps forward in a number of areas. Whilst the funding will still be well below the level that the sector believes are needed, the increases committed to and the increased flexibility allowed to universities in charging fees are both extremely welcome.

B-HERT is an extremely important organisation; not only in the way in which it brings business and higher education together to facilitate improvements in the basic levels of university education as well as in higher level university research; but also because it continually pushes the case with governments, opinion leaders, the media and the general public that a vibrant, successful higher education sector is critical to the future economic strength of this nation.

B-HERT needs business to continue to be involved. We need existing business members to remain as members and to assist us in signing up new members. Your support is very important.

This newsletter focuses on the challenge to the higher education sector from private providers. This is both a challenge and an opportunity – as I am sure you will see from the articles that follow. Active business participation in B-HERT can help the sector understand how best to convert the challenge into an opportunity.

I look forward to working with you over my term to help Australia continue to build a higher education sector of which we can all continue to be very proud.
I retired as President late last year after three years in office. It is always a salutary lesson when someone leaves a position for him or her to look back and review the experience from a personal viewpoint. Apart from the fact that the last three years seemed to go so quickly, I am even more convinced that the work of B-HERT is as important as ever.

The Federal Government’s reforms of the higher education sector are changing the way Universities are operating, and there are valid arguments for and against the actual changes now being implemented. On the one hand, reduced income in real terms forces Universities to become more productive and competitive, and from the outside there seemed to be plenty of room for improvement. On the other hand (and more importantly in my view), reduced Government funding does have a material effect on research and teaching quality as Universities compete with each other for maximum enrolments and the most capable staff. Meanwhile Australia languishes in the bottom half of most OECD educational and research rankings and this is simply not good enough.

One of B-HERT’s greatest challenges still remains: to involve more senior business executives in its activities.

The fascinating Crossroads and subsequent debates we have been engaged in for 18 months or so have at least provided a once in a decade opportunity for the Commonwealth Government to gain greater appreciation and understanding of the operations of non-university higher education providers. What we now know is that Brendan Nelson recognises a role for private higher education institutions in providing valued educational programs and services and will countenance significant change in the nature and structure of the higher education market.

The first Crossroads paper noted Dr Louise Watson’s (ANU) 1999 research for the (then) DETYA which estimated that private higher education institutions accounted for approximately three per cent of higher education students. In 2004, this figure is more likely to be near eight percent given the considerable growth in private non-university higher education provision since 1999. There are nearly 150 fully accredited private higher education providers delivering courses through degrees to professional doctorates. Not insignificant figures and they illustrate the important educational and economic contribution private providers make to the delivery of higher education in this country.

As Brendan Nelson moves to open up the tertiary education market, Australian private providers are confident that the government’s new policy provides a significantly different approach to funding and working with private higher education providers.

Over the past decade, private providers have become an increasingly important contributor in the delivery of accredited higher education programs meeting specific needs of industry and the community. Many private providers are industry specialists, delivering higher education in niche markets with a depth of knowledge and experience in the particular field.

Private higher education organisations have well developed industry and academic networks, and current knowledge of industry and education practice. Private providers have a special expertise in opening up and delivering high quality niche market accredited higher education to overseas and domestic students. ACPET operates Tuition Assurance Schemes for both overseas and domestic students on behalf of these...
providers, and has been witness to the strong growth of provision in this sector of the industry.

However, government policy and education bureaucracies, including the states and territories, still have a particularly public service view of higher education provision, which is contrary to the nature of most of the private higher education sector. The private non-university higher education providers generally belong to one of three broad categories: direct commercial or professional association providers providing business or information technology programs, providers of theological studies or the providers of fast developing alternative medicine programs where there are very few established faculties in universities.

This diverse range of providers do not see their operations as belonging to or being oriented to the public service. That is, they have a strongly entrepreneurial and business focussed approach to the provision of higher education without compromising the quality or integrity of their programs and services. They are teaching and learning businesses; research is properly the domain of universities and it is the latter which will distinguish universities as the higher education market opens up.

Three policy initiatives of the Commonwealth Government last year offer great encouragement to the private higher education sector. These initiatives were the recognition of a two year degree qualification, the associate degree, and its listing on the Australian Qualifications Framework, the new FEE-HELP Student Loan Scheme and the National Priorities Scheme which directs funded higher education places to private providers.

In August 2001 ACPET published a Strategic Position Paper “Associate Degrees: Another way Forward” proposing that associate degrees be able to be offered by private providers as vocationally oriented articulated higher education programs. In November that year ACPET submitted a Paper “Associate Degrees: Inclusion in the AQF” to the AQFAB.

In both these papers, ACPET maintained that self-accrediting public universities enjoyed a considerable market advantage, as they are freely able to offer associate degrees, to both local and overseas students, in parallel with VET courses and Training Packages even though the former was outside of the AQF. ACPET research at the time identified nine Australian universities offering a total of 48 Associate Degrees. On the other hand, private non-university higher education providers were prevented from doing so because associate degrees were not included in the AQF.

This situation has now changed and the associate degree is part of the AQF. It can be expected that private providers will become very active in the delivery of two year degree courses, either nested in accredited degree courses or as exit points in themselves.

The second fundamental change private providers have welcomed is the new FEE-HELP Student Loan Scheme. This loan facility is something ACPET has sought for two years. It follows a strong campaign by the ACPET National Board to achieve some equality of treatment for students enrolled in private providers and introduces for the first time effective right of choice of provider for Australian higher education students.

The other area in which private providers have made progress is commonwealth funding for higher education places under the new National Priorities Scheme. This provides additional support to create higher education places in teaching and nursing to help ensure an adequate supply of high quality graduates for Australia’s schools and hospitals. Up to 1400 Commonwealth supported places in these two priority areas will be allocated to private higher education institutions. Taking into account currently funded places in private higher education institutions this initiative will result in an additional 745 places by 2008. Places will be allocated on the basis of the Commonwealth’s assessment of needs and priorities, in consultation with states and territories.

A private higher education institution delivering places for which the Commonwealth provides a course contribution must be listed as a higher education institution on the AQF Register; be subject to audit by the Australian Universities Quality Agency; and meet additional quality assurance and reporting requirements as specified by the Commonwealth. These conditions will also apply to institutions whose students will have access to FEE-HELP.

One issue not resolved is the potential inherent in these conditions for duplication of resources and effort by private providers in compliance. The potential for duplication (and potential for double jeopardy) arises from the fact that non-university higher education providers are subject to rigorous accreditation and approval regimes operated by state and territory jurisdictions. What is unknown is the additional burden, which would be imposed by AUQA involvement. There is an obvious need for discussion between the Commonwealth, states and territories and AUQA on this and ACPET will expect to be consulted.

At a policy level, private providers remain concerned that public universities (and TAFE institutes) misuse resources that have been provided by the taxpayer for the education of Australian citizens. It is our view that some apply these resources in an unfair manner to the education of overseas students and other private fee paying students and, in addition, these resources are applied to general consulting activities.

On any normal commercial pricing the fees charged by universities for many of these services are simply not able to be validated. In plain terms, they very probably cost more than they are charging and the universities are not able to validly establish the real costs of their operations. Validated costing models are not the basis for determining prices, that is, fees, for courses offered to overseas students. Private providers have to use a thoroughgoing business approach to pricing. Our ability to set realistic fees can be inhibited by artificially low university fees.

This subsidising of overseas students has two major effects. First, it diverts resources from their proper purpose and illegally utilises them to subsidise foreign students. Second, this de facto subsidy creates an artificially low ceiling that threatens to drive commercial operations out of business.

Australia complains internationally about hidden subsidies by other countries impacting on our exports.
but, in this vital export market, it is Australian universities that are the subsidisers, artificially driving down our fees in comparable terms to the lowest amongst our competitors in the international education arena.

We have similar concerns about the setting-up of private organisations wholly owned by public universities. It is clear that considerable intellectual property, staff expertise, time and resources devoted to these organisations do not appear in public universities’ accounts. Again public funds are diverted to private ends.

ACPET members, as private commercial providers, do not mind what public universities do as long as it is done fairly and is not anti-competitive. We object to the public universities using their market power unfairly and in an oppressive manner.

Private providers are not looking for handouts. All we ask for is fair competition. If we can’t compete, we die. If public universities can’t compete, they simply draw upon their vast stock of taxpayer-funded resources and proceed as normal. This is anti-competitive, unfair and lacks transparency.

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Our Australian students come from state and private schools where they have been supported in whole or in part by governments. While there is some dispute about the quantum of that support, there is no dispute that such support should be provided. However, when these students move on to other parts of the national qualifications framework set down by the federal and state governments, our students are significantly disadvantaged.

In its policy for the last (2001) federal election, the Coalition said that ‘Access to public grants and subsidies should be determined only on the basis that a provider has (inter alia) been rigorously assessed as being capable of delivering educational outcomes of a prescribed standard and of assuring the Government of the probity of their governance arrangements and their continuing financial health.’ ACPET agrees completely with this statement.

The higher education accreditation process for private providers is rigorous and it follows that an extension of this essential principle means that students of all higher education private providers offering accredited programs should have access to the same opportunities as their university counterparts.

Private providers agree that the next federal election will see higher education as a key issue. Part of this issue should include commitments by the coalition and the ALP to an opening up of tertiary education to enable public and private providers to compete effectively and harmoniously in the interests of students and the nation.

The Australian higher education system is divided into some institutions classified as “public” and others designated “private”. Private provider organisations have long argued for less discriminatory treatment, so that their students could receive at least the loans, if not the subsidies, to which many students at public institutions are entitled. I would go much further, and argue that the public-private difference is not based on any coherent distinctions, and that the whole system should be re-thought from first principles.

Public universities are set up under state legislation, but operate as quasi-private entities, not branches of the state. State governments appoint a minority of members to university senates and councils, have no control of who is admitted to the university, which academics are appointed, what is taught, what is researched, or the academic standards to be met.

These freedoms make public universities more academically independent from the state than most private providers. The private providers, which rarely operate as universities, must receive accreditation for their courses from the state Minister. In Victoria, for example, the Minister makes her decision with regard to student entry requirements and selection procedures, the qualifications and experience of staff, the standard of the course of study, and whether the course matches what is required at a university – all matters public universities decide for themselves.

Sources of finance do not reliably distinguish between public and private institutions. Public universities receive private money, and private institutions receive public money. In its formal legal structure, the Australian Catholic University is private. Yet in 2002 nearly three-quarters of its income was controlled by the Commonwealth government. The public University of Melbourne, by contrast, had slightly less than half of its income controlled by the Commonwealth government.

Public universities do not only enroll public students supported by government subsidies. In fact most privately funded, full-fee, students are enrolled in public universities, not in the relatively small private higher education sector. Conversely, in addition to the
Australian Catholic University the new Commonwealth legislation lists three private higher education institutions for some publicly funded students.

Nor are there easily classified differences in what is taught by public and private institutions. Those institutions classified as private typically have a narrower range of disciplines than public institutions, with their biggest enrolments in fields of study categorised as banking and finance and religion and theology (Watson 2000, p. 9). Religion and theology are small disciplines in the public universities, but six are listed in the Good Universities Guide 2004 as offering instruction in theology (p. 445). Banking is offered at about 15 public universities, and finance in most of them (pp. 424, 432). Even fields that are less than fully academically respectable, such as naturopathy and Chinese medicine, are not exclusively taught by private providers (pp. 426, 439).

“Public” or “private” are designations based more in convention and history than logic or principle. There are no definitive features of one or the other. None of an institution’s origins, purposes, activities, regulation or funding mix consistently lead to a classification as “private” or “public”.

Clearly, though, some employers and students continue to seek educational options outside the institutions traditionally classified as “public”. There are various reasons why this has been, and is likely to continue to be, the case.

Public universities are essentially supply-driven organisations; what they want to teach, or what the Commonwealth funds them to teach, is more important than what students want to learn in determining which courses are offered. This occurs because the Commonwealth controls the higher education system centrally, ensuring that there are always fewer publicly-funded student places than there are prospective students to take them. Universities have no need to cater to minority, specialised or niche interests, since they are near-guaranteed to fill all their student places without doing so.

Because of this – though things are changing now, driven by the need to cross-subsidise loss-making HECS students – public universities have traditionally been weak providers of customised courses for commercial clients. Custom-made courses don’t suit the academic culture of public universities, where an ethos of knowledge for its own sake remains strong. Business has doubted universities’ grasp of the practical realities of commerce. Though public universities have now involved themselves in this kind of work, in recognition of the cultural differences they often do so through separate arms, such as DeakinPrime or Melbourne University Private (despite its name, it is 100% owned by the public University of Melbourne).

Perhaps surprisingly, quality has not obviously been a major driver behind the creation of private providers. Though the public universities’ teaching performance has improved since the mid-1990s, few academic staff have more than perfunctory training in teaching, and student surveys consistently indicate significant room for improvement (Norton 2002, Chapter 4). At the public universities, student to staff ratios continue to deteriorate. Yet apart perhaps from Bond University, the private providers do not capitalise on this, but instead fill under-provided subject niches or teach from a different, usually religious, perspective.

Quality teaching of traditional university subjects is the most obvious service not consistently provided within the existing public sector institutions. Unfortunately, despite some improvements which I will discuss below, there are still significant obstacles placed in the path of private initiatives to improve teaching.

One of these obstacles is the use of the word “university”. The National Protocols for Higher Education Approval, agreed between the states and the Commonwealth in 2000 and enacted in legislation since, makes this a word that can be used only if an institution complies with strict requirements. The legal definition of “university” in Australia now requires that the institutions be engaged in research. Teaching, at no matter how high an intellectual level, is not of itself enough.

This is a major reversal of policy. Under the Dawkins reforms of the late 1980s, many former Colleges of Advanced Education with negligible research output were re-badged as universities. As recently as 1998, Queensland legislated to establish the University of the Sunshine Coast, a former Queensland University of Technology college which still has minimal research output. Two years later, partly as a reaction to dubious internet outfits describing themselves as universities, the policy was changed.

This was a mistake for two reasons. It raises the cost of establishing new universities, since most research does not generate revenue that covers its costs, or does so only in the long term. Though a start-up may want to be a teaching specialist, it must also employ people to carry out research, and provide the infrastructure needed for that research. Even if the cost is not entirely prohibitive, it puts start-ups at a further price disadvantage, since they must in any case compete with existing institutions receiving public subsidies. Either or both of these factors make new universities much less likely to be financially feasible.

The second major shortcoming of this policy is that specialist teaching institutions are the only way to fully resolve the conflict between teaching and research (Norton 2002, Chapter 4). Because a large proportion of academics prefer research, and the existing financial incentives favour research, teaching is always likely to be the second priority in research universities. Structural separation of the two would make teaching the top priority in some universities at least.

It is possible to establish teaching institutions that call themselves something else, such as a “college”. A few higher education institutions still use this terminology. In Australia, though, many secondary schools now call themselves colleges. It is no longer possible, from a title
alone, to work out what level of education a college offers. Confusion plus the lower prestige associated with a college qualification means that it is preferable to drop the research requirement in the legal definition of a university.

The Nelson higher education reform legislation, passed late in 2003, does make new higher education initiatives easier in one way, by allowing students in private providers access to a Commonwealth loans scheme, FEE-HELP. Students at approved institutions are able to borrow from the Commonwealth up to $50,000 to pay their tuition fees. The money would then be repaid in the same way as HECS debts.

Students at these private providers are still discriminated against by the Commonwealth. They receive no direct subsidies, and can effectively borrow much less than students at public institutions, who have the full $50,000 FEE-HELP entitlement, and as much HECS debt as they can accumulate in seven years of Commonwealth-assisted higher education. Nevertheless, FEE-HELP is an improvement on the status quo.

The higher education market needs to be opened up, so that new institutions can be formed without needless cost, and all students should be treated in a rationally consistent way, rather than treated differently depending on which largely arbitrary classification has been given to their higher education institution.

In the longer term, major reform of the higher education financing system is still required. The higher education market needs to be opened up, so that new institutions can be formed without needless cost, and all students should be treated in a rationally consistent way, rather than treated differently depending on which largely arbitrary classification has been given to their higher education institution. There may still be discrimination between students, but it ought be to based on some real public policy rationale, such as assisting particular disciplines, or particular groups of students that are at some form of disadvantage. In short, the system needs to be re-thought from first principles. Currently, it is the accumulated result of many ad hoc changes. More such changes, though as in some Nelson innovations welcome in themselves, cannot get around the misconceptions built into the system.

References

‘The involvement of APESMA in post graduate management education was a first for a professional society in Australia.’

John Vines
Chief Executive Officer, APESMA

The increased emphasis within recent decades on the commercial aspects of the roles of engineers and scientists has seen a commensurate increase in the participation rates in MBA programs of members of these professions. One of the major influences in this regard has been the Association of Professional Engineers, Scientists and Managers, Australia which has teamed with LaTrobe University to deliver an MBA (Technology Management) program. This program which is delivered by distance education has become Australia’s largest MBA and one of the largest in the world with over 10,000 graduates. The program has had a significant impact on the contribution which engineers and scientists now make to the commercial success of their organisations and has significantly enhanced career opportunities for many engineers and scientists.

The involvement of APESMA in post graduate management education was a first for a professional society in Australia and internationally and has been a major factor in the increased participation rate in management studies. APESMA’s statistics indicate that for engineers alone, the participation rate has increased from 3.7% in the late 1980’s to the current participation rate of 13%. This means that approximately 1 in 7 engineers are currently undertaking a formal management program at post graduate level.

APESMA’s thinking when identifying the needs to provide enhanced access to management education for engineers and scientists, was to provide a program which was directly relevant to the type of work...
undertaken by these professionals. It started with the proverbial “blank sheet of paper” and asked the question: “what areas of non-technical knowledge and skill are most relevant to enhancing the contribution that these professionals can make to their organisations”? The answer, not surprisingly, identified people management, financial, marketing, business development and legal as being key skill areas. In the APESMA/LaTrobe MBA, these provide the foundation for further studies in areas such as e-business, project management, innovation and other areas which blend the commercial and technical skill areas.

APESMA’s next question was to consider the most effective delivery mode for such a program. Its research indicated that whilst many engineers and scientists were interested in undertaking formal post graduate studies in management, very few felt that they had the time (or inclination) to travel to university, sit in a lecture theatre and travel home again, as they considered this to be an inefficient mode of knowledge acquisition.

APESMA reviewed international best practice in this area and decided to offer the MBA program by distance education but built around a curriculum which was directly relevant to the existing skills and work roles undertaken by engineers and scientists. Thus the MBA (Technology Management) was born in 1989. APESMA was the first private provider in Australia to have a Masters degree formally accredited by the education authorities. The program was also formally accredited by then Deakin University and now LaTrobe University. The success of the MBA (Technology Management) has extended beyond Australia and now approximately 25% of students studying the program are outside Australia. As a distance education delivered MBA, it relies on a mix of print based course materials, CDs and Internet based student communication. The Internet based student communication is undertaken in an asynchronous mode which means that international (and domestic) time differences are eliminated as an impediment to participation. Currently there are students from over 50 countries enrolled in the program. This provides an interesting international dimension for participants who experience the value of working in Internet based study groups which comprise students from a range of countries. This is seen as an unintended but very significant added value which the program provides.

The following is the range of core subjects and electives for the MBA.

**MBA Core Units**
- Financial Management
- Management Perspectives
- Economic Decision Making
- Legal Studies
- Strategic Management
- Marketing
- Contemporary People Management
- e-Business Strategy

**MBA Electives**
- Research Project
- Employer-based Unit
- Project Management
- Business Planning for Innovation
- Operations Management
- Management for Professional Services
- Information Technology for Managers
- Corporate Finance
- International Business Strategy
- Strategic Management in Services
- e-Business Implementation
- e-Business Marketing

The Graduate Certificate is awarded upon completion of 4 units, the Graduate Diploma upon completion of 8 units, and the completion of 12 units results in the award of the Master of Business Administration.

APESMA receives a significant number of enrolments from persons who have undertaken on-campus study for an MBA but have been unable to complete the requirements due to work and family pressures, and see the completion of their MBA by distance education being an attractive option. Under the accreditation arrangements with LaTrobe University, up to 50% of the course requirements can be achieved by recognition of post graduate management studies undertaken at another university.

In developing the MBA program, APESMA challenged a number of norms in post graduate education, it decided that the delivery mode and subject to contents should focus on the needs of the student rather than the availability and capabilities of existing academic staff. It decided that rather than the normal 13 week semester, each semester should be of 18 weeks duration so as to enable students to make greater use of the academic year and just as importantly to provide opportunities for those students who feel behind due to work commitments etc. to have sufficient time to “get back on track” during the semester.

APESMA has tested fully on-line delivery for its students and has found that students overwhelmingly prefer to receive the high quality print based course materials and use on-line as a communication medium rather than as the exclusive medium for delivery of course materials. Students also strongly indicated to APESMA that they prefer the 18 week semesters rather than the 13 week semesters for the reason mentioned above. This also provided APESMA with an opportunity to introduce a 10 week fast track semester over the summer period for those students who wish to fast track their MBA without jeopardising the access to the preferred 18 week semester from other students.

Another feature of the APESMA program which has recently been copied by other programs is the availability to aggregate short courses and other internal management development programs into an “employer based unit” which provides for a credit of one unit towards either of the Graduate Certificate, Graduate Diploma or MBA.

These arrangements have been extended further with a number of organisations including CSIRO where CSIRO staff members who have completed the 3 CSIRO Leadership programs can obtain up to 3 units credit in the MBA. APESMA and LaTrobe University are keen to further develop such opportunities so as to provide a capacity for students to aggregate programs
which they have undertaken in the enterprise and which focus on management and related skill areas.

APESMA and LaTrobe University are also currently investigating how this can be taken further in terms of the development of a “competency based” MBA for those professionals who are able to demonstrate that they can apply skills and knowledge at a level normally expected of an MBA graduate. APESMA believes that this will involve significant interaction with major companies to work with them to assess competence, identify skills/knowledge/competency gaps and tailor programs to meet the needs of individuals.

APESMA believe that there are significant opportunities to further enhance the recognition of much of the continuing professional development which is undertaken by professionals.

APESMA’s success in the MBA (Technology Management) program has been mirrored in the success it has achieved with its national program of short courses and its certificate/diploma in frontline management. Students who undertake these programs can aggregate them to acquire the unit credit under the employer based unit mentioned above.

The Certificate in Frontline Management has been particularly successful as an in-house program for corporations. APESMA is now one of the largest providers of the Certificate/Diploma in Frontline Management which is a competency based program, accredited under the National Vocational Education and Training System. Its success has also been mirrored internationally with arrangements in place for the University of Bergen in Norway and Strathclyde University in the United Kingdom offering a modified version of the APESMA Certificate in Frontline Management.

APESMA has also sought to encourage other professional societies to embrace the delivery of continuing professional development to their members. APESMA works with a number of scientific societies to make available the MBA, short courses and the Frontline Management Program to members of those societies. APESMA believes that the future of education programs such as those outlined above will be in terms of providing an opportunity for individuals to aggregate their knowledge, skills and competence from undertaking a range of education programs and that this aggregation should provide an opportunity for formal recognition of such programs into a formal award. APESMA believe that there are significant opportunities to further enhance the recognition of much of the continuing professional development which is undertaken by professionals.

For further information on the APESMA education programs see www.mba-distance-learning.com.
in today’s rapidly changing technological and globalised world, graduates discover that much of their basic education and training is soon obsolete. As a consequence further training is needed in the progression towards life-long learning, to enhance career aspirations and to support immediate job skill requirements. In recent years alternate providers have displaced public providers as the source of recurrent or extension training. Alternate providers include employers training staff on-the-job (which is perhaps the oldest and most reliable form of training). Not all alternate providers are large organised businesses, and not all alternate providers deliver through the traditional structured classroom format. Many alternate providers deliver through conferences, workshops, self-study, TV, e-technology, and mentoring.

To suggest that alternate providers operate apart from public providers is wrong. There are very healthy relationships between alternate and public providers which involve sharing of experience, intellectual property, course materials, syllabuses, accommodation, marketing and resources (both human and material). Public providers frequently use representatives from alternate providers in the moderating of assessment and to strengthen their course advisory committees. This close cooperation provides valuable cross-pollination of ideas. Many education and training pathways exist between the alternate and public providers. The advent of RPL has allowed trainees to optimise these pathways.

There has been a shift from public to private providers to access recurrent training. A clue to the shift from public to alternate providers may be found if one revisits the past. In the early 1970s, there were few alternate providers. The public providers comprised the several universities, the many institutes of technology and colleges of advanced education and the newly established TAFE system with its emerging colleges. These public providers had the mandate to provide large amounts of recurrent and extension training, much of it subsidised by government. Most of the institutes of technology were former technical colleges, which for decades had offered trade and post-trade training, certificate, diploma courses and short courses. Twilight, evening and weekend classes in these institutions were packed with adults seeking recurrent training. Many of the mature-age students who were enrolled with public providers were sponsored through employer-funded traineeships, cadetships, studentships and scholarships. Employers also granted many other employees day release with fee reimbursement to attend classes for the benefit of both the company and the individual.

Why did employers embrace this model? These public providers of the 1970s cooperated very closely with their local businesses, industries and government instrumentalities. Employers, their professional groups and employee unions were encouraged to be actively involved in the specification and design of mainstream and short courses provided through public providers. This involvement of employers guaranteed ‘ownership’ of the public providers by their customers. But of greater importance was the extensive use of recognised practitioners drawn from industry as sessional staff. They not only brought with them the most up-to-date experiences and techniques to pass on to trainees, but also these part-timers became the informal source of staff development for the resident full time staff – for many full time staff this was their main lifeline to the real world. The new TAFE system had a mission to provide recurrent training hand-in-hand with employers. Courses were researched and written with full cooperation of individual employers and their professional bodies. A precondition for enrolment in many TAFE courses was pre-employment. As a consequence many of TAFE classes were sessional and contained mature age students accessing their recurrent training.

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How does this compare with today? Have the public providers maintained these important links to their customer base? Do employers value public providers with the same respect?

The answer may lie in the 1980s. Employers observed the expansion of the university system as it more than doubled overnight through the absorption of institutes of technology and colleges of advanced education. They watched as less practical degrees and post-graduate courses replaced the former highly practical diplomas and certificates and job specific short courses, many of which were relocated into TAFE. But TAFE institutions were under pressure to convert part-time job specific training courses into full-time pre-employment programs to support political imperatives in dealing with youth unemployment. During this period much of the original TAFE curricula, designed for local recurrent training purposes, was replaced by nationally designed curricula. This led to the development of VET sector training packages that attempted to provide broad ranging job skills – a one size fits all approach! Employers watched as management and staff of many public providers became entrapped in industrial relations issues. This resulted with many of the highly skilled and relevant sessional staff from industry being displaced by full time staff. The risk of increased staff obsolescence was ignored, but it occurred. To create work for redundant staff, some of the public providers used their surplus personnel to write and deliver their versions of recurrent training. Rumours of poor delivery and irrelevant content brought discredit to some of these public providers. There was loss of valuable employer support to public providers with the introduction of new processes for course development and maintenance. Tensions arose during curriculum
planning between some academic staff and employers regarding who knew best about curriculum content. Cumbersome and slow decision-making and approval processes, a feature of public providers, irritated many employers who required quick response to their changing workplace needs. Employers seemed unimpressed with the changing culture within many public providers which left an impression that they were operated more for the convenience of staff rather than their customers. For example it was not uncommon for delivery of courses to be restricted to about 20 weeks per year, concentrated on three days per week. Scheduled evening classes were often cancelled without warning. Academic staff became less accessible. Employers saw large and expensive resources lie idle for significant parts of the year at a

It is no wonder that in this period of chaos and change within the public provider sector that many employers and organisations lost confidence and patience with public providers and took control of their recurrent training needs. Many companies developed their own in-house training departments or outsourced to alternate providers, who grew and flourished in the environment. time when industry was under enormous pressure to lift productivity and optimise the value of resources. Throughout this period, the debate raged about who should pay for post-secondary training – the government, the student or the employer.

It is no wonder that in this period of chaos and change within the public provider sector that many employers and organisations lost confidence and patience with public providers and took control of their recurrent training needs. Many companies developed their own in-house training departments or outsourced to alternate providers, who grew and flourished in the environment. Coincidently, employers were also encouraged to seek new and cheaper forms of recurrent training by a government experimenting with training levies and tax incentives.

In the 1990’s there was pressure on both public and private providers brought about by a recession which saw downsizing of the workforce, a reduction of middle management, the outsourcing of many services and functions and the need for multi-skilling of remaining employees, all aimed at productivity improvement. These changes created new demands on training providers because they were accompanied by heavily reduced training budgets. As a consequence employers gave high priority to purchasing training which addressed their immediate needs and boosted productivity. It was the private providers who had the ability to respond quickly with relevant courses and up-to-date trainers. Employers invested less in longer-term career preparation for employees. A whole new segment of specialist alternate providers and training consultants sprang up to service these new needs. Providers that could respond quickly gained the business.

In recent times many public providers (Universities and TAFE institutions) have established subsidiaries to emulate and compete with established alternate providers, but without the success for which they had hoped. Presumably the potential customers (employees, employers, organisations, professional groups, government instrumentalities) had their reasons for turning away from public providers even with a change of brand name.

We should not loose sight of the expectations of the employees during this time. Many were from Generation-X who had very different attitudes towards their commitments in the workplace, loyalty to employers, and serial employment. Some were cynical about their experiences with the formal education system. For example, when returning to universities and TAFE institutions for recurrent courses, they were confronted with a changed campus environment which reflected the culture of teenage school leavers. Support
THE CHALLENGE OF EDUCATION AND TRAINING PROVISION IN DEFENCE

Every organisation is unique. This uniqueness is derived from factors such as the organisation’s purpose, current and planned tasks, current and required workforce, structures and processes, experience, culture and values, history and geographic dispersion. These factors impact the organisation’s skills needs and influence how the organisation elects to provide education, training and development to staff. In the past, these factors led to a strong internal-to-Defence system of education and training that met most of Defence’s needs. While public providers were used for professional development, for the most part they delivered ‘niche’ requirements that complemented predominantly internal education and training provision. Places on higher education programs were used as required for specific individual professional skills, while generalist undergraduate education of officer candidates was contracted to Australian tertiary providers, with delivery taking place in a military environment in conjunction with other officer training activities.

More recently, the application of armed force in pursuit of Government objectives has been characterised by expanded political, intelligence, technological and social dimensions. Many people other than the military are now involved. This shift has required a change to the nature of Defence education and training away from the dominant focus of internal provision. The need for rationalisation and efficiency gains, the challenges imposed by the increased diversity and complexity of modern military activity, and the increased costs of training to support implementing new or replacement Defence capabilities and equipments reinforced this change.

Today, provision of education and training to meet Defence’s needs gives greater emphasis to the role of public and private providers. This change in emphasis is dramatic. It is likely to increase in the future. It will include the provision of unique to Defence skills (for example, for submariners), previously the sole domain of Defence providers.

This changing mix of provision also owes much to the implementation of the National Training Framework in Australian vocational education and training and to government policies that have encouraged higher education institutions to become more entrepreneurial.

Defence Education and Training Needs – an Overview

Defence 2000 – Our Future Defence Force (the Defence White Paper) highlights the diversity and complexity of Defence tasks. It emphasises the importance of appropriately prepared and qualified people to the attainment and maintenance of required Defence capabilities.

Defence is a large and geographically dispersed organisation. The 73,000 members in the Permanent and Reserve Military Forces and the 18,000 members of the Australian Public Service serve in over 300 units and establishments in over 200 geographic locations in Australia and overseas. The workforce is relatively mobile, especially the military component. Defence also employs part-time members, consultants and professional service providers who together with contractors and defence industry form part of the Defence community.

Defence employments range from the simplest of support activity (such as catering and transportation) through the trades and technical employments to the professions. The military has over 350 documented career streams, each with defined patterns of education, training and work experience required by its members. The knowledge and skills required of Defence people are, therefore, exceptionally complex and varied. While some will have been acquired prior to entry to Defence most will be acquired post-recruitment.

Military employment demands comprehensive and intensive pre-employment and through career training and preparation. There is limited scope for recruitment at other than base entry level. Pre-employment training ranges from as little as six months to over four years in duration. Progression within the military is dependent on the acquisition and demonstration of additional specific-to-Defence and specific-to-function knowledge and skills. For example, a senior non-commissioned officer can spend well over 2,000 hours in formal, off-the-job mandatory education and training and anything up to 300 weeks in managed on-the-job development (done through use of Competency Logs) during the first 12 years of his or her service. A Defence Force officer who enters through the Australian Defence Force Academy will spend a minimum four years of his or her first ten years in the military in education and training, some may spend in excess of six years.

The unique nature of much Defence employment, especially warfighting, dictates that Defence conducts much of its own education and training and that it has a defined consistency of outcomes. However, Defence employments also include...
much that is done elsewhere within the Australian economy. Hence, while the focus of the Defence education and training system has to be the unique skills required of members of the military, the system is also required to provide for the attainment of skills and knowledge shared with the wider Australian workforce (for example, warehousing, management). Indeed, education and training in these fields is basically the same for the Australian workforce and Defence. Civilian employments in Defence are generally directly comparable to work performed in the wider community. It makes sense, therefore, for Defence to utilise national systems and public and private providers where such use is appropriate to Defence outcomes, and where such use is more efficient.

Defence use of public and private providers is growing as work to consolidate the provision of education and training within Defence progresses, and as Defence seeks to focus its own provision into those areas where only it can provide.

**Defence use of public and private providers is growing as work to consolidate the provision of education and training within Defence progresses, and as Defence seeks to focus its own provision into those areas where only it can provide.**

**Training**

Each Service (Navy, Army and Air Force) has its co-ordinated, structured, cohesive framework of required education and training. Each Service has its own training organisation. Each of these is a Registered Training Organisation within the National Training Framework. Each Registered Training Organisation comprises a number of schools and training establishments, conducting a range of programs addressing the specific needs of their Service. Some single-Service schools and training establishments provide education and training programs for the whole of the Australian Defence Organisation. Importantly, there is also a fourth Registered Training Organisation for the provision of non-military, non-operational education and training required by both military and civilian personnel – the Defence Learning Services Network. There are also some facilities specifically established to provide education and training required by the whole of the Australian Defence Organisation.

Today, Defence’s Registered Training Organisations operate within the requirements of the National Training Framework, drawing their programs from national Training Packages wherever possible.¹ Where their needs cannot be met from Training Packages, they structure their programs and related experience so as to facilitate the national recognition of these programs as ‘accredited courses’.² As Training Packages develop nationally, Defence expects to make greater use of them.

The use of national Training Packages to underpin Defence training has given greater flexibility to Defence in sourcing and managing training provision. It has facilitated the purchase of training from public and private providers and provided mechanisms to assist the quality assurance and quality control of that purchase. It has ‘freed up’ military people from training provision, thereby allowing their return to purely military employment. It has facilitated the recognition of Defence education and training and the development of pathways from Defence training into higher and other qualifications (as these matters are typically addressed in the contract), with associated benefits for Defence people and for Defence recruitment and retention activity. It will facilitate the expansion of the Defence Forces in a time of mobilisation.

In sourcing training, Defence contracts the provider who best meet its needs as demonstrated through the competitive tendering process. Of the three major Defence trade and technical training contracts, a private provider holds two and a public provider one. Defence experience in using contracted training providers has been positive. In part, this may be due to the competitive nature of Defence contracts and the use of established Defence contract management processes. It part, it may be due to Defence’s use of a systems approach to training that gives particular emphasis to the evaluation and validation of training provision. In part, it may be due to the ex-military presence within many of our contracted providers. Typically, purchased training provision is conducted in a Defence environment so that the issues of values and attitudinal development and consolidation so important to the military are addressed appropriately.

More recently, the provision of training has formed part of whole-of-life equipment acquisition and management contracts. It is expected this trend will strengthen.

**Education**

Defence has entered into agreements with a number of Australia’s higher education providers, typically as an outcome of a competitive tendering process, for the development and delivery of higher education programs specific to Defence needs. These agreements have proved beneficial to Defence. Defence experience with higher education providers has been positive. The fee-for-service higher education marketplace has become more competitive and providers are now highly client focussed.

**Conclusion**

Other than for specialist military-unique curricula that ‘must’ be delivered by military practitioners, or security sensitive subject matter that needs to be retained ‘in-house’, the full field of Defence learning services is being progressively opened to public and private provider participation.

Defence recognises that the Australian education and training sector is evolving. The distinction between public and private providers is less marked. As this evolution progresses, Defence use of public and private providers will grow and become broader in scope and more complex. Both groups are encouraged to compete for Defence business. Defence will select the most appropriate provider for each of its diverse needs, as demonstrated through the competitive tendering process.

¹ As at 3 December 2003, the four Defence RTOs were accredited to issue a total of 164 national qualifications from 17 Training Packages.

² Using these processes, as at 3 December 2003, Defence had 385 nationally recognised awards for vocational education and training “accredited courses”, and 56 nationally recognised higher education awards.
CORPORATE UNIVERSITIES AND TRADITIONAL UNIVERSITIES: WORKING AS COLLABORATORS, NOT COMPETITORS

LINDSAY RYAN
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The concept of “corporate university” is relatively new in Australia. The Coles Institute is generally recognised as the first corporate university in Australia. This is a partnership between Coles Supermarkets and Deakin University, formed in 1999. Deakin Prime, a unit of Deakin University, assumed responsibility for all Coles’ training and education programs, from competency training to university degree programs, for their 55,000 staff (Healy, 1999).

Corporate universities are now a global phenomenon that first emerged in the United States in the early 1960s within a few large corporations. Early examples include McDonald's Hamburger University, Disney University and Motorola University. Since the 1980s the concept has expanded across the United States to the extent that one study estimates the number of corporate universities in the United States grew from 400 in 1988 to 1600 in 1998, a 400% increase in 10 years (Labi, 2000).

In Europe corporate universities are also being established, with BAE Systems an example of a large corporation that has provided a range of programs through its in-house university for around 50,000 of its employees during the first three years of operation. A number of German organisations are establishing corporate universities that operate on a world wide scale, such as Daimler Chrysler and Deutsche Bank (Andresen and Irmer, 1999).

Some of these corporate universities have operational size and scale equal to the largest traditional universities. Motorola, for example, offers accredited degrees and has 400 full-time staff and 800 part-time teachers in 19 countries and delivers programs to over 100,000 students a year (Bedar, 1999).

Corporate University Xchange in New York, defines a corporate university as a centralised in-house training and education facility to address the shortened shelf life of knowledge and to align training and development with business goals and strategies. A corporate university allows a corporation to develop and coordinate customised education programs for employees, customers and suppliers utilising in-house facilities to develop and deliver entire programs in their own right or, increasingly, with an external partner such as a higher education institution (Meister, 1998). Dealltry (2001) finds the term ‘corporate university’ being used inappropriately at times as a label for organisations’ training and development units or as an enhanced human resources function. He suggests that the role of a corporate university should be to promote innovation in thinking, real world competencies and problem solving skills in an entity that stands apart from the organisation while utilising the programs and services of universities, where appropriate, in a networked and integrated manner.

Motorola developed its corporate university in 1980 and utilises it as an agent of change for the organisation, with employees learning by participating in projects that address business needs. The link between education, learning and business strategy is the key objective for Motorola University. An example of this link is the Six Sigma standard of manufacturing excellence developed as a significant learning outcome from the Motorola corporate university leading to new standards for Motorola in its manufacturing operations (Baldwin and Danielson, 1997)

One of the key drivers for the development of corporate universities is globalisation where organisations now operate on a 24/7 basis and require a flexible, highly skilled workforce. This is reflected in the growing investment organisations are making on employee development. Motorola, for example, spends around four per cent of payroll on employee development compared to an initial one and a half per cent of payroll when their corporate university was established (Shah, Sterrett, Chesser and Wilmore, 2001).

Other reasons for organisations establishing corporate universities include:

• to link education and training to strategic business goals
• to drive change within organisations
• to elevate the importance of education within the organisation
• to coordinate all training and education programs in a single area

Densford (1998)

Shah, Sterrett, Chesser and Wilmore (2001) investigate the growth of corporate universities and identify the trend as a means for organisations to attract and retain employees in a tight labour market. They suggest that people are seeking more meaning in their work and the corporate universities provide education programs to develop their skills, qualifications and employability both within their organisation and with other organisations should job security decrease. Some organisations are having their programs accredited so that employees can receive credit for their in-house courses with university graduate programs.

Collaborations between traditional universities and corporate owned and managed degree courses are increasing. Bedar (1999) finds more than 50% of corporate universities surveyed worldwide are planning to use existing or future partnerships with accredited universities to enable them to grant degrees in fields of business/management, engineering/technical, computer science and finance/accounting. The benefits of a corporate university partnering with a traditional university include: providing strength and credibility to the delivery of their in-house programs and the ability for graduates to receive a recognised university award at the...
completion of their study (Arnone, 1998).

While there is continuing growth in the number of organisations establishing corporate universities, this does not mean it is a threat or a competitor to traditional universities. Instead it is an opportunity for universities to evolve and adapt to their new role in the ‘knowledge economy’. The environment in which universities operate has changed due to a range of factors including the decline in funding from governments, globalisation, 24/7 operations, technology and the growth of the information communication technology industry. Many global corporations have the resources, skills, leading-edge technologies and research facilities that exceed those of even the most affluent of universities. Therefore, collaborations between corporations and universities will increase in order to research, discern and disseminate new knowledge.

In the ‘knowledge age’ one of the key roles for universities is to be facilitators of the learning process. As facilitators this means universities will continue to research and gather emerging knowledge and present the core concepts, theories and models to students and encourage and support them to learn. Each participant will then reflect on their learning and adapt this knowledge to their specific circumstances.

Therefore, corporate universities are only a threat or competitor to universities if the universities ignore the potential for collaboration. Following is a brief example of collaboration with industry in the writer’s university.

The University of South Australia (UniSA) has a long tradition of working with industry. In 1995, UniSA established its Strategic Partnership unit as a means of working with industry to develop and deliver customised education programs. Many of the early programs were executive development programs, with most based on University award programs which allowed participants to continue their studies in a seamless manner by obtaining credit in award programs.

Since 2001, the Strategic Partnerships unit has been expanding in response to approaches from organisations seeking to form partnerships with the University for business education programs, such as the Graduate Certificate in Management and/or Master of Business Administration.

Strategic Partnerships operates as a business unit and has developed expertise in managing relationships with industry and corporate universities on behalf of academics and various schools within UniSA. The fundamental principle of Strategic Partnerships is to be a “partner” with organisations, not an outsourced education provider. This partnership includes establishing a steering group consisting of representatives of both the organisation and UniSA who meet on a regular basis to discuss programs, selection of participants, evaluation of courses and planning for future courses.

Part of the relationship management process involves:

- Strategic Partnerships being a primary point of contact between industry and the University.
- coordinating the entire relationship including arranging lecturers, study materials, venues, equipment, facilities and catering.
- obtaining background information on the partner organisation and their industry to brief lecturers so that course content, cases, assignments and guest speakers are relevant to the partner organisation.
- ensuring that the education program contributes to the strategic objectives of the partner organisation.

Where possible, assessment is linked to real issues in the partner organisation so that participants move from theory to applying the concepts and models to rigorous work-based projects. Executives of partner organisations are usually involved in identifying these projects, in consultation with the relevant lecturers. Individual executives are also required to be mentors to participants working on specific projects. These industry-based projects provide meaningful, real world assignments for the participants while also meeting the academic requirements of assessment for the University. The partner organisation also has the value-added benefit of their staff working on issues that previously may have been contracted to an external consultant.

The Strategic Partnerships example demonstrates the changing role of universities in developing links with corporate universities while also generating new sources of funding. Nixon and Helms (2002) suggest that partnering between organisations and universities may offer the best of both worlds, with universities able to create new sources of income and opportunities for themselves by responding to the needs of industry for fast changing skills and more highly trained staff. Conversely, organisations benefit from structured links to universities for their management and organisational development programs to provide objectivity and a range of education options for lifelong learning.

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Coles Myer is Australia’s largest retailer with 2,200 stores and more than 165,000 employees throughout Australia and New Zealand. The Coles Myer vision is to be Australia’s number one retailer by delighting customers, growing shareholder value and being the best team.

Coles Myer believes that employee development is a high priority within the organisation and people are considered key assets and essential to business success. As a customer focused company Coles Myer is committed to develop, reward, train and recognise their people at all levels.

Coles Myer businesses include supermarkets, department stores to full service auto business, fuel and hotels. Coles Myer businesses are located in metropolitan, regional and remote areas across Australia. The workplace environment and operations vary in size, volume, technology and skill requirements.

The organisation employs full time, part time and casual employees and the businesses experience seasonal peaks that require different workplace planning and skill requirements. Coles Myer is a large and diverse business which requires a structured and comprehensive learning and development strategy to meet the identified skill and competency development needs of the organisation.

The Coles Myer Institute is Coles Myer’s primary learning establishment which delivers quality learning and development products and solutions to all Coles Myer employees across all States and Territories. The Coles Myer Institute goal is to connect individuals to a life long learning experience. The Institute endeavours to create an environment that provides employees with continuous learning for continuous improvement. To support the achievement of this, Coles Myer has a well established partnership with Deakin University. Deakin provide a range of services and programs to Coles Myer, providing employees with extended learning opportunities throughout their working life via post graduate programs specifically customised for business identified needs.

LINDA HERON
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Primarily, the Institute is responsible for the development and delivery of all learning throughout the organisation from job specific skills through to personal workplace skills such as leadership, problem solving and decision making. The Coles Myer Institute provides a strategic framework for the development of all employees across Coles Myer from entry level to senior management.

The Institute learning framework supports the development of the Coles Myer leadership competencies that have been specifically defined across four broad levels which include, self leadership, operational leadership, business/functional leadership and strategic leadership.

The Coles Myer Institute learning framework utilises the Australian Qualification Framework (AQF) aligning nationally recognised learning and development pathways to the Coles Myer leadership levels within the organisation. The framework therefore provides an education and training strategy for employees from entry level within the Vocational Education and Training sector through to executive roles within the Higher Education sector. The learning framework represents Coles Myer’s approach to organisational learning and development and features a focus on job skills and provides for recognition of current competency and prior learning. It has multiple entry and exit points dependent on employee needs, provides a module format of learning to meet individual development and just in time learning needs, includes flexible delivery approaches both on and off the job and includes formal assessment which can lead to the achievement of formal qualifications.

To support the implementation of this framework Coles Myer is an enterprise specific Registered Training Organisation operating nationally. As a private provider of training Coles Myer’s scope of registration includes retail specific nationally recognised qualifications from AQF 2–4.

Coles Myer have been a Registered Training Organisation since 1996 when Coles Supermarkets identified the need to become registered nationally. Within the Vocational Education and Training sector the Coles Myer businesses have worked with TAFEs and private providers over the years in the delivery of various programs and Vocational Education and Training qualifications. There have been variations of quality, service, flexibility and cost when working with external providers which has not contributed or supported an overall training strategy for the organisation.

As an enterprise Registered Training Organisation, Coles Myer deliver retail specific programs, which are core to the Coles Myer businesses. In areas of our business where we have specialised skill development needs such as tyre fitting in the Kmart Tyre and Auto business, Coles Myer works with providers who specialise in this area of skill development.

With over 2,000 work sites and 165,000 plus employees managing multiple TAFEs and private providers across the nation is an enormous and complex task. As a national organisation with multiple businesses a consistent learning and development framework is essential. Identifying a single TAFE or private provider to meet Coles Myer's Vocational
Education and Training needs has not been possible. TAFE and private providers are not national but State/Territory based. Many only have the reach of certain localities or regions. In Coles Myer’s experience, it is inefficient and ineffective to manage and or partner with multiple providers (whether they be TAFE or Private Provider) to meet the training needs of the business. The size of the organisation requires a centralised solution and there has not been a provider in the market to date who can meet Coles Myer’s identified needs.

Coles Myer is a Registered Training Organisation as it enables the organisation to effectively provide consistent development opportunities for employees nationally. As an enterprise specific Registered Training Organisation Coles Myer can more effectively manage the outcomes of Vocational Education Training to facilitate greater transfer of learning to the workplace. Registered Training Organisation status provides greater opportunity to manage the quality of learning, program outcomes, program flexibility, customisation and contextualisation of programs to fit the Coles Myer environment and to support the development of a learning culture in order to achieve the strategic goals of the business.

The national training system and the provision of nationally recognised industry qualifications is fully supported by Coles Myer. The national training packages and the Australian Quality Training Framework are strong features of the training system which provide a solid foundation for the Australian Vocational Education and Training sector.

The challenges faced by Coles Myer as a national Registered Training Organisation is that the national training system is subject to State/Territory interpretation and implementation. This results in variations of national policy and when operating on a national scale this can mean administering the same thing in seven different ways. In addition, User Choice enables State/Territory Governments to add further layers of complexity by additional State/Territory imposed requirements on core activities such as the issuance of the certificate for a ‘nationally recognised qualification’ to specific criteria related to the delivery method of a ‘national qualification in that State/Territory.

As a national Registered Training Organisation this can be very challenging and resource intensive. The lack of national consistent implementation methods of the national training system undermines the strengths of the system, and if let to continue, could undermine the success of the National Training Framework.

Coles Myer’s Registered Training Organisation status enables Coles Myer to manage organisational development in a consistent way to meet the needs of both the individual and the organisation. It is simple, Coles Myer don’t want to be distracted by the complexities of the training system in the current market. Coles Myer want to focus on and provide the required development for their employees as well as provide the employees with the opportunity to be recognised for their learning via a partial or full completion of a nationally recognised qualification. The capability to be a private provider enables Coles Myer to achieve this.

Dr Garry Luxmoore is an Assistant Professor of Management with The International Management Centres Association and Principal of Business Decisions International a Queensland based management consulting and training company.

He has recently assisted Flight Centre to create their own CBS, The William James School of Business, and has run action learning degree based programs for a wide range of companies. He is a specialist in learning designs and developing organisations through people.

“The decision to set up a corporate university is a significant one that should not be made lightly. Once that strategy has been decided upon the next step is to consider what model to use. This involves the selection of a partner to provide the necessary academic accreditation so that the “degree awarding” status can be conferred. The universities are the most obvious bodies to turn to.
However in talking with many colleagues in the learning and development areas of industry here is where many problems start to emerge. Their concerns fall into three main areas.

Firstly the corporate university is, in reality, frequently nothing more than a branded distribution channel for the programs of the chosen university partner. It is not a real corporate university at all, but just a series of managers or executives going through the programs offered by the partner organisation. Using the university’s content, delivery modes, timetables and evaluation processes. Sure, there may be a co-branding arrangement between the company and the academic partner but it is still little more than a new distribution channel for the university’s existing programs.

Secondly for geographically diverse organisations with branches throughout Australia or in an array of countries, the use of one provider becomes problematic. Either the learning has to be done face to face by flying people to classes or it is done through distance education mode. Neither arrangement is ideal and both may hinder the learning process. The idea of using a series of different academic partners is fraught with peril as what is taught in Beijing is almost certainly not the same as that taught in Brisbane or Boulder. There is no continuity of content, academic standards, evaluation criteria or of academic calendars, let alone allowing for cross credits between organisations.

Thirdly, the learning is not linked to the strategies of the company. It is incidental and at arm’s length. Most standard MBA programs, for example, include a set of core courses followed by a series of electives. Normative curricula have little direct relevance to the specific strategic direction of an organisation.

In response to these and other important issues, several private education providers have emerged. They are able to give academic credits to learning but are also able to customise the learning to meet the needs of the client. Clearly, learning needs to be:

- uniquely tailored to the organisational agenda
- accelerated to build on existing experience, skills and training at all management levels
- integrating career development and facilitating change processes
- achieving a measurable and real return on investment
- independently accredited to offer recognised qualifications and professional affiliation
- “captured” as corporate knowledge for subsequent use by the organisation.

These private providers are throwing down a strong challenge to the traditional academic institutions.

**The Corporate Business School (CBS)**

One such provider is the UK based International Management Centres Association (IMCA) that creates corporate business schools or corporate universities, having done so with such organisations as Whitbread, Eurest, Sodexho and most recently in Australia with Flightcentre.

Prestoungrange, Sandelands and Teare, all principals at IMCA, discuss the concept of the best learning taking place within the organisation, not without. They state that this learning occurs at the “workplace campus” or corporate business school. They also discuss many very important issues that need to be taken into account when organisations are considering setting up their own CBS, including:

1. measuring outputs and not inputs
2. design of programs to meet organisational objectives
3. becoming a learning organisation

**Outputs and not Inputs**

Normative curriculum is based on inputs to the degree program; ‘x’ number of courses each with so many credits attached to each. In constructing a customer based corporate business school it becomes necessary to deconstruct normative curricula and measure what has been learned – or outputs.

The action learning process not only allows people to work on real work based issues rather than spurious case studies, it also allows for the measurement of outputs. Measurement is based on what action has taken place, the reflections on those actions and the learnings from the process. It allows for measurement of the return on investment from the solving of real work based problems. It allows for the harvesting of corporate intelligence and knowledge.

By measuring outputs credits can be given to three major areas of learning.

**The Credit Ladder**

Thus learners can earn up to one third of a degree for harvesting what they have learned from many years in business; up to one third for their current learning and one third for completing future action learning based programs within the business, solving real organisational problems. The case study is relegated to the waste paper bin, never to be resurrected.

**Design of programs to meet organisational needs**

Learning designs must be inextricably linked to organisational objectives. Normative curricula are mostly at odds with this necessity. The CBS, using action learning methodologies, can design its programs directly around the corporate strategic imperatives.
Systemised organisational learning

This alignment between learning and strategy is an essential way for organisations to successfully implement strategic initiatives. In the tight-loose-tight model of management employed by many organisations, the action learning based CBS gives the people charged with achieving the tight goals, a strong process to follow that will also allow them to obtain degree qualifications for their efforts.

Becoming a learning organisation

Understanding the philosophy of a learning organisation is one thing and becoming one is quite another. As with many theories, the problem is how to turn the philosophy into a series of practical actions which can be implemented and measured? Much has been written about the enormous benefits of becoming a learning organisation, yet there is little documented about how to actually do it.

The action learning based CBS is one highly successful how to achieve the what.

Peter Senge's Five Core Disciplines of

1. systems thinking – a way of thinking about, describing and understanding the forces and relationships that shape organisational behaviour;
2. personal mastery – learning to expand our personal capacity to create the results we most want and creating an organisational environment that encourages its members to develop themselves towards the goals and purposes they choose;
3. mental models – reflecting on, continually clarifying and improving our internal picture of the world, and seeing how they can shape our decisions and actions;
4. shared vision – building a sense of commitment in a group by developing shared images of the future and the principles and guiding practices of how to achieve it;
5. team thinking – transforming conversational and collective thinking skills so that groups of people can reliably develop intelligence and ability greater than the sum of the individual member’s talents.

are absorbed into the CBS solution to give organisations a sound process in how to become a learning organisation.

Conclusion

The corporate university or business school is an exciting concept that, if implemented properly, can become a key driver to help the organisation achieve its strategic imperatives. If set up properly the CBS is not a cost, it is a key component of achieving a sustainable and identifiable return on investment. It is a major initiative to help companies address the challenges, known and unknown, that they are going to meet in today’s rapidly changing world. Done inappropriately, the strategic university will achieve very little except give managers degrees and therefore passports to exit the organisation. The private providers are throwing down a challenge for the traditional universities in how to best create a totally customer driven solution designed to be a driver of change and strategic initiatives.

References

McDonald’s Australia Limited has been operating in Australia since December 1971. Currently there are 730 restaurants operating in communities across Australia. Approximately 30% are company owned and about 70% are owned and operated by local businessmen and women as McDonald’s Franchises. Each restaurant employs around 70 “crew”, and has an average management team of 6–8, most of whom are recruited, trained and developed from crew ranks. In total the System employs in excess of 56,000 people.

David Gigg
People Resources – NSW Training Manager, McDonalds Australia

“IT IS YOUR PEOPLE WHO MAKE THE ULTIMATE DIFFERENCE. YOU PUT THE INVESTMENT INTO TRAINING THE PEOPLE AND THEN, WHEN YOU GET INVITED TO THE PARTY WITH THE BIG BOYS, THAT IS A UNIQUE SELLING POINT”. FRANZ KAFKA

The above quote reflects the timeless concept that it’s good business to train and develop your people. Now, even more than ever, to succeed in the complex and ever changing environment of the 21st Century all businesses need to develop their most important resource, their people.

Training and developing our people has always been one of our core values at McDonald’s. Our founder, Ray Kroc, said back in the 50’s, “training doesn’t cost, it pays”. Having that ethos made it easy for us to become the first Australian enterprise based RTO, (Registered Training Organisation), in 1994. To put it another way, we became our own Private Provider. This, I feel, gives us a unique insight into the question of the proliferation of the private providers over the last few years.

The need for McDonald’s to become an RTO was primarily driven by the lack of flexibility and recognition of workplace accomplishments by the established providers such as TAFE and the Universities. Having the flexibility to tailor a Training programme around someone’s work schedule and competency, rather than the traditional “one size fits all approach”, has given us many benefits. At McDonald’s our Training Department is staffed by people who have all successfully managed Restaurants. We need our training programmes to fulfil two obligations, they need to meet the learning outcomes and comply with the respective Industry National Training packages, but they also need flexibility so we can tailor the training to our internal needs. This, I feel, gives us a competitive edge. Also, I shouldn’t be afraid to say that the ability to issue nationally recognised qualifications can be a great retention and recognition tool.

As an enterprise RTO we are able to deliver training from Certificate II in Retail Operations up to the Advanced Diploma of Business Management. As a business we are able to capitalise on the obvious career path inherent in this structure. For example, 80% of the Management in our Restaurants and 70% of our senior Operations staff started with us as crew. In the McDonald’s culture “Training” is not something which you are sent away to do, and then you come back to “work”. The structure of our training, and the way it has always been embedded in our system, means training is a normal part of your day to day job and something that you are constantly exposed to.

Over the last few years we have leveraged our status as an RTO and have established a partnership with both the University of Newcastle and the University of Ballarat. Our people who have received the Advanced Diploma, and received the exemptions this qualification brings, can enrol in the University at a Post Graduate level. This is delivered by the respective Universities who come to our Melbourne and Sydney Training Centres one night a week. After one year’s part time study, and successful completion, the employees are issued with their Post Graduate Certificate. Coming back for a second year, again part time, they receive their Masters of Management Enterprises. Our first group of “Masters” graduated in 2003. Congratulations to both Newcastle University and Ballarat University in their flexible approach to delivering training.

At McDonald’s we are proud to be one of the largest employers of youth in Australia. The skills that our crew gain are all transferable and make our staff highly employable. A great recognition of this is that in 2001 the NSW Department of Education and Training, DET, approached us about assisting them to deliver “retail” as part of the HSC syllabus. Our growing relationship with the state education authorities first started with a similar initiative in Victoria in 1999. Now we have employees, in years 11 & 12, undertaking Certificate II in Retail Operations as a retail subject.

The transition to being an RTO wasn’t as onerous for us as it was for some. As an RTO we have documented procedures in place for the recognition of qualifications earned through other private providers, access and equity procedures, a thorough and ongoing programme of workplace assessments and there is a detailed and transparent process in place for recognition of prior learning, or RPL. One example that demonstrates the “return on investment” on the large administrative work that goes into being an RTO, is an area such as workplace assessments. By carrying these out it means that not only are the training competencies being assessed, but as the objectives and outcomes are based around the individual’s contribution to our business goals, it is ensures that our training produces results and is not just something out of a textbook.

With the current vocational trends I believe we are going to see more people wanting to take up placements in this field. As part of the VET stream ourselves it is in our interest to ensure that the credibility of this stream of training continues to improve. I also feel that strategic partnerships with existing public providers, such as ours with the two aforementioned Universities, will continue to grow.

We believe that training and development is not a cost but an investment in the future. Our current Australian Managing Director, Guy Russo, and our worldwide President and Chief Operating Officer, Charlie Bell, who both started their McDonald’s career as 15 year old crew people, are living examples of this. ■
As top-up fees continue to grab the headlines, an equally contentious issue is causing a ruckus in academia and shows no sign of being resolved. It is the Government’s plan to change the rules on what it takes to become a university. In the not-too-distant future, will we see colleges of advanced education – such as Bolton Institute and University College Northhampton – becoming universities? The answer is probably, yes. More to the point, will we see a Hamburger University being created in the UK as part of the McDonaldisation of higher education, or a Unipart or Cisco University? And, horror of horrors, will some further education colleges succeed in attaining university status? The established universities are aghast at the idea.

Ministers are planning to change the rules that require an aspirant university to have the powers to award research degrees such as PhDs, and to have a significant proportion of its staff engaged in research. The ostensible reason is that they want to give more attention to teaching. As it is, institutions have been in a headlong rush to add to their research portfolios. More generally, a new raft of universities could bring more choice, competition and innovation in courses and teaching style.

Last week Universities UK responded to the Government’s consultation, saying that removing the requirement for research could damage the international reputation of UK higher education. ‘We are clear that a stable, long-term research culture, requiring at least a threshold level of staff with research experience, is fundamental to successful teaching at and above honours degree level,’ said UUK president Ivor Crewe. ‘The Government is mistaken in its assertion that there is no link between teaching and research’.

But a paper published recently by the Higher Education Policy Institute, a publicly funded think tank, takes issue with the idea that research is a defining feature of a university. It is difficult to sustain, it says, because the conduct of research is relatively new in the history of universities.

Established universities argue that teaching which is not provided in a research environment is second-class. ‘The evidence for that is at best uncertain,’ says Bahram Bekhradnia, author of the new paper and head of policy at the Higher Education Funding Council.

‘But, in any case, even if it were true that higher education teaching cannot be effective except in a research environment, this is not an argument about the criteria for the award of the title ‘university’, but about the criteria for allowing taught degrees to be offered at all. That pass has been sold, for better or worse, and the link between teaching and research is not relevant to the question of university title in this country.’

He is supported in his views by Lord May, the president of the Royal Society, who this week rejected the suggestion that high-quality science courses cannot exist in teaching-only departments. ‘There is a widely held view, supported by repeated assertion and little else, that good university teaching requires staff to be active in research,’ he said. ‘But, as teaching-only colleges in the US demonstrate, excellent undergraduate courses can exist in departments without active research programs.’

In addition to breaking the link between teaching and research, ministers are proposing to repeal the rule that institutions seeking to become universities should lay on a range of disciplines. That opens the door to specialist universities. The only rules that will remain are that universities should have the power to award taught degrees and have at least 4000 full-time students, 3000 of them on degree-level courses.

‘In some respects, this is a far more significant development, as it opens the way to narrowly-focused commercial enterprises establishing universities – a Microsoft University, for example, or a Pearson University,’ says the new paper. ‘Virtually all but the smallest public non-university colleges will be able to achieve degree-awarding powers and university status, and in a few years there could be a number of private or corporate universities as well.

Corporate institutions exist already. Perhaps the oldest is Unipart, based at Cowley, near Oxford, which makes automotive components and has a multi-million-pound complex of lecture halls and computerised learning centres for workers. Would such institutions really want to become universities?

‘I don’t think it is something we would go for, certainly not immediately,’ said a spokesman for Unipart. ‘What we have at the moment is designed to meet our needs as a business. I’m not sure what we would get from going for university status.’
But other companies, notable Pearson, might be more interested. So maybe the established universities have cause to be concerned, says Bekhradnia. Not only would their exclusive club be threatened but perhaps they have a point that the British university brand could become tarnished.

Further education colleges would certainly be interested in applying for university status if they could get round the rules on size. As it is, it looks as though those rules would prevent any FE college becoming a university. But the Standing Conference on Principals (Scop), the body which represents all higher education colleges, is challenging the rules on size.

At a meeting last week with Alan Johnson, the Higher Education Minister, Scop argued for the rule requiring universities to have 4000 students, of whom 3000 are on degree courses, to be dropped.

‘If you have got through the scrutiny process for university status, that is evidence that you are a robust academic community, you are in a good state of financial health and your governance is sound. So why is size such a critical issue?’ said Scop chief executive, Patricia Ambrose. ‘There are very small specialist universities in places like China, Japan and Austria’.

To head off criticism, the Government has asked the Quality Assurance Agency to tighten the rules. Institutions seeking taught degree-awarding powers will have to show that staff are abreast of developments in research and scholarship in their area. Those wanting to become universities will be reviewed every six years. Scop is seeking legal advice on these reviews. It believes that the vice-chancellors’ concerns about reforms affecting quality are mistaken and that universities are simply protecting a cartel.

‘The idea that this is a wholesale liberalisation is fanciful,’ says Roger Brown, director of Southampton Institute. ‘It is indeed so far from the facts that it suggests wholly different motivations on the part of those concerned with it: self protection on the part of the existing university community.’

The Independent

THE VOCATIONAL EDUCATION AND TRAINING SYSTEM: KEY ISSUES FOR LARGE ENTERPRISES


Executive Summary
This paper has been prepared for the Business Council of Australia (BCA) by The Allen Consulting Group. The paper is designed to explain the role of the vocational education and training (VET) system in supporting economic growth, summarise for BCA Members recent developments within the VET system and identify training-related issues of possible concern to large enterprises.

To better understand the emerging issues around training at the enterprise level, the paper reviews current skill development strategies in ten large enterprises and raises a number of key strategic training issues relevant to the VET sector that arise from the changing business environment.

The conclusion is that the VET system including the policy framework, administrative systems and training practices of the VET sector fall short of serving the increasingly complex skill development needs of large enterprises. While a range of administrative changes are required in the short-term to remove impediments, the rapidly expanding skill development agenda of large enterprises points to the case for more wide ranging changes to the VET system.

There are compelling economic reasons for the creation and maintenance of an effective policy framework to support skill formation. Given the outcomes of this initial research, the BCA will be investigating further the appropriate policies and models to support skill formation for the decades to come.

The role of VET in supporting economic growth
The theoretical and empirical evidence suggests that education and training is one of a handful of really significant drivers of individual business performance and growth across the economy as a whole. Further, there are major actual and potential societal benefits.

Education and training is a broad concept, incorporating primary and secondary schooling, higher education, vocational education and training, on-the-job training, and other ad hoc individual choices of training.

In the current structure, the VET sector is intended to deliver targeted skills and to deliver the requisite skills for a changing economy. There is also some focus on generic/employability type skills (such as ability to reason, problem solving skills, development of initiative and so on), and strategies to enhance VET treatment of generic skills are being considered around
Overview of the VET sector

In 1992 a national system for VET was created under the administration of the Australian National Training Authority (ANTA). This system was developed at that time in response to the need for training policy to be integrated into strategies for industry growth and national economic development and to ensure greater certainty in funding for the sector.

Since the mid 1990’s, two key developments have been a move towards competency based training (furthered by the development and introduction of national training packages developed in collaboration with industry) and the development of the Australian Qualifications Framework (AQF). The AQF brings all post compulsory (post Year 10) education and training qualifications into one national system of qualifications and promotes greater articulation within and between the qualification levels offered through the school, VET and university sectors.

The developments of the last decade suggest much has been achieved. The challenge is to position VET to support skill formation for the coming decades.

In terms of delivery of VET, the share of VET provided by Technical and Further Education (TAFE) colleges has been declining in recent years (although they still deliver approximately 75 per cent of publicly funded VET) and the role of private providers has been increasing.

Data relating to publicly funded VET are reasonably comprehensive. However, there is little information relating to non-public provision of VET. Publically available information about companies that are Registered Training Organisations (RTOs) and provide training for their own staff or private training providers that operate purely on a fee for service basis is limited. ANTA reported that in 1996 industry spent a total of $3.74 billion on VET — approximately 45 per cent of total system expenditure. ABS (2002–2003) has subsequently estimated that industry expenditure has increased by 52 per cent to around $4 billion (in nominal terms) and has adjusted the 1996 expenditure estimate to around $2.4 billion.

Student activity has grown very strongly over the past ten years. Between 1991 and 2001 the number of students enrolled in publicly funded VET programs increased by 77 per cent from under 1 million to 1.76 million students, including 330,000 apprentices and trainees and 170,000 students participating through VET in schools.

The public VET system remains heavily reliant on State (56.7 per cent of recurrent revenue in 2001, totalling $2.35 billion) and Commonwealth (22.1 per cent, totalling $0.91 billion) Government funding. Student fees and charges in 2001 made up only 4.4 per cent of recurrent revenue ($0.18 billion). The composition of revenue sources does vary significantly between States. While recurrent revenues and expenses have grown by 9.3 per cent and 10.2 per cent respectively between 1997 and 2001, growth in student training activity, whether measured by student numbers (+20.4 per cent), modules/units of competency (+36.5 per cent) or training hours (+25.0 per cent), has been increasing far more strongly during this period.

There appears to be a significant number (40 per cent) of VET students primarily (deliberately) module rather than full course oriented, in that they are taking only one or two modules in a given year.

Employer overall satisfaction with VET graduates, and specifically with graduate skill appropriateness and quality, are all slightly higher for non-TAFE VET graduates than for TAFE VET graduates.

Skill development in enterprises

Ten case studies found that a significant transformation in the skill development needs of enterprises is occurring as business tackles the challenges of the global marketplace, rapid technological change and increasingly sophisticated customer needs. Without exception, companies see skill development as integral to achieving high performance in the workplace. Many organise skill development as a national company strategy and integrate training provision from entry level to higher education and for the shop floor to senior executives.

The issues raised by the companies are at two levels. Firstly, they signal a range of interim administrative

Table E 1: TRAINING PRIORITIES AND CHARACTERISTICS

<table>
<thead>
<tr>
<th>Business Drivers and Priorities</th>
<th>Preferred Training</th>
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<tbody>
<tr>
<td>• Global competitiveness</td>
<td>• Enterprise specific</td>
</tr>
<tr>
<td>• Focus on costs, markets and speed</td>
<td>• Enterprise self – manages or directs</td>
</tr>
<tr>
<td>• Product and service quality and innovation</td>
<td>• Work-based learning</td>
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<tr>
<td>• Flexible workplaces</td>
<td>• Available when needed</td>
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<tr>
<td>• Business regulation</td>
<td>• Soft and technical skills</td>
</tr>
<tr>
<td>• National learning organisation</td>
<td>• One-on-one as well as group learning</td>
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<tr>
<td>• Motivated workforce</td>
<td>• On-going retraining</td>
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<td>• New knowledge</td>
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<tr>
<td>• Corporate standards</td>
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<td>• Employer of choice</td>
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Source: The Allen Consulting Group
changes that are needed to ensure the VET sector is aligned with companies’ training objectives. At a higher level, the case studies demonstrate the significant transformation in skill development that is occurring in large enterprises and point to the widening chasm between the VET sector’s priorities and practices and companies’ skill development strategies. This suggests the need for changes not only to the current training framework but also to the overall parameters for VET policy as it relates to large enterprises.

Table E1 summarises the drivers of the training priorities of business and the nature of training the enterprises in the case studies overwhelmingly prefer. Historically, industrial agreements have played a major role in determining the pattern of industry training but now companies are increasingly driving training decisions from a whole-of-company perspective. There is an increasing focus on aligning training strategy with business strategy and ensuring the skills for growth are available to the company. One consequence of this alignment is that technical skills are being packaged with generic skills.

In the manufacturing, construction and resources sectors, there is a long history of operational and technical training. Changes in the nature of the workplace now call for the addition of the so-called generic skills like communication, teamwork and leadership, innovation and the use of information technology. In the service and retail sectors, there are relatively low levels of post-secondary education in many areas of the workforce. The changing requirements of the sectors mean that the breadth and depth of the training effort in these enterprises continues to expand. The strongest drivers for skill development are product and service quality and ensuring service conforms to company standards and provides a competitive advantage.

Table E2 illustrates the expanding breadth of training that is evident in the enterprises in the case studies. The wide breadth in the areas of training demonstrates the reach of training into all areas of business. Some categories are technically or product-specific while others are more general, although always related to the specific workplace context.

In implementing their human resource and training strategies, the enterprises, are using the formal VET system of training packages, Australian Qualifications Framework (AQF) and VET providers to varying degrees. Three are enterprise RTOs for all of their training. The majority have a hybrid model that mixes enterprise RTO status, external provision and in-house training. Two have decided not to be RTOs and instead pursue innovative structural arrangements with external RTOs and like-minded enterprises.

Table E2: BREADTH OF TRAINING

<table>
<thead>
<tr>
<th>Breadth of Training</th>
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<tr>
<td>There is a wide breadth in the areas of training in enterprises, which demonstrates the reach of training into all areas of business. Some categories are technically or product-specific while others are more general, although always related to the specific workplace context.</td>
</tr>
</tbody>
</table>

The main areas for training are:
- Job readiness and induction
- Product knowledge
- Customer service
- Technical skills update/retraining
- Equipment vendor instructions
- Occupational health and safety
- Environmental standards
- Community awareness
- Front line leadership
- Team work and communication
- Regulatory requirements
- Personal awareness and development

Source: the Allen Consulting Group

...enterprises identify the gaps in the training packages and the slow process of keeping them up-to-date with industries’ rapidly developing skill needs. The AQF tends to be valued by enterprises more as a motivational device for employees than for the actual information about the qualifications attained.

In a few of the enterprises, the AQF and training packages serve as a useful guide to the inventory of skills needed in their sector. Mostly however, enterprises identify the gaps in the training packages and the slow process of keeping them up-to-date with industries’ rapidly developing skill needs. The AQF tends to be valued by enterprises more as a motivational device for employees than for the actual information about the qualifications attained.

The enterprise case studies point to a set of key issues that need to be urgently resolved if the companies are to continue to gain significant benefits from their involvement in the VET system. These include the following:

- Large enterprises consider that their skill development requirements are not adequately understood and reflected in overarching VET policy.
- Enterprises value training in soft skills/employability skills and consider that these areas are not given sufficient emphasis in training packages.
- Enterprises want training closely tailored to their workplace needs.
- Administrative barriers restrict innovative approaches, such as multi-institutional and company partnerships, which can stimulate new training models.
- Registration for large enterprises as RTOs is cumbersome and often redundant considering their global standards.
Inconsistencies in State-based standards and regulations create inefficiencies.

Enterprises in the case studies send the message all too clearly that the systems and practices of the VET system are failing to meet their increasingly complex skill development needs. They have signalled a number of shorter-term changes but, beyond these procedural aspects, the overall concern of enterprises is that the VET sector does not appear to be sufficiently receptive to the new skill development paradigm in business and able to change accordingly.

**Key strategic issues for the BCA**

The BCA is primarily concerned to ensure appropriate policies, frameworks and models exist to support skill formation in the economy. In the current model, the VET sector has a substantial role and business expects the VET sector to deliver quality outcomes in an efficient, timely, and industry-responsive manner.

The major pressures and demands on the VET sector revolve around the changing nature of the world of work and the transformation in skill development in enterprises. There are major changes in the dominant model of work organisation, with a greater role for generic knowledge, updating skills over time, and an increasing emphasis on skills in driving competitive advantage. There are unanswered questions about the future role of the AQF, competency based training and training packages as currently applied. Consideration needs to be given as to whether these are still the tools to support effective skill formation in the next decade.

Demographic changes highlight the need for worker reskilling and life-long learning approaches, in addition to ongoing demand for training to equip workers in the initial phase of their career.

The type of skills required in workplaces is changing. There is an increasing requirement for generic skills and ongoing retraining. New flexibility and timeliness will be required in training frameworks and policies.

Enterprises, as they seek to achieve growth and productivity improvements, will assess the relevance and capacity of the VET sector to support the needed skill development. If the VET sector can not meet the need for relevant and effective vocational education and training, enterprises will increasingly choose to provide training outside the VET framework.

Given the importance of skill formation in sustaining economic growth the BCA is contributing to the debate around the optimal policy framework underpinning skill formation. In terms of the current VET sector, there are key issues for the ongoing relevance of VET.

The type of skills required in workplaces is changing. There is an increasing requirement for generic skills and ongoing retraining. New flexibility and timeliness will be required in training frameworks and policies.

Modules of training rather than qualifications will be increasingly important, particularly for ongoing skill development. This brings into question how training packages are developed, their content and how they will be delivered.

National coordination and harmonisation across States and territories in terms of quality assurance systems, industry licensing and occupational health and safety training continues to be absent from the VET sector leading to confusing and conflicting regulatory requirements.

Much has been achieved in the growth and diversification of training providers. The introduction of “user choice” has enhanced availability and quality. The VET system of the future should facilitate both public and private providers of vocational education, maintaining a competitive environment.

However, recognition needs to be given to the ongoing role of public providers. Discussion about their future role and resourcing is required. There are pressures around the ongoing financial viability of the public system due to relatively narrow funding bases, overwhelming dependence on Government funding and the disjoint between recurrent funding and recurrent expenditure – particularly in relation to the treatment of capital depreciation.

Overall, the policy framework, regulatory and administrative processes and training practices of the VET system fall short of serving the future complex skill development needs of large enterprises. Issues such as global competition, new technologies, increased focus on productivity and ensuring increased participation as the workforce ages are all contributing to a major focus on skill formation in many BCA Member Companies. The challenge will be to ensure the appropriate models to support skill formation are in place for the next decade.

A new agenda might take account of factors such as: capacity of the current AQF, training package and competency based training system to address future skill requirements; a sharper delineation of roles and responsibilities between the VET sector, large business and smaller sized enterprises; the costs versus the benefits of the VET sector regulatory apparatus; achieving greater autonomy for large enterprises within a national framework; and how to achieve the flexibility and responsiveness that all stakeholders are seeking.

While administrative changes are called for in the short-term, the expanding skill development agenda of enterprises points to the case for a wider ranging reform to the policies and models supporting skill formation so they align with the new skill development paradigm in business.

**Source:** The Vocational Education and Training System: Key Issues for Large Enterprises – A report prepared for the Business Council of Australia by the Allen Consulting Group
Applications were sought earlier in the year and were judged by an experienced panel of judges under the chairmanship of Professor Leon Mann, Pratt Family Chair in Leadership and Decision Making, University of Melbourne, comprising:

Dr Annabelle Duncan  
Chief of Division, Molecular Science, CSIRO

Dr Bob Frater AO  
Vice-President for Innovation, ResMed Ltd

Ms Lesley Johnson  
Director of Strategic Initiatives, Australian National Training Authority

Mr Peter Laver  
Chair, Victorian Learning and Employment Skills Commission

Dr Jane Munro AM  
Principal & Chief Executive Officer, Firbank Grammar School

Dr Peter Scaife  
Director, Centre for Sustainable Technology, The University of Newcastle

The criteria for evaluation included:
1. Innovativeness
2. Strength of the relationship between collaborating partners
3. Outreach inclusion (e.g. overseas – to other groups, companies)
4. National benefits
5. Cultural impact on the partner/organisation.

To be eligible at least one of the partners in the project or program had to be a member of B-HERT.

B-HERT wishes to acknowledge the generous support of the following organisations:

MAJOR SPONSOR

Australian Government
Department of Education, Science and Training

SPONSORS

Grahame Cook, Assistant Secretary, Dept of Education, Science and Training, presented the Awards at a gala dinner at the Sheraton Towers Southgate in Melbourne on Tuesday, 25 November 2003.
Winning entries were:

**Small-Medium sized Companies and Project/Program 18mths–5years in train:**

All winners are pictured with Dr Mark Toner, President, B-HERT and Grahame Cook, Assistant Secretary, Department of Education, Science and Training.

**Sponsor:** Shell Australia Limited  
**Winner:** The University of Sydney and Compuware Asia-Pacific  
**Title:** Attracting and Retaining Top Students in Information Technology

Compuware Asia-Pacific and the School of Information Technologies at the University of Sydney have been collaborating in an ambitious program to attract and retain top students, especially women, to study Information Technology. We have collaborated on three main initiatives. First, the Compuware Computer Science Summer School is an extensive residential Problem-Based Learning experience for around 60 students and four teachers each year, involving intellectual challenges, team work and broad problem-solving skills. The second is the creation of a new degree program, the Bachelor of Arts Informatics, which integrates broad Arts studies with IT. The third aims to retain IT students through developing outstanding teaching resources under the Science Lectureships initiative.

**Honourable Mention:**

Centre for Design (RMIT University), Urban and Regional Land Corporation (VicUrban), Sustainable Energy Authority Victoria and EcoRecycle  
**Title:** AURORA Sustainable Housing

Aurora is a long term building development of 8,500 homes over 10–15 years. Aurora is designed to be a leading edge sustainable housing development which raises the bar for social, environmental and economic standards. To achieve this, the Urban and Regional Land Corporation is working closely with the 12 builders involved in the project. This was done through strict design controls and an innovative program of research, education and support for the builders. The Centre for Design was involved in developing the material selection guideline for the project. SEAV and EcoRecycle contributed to the development of the guideline methodology. Through a series of consultative meetings with the builders a workable flipchart was developed based on the guideline. There have been two collaborative educational workshops to aid in increasing builders’ awareness of manufacturers of environmentally preferable building materials. The interest from manufacturers and builders alike is growing as the project continues. In fact the flipchart and interactive educational model has been used in other developments as a basic framework for encouraging improved environmental performance.
Small-Medium sized Companies and Project/Program more than 5 years in train:

**Sponsor:** Griffith University  
**Winner:** Macquarie University and the Association of Superannuation Funds of Australia  
**Title:** Superannuation Management Education Program

ASFA and Macquarie University have collaborated since 1990 to offer the Superannuation Management Education Program for anyone working in the superannuation industry. This open-entry distance education program provides the Diploma of Superannuation Management to students who complete eight course units. A team of professionals at ASFA, working with around 50 volunteer industry practitioners, produce course notes and assessment materials which are then reviewed by academic staff at Macquarie University. ASFA, Macquarie University and the superannuation industry are dedicated to ensuring that a rigorous academic standard is maintained in terms of both study materials and assessment levels for diploma units. Assessment for all units is by way of a compulsory assignment and final examination.

Large Companies and Project/Program 18 months–5 years in train:

**Sponsor:** Queensland University of Technology  
**Winner:** Dept of Education, Science and Training, Business Council of Australia, Australian Vice-Chancellors’ Committee, Graduate Careers Council of Australia, Australian Association and Graduate Employers and the National Association of Graduate Careers Advisory Services  
**Title:** Higher Education Workplace Skills Olympiad (HEWSO)

The Higher Education Workplace Skills Olympiad (HEWSO) provides experiential learning, in a competition framework. In early 2001 eleven universities were linked with 11 host employers, in 2002 thirteen universities and employers participated and in 2003 eighteen campuses and employers and close to 50 student teams were linked. It is expected that 24 campuses and employers will be linked in early 2004 across metropolitan and regional areas in 6 states/territories. Each university can enter up to 5 teams of 8 students drawn from any discipline. Through a site visit they are exposed to the culture and structure of their host organisation. The groups are then presented with a business issue/problem by their host employer and asked to present their solution four weeks later. Each host employer selects the strongest team – based upon a business report and a 20 minute presentation. These winning teams from across the country then represent in the national finals where a Judging Panel selects the ‘National Winner’ and three ‘Highly Commended’ teams.

Honourable Mention:

Macquarie University, Computer Sciences Corporation, Compuware, Unisys/The Australian Centre for Unisys Software (ACUS), EMC Corporation and the Macquarie University Office of Information Services  
**Title:** Systems Engineering Project

This project emerged as a program to create alliances between our top Computing students, academics and industry to the benefit of each party. From the student’s viewpoint, the objective of this program is to assist students in taking responsibility and initiative for their own learning and
to prepare them for a career in IT, which will primarily involve working in project teams to deliver IT solutions. Novelty, the students manage their own projects and present a lecture series to their peers. From the project sponsor’s viewpoint, the objective is to provide sponsors with students that have a firm foundation in the fundamentals of computer science and an ability to apply and adapt that knowledge to solve a real business problem. Benefits to the university are the provision of an industry-relevant experience to students and the development of a bridge between academics and industry partners that is leading to more industry-relevant teaching and research collaborations. A number of spin-off benefits have resulted in the form of joint seminars, scholarships, employment opportunities and research projects.

**Large Companies and Project/Program more than 5 years in train:**

**Sponsor:** RMIT University  
**Winner:** Deakin University and Coles Myer Limited  
**Title:** The Coles Myer – Deakin Alliance

The project is the development of the Coles Myer Institute. The Institute was formally established in late 2002-early 2003 through a long-term collaboration between Deakin and Coles Myer Pty Ltd. The project represents a breakthrough in education and training and is the first university/corporate partnership of its kind in Australia. The Institute is now a benchmark in effective collaboration between industry and higher education.

The Coles Myer Institute:
- Enabled the creation of a holistic approach to learning and development,
- Provided Coles Myer with an ability to link education and training with business outcomes, and
- Provided a new strategic driver for delivering training to employees all over Australia.

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**Outstanding Achievement in Collaboration in Education & Training with a Regional Focus**

**Sponsor:** University of Ballarat  
**Winner:** University of Tasmania, CPA Australia, Australian Institute of Company Directors, Garrison’s Financial Services, Tasmanian State Audit Office, National Institute of Accountants and the Tasmania Chamber of Commerce and Industry  
**Title:** Accounting and Business Education in the Tasmanian Community: Working for Mutually Beneficial Outcomes

The project is about establishing and continuing to build relationships with various Tasmanian and Tasmanian-based organisations and the community. The School of Accounting and Finance has become an integral part of the community and a valuable resource for the State. This is particularly so for the rural areas of the State, where the provision of educational and financial services has often been neglected.

Note in your diary applications for this year’s Awards for Outstanding Achievement in Collaborative R & D will be called in May 2004.
Purpose
To recognise the importance of education in the process of developing and nurturing entrepreneurs; and to showcase best practice in entrepreneurial education.

Criteria for Assessment
1. Effective involvement of industry in the design, implementation and evaluation of entrepreneurial educational activities.
2. Encouragement of students in the practice of entrepreneurship.
3. Is the educator’s work a model for others?
4. Demonstrable outcomes of the educator’s work – development by students of new products, processes or services.
5. Has the educator’s work made a difference to the attitudes, self esteem, behaviour, life chances, values and employment outcomes of their students?

The winner of the 2003 Best Entrepreneurial Educator of the Year:

Tracey Hodgkins
Program Director, Curtin Advantage, Curtin University of Technology

“Tracey has worked at Curtin for approximately four years after becoming involved in revitalising the ‘CBS Plus’ program while herself a student at the University’s Business School. Tracey’s motivation, enthusiasm and gift for building teams saw numbers in CBS Plus rise dramatically from 30 participants to approximately 2 500 students after only two years.

Tracey’s work in this program gave her the idea of creating a University-wide initiative that would complement the knowledge students gained through their studies by enabling them to also acquire the skills and work ethic needed in a modern workplace.

Being an entrepreneur herself, she founded, developed and now directs the Curtin Advantage program, drawing on her extensive contacts to create relationships with industry and business which have yielded sponsorship, mentors, project partners, internships and pathways for students. Advantage brings together staff, industry and students from across the University into cross-disciplinary teams to work on a range of projects created by Tracey or developed from students’ ideas. This was not an easy task to accomplish in a University that is divisionally focussed, but Tracey has overcome this and a myriad of other obstacles to create a program which offers a competitive advantage for students and Curtin alike.

Much of the focus of Curtin Advantage is on developing the entrepreneurial skills of the students involved. The Curtin Advantage Entrepreneurial Initiative is designed to link students with real business ideas (both for profit and not for profit) into entrepreneur networks within the State, and help them to develop their ideas into working propositions. Examples of Tracey’s work in this area are detailed in the attached nomination and pamphlet and include:

• development of the Curtin Entrepreneurs’ Challenge in which teams of students are required to present an idea, write a business plan and pitch the final plan to a panel of judges;
• development of not for profit projects to benefit Western Australian communities;
• development of a structured series of seminars and guest lectures to encourage and assist students participating in the Curtin Challenge and similar competitions; and
• establishment of a ‘business incubator’ process to assist and support students aiming to start a business.

Tracey Hodgkins initiated and established Curtin Advantage and has managed the program since its inception. She leads a team of three staff which has achieved an impressive amount in a short period of time: a number of successful companies have been developed through the program from students’ ideas; strong and ongoing links with industry have been established which benefit students in numerous ways; Advantage students and teams consistently win State and National awards; and, student numbers have grown to around 1 300 solely through enthusiastic word of mouth. Even more impressively, all of this has been achieved while Tracey has been studying for her Master of Business Administration degree.”

Professor Lance Twomey AM
Vice-Chancellor
Curtin University of Technology

Note in your diary applications for this year’s Award for Best Entrepreneurial Educator will be called in May 2004.
As a unique group of leaders in Australian business, professional firms, higher education and research organisations, the Business/Higher Education Round Table (B-HERT) sees as part of its responsibility the need to articulate its views on matters of importance germane to its Mission. From time to time B-HERT issues Papers in this context – copies of which are available from the B-HERT Secretariat at a cost of $9.90 (GST incl.) per copy.

B-HERT Paper No. 7 (February 2004) – The Knowledge-Based Economy: Some Facts and Figures
An update to B-HERT Paper No. 4 which provides some useful and interesting comparative data on Australia’s relative global position within the context of the knowledge-based economy.

Leading Edge – Australian Public Sector Research (November 2003)
This publication seeks to showcase our developing research excellence, and widen the opportunities available to many of the researchers, their universities and agencies which supported this research, and to the nation. ($29.95 per copy)

B-HERT Paper No. 6 (February 2003) – Research Issues for the Service Sector, particularly for Community Service Professions and Export Services
This paper attempts to define the service sector, particularly on two important areas, the community services sector and the export industries sector.

Position Paper No. 10 (September 2002) – The Importance of the Social Sciences to Government
Social policy is concerned with a range of human needs and the social institutions created to meet these needs. The social sciences cover a wide array of complex issues and disciplines. Government activities are now centrally related to social policy and the boundaries between social, economic and science policy are blurred. Commonwealth Government expenditure on social security and welfare, health and education amounts to some 65% of total expenditure and indicates the importance and persuasiveness of social policies. The social sciences and policies are important in ensuring the maintenance and functioning of a stable society by attempting to provide a more equitable distribution of wealth and income and ensuring an understanding of governance and institutions of civil society. Universities play a key role in providing social science courses which educate graduates in a philosophy, knowledge and the new developments of social science. The enables government agencies to access skilled social scientists who are capable of developing and implementing new social science policies appropriate to meet the needs of an ever changing world.

Position Paper No. 9 (August 2002) – Enhancing the Learning and Employability of Graduates: The Role of Generic Skills
In an era when various new kinds of partnerships and relationships are developing between industry and higher education, and between the different sectors in education, a paper on generic skills is timely.

This paper outlines the nature and scope of generic skills before discussing the reasons why they have become a focus of policy interest. The benefits of paying attention to generic skills for learning and employability purposes are considered in relation to relevant research findings. The holism, contextuality and relational level of generic skills as well as the links to lifelong learning are highlighted. Examples of the incorporation of generic skills into higher education structures and courses are also described.

There is also discussion of ways to close the ‘employability’ gap.

The paper then suggests a learning framework for generic skills at different levels.

Finally the paper makes some recommendations in respect of further work that would be valuable in pursuit of the agenda to enhance the learning capability of employability of graduates.

Position Paper No. 8 (July 2002) – Higher Education in Australia – the Global Imperative
This paper is B-HERT’s submission to the Nelson Review of Higher Education.

B-HERT Paper No. 5 (June 2002) – THE FACTS (Higher Education in Australia – today compared with yesterday and the rest of the world)
A compendium of statistics on higher education. ($19.95 per copy)

B-HERT Paper No. 4 (February 2002) – The Knowledge-Based Economy: Some Facts and Figures
An update to B-HERT Paper No. 2 which provides some useful and interesting comparative data on Australia’s relative global position within the context of the knowledge-based economy.

Position Paper No. 7 (January 2002) – Greater Involvement and Interaction between Industry and Higher Education
This paper looks at the need for a more enhanced partnership between the business community and higher education.

Discussion Papers:
- How Should Diversity in the Higher Education System be Encouraged?
- The Role of Universities in the Regions
(Refer B-HERT website: www.bhert.com)
The 2003 Qantas SIFE Australia National Champions from The University of Melbourne were ‘big improvers’ at the 3rd SIFE World Cup, held in Mainz in October 2003. From a field of 31 national representative teams, they won through to the Final Round.

From the five finalists, comprising Australia, Malaysia, New Zealand, Nigeria and the USA, only the winner, the USA and the runner-up, Malaysia, were named. The performance of all teams was of such high standard that the remaining teams may be considered as ‘joint’ third place-getters!

Our students drew high praise from a judging panel of chief and senior executives of many of the world’s largest multinational corporations, including Brambles chief executive David Turner and the President International of Campbell Soup Co, Australia’s John Doumani, chaired by Wal-Mart Stores’ Tom Coglin.

More details of the 2003 SIFE World cup can be found at www.sife.org

In 2004, the SIFE program in Australia is set for growth, with 32 university teams expected to contest the National Competition at the Hilton Melbourne over the weekend 10/11 July. Members of B-HERT would be welcome as judges or observers. Contact the CEO of SIFE Australia, John Thornton, on 0417 811877 or by email at john.thornton@sifeasustralia.org.au to register interest.

B-HERT MEETING DATES FOR 2004

Please note the following dates for B-HERT meetings for 2004:

Tuesday, 18 May 2004 –
Sheraton Towers Southgate – Melbourne
4pm – 7pm, followed by dinner

Thursday, 18 November 2004 –
Shangri-La Hotel – Sydney
2.30pm – 5.30pm (inclusive of Annual General Meeting), followed by Awards dinner.
The purpose of the Business/Higher Education Round Table (B-HERT) is to pursue initiatives that will advance the goals and improve the performance of both business and higher education for the benefit of Australian society.

B-HERT is the only body where leaders of Australia’s business, research, professional and academic communities come together to address important issues of common concern, to improve the interaction between Australian business and higher education institutions, and to help guide the future directions of higher education.

In pursuing this mission BHERT aims to influence public opinion and government policy on selected issues of importance.

Mission Statement

B-HERT believes that a prerequisite for a more prosperous and equitable society in Australia is a more highly-educated community. In material terms it fosters economic growth and improved living standards – through improved productivity and competitiveness with other countries. In terms of equity, individual Australians should have the opportunity to realise their full social, cultural, political and economic potential.

Membership of B-HERT comprises Australian universities, corporations, professional associations, the major public research organisations (Commonwealth Scientific and Industrial Research Organisation; Australian Nuclear Science and Technology Organisation and Defence Science and Technology Organisation) and the Australian National Training Authority.

B-HERT pursues a number of activities through its Working Groups and active alliances with relevant organisations both domestically and internationally. It publishes a regular newsletter (B-HERT NEWS), reporting on its activities and current issues of concern relevant to its Mission.