

**Independent Review of the Australia-Pacific Technical College 2014
MANAGEMENT RESPONSE**

Investment Summary

Investment Name	Australia-Pacific Technical College Stage 2		
AidWorks initiative number	INJ862		
Commencement date	14 June 2011	Completion date	30 July 2015
Total Australian \$	\$152,000,000 commitment		
Total other \$			
Delivery organisation(s)	Consortium : TAFE Queensland (lead contractor); Box Hill TAFE Institute and GRM International		
Implementing partner(s)	TAFE Queensland, Box Hill TAFE Institute and GRM International		
Country/Region	Pacific – with campuses in Fiji, Papua New Guinea, Samoa Solomon Islands, and Vanuatu.		
Primary sector	Education		
Initiative objective/s	<p>The Australia-Pacific Technical College (APTC) is providing Australian certificate and diploma training to achieve its objectives of:</p> <ul style="list-style-type: none"> • supporting skills development in the Pacific, in response to national, regional and international labour market requirements; • providing quality, demand-driven training that will present opportunities for Pacific Islanders to access international labour markets; and • increasing productivity of individuals and organisations in the targeted industries and sectors. <p>It is anticipated that APTC will have produced 4200 graduates during the current contract stage (Stage 2) to a total of at least 7,000 graduates by June 2015.</p>		

Evaluation Summary

Evaluation Objective: The independent review of the APTC program was conducted to:

- assess the performance of the APTC against its three stated objectives with regard to its relevance, effectiveness, efficiency and sustainability
- assess the contribution and impact of the APTC to skills development in the Pacific
- identify ways in which APTC's value for money (i.e. economy, efficiency and effectiveness) could be enhanced during the remaining years of the program cycle
- provide an evidence base that will inform future programming decisions beyond 2015

Evaluation Completion Date: 30 November 2014

Evaluation Team: Richard Johanson (Team Leader), Peter Moock (Economist), Virginia Simmons (TVET Specialist), Richard Curtain (Labour Mobility Specialist) and Tina Seniloli (DFAT Evaluation Manager)

DFAT's response to the evaluation report

1. The final report submitted by the review team meets the quality criteria in DFAT guidance on evaluation reports. It addresses the terms of reference and incorporates feedback on the draft. The report reflects an understanding of most of the key issues, the rationale for the majority of recommendations is provided and there is an executive summary for decision-makers. The style, format and writing are clear and accessible.
2. The review was a useful opportunity to gain an independent view of the APTC program after 7 years of implementation and 5 years since the last independent review
3. The review report states that while APTC is yet to be truly integrated with bilateral/national initiatives, the program is consistent with emerging regional strategies for education and training, and fits well with the aid policy introduced by the Australian Government in 2014. The report does not reference existing strategic guidance for the Australian aid program, including the Pacific Education and Skills Development Agenda (PESDA) which sets out Australia's overall strategy and approach to educational improvement in the Pacific. The report recommends the development of an Australian regional Technical and Vocational Education and Training (TVET) strategy. This is timely, and when finalised, will set the strategic framework for Australia's regional and bilateral investments in skills for employment and growth in line with the Government's aid policy.
4. The review found that APTC has succeeded in building national and regional capacity in skills development and has gained a strong reputation for quality among stakeholders. However the team recommended that APTC should focus on reducing operating costs and generating more revenue. We agree. An extension to the current contract, as recommended by the review, will address ways the existing structure can be streamlined, including investigating moving to a one Registered

Training Organisation system to reduce any duplication. Additional efficiency targets will also be incorporated during the contract extension period.

5. The labour mobility analysis in the report is very comprehensive and raises some good issues. With relatively few graduates migrating outside of the Pacific (2.9%) for many reasons including immigration regulations in receiving countries, the question of how to improve labour mobility opportunities from APTC will be considered by DFAT in scoping and design work for the next phase of the program. During the contract extension phase of APTC Stage 2 (July 2015 to June 2018), DFAT, in close consultation with Whole of Government partners, will seek to formalise arrangements to open up opportunities for student and graduate study and work placements in Australia.
6. The review report confirmed that the APTC produces high quality graduates that employers are satisfied with. Many graduates have benefitted in terms of better employment, wage increases and job promotions.
7. The review also highlighted the professionalism of APTC staff, and that APTC has had some influence in improving the TVET sector across the region. We agree that more work needs to be conducted to better gauge the impact and outcomes of the program. This will be incorporated into the contract extension phase through a strengthened Monitoring and Evaluation system, which will also better capture the data required for measuring development outcomes and economic rates of return.
8. The Value for Money analysis in the report was comprehensive and rigorous. It was encouraging to note that the cost per graduate has decreased by 23% from the first four years. The cost comparison with sending Pacific Islanders to Australian institutions was a little too simplistic, as it didn't consider broader externalities, such as access issues, social or gender implications.
9. On the future of APTC, the report concluded that APTC remains relevant in the medium term, but the current model is not sustainable in the longer term. It dealt well with the operational changes needed in the short term to increase efficiency and maximise value for money, of which most will be implemented through the extension and amendment to the current contract
10. The analysis of the medium to longer term strategy was useful. Emphasis placed in the review report on an enhanced role for APTC as a broker for overseas employment and provider of advice and support for immigration, particularly to Australia and New Zealand will need to be viewed within the Australian Government's broader immigration and education policies. We acknowledge that the provision of immigration advice is the role of departments of immigration, and APTC can only provide information and links from publicly available official sources. Recommendations on these issues from the review team will be used to guide DFAT in scoping and design work for a future phase of the APTC program.

DFAT's response to the specific recommendations made in the report:

Recommendation	Response	Actions	Responsibility
<p>R.1 DFAT begins intensive consultation</p> <p>1a. towards the development of an Australian regional TVET strategy; and</p>	Agree.	<p>A Pacific-wide TVET Strategy (building on the Pacific Regional program's Aid Investment Plan and Education Sectoral Investment Plan) will set the strategic framework for Australia's regional and bilateral investments in skills for employment and growth in line with the Government's aid policy.</p>	DFAT
<p>1b. within the context of this strategy, DFAT defines its long-term vision for the APTC.</p>	Agree	<p>DFAT will engage with the new, skills-based, APTC Board to consider options for the long-term vision for APTC.</p> <p>Further, DFAT will establish an APTC Design Advisory Group to develop the long-term vision for APTC; and a transition plan. The Group will include representatives with deep and broad knowledge of: TVET in the Pacific and in Australia; Pacific and Australian Labour Markets; Labour Mobility issues in the Pacific; Pacific economies; and Australian Migration Policy.</p>	DFAT

<p>R.2 APTC develops mid- and long-term strategic plans for each campus country, acknowledging their different stages of development, in line with the Australian Government's vision and strategy for TVET assistance to the region; and APTC bases its regional plan on these country strategies.</p>	Agree	APTC to develop these as a matter of priority during extension phase of current contract, having regard to national and bilateral plans. Campus country and regional plans to be subject to endorsement by DFAT.	APTC
<p>R.3 DFAT:</p> <p>3a. contracts a single RTO to implement and be accountable for all aspects of program planning, delivery and quality assurance; and</p>	Agree.	DFAT and APTC will address ways the existing consortium structure can be streamlined during extension phase of current contract, including a single RTO model.	DFAT and APTC
<p>3b. requires a single set of administrative policies, procedures and processes for the APTC, including employment terms and conditions of staff, separate from Australian TAFE industrial awards.</p>	Agree.	DFAT and APTC to address this during extension phase of current contract.	DFAT and APTC
<p>R.4 APTC strengthens delegation, ensuring that:</p> <p>4a. all APTC staff are accountable to the CEO; and</p>	Agree.	APTC to address this during extension phase of current contract.	APTC
<p>4b. country managers have sufficient authority to operate effectively and deliver on their country plans.</p>	Agree.	APTC to review and address as appropriate during extension phase of current contract.	APTC

<p>R.5 APTC rationalises the organisational structure and locations. Specifically, APTC:</p> <ul style="list-style-type: none"> 5a. replaces two senior managers in shared roles in Fiji with one senior manager in charge of all aspects of teaching and learning, possibly at deputy CEO level, and one country manager for Fiji, based in Suva. 5b. reviews manager positions in the APTC headquarters in Nadi with the aim of ascertaining whether some functions might be carried out more cost-effectively in Australia and others can be turned over to lower-cost national staff. 5c. replaces two service managers and two RTO teams supporting the APTC in Australia with a single team liaising closely with Fiji-based staff 5d. considers relocating the APTC headquarters to Suva, thereby consolidating in a single location all APTC operations in Fiji. 	Agree.	APTC to review structure and locations and once endorsed by DFAT, implement rationalisation measures during extension phase of current contract.	APTC
<p>R.6 APTC:</p> <ul style="list-style-type: none"> 6a. strengthens its business development strategy; 	Agree.	APTC to review and update its business development strategy, for endorsement by DFAT, as matter of priority during extension phase of current contract.	APTC

<p>6b. pursues more vigorously fee-for-service contracts with industry, government and donors priced at 10 per cent above the level of full cost recovery; and</p>	<p>Agree.</p>	<p>APTC incorporates this into the review of its Business Development Strategy and development of Strategic Plans for country programs during extension phase of current contract.</p>	<p>APTC</p>
<p>6c. ensures that each country campus has sufficient resources and capacity to achieve fee-for-service revenue targets.</p>	<p>Agree.</p>	<p>To be addressed by APTC through review of structure, rationalisation measures, Business Development Strategy and development of Strategic Plans for country programs during extension phase of current contract.</p>	<p>APTC</p>
<p>R.7 APTC reviews the nationalisation strategy to:</p> <ul style="list-style-type: none"> 7a. adopt a risk management approach to the increase in national trainers 7b. develop more cost-efficient ways of supervising new national trainers; 7c. plan for the reduction of resident expatriate trainers in favour of short-term visiting specialists; and 7d. incorporate into each country plan specific ways and means to support national trainers and tutors. 	<p>Agree.</p>	<p>APTC to review and update nationalisation strategy, for endorsement by DFAT, during extension phase of current contract.</p>	<p>APTC</p>

<p>R.8 DFAT: 8a. establishes a Consultative Forum in each campus country; and</p>	Partially agree.	DFAT to direct APTC to systematise engagement with industry forums in each campus country as part of the development of Strategic Plans for country programs during extension phase of current contract.	DFAT and APTC
<p>8b. replaces the current APTC Advisory Group with a Pacific Consultative Forum drawing on the membership of the Country Forums.</p>	Partly agree.	DFAT will replace the current APTC Advisory Group with a Board. The Board will strengthen APTC governance and strategic oversight, increase private sector engagement (in the Pacific and in Australia), consider a longer-term (more sustainable) APTC model, and oversee a related transition plan. Board membership will be skills based, with a mix of Pacific Islander and Australian representation.	DFAT and APTC
<p>R.9 APTC expands the Centre for Professional Development to strengthen the capability of partner institutions and APTC staff, and achieve fee-for-service targets.</p>	Agree.	APTC to review current structure of the Centre for Professional Development during extension phase of current contract.	APTC
<p>R.10 APTC: 10a. creates more training places for individuals from PNG¹ and Solomon Islands in qualifications justified by labour market demand; and</p>	Partially agree.	DFAT will consider this recommendation through country-level TVET sector analysis and during design of next phase.	DFAT

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¹ Given the high cost structure in the PNG campus (Annex 9 section 4.3), APTC management will have to consider the balance between expansion in PNG or sending PNG nationals to lower-cost campuses by reducing the intake of students from countries which are over-represented.

<p>10b. establishes protocols for its enrolment of people with disabilities.</p>	<p>Agree.</p>	<p>APTC to review and update its Disability Strategy, for endorsement by DFAT, as matter of priority during extension phase of current contract.</p>	<p>APTC</p>
<p>R.11 DFAT clarifies its expectations on the labour mobility objective of APTC and engages with Australian immigration authorities to provide a coordinated approach to promoting labour mobility in the Pacific.</p>	<p>Agree.</p>	<p>Relevant analysis and consultation with Whole of Government partners on the Australian Government's approach to labour mobility in the Pacific will inform extension phase of current APTC contract and design of new phase of APTC.</p>	<p>DFAT</p>

<p>R.12 APTC provides, from publicly available official sources, information (through the APTC website, the APTC-to-Work program and other College channels) to students, prospective students, and graduates on:</p> <p>12a. the process, requirements and costs of migration to Australia and New Zealand</p> <p>12b. qualifications that are eligible for skilled entry to Australia and New Zealand, including the links between specific Australian qualifications offered by APTC and current immigration requirements</p> <p>12c. trends in employer demand, based on the occupations of skilled migrants to Australia and New Zealand</p> <p>12d. skills assessment and other requirements for migration to those countries, and how to access updated information online.</p>	Partially agree.	In relation to R12a-d, during extension phase of current contract, APTC to provide information and links to material that is publically available from official sources, crediting those sources as the providers of advice and guidance on skilled entry, visa requirements and immigration. APTC will not provide independent immigration advice.	APTC
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<p>R.13 APTC provides, within existing resources, counselling and support based on publicly available information to students and graduates wishing to emigrate overseas for work²,</p> <p>including conducting on request the International English Language Testing System (IELTS) test for students near to, or soon after, graduation.³</p>	<p>Partially agree.</p> <p>Disagree. There are existing providers of IELTS testing that students and graduates can access.</p>	<p>As per R12a-d, during extension phase of current contract, APTC to provide information and links to material that is publicly available from official sources, crediting those sources as the providers of advice and guidance on skilled entry, visa requirements and immigration. APTC will not provide independent immigration advice.</p>	<p>APTC</p>
<p>R.14 APTC establishes links, through industry associations, with employers from Australia and New Zealand (and also PNG), specifically:</p>	<p>Agree</p>	<p>During extension phase of current contract, APTC to continue developing links with Australian industry associations in relevant sectors in close consultation with DFAT and to strengthen its APTC-to-Work program.</p>	<p>APTC</p>

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² Only students and graduates who are not working for the same employer prior to APTC should be eligible for this support. This is to protect employers' investment in their employees.

³ This can provide an external assessment of the language support given to students during their training. Where students fail to meet this external standard, APTC should, if requested, provide additional support through existing language, literacy and numeracy (LLN) staff.

<p>14a. inviting employers at their expense to visit APTC campuses and industry partner workplaces to assess for themselves the enthusiasm of the students, the quality of the training, and the performance standards of work-based qualifications</p> <p>14b. inviting employers to interview and select job applicants from a pool of eligible graduates who want to migrate, with eligibility as defined above</p> <p>14c. making the APTC-to-Work tutors the contact point for overseas employers interested in offering jobs to APTC graduates</p> <p>14d. encouraging trainers to offer employers endorsements of specific eligible graduates; hosting technical interviews by VETASSESS via Skype; and conducting RPL assessments where required</p> <p>14e. through its APTC-to-Work tutors, identify and act on opportunities for APTC graduates in hospitality who are unemployed or under-employed in part-time or casual work to find work in Australia for up to six months in the accommodation trial of Australia's Seasonal Worker Program</p>	Partially agree	DFAT to address issues raised under R14 a-e regarding an enhanced role for APTC in employment during scoping and analysis work for design of new phase.	DFAT
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<p>R.15 APTC give priority to better identifying the economic impacts of its outputs by:</p> <p>15a. expanding the M&E system⁴ to collect robust and accurate information on employment outcomes and wages from all APTC students before, during and after their APTC training</p>	Agree.	APTC to review and strengthen its Monitoring and Evaluation System, for endorsement by DFAT, as matter of priority during extension phase of current contract.	APTC
<p>15b. assembling data methodically on the productivity of APTC graduates in the workplace, including the replacement of foreign workers in the region.</p>	Agree.	APTC to address through review and update of Monitoring and Evaluation System as matter of priority during extension phase of current contract.	APTC

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⁴ Annex 8, Attachment 1, Program Evaluation, elaborates on the types of information that should be collected for evaluation of APTC's economic impact.

<p>R.16 DFAT assesses systematically, as an essential part of its regional TVET strategy, the economic demand for skills in the Pacific by:</p> <ul style="list-style-type: none"> 16a. adopting a low-cost, simple and reliable methodology 16b. analysing census, survey or administrative data available in all Pacific countries on the stock of workers by occupation and post-school qualification, number of foreign workers by occupation and qualification, and foreign work permits issued by occupation 16c. supporting national tracer surveys of post-secondary graduates 16d. funding employer surveys following a common template in each campus country on their skills needs and vacancies 16e. identifying the skills implications of public, private and donor investment projects. 	Partially agree.	Aligning Australia's TVET investments in the Pacific with labour market needs and economic demands will be an important element of DFAT's Pacific TVET Strategy. DFAT to direct APTC to strengthen its system for labour market analysis as part of its strengthened Monitoring and Evaluation System during extension phase of current contract, including the utilisation of employer surveys as per R16d.	DFAT, and APTC (for R16d)
<p>R.17 DFAT provides APTC with sufficient resources to undertake appropriate labour market analysis and dissemination as a basis for determining and adjusting its training plan and to provide information to prospective students, employers and governments on the economic demand for the qualifications it offers. Specifically, APTC:</p>	Agree.	APTC already conducts country-level labour market analysis to inform course planning and implementation. DFAT to direct APTC to better systematise this within an updated Monitoring and Evaluation System, which will be subject to endorsement by DFAT, during extension phase of current contract.	DFAT and APTC

<p>17a. prioritises graduate tracer surveys to achieve response rates that are sufficient to provide robust results on employment outcomes by country, gender and level of qualification, in part by using alumni groups</p>	<p>Agree.</p>	<p>APTC to include in updated Monitoring and Evaluation System as matter of priority during extension phase of current contract.</p>	<p>APTC</p>
<p>17b. establishes or strengthens databases of employers wanting to employ APTC graduates</p> <p>17c. ensures that students not in employment are given work placements that could lead to employment</p> <p>17d. produces a job opportunity index, based on advertised job vacancies (Powell 2012, p. 13), using the International Standard Classification of Occupations (ISCO) Monitoring and Evaluation System</p> <p>17e. disseminates information to students and graduates about employment rates and incomes by occupation or qualification for each campus country</p>	<p>Partially agree.</p>	<p>APTC will continue to include work placement opportunities related to course requirements. DFAT will address issues related to an enhanced role for APTC in employment (points R 17b-e) during scoping and analysis work for design of new phase.</p>	<p>APTC and DFAT</p>

<p>R.18 In addition to R.5 and R.6, APTC intensifies efforts at cutting costs and raising revenue by:</p> <p>18a. increasing double-blocking (running two or more courses in the same subject at the same time) where possible</p>	Agree.	APTC to look for opportunities to improve on current practice in this area during extension phase of current contract.	APTC
<p>18b. increasing the specialisation of course offerings by the five campus countries as a way of raising student–teacher ratios and reducing unit costs</p>	Agree.	APTC to address during extension phase of current contract.	APTC
<p>18c. adopting more ambitious nationalisation targets to be met over the course of the next five years⁵</p>	Agree.	APTC to address during extension phase of current contract at a rate so as not to affect quality of provision.	APTC
<p>18d. reducing the percentage of students given scholarships with due regard to equity implications, and increasing the percentage of students who pay (or whose employers pay) the notional tuition fees</p>	Agree.	APTC to address as a matter of priority during extension phase of current contract.	APTC
<p>18e. conducting a feasibility study to assess the possibility for APTC to transition from a system of grants (scholarships) to a system of student loans, which could be made income-contingent.</p>	Disagree. This is not consistent with the current APTC model, nor the current capacity of country PFM systems. DFAT will consider such a feasibility study during scoping and analysis work for design of new phase.		

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⁵ The CEO of APTC has suggested the following as targets that could be met by the middle of 2019: 81 per cent of trainer positions and 64 per cent of management positions to be filled by Pacific Island nationals.

<p>R.19 DFAT bases its decision regarding extension of funding for APTC on a forward-looking Economic Rate of Return (ERR) that considers only future costs and benefits and treats the costs of both Stages I and II as sunk costs.</p>	Partially agree.	Forward-looking ERR, as proposed, will be influential in shaping DFAT's decision regarding a further phase of funding for APTC. DFAT will employ this approach in the design of new phase.	DFAT
<p>R.20 APTC implements short-term actions to strengthen itself until the end of Stage II, namely:</p> <p>20a. continue to eliminate duplication in the organisational structure</p>	Agree.	APTC to address during extension phase of current contract.	APTC
<p>20b. develop a risk management plan for the nationalisation strategy</p>	Agree.	APTC to address as a matter of priority during extension phase of current contract.	APTC
<p>20c. complete the review of APTC-to-work.</p>	Agree.	APTC to address during extension phase of current contract.	APTC

<p>R.21 DFAT implements short-term actions to strengthen APTC until the end of Stage II, namely:</p> <p>21a. conduct consultations with Pacific governments and stakeholders and finalise a regional TVET strategy and a long-term vision for APTC</p>	Agree.	DFAT to action as per R1a-b.	DFAT
<p>21b. design and fund a new M&E system focused on economic impact</p>	Agree.	DFAT will direct APTC to do this in the contract extension of current phase, as per R15a-b.	APTC and DFAT
<p>21c. develop a coordinated approach to labour mobility in the Pacific in consultation with Australian immigration authorities.</p>	Agree.	DFAT to consult with Whole of Government (WoG) partners on the Australian Government's approach to labour mobility in the Pacific to inform design of new phase of APTC.	DFAT
<p>R.22 DFAT considers an interim funding extension of two years to design a Stage III during which:</p>	Partially agree.	DFAT agrees that the current phase of APTC be extended to design a Stage III, but will extend the contract for three years to permit enough time for implementation of review recommendations, scoping and analysis for the design, and tender process. Additional targets will be incorporated to increase efficiencies during the contract extension period.	DFAT
<p>22a. DFAT develops a regional TVET plan and a long-term vision for APTC based on analysis of options</p>	Agree.	DFAT to action as per R1a-b.	

<p>22b. APTC prepares country-based and regional strategy plans; designs and introduces an improved M&E system focused on economic impacts; introduces organisational efficiencies; increases nationalisation and</p>	<p>Agree.</p>	<p>As per R2, R5, R6, APTC to address during extension phase of current contract.</p>	<p>APTC</p>
<p>22c. prepares a realistic revenue plan.</p>	<p>Agree.</p>	<p>APTC to address as matter of priority during extension phase of current contract.</p>	<p>APTC</p>
<p>R.23 DFAT bases the decision about a full third stage on an external assessment of the strategic plan and APTC vision.⁶</p>	<p>Partially agree.</p>	<p>DFAT will utilise external expertise to provide advice on scoping, analysis and design of a third stage of APTC. Australian government policy priorities and departmental considerations will also determine future programming directions and decisions.</p>	<p>DFAT</p>

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⁶ If funding for APTC is extended, DFAT decides on funding for any *subsequent* phase at least one year in advance, to give APTC's management and Board time to plan ahead efficiently.