

Australia-Pacific Technical College Stage II: 2011-2015

Design Document

25 November 2010

The views expressed in this document are those of the design team alone and do not necessarily reflect the views or policies of the Government of Australia or of any organisation or individual consulted.

Abbreviations and Acronyms

ACCI	Australian Chamber of Commerce and Industry
ADB	Asian Development Bank
ADS	Australian Development Scholarships
AG	APTC Advisory Group (of the APTC)
AIDS	Acquired Immunity Deficiency Syndrome
AIG	Australian Industry Group
APTC	Australia-Pacific Technical College
AQTF	Australian Quality Training Framework
ARDS	Australian Regional Development Scholarships
ASG	Australian Scholarships Group (in AusAID)
ATP	Annual Training Profile
AUD	Australian Dollars
AusAID	Australian Agency for International Development
AVETMISS	Australian Vocational Education & Training Management Information System Standards
CBA	Cost Benefit Analysis
CC	Campus Country (of the APTC)
CEA	Cost-Effectiveness Analysis
CEO	Chief Executive Officer
CO	Coordination Office (APTC Stage I)
CPC	Country Program Coordinator (APTC Stage I)
CSS	Corporate and Student Services (APTC Stage III)
DD	Design Document
DIAC	Department of Immigration and Citizenship
EFA	Education for All
ELLN	English language, literacy and numeracy
EMIS	Education management information system
EOC	End of course survey
ERR	Economic rate of return
FIT	Fiji Institute of Technology
FFS	Fee for Service
FMIS	Financial Management Information System
FSM	Federated States of Micronesia
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GM	General Manager
GoA	Government of Australia
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
IP	Intellectual Property
JICA	Japan International Cooperation Agency
KRA	Key Result Area
LMA	Labour market analysis
LMI	Labour market intelligence
LMIS	Labour market information system
LNG	Liquefied natural gas
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MIS	Management information system
MOE	Maintenance and Operating Expenses
MTR	Mid-Term Review
NCC	Non-Campus Country (of the APTC)
NCVER	National Centre for Vocational Education Research (Australia)

NQC	National Quality Council
NUS-IOT	National University of Samoa – Institute of Technology
NZAID	New Zealand Agency for International Development
PACER	Pacific Agreement on Closer Economic Relations (between the Forum Island Countries and Australia and New Zealand)
PAF	Performance Assessment Framework
PATVET	Pacific Association of Technical and Vocational Education
PDB	Pre-Departure Briefing
PEDF	Pacific Education Development Framework (of the PIFS)
PETA	Pacific Education and Training Agenda (draft)
PG	Partner Government
PIC	Pacific Island Country
PIF	Pacific Islands Forum
PIFC	Pacific Island Forum Country
PICTA	Pacific Island Countries Trade Agreement
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Island Private Sector Organisation
PNG	Papua New Guinea
POMTECH	Port Moresby Technical College
PPD	Pacific Partnership for Development
RFT	Request for Tender
RMI	Republic of Marshall Islands
RPL	Recognition of Prior Learning
RTC	Rural Training Centres
RTO	Registered Training Organisation (in Australia)
SACEM	Schools of Automotive, Construction/Electrical & Manufacturing
SCIT	Sunshine Coast Institute of TAFE
SHCS	School of Health & Community Services
SICHE	Solomon Islands College of Higher Education
SIS	Small Island States
SKM	Sinclair Knight Merz
SMT	Senior Management Team (of the APTC)
SPBEA	South Pacific Board for Educational Assessment
SPC	South Pacific Community
STB	Supplementary Training Benefits
STH	School of Tourism & Hospitality
STI	Sexually Transmitted Infections
TAE4	Certificate IV in Training and Assessment
TAFE	Technical and Further Education (in Australia)
TMNP	Temporary Movement of Natural Persons
TOR	Terms of Reference
TPAF	Training and Productivity Authority of Fiji
TVET	Technical & Vocational Education and Training
UPNG	University of Papua New Guinea
USA	United States of America
USD	US Dollars
USP	University of the South Pacific
VET	Vocational Education and Training
VIT	Vanuatu Institute of Technology

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Executive Summary

The Australia-Pacific Technical College (APTC) was established in July 2007 with Australian Government funding and the backing of the leaders of the Pacific Islands Forum (PIF). The underlying rationale of the APTC is to facilitate regional labour mobility through demand-driven, internationally recognised and portable technical and vocational skills development for the formal wage economy.

The APTC has the goal of increasing the supply of skilled workers in targeted sectors in the Pacific region; improving employment opportunities for Pacific Islanders nationally, regionally and internationally; and increasing productivity. There is a clear strategic role for the APTC in supporting Pacific regionalism and regional market integration, including trade in services (labour mobility) both through regional service delivery and through skills development.

Stage I of the APTC, covering four years, is scheduled to conclude in June 2011. The Australian Government indicated an interest in continuing support for the College while there remained a continuing demand for it and its graduates. A Mid-Term Review (MTR) in 2009 found that in a relatively short space of time, the APTC had developed a unique and respected niche at the middle to top end of the regional vocational skills supply chain (Australian Certificate III and IV), bridging the gap between national and international standards.

The MTR found that the APTC was performing well against its goals and key results areas, and was yielding both anticipated and unanticipated benefits for individuals, firms and for national training institutions. The MTR supported continuation of the APTC to Stage III essentially in its current form and focus, with a clear Australian identity but with some refinements to improve efficiency, effectiveness and to enhance the contribution of the APTC to Pacific regional integration, as well as canvassing possible expansion of the College.

The design of the APTC Stage II (July 2011-June 2015) continues a focus on the schools of Automotive, Construction & Electrical and Manufacturing (SACEM), Tourism and Hospitality (STH) and Health and Community Services (SHCS) established in Stage I. Subject to Ministerial approval, funding of around AUD\$152 million for Stage II, similar to that allocated for Stage I, is expected to be available.

A major change from Stage I is a re-structure of the APTC to adopt a whole-of-College model. As one entity, the Stage II Contractor will manage College operations and provide all training delivery in response to industry demand. The proposed change to a single contract is expected to significantly reduce costs, avoid duplication, provide significant cost efficiencies, and simplify AusAID contract management.

For Stage II, the target number of APTC graduates will be determined by the Annual Training Profile process, which will be informed by the findings of labour market intelligence. Experience from Stage I and expected improvements in program management and training delivery in Stage II indicate that a total target of 3,450 graduates for Stage II is feasible, representing more than a 15 percent increase on the June 2010 projection of Stage I graduate numbers.

Course profiles will be determined annually in Stage II on a College wide basis in accord with industry demand analysis undertaken by the APTC. Annual enrolment and graduate targets will be adjusted in consultation with AusAID, depending on the available budget, training priorities and updated information on delivery costs. It will be important for the APTC to develop an internal capacity to analyse labour market data and systematically collect labour market intelligence through industry consultations and

networks to ensure the College training profile is responsive and relevant to industry demand domestically, regionally and beyond.

To ensure continuity, the APTC course profile in 2011/12 will include courses delivered in 2009 and 2010 that are expected to have ongoing demand (including a pipeline of continuing students) and sound graduate employment outcomes. The 2011/12 course profile will also reflect changes resulting from feasibility studies to be conducted in 2011. These include an assessment of potential SHCS expansion in the areas of allied health, childcare and early childhood; aged care and community development; and a review of the School of Hospitality, including assessment of the demand for hospitality graduates and the feasibility of establishing a new venue in PNG in partnership with local hotels.

APTC training is open to all fourteen Pacific Island Forum (PIF) countries. Training will continue to be delivered in workplaces and institutions in four campus countries – PNG, Fiji, Vanuatu and Samoa. Given the size of the Solomon Islands and its demand for APTC training, a detailed feasibility study for delivering APTC training in the Solomon Islands will be undertaken in the first three months of Stage II, in preparation for a new campus in Honiara.

In recognition of the competency based approach to training, all APTC training facilities are established in partnership with local industry/firms where suitable, or local technical training institutions. A continuing partnership with industry and local training institutions is the foundation of the APTC delivery model. Strong industry linkages are essential to build the reputation of the APTC, ensure course delivery is demand based and that training provision is relevant to employer needs. Strong linkages are also critical to enable the APTC to access industry equipment and facilities, source part-time lecturers and trainers and to provide workplace attachments.

Australian Registered Training Organisations (RTOs) will undertake training, assessment and award of APTC Australian technical and vocational qualifications. The focus is on upgrading skills and providing formal qualifications to students who already have work-experience (this often includes assessment and recognition of prior learning). Students will enter the APTC as tuition fee-paying, employer/other donor funded or scholarship students. Qualifications will be awarded under the APTC brand.

The APTC has a development focus. This includes ensuring access and equality for women, students from rural, remote or economically disadvantaged backgrounds, students from small island states and students with disabilities. To fulfil its potential, the APTC needs to be able to respond flexibly to address constraints and opportunities across the Pacific. It is unlikely that a single delivery model will fit all circumstances and therefore different delivery strategies will be required. This will include more emphasis on partnerships with institutions where industry is not strong; greater use of flexible delivery methods including temporary teacher placement in non-campus countries and remote locations; and strategies to simulate workplace environments.

The APTC Scholarships fund, projected at around AUD\$18 million in Stage II, will continue to ensure access for disadvantaged students, particularly those from non-campus countries. Further, new access and equity initiatives will be introduced in Stage II, including establishment of an English language, literacy and numeracy (ELLN) Bridging Program.

The APTC Advisory Group (AG) established in Stage I will be retained with an enhanced role and membership. The Advisory Group will provide strategic advice to the APTC and AusAID on regional industry trends and training requirements as well as members providing an advocacy role at the country level. Membership will comprise representatives of Pacific Island Country (PIC) governments; Pacific industry, industry

associations and/or private sector organisations; and Australian/New Zealand industry associations or key stakeholders. The Advisory Group's chair should be transitioned from AusAID to a Pacific regional or industry representative as soon as practicable. AusAID, other regional donors and regional organisations would be observers.

Both AusAID and the APTC have responsibilities for raising awareness and understanding of the Pacific governments and Pacific Regional Organisations as to the regional focus, rationale/role and long-term nature of the APTC. There is scope to further enhance the linkages between AusAID bilateral and regional programs for this purpose. While the APTC is not primarily an instrument for capacity building of national Technical & Vocational Education and Training (TVET) institutions, there have been spin-offs and demonstration effects particularly where the APTC is co-located with national organisations. Additionally, the APTC has contributed to the professional development of Pacific TVET staff through delivering the Certificate IV program in Training and Assessment. In Stage II, a Centre for Professional Development should be established within the APTC to both provide internal professional development and to build upon these achievements and linkages to national TVET systems, without compromising the niche focus of the APTC on delivering Certificate III and IV qualifications in the core industry sectors.

It is also acknowledged that labour importing countries such as Australia and New Zealand need to share the costs of training the skilled labour imported from the Pacific by helping those source countries continuously replenish their own skills pool for both national and international labour markets. As such, AusAID recognises the need for complementary bilateral aid support for national TVET systems to improve the quality of delivery of Certificate I and II training to address the youth bulge, build the national skill base and provide a pathway to the APTC.

The base case economic rate of return (ERR) on investment in the APTC, taking account of graduate training costs and direct economic benefits only - assuming 25 percent of graduates find work in Australia soon after graduation, staying for ten years and remitting 40 percent of their net earnings - is just under twelve percent. However, it is important to note there is a dearth of statistical information available upon which to calculate the ERR and the results are indicative only.

APTC's Australian accredited qualifications are internationally recognised and its graduates therefore have the advantage (compared to those with national TVET qualifications) of being able to join the global labour market for skilled tradespersons and technicians. Many APTC graduates are keen to access offshore employment and the more that do so the higher the ERR. Conversely, if graduates obtain work only in their home countries after graduation, the ERR in most cases does not exceed 8 percent. This highlights the importance of the APTC training profile retaining a tight focus on industry demand and the rationale of facilitating regional labour mobility as a means of enhancing employment and income opportunities.

Indirect benefits of the APTC are difficult to quantify, but it is generally accepted that remittances tend to have a multiplier effect on local communities in home countries, including the potential to create flow-on employment opportunities locally. Further, a skilled national workforce reduces the dependence on imported foreign workers; and graduates working in their home countries often have a demonstration and mentoring effect on fellow workers increasing productivity and improving work habits.

In Stage II, the APTC will be encouraged to undertake fee for service activities provided it does not divert the College from its core business and is clearly related to the core programs of the APTC. This would include the provision of Australian Certificate III and IV programs and skill sets, customised and contextualised for local enterprise needs within industry sectors current in the APTC at the time, but excluding

the range of enterprise training services typically offered by Australian RTOs. A target of 15 percent of the total subsidised cost of APTC course delivery has been established for fee for service activities in Stage II. A clear costing and profit share policy must be established for fee for service training. APTC revenue from fee for service activities will be retained in a central account and applied to non-recurrent discretionary costs such as additional scholarships and upgrading of facilities etc. The RTO undertaking the training delivery will hold the commercial contract and carry the associated risks.

Early in Stage II, AusAID will undertake a separate study to consider the transition of the APTC to Stage III and beyond. The study will consider options for establishment of the APTC as part of the regional training and institutional architecture. This will involve discussions with stakeholders to consider the long term viability of the APTC and examine issues including, for example, the scope for amalgamating with a regional training institution or establishing the APTC as an independent legal entity; ownership and the form it may take; whether it should seek registration as an Australian RTO; and whether Australian identity and staffing should be retained as a point of difference.

The Contractor for Stage II will be engaged for four years with an option for a further four years subject to budget appropriations, performance and outcomes of the 2011 scoping study on the feasibility of the APTC becoming a regional organisation. The Contractor should manage its resources through a cost-effective mix of Australian, international and local staff, located in Australia and the Pacific, as necessary to implement all college administration and training delivery services.

A transition and handover period is planned in the lead up to Stage II. It is acknowledged that any significant reduction in the handover period – affecting the contractor's ability to recruit and mobilise staff, renew or secure new industry partnerships, develop the 2011/12 profile, advertise courses or assess new students etc – will have an impact on momentum and the rate at which implementation can be ramped up at the commencement of Stage II.

The APTC Performance Assessment Framework (PAF) provides the basis for activity level monitoring and ensures that all project initiatives are directly linked to the achievement of outcomes. The PAF makes use of a wide range of quantitative and qualitative assessment strategies (i.e. disaggregated data on applicant, enrolment and graduate numbers by school/country/gender; student and business satisfaction surveys; tracer studies; focus group discussions and labour market analyses) to assess performance at strategic and operational levels.

The major risks to the achievement of APTC Key Result Areas (KRA) are ongoing from Stage I. At the Goal level, the key risks relate to:

- achieving training targets - particularly the risk related to ongoing dependence on industry and institutional partnerships and restricted labour markets and pathways, notably from the smaller island states;
- improved employability - particularly the risk related to the small formal wage sector in many Pacific countries and slow recovery from the 2008/9 global recession affecting employment opportunities domestically and internationally; and
- increased productivity - particularly the risk related to limitations on skill-utilisation and transfer.

The key risk management strategies have been in place and managed effectively for a number of years and focus on proactive programs, effective communication with multiple APTC stakeholders and flexible training profiles responsive to changes in the labour market.

1 Background

1.1 APTC Stage I

The Australia-Pacific Technical College is an innovative development program intended to facilitate regional labour mobility and economic growth through demand-driven and quality-assured technical and vocational skills development. The APTC is designed to increase the supply of skilled workers in targeted sectors in the Pacific region; improve employment opportunities for Pacific Islanders nationally, regionally and internationally; and increase productivity.

The Australian Government made an initial commitment to the establishment of a technical college for the Pacific in October 2005. In October 2006, the Government announced a proposal for the development of the APTC to assist skills development in the Pacific¹. The Government indicated an interest in providing long-term support for the APTC, while ever there was continuing demand. Leaders of the Pacific Islands Forum (PIF) supported the APTC proposal and expected it to make a significant contribution to developing a skilled and competitive Pacific workforce².

Based on extensive consultations with Pacific governments and industry, review of regional skills shortages and consideration of providing opportunities for both men and women, it was agreed that Stage I would focus on five schools – Automotive, Construction & Electrical and Manufacturing (SACEM), Tourism and Hospitality (STH) and Health and Community Services (SHCS). Initial funding of AUD\$149.5 million was provided for the establishment and operation of the APTC for its first four years, up to 30 June 2011. The first students commenced in July 2007, with a target of 3,000 graduates with Australian vocational qualifications by June 2011.

Only Australian Registered Training Organisations (RTOs) are eligible to deliver Australian technical and vocational qualifications. Following a tender process, AusAID contracted three organisations to implement APTC Stage I (2007-2011). Two Australian RTOs³ provide training and assessment services and award Australian qualifications under the APTC brand. A separate contractor⁴ manages the APTC Coordination Office (CO) in Fiji to provide College-wide coordination and services, monitor and evaluate APTC performance, manage the APTC Scholarships scheme and sustain a unified College identity and marketing of services.

APTC targets skill development in the formal wage economy. It follows a flexible, results-oriented approach to deliver Australian Certificate III and IV and Diploma technical and vocational training. APTC training is open to citizens of the 14 Pacific Island Forum countries⁵ (PIFCs), and is currently delivered in workplaces and educational institutions in Papua New Guinea (PNG), Fiji, Vanuatu and Samoa. All APTC training facilities have been established in partnership with either local firms or local training institutions.

Students attend the APTC as fee-paying, employer funded or scholarship students. The focus is on upgrading skills and providing formal qualifications to students who already have work experience. An APTC Scholarships scheme facilitates access to APTC training by students from non-campus countries (NCC), particularly the small island states (SIS)⁶.

An APTC Advisory Group was established with membership drawn from eight PIFCs and Australia, with representatives from both industry and government. Its principal responsibility is to provide advice to AusAID on a range of industry and TVET issues in the Pacific region

¹ Unless otherwise specified, the term Pacific used in this DD also includes PNG.

² Pacific Islands Forum, Forum Communiqué 24-25 October 2006.

³ Box Hill Institute manages STH and SHCS; and Sunshine Coast Institute of TAFE manages SACEM.

⁴ Sinclair Knight Merz.

⁵ Excluding Australia and New Zealand.

⁶ Including all non campus countries except the Solomon Islands.

including the overall strategic direction of the APTC, its policies and on demand for TVET in the region.

The 2009 APTC Mid-Term Review found that in a relatively short space of time, the APTC had developed a unique and respected niche at the middle to top end of the regional vocational skills supply chain by providing quality-assured Australian training that meets the productivity demands of employers and bridges the gap between national and international standards. It found that the APTC was performing well against its goals and key results areas, and was yielding both anticipated and unanticipated benefits for individuals, firms and for national training institutions. The MTR supported continuation of the APTC essentially in its current form, with some recommendations for improving efficiency and effectiveness, as well as canvassing possible expansion of the College. The findings of the MTR were supported by the Pacific Heads of Education, the APTC Advisory Group and other stakeholders within the region. The Australian Government's interest in supporting labour mobility under the Pacific Plan, PICTA and PACER Plus is also consistent with continuing support for the APTC.

1.2 Design Preparation

AusAID has undertaken a design mission to develop a high quality, cost-effective design for the APTC Stage II in accord with the Terms of Reference in Annex A. A wealth of background material was available as input to the design. This included the extensive Stage I design documents produced for the APTC Schools, Coordination Office and the APTC Scholarships; APTC implementation progress reports; and the 2009 MTR that involved extensive consultation with stakeholders and provided a thorough examination of the College's performance, key issues and recommendations on the future of the College. Given the availability of up-to-date information and the requirement for enhancement rather than major change to the College, AusAID determined that the Stage II design should involve only limited fieldwork.

Following a desk-based review of the literature and briefing by AusAID, members of the five-person design team⁷ conducted a field mission to Fiji, PNG and the Solomon Islands during the period 12 April-14 May 2010. Consultations with other key Australian and PIFC stakeholders were undertaken face-to-face or by telephone. Annex B lists the people and organisations consulted during the design. The team collected and analysed data from the APTC and other Australian and Pacific organisations (Annex C). Caveats on the quality of the financial data provided are described in Section 3.6.1.

A design workshop was held in Canberra from 24-26 May 2010 and a draft Design Issues Paper presented to AusAID for their feedback. A draft Program Design Document was subject to a formal Peer Appraisal process and a final document presented to AusAID including amendments made based on feedback from that process.

1.3 Design Approach

The approach to the Stage II design reflects AusAID decision that there is not a need for a major departure from the APTC's Stage I goals, policies and practices. Instead, the design approach reflects the intent that during Stage II the APTC is to build on and reinforce the positive achievements of the APTC to date, whilst further developing the College through:

- (a) maintaining a clear focus on the delivery of quality assured Australian qualifications in areas of demonstrated regional demand at Australian Certificate III and IV levels (and to Diploma level as appropriate);
- (b) enhancing the contribution of the APTC to Pacific regional integration while complementing national skills development efforts;
- (c) expanding the scope, accessibility and flexibility of APTC training and assuring their quality;
- (d) becoming more efficient, effective and sustainable; and

⁷ David Barber (Team Leader), Ceri Bryant (Design and Scholarships Specialist), Leo Maglen (Education Economist), Peter Noonan (TVET Specialist), and Richelle Turner (Contracts Specialist) and Kevin Ainsworth (TVET Finance Specialist).

- (e) facilitating AusAID's proposed longer-term transition of the APTC from a wholly Australian-owned training provider to one which is jointly owned by Australia and other interested Pacific Island countries, donors and possibly other stakeholders. Consideration of options for the future of the APTC beyond 2015 is not part of the Stage II design, but will be undertaken by AusAID as a separate exercise during 2011.

2 Analysis and Strategic Context

2.1 Stage I Mid-Term Review

The APTC Stage II design is informed by lessons learnt from the 2009 MTR of Stage I. The MTR noted that the success of the APTC in Stage I can be attributed to its tight focus on its niche of delivering demand-based, high-end TVET training to Australian Certificate III and IV standards. Internationally recognised high-end quality technical training is not currently available domestically in the Pacific, but is widely sought after, as evidenced by the demand for APTC training in all sectors, particularly from the larger Pacific countries. The MTR argued that expanding the College mandate beyond this niche focus risks the APTC losing its clear direction and the delivery of real benefits for the Pacific region. For this reason, the MTR recommended that the design of the College for 2011-2015 continue its clear Australian identity and build on and reinforce positive achievements from Stage I, while seeking improvements in efficiency and effectiveness, rather than consider major change or expansion.

The Mid-Term Review noted that the APTC has performed positively against its goals and:

- is increasing the supply of skilled workers in targeted sectors in the Pacific region;
- will enhance the future employment and promotion prospects of its graduates;
- is having a growing impact on national and regional training capacity through the highly successful Certificate IV in Training and Assessment training, enrolment of industry and institutional trainers in APTC courses and a positive demonstration effect;
- has a positive reputation with its clients;
- has strong relationships with its industry training partners; and
- has had an effective start up due to the RTO's experience and expertise in TVET training.

However, the MTR identified a number of areas where the effectiveness of the APTC could be enhanced, including:

- raising the APTC profile in non-campus countries;
- addressing the concern of some national public TVET institutions that resources for the APTC would be better directed to them for capacity building;
- addressing the challenge of potential entrants with weak English language, literacy and numeracy standards;
- maintaining flexibility and accessibility in the provision of services, particularly for students from non-campus countries;
- accommodating some expansion of courses/campuses where justified, including possibly in PNG, Samoa and the Solomon Islands;
- ensuring the training profile remains relevant, responsive and demand driven;
- reviewing the role and composition of the APTC Advisory Group;
- reducing the current over reliance on scholarships to fund student training;
- identifying potential areas of revenue generation including fee for service; and
- improving governance and management arrangements consistent with longer term transitional requirements.

2.2 APTC's Regional Role

The Pacific Plan, endorsed by Pacific Island Forum Leaders in October 2005, has the goal of enhancing and stimulating economic growth, sustainable development, good governance and security for Pacific countries through regionalism. This concept of regionalism involves increased regional service delivery and regional market integration, including trade-in services (i.e. including labour mobility). In August 2009, Forum Leaders commenced discussions for the Pacific Agreement on Closer Economic Relations (PACER) Plus, a new regional trade and

economic agreement, to stimulate economic growth and job creation, improve living standards and enhance regionalism. Labour mobility is a priority issue for consideration under PACER Plus and Australian Ministers have stated clearly that it will include skills development for PIFCs.

There is a clear strategic role for the APTC in supporting Pacific regionalism both through regional service delivery and through skills development. The provision of internationally recognised portable qualifications will increase opportunities for labour mobility for Pacific Islanders within the region and globally. However, to fulfil its potential the APTC needs to be able to respond flexibly in addressing constraints and opportunities across the Pacific. For example, there are well known differences between (and within) the Pacific and PNG which impact on a 'one type' APTC delivery model for the region. In particular:

- the scale and potential of the PNG economy and the size of population is considerable larger than the rest of the Pacific;
- the domestic demand and employment opportunities for skilled workers is greater in PNG;
- an APTC industry based training model is more readily applied in PNG, where there is a larger scale and more diverse industry;
- the potential source of students for the APTC is greater in PNG – there are more industry based workers that meet the requirements for entry into Certificate III training or can be targeted for 'gap' training;
- there appears to be some limitations on students from other countries undertaking workplace training in campus countries (CC) and extensive training visa delays are common in PNG; and
- the opportunities for fee-for-service training are greater in PNG.

These differences have led to some confusion about the regional role of the APTC, and its focus on Certificate III and above training. There has also been some misunderstanding that the APTC is only a short-term project within the Pacific. Consequently, there is a need to continue to raise awareness and understanding among stakeholders of the regional focus, rationale/role and long-term nature of the APTC, as well as to recognise opportunities to apply different delivery strategies in different parts of the Pacific/PNG. This will include more emphasis on partnerships with institutions where industry is not strong, greater use of flexible delivery methods including distance learning for more academically focused courses and specific programs to support access for students from small island states.

While the APTC provides specialised high-level training regionally, it is not a regional provider, and currently does not have shared governance, ownership or financing with other government or industry partners. The MTR concluded that in order for the APTC to be sustainable in the longer-term, it will need to graduate from a wholly Australian-owned training provider to a regional training institution, which is jointly owned by Australia and possibly other interested Pacific Island countries, donors and possibly other stakeholders. To facilitate any such transition, the Stage II design supports the proposed longer-term transition to a regional institution. However, due to the size and scope of the consultations that would be required to consider options for the future of the APTC beyond 2015, AusAID decided that a scoping study should not be part of the Stage II design, but would be undertaken by AusAID as a separate exercise during 2011. Issues to be considered during the Stage III scoping study are outlined in Annex R. Similarly, the APTC is only one element of the strategic approach to upgrading TVET in the Pacific; and its success depends upon bilateral support for upgrading the national provision of TVET at 'feeder' levels (Certificate I and II).

2.3 Pacific Labour Markets and Skills Development

There are very few reliable, comprehensive and up-to-date statistics on the size of formal wage employment sectors in the Pacific Island countries, or on the relative importance of and growth in middle-level technical occupations. In many Pacific countries, most of the formal wage sector jobs are in public administration, with the private sector employing relatively small numbers. Aside from the pressing need for a much greater effort to collect and publish more comprehensive ongoing and timely labour market information for the Pacific region, the 2008

ADB Skilling the Pacific data points to the limited domestic employment opportunities for skilled labour in the formal wage economy in many of the PIFCs (see Annex D).

This report highlights the importance of internationally recognised qualifications to support labour mobility, but also to ensure training is demand driven. It will be important for the APTC to develop an internal capacity for accessing labour market intelligence through industry consultations and networks to ensure that the training profile is responsive and relevant to industry demand domestically, regionally and beyond.

The core function of the APTC is to provide its students with a quality vocational education and support so that they can obtain a recognised technical qualification in relevant fields in demand in the region. Whilst the APTC is not responsible for employment services, the Stage II design also includes an 'APTC-to-work' preparation program (see Section 3.6.4) and more formalised alumni support. However, the achievement of the APTC objective to increase employment opportunities for Pacific Islanders internationally is to a large extent dependent on external factors that facilitate labour mobility. Such factors include economic growth that lead to increased demand for skilled labour and government policies that support temporary and permanent immigration for employment purposes. Regionally, through initiatives such as PACER Plus, AusAID will need to increase its efforts to work with other Australian Government departments and Pacific Island governments to improve labour mobility for APTC graduates.

2.4 AusAID Support for TVET in the Pacific

As Pacific regional integration gathers momentum, the temporary and permanent movement of skilled PIC workers within the region and to Australia, New Zealand and elsewhere will increase. Labour importing countries such as Australia and New Zealand will need to share the costs of training the skilled labour imported from the Pacific by helping these source countries continuously replenish their own skills pool for both national and international labour markets.

In the past, TVET in most Pacific countries has not received the same priority from donors and governments as primary (and tertiary) education. It has also often not been 'valued' as highly by parents, students and employers. Pacific technical institutions often receive inadequate capital or recurrent budget support. As a result, many are rundown, function with outdated or inoperable equipment and facilities, their teachers often lack recent industry experience and qualifications, and students often receive little or no workplace experience or assessment.

Many PICs increasingly see improved skills training, accredited nationally or internationally, as an important response to national labour market issues. An increasing number of national education plans include TVET as a priority sub-sector, in recognition of the importance of employability outcomes for school leavers and private sector productivity for economic growth. However, progress on this front has been slow. Few PICs have clear strategies, long-term plans or resources available to establish effective skills development systems. Quality-assured national skill standards or externally recognised qualifications are rare. Available training tends to be supply-driven and often of low or variable quality. Access to skills development is uneven and favours males in urban areas. With few exceptions, employer inputs to the direction, content, quality or financing of the skills development system are minimal.

In response to the need for improved TVET skills training, AusAID has been working with a number of PICs to provide support for national TVET architecture (policy, planning and organisational development) and for capacity building at an institutional level. At a bilateral level, many Pacific Partnerships for Development (such as Kiribati, Tonga, Vanuatu and Samoa) identify basic education and technical and vocational education as partnership priorities and many have implementation strategies that relate specifically to strengthening TVET. The PNG Program is planning to develop an implementation strategy for TVET and AusAID is providing some support to Tuvalu and the Solomon Islands TVET systems.

The Australian Government's desire to work with PICs to increase the employability of Pacific Islanders provides the focus for AusAID's regional and bilateral TVET programs. The stated objective of these programs is to increase the number of Pacific Islanders with internationally recognised vocational qualifications. AusAID's 2010 (draft) *Pacific Education and Training Agenda* (PETA) affirms the importance of technical training in assisting countries achieve their own development goals, addressing the youth bulge and building national skill bases. It recognises the need for bilateral program support for national TVET systems to improve the quality of Certificate I and II training delivery, for skills development and as a pathway to higher level training, such as at the APTC and other institutions.

The PETA also recognises the role of the regionally funded APTC in providing complementary higher-level training and assessment at and beyond (Australian) Certificate III. At the regional level, Australia's assistance for TVET also supports the development of a Pacific Qualifications Register by the South Pacific Board of Educational Assessment.

By setting an international standard in TVET training, APTC has had a demonstration effect and is increasing regional understanding of and appreciation for quality TVET delivery. It has also highlighted the need to rebuild and invest in local institutions. Through co-location with national TVET institutions, the APTC has facilitated access to its equipment and teaching materials. National TVET staff have also had the opportunity to participate in training activities and learn from the Australian quality (competency-based) teaching and assessment methods. Some APTC graduates have subsequently been employed as teachers and instructors in national TVET institutions.

The APTC has more formally contributed to the professional development of Pacific TVET staff through delivering the Certificate IV program in Training and Assessment (TAE4) to TVET staff from a number of countries. The establishment of a Centre for Professional Development in Stage II will build upon these achievements and formalise the APTC's role in contributing to building the national capacity of the TVET workforce, thereby integrating AusAID's bilateral and regional programs in this area.

Whilst the core APTC focus in Stage I and II is on training delivery for individual capacity building, during Stage I the APTC has also had a demonstration effect and created strong linkages which have contributed to capacity building in national TVET institutions and systems. This positive impact will be continued and strengthened during Stage II (as further described in Section 4.2).

3 Program Description

3.1 Development Goal and Purpose

The Goal and Purpose of the APTC remain unchanged in Stage II.

The Goals of the APTC are:

- (a) **Training:** Increased supply of skilled workers in targeted sectors in the Pacific region.
- (b) **Employment:** Pacific Islander women and men with Australian qualifications realise improved employment opportunities nationally, regionally and internationally in targeted sectors.
- (c) **Productivity:** Increased productivity of individuals and organisations in targeted industries and sectors.

The **Purpose** of the APTC is to:

- provide Pacific Islander women and men with Australian qualifications that present opportunities to be able to find employment in targeted sectors nationally and internationally; and to
- support skills development in the Pacific in response to labour market requirements.

3.2 APTC Program Components and Outputs

Continuing from Stage I, the APTC program has the following five components (or key result areas) and associated outputs, against which the program will deliver and have its performance assessed.

Component 1: Marketing, Reputation and Image

Delivery of a targeted, multi-level communications and marketing strategy that maximises exposure by prospective students and industry to APTC programs and builds brand awareness and reputation across the Pacific region.

Outputs

- 1.1 APTC earns a reputation for offering valued training appropriate to Pacific Islander needs at an affordable price.
- 1.2 APTC is recognised by PIF citizens and organisations as a value-adding vocational educational option.
- 1.3 APTC uses gender sensitive marketing and targeted student recruitment strategies.

Component 2: Partnerships

Collaboration with Australian and Pacific Island industry associations, firms, private training providers and government training institutions to deliver sustainable, value-added Australian Quality Standard vocational and technical education in prioritised skill deficient areas in the South Pacific region.

Outputs

- 2.1 Agreements with partner training institutions in PIF countries are in place and managed.
- 2.2 Agreement / support by employers sending employees to Schools is achieved.
- 2.3 APTC has access to information and advice on industry trends in the Pacific region.

Component 3: Quality Learning

Production of 'work-ready' graduates for national, regional and international labour markets through delivery of locally-responsive, demand-driven technical and vocational education and training to Australian standards.

Outputs

- 3.1 Provision of quality training and assessment across all APTC operations in compliance with Australian Quality Training Framework (AQTF) 2010 Standards.
- 3.2 APTC adheres to the principles of access and equity and maximises outcomes for its students and industry clients in compliance with AQTF 2010 Standards and AusAID guidelines.
- 3.3 Effective, high quality male and female instructional and support staff with good understanding of the Pacific context are engaged and retained.
- 3.4 Appropriate learning facilities are provided to all students.

Component 4: Student and Scholarship Management

Provision of support for all APTC students and administration of scholarship procedures that maximise opportunities for students from all Pacific Island Forum countries to access and successfully complete APTC programs. This includes a particular focus on redressing gender, isolation and income discrimination and ensuring that student health and welfare concerns are proactively and professionally addressed.

Outputs

- 4.1 Equitable access for under-represented groups including women, citizens of non-campus countries, rural and remote locations and students with disabilities is in place.
- 4.2 Admission, appeals and grievance processes comply with AQTF 2010 Standards.
- 4.3 Students are able to make the most of their study opportunity.

- 4.4 Students receive support in APTC-to work enhancement.
- 4.5 APTC students comply with Code of Conduct and Student Rules.

Component 5: Management and Governance

Use of exemplary human and financial resource management practices to ensure project goals are achieved on time and within budget. Institutionalise good governance processes at all levels of the project compliant with APTC operating principles and AusAID guidelines for performance reporting.

Outputs

- 5.1 College-wide governance and coordination arrangements are agreed, documented, reviewed and adjusted.
- 5.2 APTC policies and procedures comply with: AusAID requirements; AQTF 2010 Standards; Australian and relevant PIF legislation, regulations and statutory obligations; and good practice principles.
- 5.3 APTC adheres to human resource management best practices within the Pacific region.
- 5.4 ICT system enables efficient and reliable communication across the College.
- 5.5 APTC has established an education management information system (EMIS) complete with a fully integrated set of databases covering students, graduates, staffing, courses, assets, materials, finances.
- 5.6 Financial management information provides accurate and timely data on operations.
- 5.7 APTC manages its activities within an appropriate risk management framework.
- 5.8 There is a reduced dependence on AusAID funds over time.

3.3 APTC Stage II Graduate Target

For Stage II, the target number of APTC graduates will be determined by the Annual Training Profile process, which will be informed by the findings of labour market intelligence. Experience from Stage I and expected improvements in program management and training delivery in Stage II indicate that a total target of 3,450 graduates for Stage II is feasible. This would represent a 25 percent increase on the contracted graduate target for Stage I and a 15 percent increase on the June 2010 projection of Stage I graduates.

The funding allocation for Stage II is subject to Ministerial approval, but in real terms is expected to be slightly lower than for Stage I. However, an increase in training budget and increase in target graduate numbers is considered manageable, as a result of a reduced requirement for capital outlays in Stage II; cost efficiencies anticipated from re-structuring of the APTC to reduce duplication and administrative costs; potential fee-for-service revenue; an already well established 'brand' that has the support of Pacific industry (and potential students); and increased flexibility in Stage II to respond to changing training needs.

Actual core funded course profiles will be determined on a College wide basis through the Annual Training Profile process and industry demand analysis. Enrolment and graduate targets will be determined for each school and agreed with AusAID.

3.4 APTC Training

3.4.1 Training Locations

APTC training will continue to be delivered in PNG, Fiji, Vanuatu and Samoa during Stage II.

However, a feasibility study for the establishment of APTC training in the Solomon Islands will also be undertaken early in Stage II. With a population of over 500,000, the Solomon Islands is the third most populous country of the Pacific, after PNG and Fiji. The size of the formal economy, while small, has grown and firm productivity is important to its economic growth. A study by the World Bank in 2007 found that 53 percent of larger, formal-sector firms in the

Solomon Islands were understaffed⁸. Demand for APTC training from private sector employers is strong, as is demand for skills upgrading of teachers and trainers from the network of rural training centres that serve rural communities and outlying provinces. At the time of the MTR, around 100 different employers in the Solomon Islands had been served by the APTC, 71 percent from the private sector and 4 percent from the education and training industry. Solomon Islanders comprised 11 percent of all enrolments and 16 percent of all scholarships awarded. Solomon Islander applicants ranked highly compared to other countries on SACEM and STH technical and ELLN assessments. Solomon Islands has only one tertiary institution, the Solomon Islands College of Higher Education (SICHE) which has six established Schools (Industrial Development, Education, Marine and Fisheries Studies, Finance and Administration, Nursing and Natural Resources) and a new School of Tourism and Hospitality.

A detailed feasibility study for the establishment of APTC training in the Solomon Islands will be undertaken by the Contractor in the first three months of Stage II. Although there is strong student demand (albeit inflated by the ready availability of scholarships) and indicative government support for an APTC campus and expansion (and contraction) of the APTC schools, campuses and courses should be based on industry demand and economic drivers, nationally and internationally. The feasibility study will therefore assess labour market demand, provide recommendations as to which APTC courses could be delivered (particularly in SACEM), delivery models, venues (through industry partnerships and/or the Solomon Islands College of Higher Education) and will also take account of complementary AusAID bilateral program plans for national TVET. The flow-on effects on student numbers in other campus countries of establishing APTC training in the Solomon Islands will need to be evaluated. Any constraints and implications of non Solomon Islander student participation (e.g. visa restrictions, opportunities for work placements/workplace assessment, etc) should be identified. The feasibility study will also need to assess the costs of establishing APTC training in the Solomon Islands that is able to meet AQTF standards and contributions that would be needed from the bilateral program for any infrastructure development at SICHE. These costs should be balanced against savings in scholarship funding, program administration and indirect benefits from an APTC presence in the Solomon Islands. A draft terms of reference for this feasibility study is provided in Annex Q.

The APTC is also currently considering the establishment of a new hospitality-training venue in PNG to respond to the strong labour demand resulting from the planned growth in hotel accommodation in PNG. The feasibility study for this new venue will be undertaken by the Contractor during the transition period (April to June 2011), unless able to be separately commissioned by AusAID prior to this.

In all countries, arrangements for training venues will be renewed or newly established⁹ in partnership with either local firms or training institutions. Other than in the Solomon Islands, it is not anticipated that there will be significant expenditure on permanent infrastructure in the establishment of any Stage II training venues. In negotiating partnerships for training venues, APTC will typically provide the trainers and consumables for the particular courses. It is expected that the partner will provide the physical infrastructure including equipment for the delivery of the course and access to the premises for training and/or workplace assessments for an agreed number of external students. Financial agreements are to reflect any fee-waivers provided to the partner organisation. Records of agreements with partners must also be explicit regarding any transfer of equipment/premises at the end of each agreement period.

In the selection of APTC training partners and venues in current or new campus countries for AusAID approval, considerations that need to be addressed include the:

- availability of industry partners who can provide suitable facilities and equipment to conduct courses;
- availability of work placements for both domestic and international students (given most courses are delivered on a competency basis);

⁸ World Bank (2007).

⁹ The APTC is currently considering new training venues in PNG.

- availability and ease of obtaining relevant study and work placement visas for students from other PICs;
- evidence of domestic demand for the course;
- willingness of the partner to adopt gender equality practices;
- costs of establishing the training venue including any refurbishment and/or construction, shipment of supplies or travel costs for external students;
- physical and personal safety needs of, respectively, APTC assets, staff and students;
- minimising negative environmental impact; and
- availability of adequate accommodation and resources to meet the welfare needs of international or out-of-town students.

3.4.2 *Training Profile*

To remain relevant, it is essential that APTC course delivery is demand based and able to respond flexibly to emerging opportunities. This is particularly the case in PNG, given the level of economic growth and development in that country. The need for flexibility also flows from the industry partnerships delivery model, where the APTC will need to be able to adjust delivery to specific enterprise needs. There are also likely to be emerging needs and opportunities from AusAID and other donor programs, for example, upgrading the qualifications of staff from national TVET institutions. In addition, further adjustments to the profile will be appropriate as economic and labour market needs change in the Pacific, Australia, New Zealand and other countries offering employment opportunities.

The AusAID core-funded courses provided by the APTC will be reviewed at least annually, based on systematic labour market intelligence gathering and whole-of-College analysis, to ensure course delivery clearly reflects national and regional training priorities for enhanced employment and productivity. Given the overall paucity of available and reliable labour market information, the APTC will need to itself collect and analyse labour market data.

Course planning needs to be undertaken sufficiently in advance of the training so that new courses can be customised, equipment purchased and transported, and staffing arranged. There also needs to be sufficient lead-time for the courses to be promoted, applicants assessed, scholarships awarded and awardees mobilised before the training period commences. The APTC will in January each year submit for AusAID approval an Annual Training Profile for the courses to be conducted in the next financial year (July to June). The Profile will be reviewed and updated in July each year to enable revisions to courses for the second half of the financial year (January to June).

The Profile will list the core-funded courses to be conducted at each campus (new and ongoing); the number of student contact hours; the start/end date of course blocks and the expected number of places for female, scholarship, SIS and existing workers/new entrant students. It will also be accompanied by a rationale for the proposed courses and explanation of the expected outputs and development benefits, including a description of:

- the evidence of sufficient industry demand;
- the proposed delivery model for each new course or improvements in the delivery of existing courses, including details of availability of work placements, as required;
- target numbers of fee-paying and scholarship students and equity/access targets (e.g. gender and SIS); and
- cost-efficiencies in course delivery achieved through Recognition of Prior Learning (RPL) or other processes or any additional costs in the delivery of the courses.

3.4.3 *2011/12 Training Delivery*

The current industry sectors of Tourism and Hospitality, Health and Community Services, and Automotive, Construction & Electrical and Manufacturing will be retained in Stage II. Any changes in these sectors will be dependent on industry demand.

To ensure continuity and momentum, 2011/12 training delivery within these sectors will include the courses delivered in 2009 and 2010 that are expected to have ongoing demand (including a

pipeline of continuing students) and positive graduate employment/ productivity outcomes. The courses conducted in 2009/10 (and associated enrolments) are shown in Annex E. Also listed are the 2010/11 courses currently being considered¹⁰, although at the time of Stage II design preparation, these have not been finalised and agreed with AusAID. An increase in the number of Certificate IV courses should also be planned, building on the Stage I training at the Certificate III level.

In the transition period (April to June 2011), the Contractor will work closely with the existing APTC Coordination Office to confirm the 2011/12 training profile. This profile will include, where possible, input from feasibility studies to be undertaken on the following issues:

- potential expansion of SHCS courses in the areas of allied health, child care and early childhood, aged care and community development to reflect expected domestic, regional and international demand for skilled workers, particularly women, in these sectors; and
- the demand for hospitality courses – in particular this is in response to indications of limited employment opportunities elsewhere in the Pacific for APTC graduates in this sector and the removal in May 2010 of related occupations from the Skilled Occupation List for migration to Australia.

It would be preferable if these studies were undertaken prior to the transition period, although it is recognised that resource and budget constraints may prevent this. The undertaking of these studies after the commencement of Stage II will necessarily affect the 2011/12 training profile. Any changes to the 2011/12 Training Profile resulting from these studies will be negotiated with the preferred tenderer.

It is also noted that the MTR recommended that the APTC conduct a pre-feasibility study on the establishment of an APTC School to serve the Commercial Agriculture, Horticulture and Food Processing industries. This should be further examined by the APTC in 2012.

The APTC Contractor will need to either have or sub-contract a body that has relevant scope of registration under the AQTF to deliver all these possible courses, as well as flexibility to deliver other courses as demand changes. This would potentially require sub-contracting other training providers, with appropriate scope of registration, to deliver specific courses not currently anticipated.

As the Stage II budget is assumed at the same level as Stage I, any course expansion options will need to identify additional cost or other potential course offsets, based on demand. Any proposed expansion of course places or training venues are not to be at the expense of smaller island state access to the APTC.

3.4.4 Work Placements

In competency-based delivery and assessment systems, access to workplace experience and assessment in workplace contexts is important for effective certification of competence (which is defined as *'the standard of performance expected in the workplace'*). Although some industry parties argue, therefore, that competence can only be certified in a workplace environment, in Australia, evidence requirements for individual qualifications and units of competence allow for assessment in a range of different contexts. There is also ongoing debate about the benefits of workplace and institutional pathways in the Australian TVET system. Some employers ask students how their skills have been acquired and most rely on students' employment experience and references as much as formal qualifications in hiring potential employees. As APTC students studying offshore are not in Australian workplaces, the risks of inappropriate certification of competence are higher and Australian employer perceptions of student's real levels of competence may be lower.

¹⁰ It should be noted that 2010/11 is not a 'normal' year of APTC operation because of any 'wind-down' and impending transition to Stage II with consequent impact on expansion of enrolments. The year 2009 profile provides a better indication of longer-term APTC enrolment trends, expenditure patterns, per-student and per-training hour cost estimates, etc.

It is not possible even in Australia for RTOs to ensure that all students have access to workplace experience and assessment. However, this problem is greater in most PICs given the smaller size of their formal economies. APTC students with existing skills and experience supported by their employer therefore have a distinct advantage. That is, students engaged in programs offered through local industry partnership models are able to have their skills effectively certified and obtain references and records of their workplace experience.

The APTC will therefore need to implement strategies to maximise opportunities for work placements for students (in particular for scholarship students from non-campus countries), including through:

- entering into written agreements with partner training venue employers as to the number of work placements the employer will provide for students other than its own employees;
- fostering positive relationships with other employers to encourage them to provide work placements or local and overseas students; and
- working with AusAID and Pacific governments to resolve any legal, regulation and visa issues for work placements by overseas students.

Where, despite these efforts, insufficient work placements are available, the APTC will need to modify training venues, course delivery and assessment to simulate workplace environments and maximise use of industry practitioners in delivery and assessment.

The availability of work placements by course is to be reported in the Annual Report/Plan, particularly where it impacts the quality of training or meeting the requirements of the relevant AQTF Standards. Before any new courses are established, the proposed Annual Training Profile will also need to include detail of the arrangements that have been made by the APTC for adequate work placements and assessment.

3.4.5 Professional Development Training

There is a demand from Pacific training institutions for teachers to upgrade pedagogical skills and their understanding of competency-based assessment. There is also a need to recognise and upgrade the technical skills of existing and potential national training staff. Due to its geographic spread and strong reputation, the APTC provides an avenue for capacity building and linkages to national TVET institutions. This can be achieved through APTC providing high-quality entry-level training to national TVET staff through the Certificate IV in Training and Assessment (TAE4) and post-entry level training at the Diploma level. The APTC could also serve as a platform for the delivery of non-accredited professional development programs to national TVET staff under bilateral and regional programs.

The TAE4 courses will be delivered on a fee-for-service basis on request by sponsoring organisations and delivered additionally to the Annual Training Profile. Pricing of these courses to organisations should reflect their intended development outcomes, and that they are likely to be funded by donors and Pacific governments. As AusAID already provides core funding for the APTC, consideration should be given to setting cost-recovery prices for courses funded through AusAID bilateral programs as part of planned upgrading of TVET capacity in PICs.

The APTC currently delivers TAE4 qualifications through its schools, and there is strength in this model as it ensures that staff who are moving from industry, or seeking to upgrade from local institutions, undertake their training and assessment qualifications with staff from the same industry and in an industry context. Rather than formally establishing a separate school that may divert APTC focus from its core purpose, this model will be continued in Stage II. It is proposed that a Centre for Professional Development be established under the APTC Corporate and Student Services. This Centre will coordinate demand-driven TAE4 course delivery by individual Schools and provide specialist support to TVET staff from national institutions undertaking TAE4 courses. It would also provide, if appropriate, centralised professional development programs through the APTC, including support to APTC staff to ensure that they are abreast of changing developments in teaching, learning practices and AQTF requirements.

3.5 Access and Equity

3.5.1 Student Access and Participation

Importantly, the APTC has a development focus. This includes ensuring access to its training, support services and scholarships for female, rural/remote/regional students, students with disabilities and students from small island states/non-campus countries. The *APTC Marketing and Recruitment Strategy* will include specific targeting of students from SIS, rural/remote or economically disadvantaged backgrounds.

This will include promotion of the APTC and scholarship opportunities through APTC representative offices in Tonga, Kiribati, Nauru and the Solomon Islands. APTC staff will make regular visits to these and other non-campus countries for the purposes of APTC and scholarship information dissemination; assistance in submission of application forms and supporting documentation; applicant skill and ELLN assessment; labour market analysis; and annual/biennial APTC consultations. APTC process and policies will be sensitive to the special circumstances of applicants and students from remote locations.

The APTC Scholarships will continue to ensure access for these students, particularly from non-campus countries, who do not have comparable access to the resources to study at the APTC as a fee-paying or employer-funded student. This is achieved through allocating a higher proportion of scholarships and scholarship funding (per head of population) to non-campus countries than to campus countries. Targeted student support services for non-campus country students, including airport reception, orientation and secure accommodation will continue to be provided by the APTC in Stage II.

APTC training is delivered primarily through standard face-to-face mode at the designated partner institution locations. During Stage II, the APTC will seek opportunities to expand flexible and blended delivery options to increase cost-efficiencies and enhance access by non-campus country students. Assuming viability (including sufficient student numbers, suitable facilities, equipment and resources, and workplace safety), this could be achieved for example through APTC trainers delivering outreach courses (in full or in part) to groups of students in non-campus countries and in remote locations of larger countries, such as in PNG. It may also be possible to deliver some course components through distance learning technologies, utilising existing ICT infrastructure, such as available through University of South Pacific centres throughout the Pacific.

To facilitate student access, some APTC courses should continue to be run through flexible delivery modes. For example in Stage I, the SCHS conducted part-time evening and weekend courses to suit students from the local campus country who were working and unable to get study leave from their work-place during core business hours. Some new access and equity initiatives will be introduced in Stage II, including the establishment of an English language, literacy and numeracy (ELLN) Bridging Program. Mechanisms that allow tailored assistance to be provided selectively to people with a disability will also be enhanced (see Section 4.7.2). To ensure equity of access and participation, the Annual Training Profile and Annual Report/Plans will include specific analysis as to gender and SIS participation.

3.5.2 Student Profile

By the end of March 2010, APTC had received 7,777 course applications of which 5,947 also applied for a scholarship. There have been 1,800 scholarship students out of a total of 2,920 enrolments within scope¹¹. 27 percent of enrolments were female and 9 percent were from non campus countries. 803 scholarship students have graduated out of a total 1,306 graduates. There were 1,443 enrolments at the end April 2010, of which 67 percent were on a scholarship. It is expected that there will be up to 3,000 APTC graduates by June 2011.

¹¹ In Certificate III and above courses, excluding the Certificate IV in Training and Assessment

In Stage I, APTC student recruitment focused on 'existing workers' (students who have relevant work experience and who meet the technical skill requirements for entry to a course and are currently employed in their training sector). This was in response to the:

- employer partnerships developed by the APTC;
- difficulty of finding work experience and attachments for students not currently employed;
- likelihood of more effective skills utilisation (and thereby productivity) where the training is supported by an employer;
- limited domestic work opportunities for APTC graduates looking for work;
- current low quality of graduates with Certificate I/II qualifications from many national TVET institutions; and
- shorter length of training required for workers with practical work experience than for those with only theory-based technical qualifications.

To maximise training outputs and outcomes, this focus on the formal labour market and on upgrading and certifying the skills of existing workers will continue in the first years of Stage II. However, provided the quality of student competency at graduation is not compromised, the APTC should also have flexibility to train 'new entrants' (students with national Certificate II level qualifications) who meet the theory requirements for entry to a course, but have limited to no practical work experience). This applies particularly to students from the SIS, where work experience opportunities are more limited. It is also likely that over Stage II there will be increased new entrant demand for Certificate III training arising from other TVET strengthening initiatives to improve pathways and the quality of training offered by national institutions.

3.5.3 *Applicant Assessment*

APTC applicants need to be assessed for prior learning and current technical competence for entry into APTC courses. Given the regional nature of the APTC, it is not practical to undertake full Recognition for Prior Learning assessment (i.e. against all units of competence) for the majority of applicants. The APTC will need to conduct cost-effective technical assessments of existing skills, including in remote and rural locations, to both assess overall eligibility for entry to the APTC and to identify skills gaps and needs. During Stage I, the RTOs have developed technical assessment methods that aim to ensure that applicants accepted to a course have sufficient technical skills and knowledge to be able to achieve all the required competencies in the prescribed course length. Some of this technical assessment is carried out through supervised paper and pencil tests and through trained local interviewers. Full technical assessment is in many cases only completed on course commencement.

RPL is a significant feature of flexible delivery for the APTC as existing workers are a target student group. For example, SACEM achieved an RPL rate of 22 percent contrasting with the Australian average of below 10 percent. Other than for course entry assessment, the APTC should undertake RPL on a fee-for-service basis.

APTC applicants are also required to undertake an ELLN test (the current Communication and Literacy Assessment Skills Package or similar) to determine whether they have the required level of literacy and numeracy to complete the relevant course of study. The test is aligned to the industry area for which the application is being made.

3.5.4 *ELLN Bridging Programs*

Without substantially better preparation, it is expected that students from the smaller island states will continue to struggle to meet the College's ELLN entry requirements. Some prospective students who meet the technical requirements for entry would be expected, with a short period of intensive ELLN training, to be able to meet the required ELLN entry standards. To remove this barrier and increase SIS access, the APTC will in Stage II conduct ELLN bridging programs for SIS existing workers.

Based on an analysis of the ELLN needs of such SIS students, the Contractor will design/tailor a cost-effective bridging program for implementation in Stage II. This should be based on one of

the communication, literacy and numeracy programs/modules offered in the Australian VET system to prepare learners to undertake accredited vocational programs. Dependant on cost-effectiveness, the bridging program will be conducted in the relevant SIS or in a campus country. Given the costs (and potential disruption to employment) of the bridging program, it is important that it only be provided to students with technical merit and who are close to meeting the requirements of the ELLN assessment. Students undertaking the ELLN Bridging Program will not be guaranteed an APTC scholarship on successful program completion. They will however be given financial support to undertake the program through an 'Ancillary Award' as described below.

It is also noted that in addition to this bridging program, the Schools will also provide concurrent ELLN support for all enrolled learners who have communication, literacy and numeracy needs. This will include mechanisms such as Learning Support Officers, and the design of appropriate training delivery and assessment methodology both in the institutional and workplace setting.

3.5.5 *APTC Scholarships*

The goal of the APTC Scholarships scheme is to promote access to the APTC, especially for individuals from smaller island states where APTC does not have a campus and for disadvantaged students without means of financial support. Stage II funding for scholarships will be AUD\$17.8 million.

The APTC Scholarships program should:

- adhere to principles of transparency and merit;
- ensure access and equity, including sensitivity to gender and disability;
- ensure student health and welfare concerns are proactively and professionally addressed;
- complement and not duplicate other sources of financial sponsorship for students, including from the private sector, other donors, and Pacific governments;
- support flexibly structured award delivery to reflect the varied training schedules of APTC Schools; and
- be structured to be cost-effective in order to maximise the number of awards that can be offered.

APTC Scholarships are open to all PIFC citizens (except Australia and New Zealand) over the age of eighteen who meet the technical entry (and English language/ numeracy) requirements for specific APTC courses. The APTC is responsible for delivering training that is responsive to industry needs and thereby supported by employers through payment of their employees' costs to attend the APTC. As a result, not all APTC places will be funded through the scholarship scheme. Scholarships should not be provided to applicants who have alternative sources of support to attend the College, for example by larger employers, other donors, or home governments.

The APTC Chief Executive Officer (CEO) has delegated responsibility from AusAID for the overall strategic development, management and coordination of the Scholarships scheme. The CEO will ensure that all aspects of the scheme are managed in a way that is consistent, transparent, fair and merit-based. The CEO will be supported by APTC's Corporate and Student Services (CSS, the Coordination Office in Stage I) in managing scholarship information dissemination; application and selection processes; and award administration.

The Stage II design for the APTC Scholarships follows and builds on the strengths of the implementation of scheme in Stage I. This includes the continuation of the key scholarship policies including eligibility, selection criteria and award levels (Full and Partial). Policies with respect to awardee entitlements are unchanged from Stage I, so continuing awardees will not have changed award conditions.

Some changes to the design of the processes and responsibilities result from proposed changes to the Stage II management structure (including contractual arrangements). To reflect the MTR recommendations, with respect to the need to increase the transparency, relevance, efficiency and effectiveness of the scheme, during Stage II:

- scholarship management functions (e.g. travel arrangements, accommodation and allowance payments) will be undertaken by the CSS;
- the scholarships will be advertised and awarded during two selection cycles a year, based on competitive pools for schools/courses; and
- Pacific governments and industry will be consulted regarding their relative priorities for scholarship-funded training.

The APTC Scholarships are administered through a regionally competitive scheme, with indicative numbers of scholarships allocated per country to ensure equity of access, particularly for the SIS. A Scholarships Allocation Model was developed during Stage I to assist in determining the fair allocation of scholarship awards across countries. This model uses a natural logarithm methodology to determine scholarship allocation based on each PIC's population size and GDP. This approach results in a distribution of awards positively favouring those countries that are smaller, less economically developed and that do not have an APTC campus (so face a higher relative cost of attending APTC courses overseas and reduced opportunity for employer funded access). The Contractor will review annually the Scholarships Allocation Model and the actual number of awards offered to redress any imbalances in scholarship allocations so that there is an equitable distribution of scholarships between countries/schools over Stage II. Scholarships marketing will be undertaken in all PIFs, but with specific focus on the SIS and remote locations in campus countries.

Scholarship awardees needing to travel overseas to attend the APTC receive a Full Award towards their travel, accommodation, living allowance and study needs. Almost all SIS students study at the APTC on a Full Award. To further support their access to the APTC, eligible SIS students in the ELLN Bridging Program will receive support for their training through an Ancillary Award. Those undertaking the bridging program in a campus country will receive the same level of financial support as scholarships students under a Full Award. Students undertaking the program in their home country will be provided with basic financial support, equivalent to the Partial Scholarships Level 3. The APTC should ensure that the financial value of the Ancillary Award is consistent with other in-country training support provided by AusAID.

APTC Scholarships promote equal access to the APTC for both men and women. Pre-award processes, including scholarship advertisement and selection, are targeted to promote gender equity in students undertaking APTC training courses. While some training sectors are traditionally dominated by one gender (e.g. men in trades areas, or women in the health sector), marketing materials are targeted so that women and men are actively encouraged to apply for training in all schools, particularly for courses which are not traditional areas of employment for their gender. During selection, efforts are made to allocate APTC awards evenly between eligible female and male candidates. For example, in training courses dominated by male applicants, awards are allocated evenly between males and females until no further females are eligible for placement/award.

Experience from other scholarships programs in the Pacific suggests that it is difficult to verify students' claims to disadvantage and, as such, the APTC Scholarships selection criteria cannot directly target rural or economically disadvantaged students. In practice, where there are two students of equal technical merit, the APTC should prioritise the applicant with proven links (through birth, schooling or employment) to a rural/remote area for a scholarship. The Partial Award levels provide a higher level of allowances for students from rural areas.

A summary of the draft Stage II APTC Scholarships policies and procedures is provided in Annex F. The Contractor will need to update the Stage I *APTC Scholarships Policy and Procedures Manual* during the May-June 2010 transition period to reflect the revised Stage II scholarship procedures and any changes to overall APTC management responsibilities agreed with AusAID. All scholarships data is recorded on the APTC student database. The Contractor will report on the scheme and undertake monitoring and evaluation (M&E) on implementation of the scholarship scheme as part of the overall Performance Assessment Framework (Annex K) reporting. Key risks to the scholarship scheme are identified in the APTC Risk Management

Matrix (Annex P).

3.5.6 *Student Pastoral Support*

Duty of care is an APTC-wide responsibility, with a range of policies (including with respect to staff/student code of conduct and HIV/AIDS) established to provide guidance in this area. The APTC will provide pastoral support to all scholarship and non-scholarship students. Specialist support will be required for students living away from home/overseas for the first time. The *Student Pastoral Care Plan* will form the strategy for ensuring that scholars are supported in their learning and that any emerging issues (language proficiency-related, personal or interpersonal) are identified immediately and handled appropriately. APTC staff will be trained to identify and provide a gender-sensitive initial response to students needing pastoral support. A formal escalation process should be implemented, including access to a trained counsellor to provide advice to staff and students, as required.

3.6 Program Effectiveness

3.6.1 *APTC Cost Efficiencies*

APTC Stage I costs were analysed to determine areas where efficiencies could be identified for Stage II (Annex G). This first time analysis of APTC expenditures across the College was constrained by the separate maintenance of financial records by the three contractors, lack of uniformity and the incomplete expenditure and forward budget data provided. A consolidated APTC financial management information system, using uniform classifications and conventions, should be implemented in Stage II to address these shortcomings.

It is estimated that recurrent costs including management and support in Australia and in country; teachers and instructors; travel and transport; and other operational charges account for in excess of 80 percent of Stage I costs. Management and support accounts for by far the largest share of recurrent costs and appears to offer considerable scope for efficiencies simply by avoiding duplication. Capital works including civil works, equipment and machinery are estimated to account for less than 20 percent of costs in Stage I. Almost 80 percent of capital works were undertaken for SACEM, most notably for civil works in establishing the PNG campus. It is not expected that similar capital works will be required in Stage II.

Given its rapid Stage I implementation, 2009 was the first year in which most Schools operated at what may be considered as normal capacity. Based on the figures provided, estimates have been made for per-student and per-training hour costs of APTC operations for that year, for each course and campus. There is some significant variation in costs per student between courses and campus. Overall SCHS and STH courses had significantly lower costs per student, due mainly to the typically shorter course lengths. As a result, there was less variation in the average costs per student training hour.

The proposed change to a single contract in Stage II is expected to provide the greatest scope for cost efficiencies, through elimination of duplication in management and administration, while maintaining quality outcomes. It will also simplify contract management for AusAID. Tenderers will be asked through a competitive bidding process to provide a consolidated response to delivering on the goals of the APTC, including a centralised College administration and flexible training delivery model.

Other areas where efficiencies can be expected in Stage II include:

- reduction in the scale of major capital works and other establishment costs;
- retention and use of Stage I equipment/resources;
- the majority of APTC policies and systems are already well established;
- consideration of the relative operational costs in managing core functions in Fiji, Australia or the other campus countries;
- localisation of staff over time;
- increased emphasis on opportunities for flexible course delivery; and
- a requirement for the APTC to analyse and report on cost per student data and identify

scope for efficiencies; and to assess the likely impact of changes in the training profile across countries, or where expansion should be based, to maximise cost-effectiveness.

An indicative 15-20 percent efficiency dividend on administrative costs will enable a greater proportion of funding to be allocated to training delivery, increasing the number of courses to be delivered and a higher graduate output in Stage II. It will also free-up funds for other crucial management activities, including a labour market intelligence capability and an integrated comprehensive education management information system.

The processing of APTC financial data on a consistent annual basis in Stage II will enable the APTC to calculate more accurately the unit costs (per student, per training hour and per graduate). This will enable more effective budgeting of the Annual Training Profile and identification of efficiencies that can be made to CSS operations and training delivery. It would also facilitate comparison of APTC costs with those of Australian institutions and potentially enable future funding to be more accurately based on a unit-cost basis.

3.6.2 *Cost-Benefit Analysis*

A comprehensive cost benefit analysis was undertaken to assess the likely economic return on investment in the APTC. However, it is important to note that to date there have been only a relatively small number of APTC graduates and that there is a dearth of statistical information available upon which to calculate the economic rate of return (ERR). The following analysis, one of the first of its kind for the Pacific region, is based on the available cost and benefit information, and is necessarily indicative only (the data limitations, assumptions and sensitivity analysis are presented in Annex H).

Costs per student vary considerably between campuses and across programs, as do the scope and range of benefits generated. To illustrate the impact various elements of the costs and benefits of APTC operations have on the ERR, a base case analysis of Solomon Island graduates from the SACEM Construction and Electrical Certificate III program in PNG can be used (similar patterns emerge when applied to graduates from other countries and from other APTC programs). The analysis focuses on those elements of costs and benefits for which quantitative estimates can be made on the information available - graduate training costs and direct economic benefits, in the form of higher earnings (and greater productivity) and remittances sent home from employment abroad.

On the benefits side, the ERR is sensitive to the proportion of APTC graduates who obtain work overseas in the occupations and at the levels for which they are trained¹²; the period they stay employed overseas; and the amount of earnings they remit home. With respect to the latter, the analysis presents a series of scenarios. For example, if 25 percent of graduates find work in the Australian construction industry soon after graduation, stay for ten years and remit 40 percent of their net earnings while abroad, this would generate a direct economic rate of return on the investment in the APTC of just under 12 percent. The limited information available suggests APTC graduates are keen to access overseas employment, and if 50 percent of graduates were to obtain employment in Australia the ERR jumps to almost 20 percent.

In contrast, if APTC graduates obtain work only in their home countries, the ERR in most cases does not exceed 8 percent. This is a result of both the lower salaries paid, but also the lower differential between salaries at different skill levels in the Pacific. The lower ERR for employment only in home countries highlights the importance of the APTC rationale to provide training which facilitates labour mobility as a means of enhancing employment and income opportunities. It also reinforces the importance of the APTC training profile retaining a tight focus on industry demand domestically and regionally.

Projected Stage II efficiencies in management and delivery will reduce the average cost per student enrolled, which would in turn have a positive impact on the ERR. The rate of return on

¹² There are other barriers to offshore employment, some of which are to be addressed under *Pacer Plus* negotiations.

Solomon Island graduates from SACEM construction and electrical programs in PNG, for example, would increase from just under 12 percent to over 15 percent if cost savings of 15 percent per annum could be achieved. Similarly, the ERR would rise to over 9 percent when those cost savings were made, if graduates could only find appropriate employment in the Solomon Islands.

As indicated in Annex H, target rates of return on development projects, with the same degree of risk, are typically set by aid donors at between 12 and 15 percent. That range should be expected on the PNG component of the APTC investment, but perhaps something more modest, say, around 10 percent would be acceptable for the broader Pacific region.

The rates of return calculated using direct economic costs and benefits underpin a broader return on investment in the APTC that can be expected in developmental terms. Many of these indirect benefits are inherently non-quantifiable and/or are difficult to ascribe only to the investment in APTC. Building up a critical mass of Certificate III/IV level skilled workers will be an essential pre-condition for investment and infrastructure projects throughout the region, whether they be aid-driven or private sector initiated. Remittances provide an injection of cash into local communities in the home countries that can have a multiplier effect on the domestic economy, especially through the flow-on effect on employment as that cash is spent on locally produced goods and services. Currently many investment and infrastructure projects have to rely on the use of foreign skilled workers. As there are more APTC graduates, the necessity to employ foreign workers should diminish. Graduates working in their home countries often have a demonstration effect on fellow workers, increasing productivity and improving work habits.

The APTC offers a complementary approach to TVET development in the region. It offers internationally recognised Cert III/IV qualifications not currently available in national institutions in the region, whilst these institutions are still developing their capacity at lower qualification levels. The Concept Note indicated that it is unlikely that private or national public sector agencies will be able to deliver equivalent vocational training over the medium-term. These higher-level qualifications, in accord with industry demand, provide enhanced employment opportunities and productivity, particularly in regional and international labour markets. APTC's Australian accredited qualifications are internationally recognised (unlike those currently offered by national providers), and its graduates therefore have the advantage of being able to join the global labour market for skilled tradespersons and technicians.

In comparison with investing in alternative higher-level TVET skill development strategies, the APTC model enables a fast track to providing internationally recognised training and assessment capability from the start of operations. This approach produces a higher number of graduates and lower risks to labour mobility and employment goals than if the training had been implemented through an existing national institution as an institution capacity-strengthening project. The APTC's structure during Stage II will enable it to respond rapidly and flexibly to changes in demand for skills and qualifications through drawing on existing RTO resources (curriculum and teaching). Longer term it is expected that the APTC will become part of the regional TVET architecture. The APTC's approach to basing training in industry partner premises where feasible also has significant benefits including access to specialised and current equipment and facilities too expensive to provide within the College, compared to a wholly institution-based approach (see Section 4.6.3)

There are a number of benefits of providing APTC training in the Pacific region, compared to providing it at Australian-based TAFE colleges. On a direct cost basis, the total costs of equivalent training (tuition costs, travel and scholarships) Pacific Islanders at campuses in the Pacific region is significantly less than would be required for undertaking the same course at a TVET institution in Australia. Annex G shows the average annual cost of AUD\$14,669 per APTC student in 2009. This is comparable with the average AUD\$10,000 – AUD\$15,000 cost

per place at which RTOs might be funded for Australia-based delivery¹³, particularly when allowances are made for the additional costs of operating a multi-country campus in the South Pacific, with its high attendant travel and professional overheads.

AusAID scholarship stipend costs for training in Australia are AUD\$25,000 per annum (plus AUD\$5,000 establishment cost), compared to between AUD\$11,596 to AUD\$16,510 for an APTC Full Award, with many students able to obtain an Australian qualification on a lower-cost Partial Award or paying only subsidised tuition fees. Travel costs to Australia from the Pacific region are also more expensive than to a Pacific regional travel hub. This cost comparison does not take into consideration the positive indirect benefits from providing training at local Pacific-based institutions.

As a regional institution, the APTC can foster regional integration and drive consistency of training across the region. Pacific Islanders and their governments are more likely to 'own' the College and its programs the more it becomes embedded in the region. In addition to the APTC's positive impact upon national TVET institutions and systems, the presence of the APTC is helping to raise, if not the prestige, then at least the acceptability, of TVET as a viable post-school/career enhancing option. This has the consequence of more and better-educated students seeking TVET enrolments. It can also contribute to helping persuade national governments that it is worthwhile giving greater support to their TVET institutions, especially in the critical area of recurrent expenditure allocations. Through its scholarship program, the APTC is also having a development impact through enhancing greater equality in training opportunities across gender, disability and minority groups and for those from more locations.

Whilst there is little comparative data from alternative investments in TVET or other training, and although international employment outcomes from the APTC training will only be fully realised over a number of years, overall, the APTC can be considered to deliver value for money on the basis that:

- the APTC training is managed through a competitive procurement process;
- the APTC is filling a critical gap in training delivery, as other TVET institutions in the region are not currently able to provide the equivalent high quality of Certificate III/IV training in the priority areas of study;
- the cost of providing internationally recognised APTC Certificate III/IV training is lower than the cost of providing equivalent training to Pacific Islanders at institutions located in Australia;
- the direct economic rate of return (in the form of higher earnings, greater productivity and remittances) and assuming cost savings in Stage II, is estimated to be between 9-15 percent, which is comparable to target rates of return on other development projects; and
- there are significant indirect benefits that accrue from the APTC training and ancillary support to government agencies and national TVET providers.

3.6.3 *Labour Market Intelligence*

For the APTC to implement effectively its mandate to assist in building up the internationally competitive skill base of the Pacific, it must base its policy and strategic operational decisions on improved labour market intelligence (LMI). It must be based on the best information it can gather on relevant labour markets. These markets are quite specific – they are for a range of middle-level craft, trade, technician and service-provider skills within the formal economic sectors of the region, and in relevant neighbouring countries such as Australia and New Zealand. Most graduates will seek work as wage and salaried employees in either the private or public sectors. Even those that become self-employed or start up their own businesses, if they use the skills they acquired at the APTC, they will invariably become part of the formal economy. Putting aside Australia and New Zealand, and concentrating on the region itself, the

¹³ See for example the fees paid under the Commonwealth Productivity Places Program, as outlined in the agreement between the Commonwealth of Australia and the States in 2008 (Table 4 page 13, COAG Agreement). http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/national_partnership/national_partnership_on_productivity_places_program.rtf

formal sectors of Pacific island economies are only small, even in the larger countries, and their growth rates vary. Within these, however, the range of occupations of direct relevance to the APTC is narrow, and the numbers finding employment in them is commensurately quite low.

Official labour market statistics and the attention given its gathering and analysis in the Pacific are generally inadequate, although does exist in some areas. For example, most countries in the region collect administrative data on people entering their countries on employment visas, although little of this information is published in statistical form. As labour market intelligence is not routinely collected or analysed elsewhere, it is essential it be addressed more explicitly by the APTC. This LMI function needs to be undertaken systematically, resourced and managed properly. For Stage II, a LMI analyst is to be included in the APTC CSS staffing. Such a person should preferably have prior training in labour economics and experience of labour market information gathering, analysis, reporting and dissemination in a developing economy context.

It is neither feasible, nor necessary, for the APTC to develop and maintain a fully-fledged labour market information system for the Pacific. Nevertheless, the APTC must be as well informed as it can be regarding the nature, extent and trends in the labour markets its graduates will seek work in, if they are to make the most of the skills development that has been invested in them. A fully costed Labour Market Analysis Action Plan (LMA Action Plan) will be developed within the first three months of Stage II for AusAID approval.

The LMA Action Plan will include a timetable for specifying the data to be collected and with whom and how regularly structured consultation should occur to obtain country-specific information on industry trends, emerging skills gaps, training requirements and priorities. Wherever possible, existing material and sources will be used, LMI shared and opportunities utilised to transfer skills and knowledge as part of capacity building.

The real value of labour market information gathering is greatly enhanced if it is done continuously, on a systematic regular basis, so that patterns and trends can begin to be discerned. Episodic, casual and snapshot information gathering is rarely worthwhile, since it often masks the important changes and linkages that are occurring. APTC's own surveys should be conducted on a routine basis, and consultations with information sources must be undertaken on a regular basis, to provide up-to-date industry information and analysis for reporting to APTC senior management, sharing with interested stakeholders and as input for preparation of the Annual Training Profiles and the APTC Country Strategies.

The APTC needs to be proactive in garnering information through its contacts with industry and government in the region and from Australia and New Zealand. The LMI Analyst will need to identify key stakeholders in industry and government who are in a position to provide labour-based information. The format and timing of consultations will vary by country, however it will be based on strong industry consultation from active small and large-scale operators, Chambers of Commerce, representational groups and government authorities involved in the delivery of services such as the water and electrical authorities, public works departments. Consultation will also be with representatives from ministries of labour, education/TVET and donors involved in the provision of major service delivery projects within the country.

A staged and systematic approach should be utilised. The occupations targeted by the APTC should first be identified using the 3-digit level of the International Standard Classification of Occupations, 2008 updated version (ISCO-08). Each of the APTC courses will target a range of specific occupations, and their ISCO-08 codes should form the basis of all the college's labour market information intelligence gathering, analysis and reporting. Use of this international standard, to which all official statistical surveys analyses and reports are adhere (including in Australia), optimises assembly of what official data there is available, and comparisons across countries and over time.

Information regarding patterns and trends in the markets for these occupations is both quantitative and qualitative. Quantitative information can be drawn from three main sources –

official published and unpublished statistics of regional governments; studies and surveys undertaken by international bodies and NGOs; surveys the APTC itself conducts. Qualitative information, by its very nature is less formally collected, and can be derived from a wide range of sources – regular meetings with employers, business groups, trades unions, government departments; informal feedback from graduates; the trade and other press sources. When collated and analysed, information from all these diverse sources would contribute to the College's knowledge of trends in employment in the targeted ISCO-08 occupations, and in the industries and economies the college is set up to serve. This information could also identify new developments and initiatives that would have a potential impact on the courses provided by the College.

The LMI analyst will work with the CSS M&E and other staff to develop/refine survey instruments and coding manuals of the APTC's surveying of its own graduates, such as the tracer studies, graduate surveys and employer surveys that the College already undertakes routinely. The LMI analyst will also train APTC CSS and training delivery staff to understand the importance of LMI, to identify it and to assist in collection of relevant data in a structured format.

The LMA Action Plan will be based on a staged approach over Stage II, including:

- determining the ISCO-08 coding of APTC-targeted occupations;
- updating the APTC graduate and employer surveys;
- specifying what LMI is *essential* to be collected in 2011/12 and what could be collected in the following years;
- focusing first on sourcing and analysing the *essential* LMI that is already collected by other organisations, through identifying the key contacts who are in a position to provide the labour-based information and making arrangements with them for the data to be regularly provided to the APTC;
- undertaking APTC occupation-specific surveys for *essential* quantitative and qualitative information data that is not elsewhere collected;
- prioritising data collection and analysis for occupations in courses where there are likely to be more sizeable international and local employment opportunities, in courses which are subject to review and/or for new courses proposed for inclusion in the APTC's Annual Training Profile; and
- prioritising analysis on PNG, Fiji, Australia and New Zealand with larger employment markets, followed by the other campus countries and then the non-campus countries.

3.6.4 *Post-Award Employment and Productivity*

Whilst the APTC is not responsible for employment services, it will encourage regional and international employers to consider the employment of APTC graduates. Furthermore, to improve APTC graduate employment rates and productivity, an 'APTC-to-work' preparation program would be developed and provided to students near the end of their training. This would include generic and tailored topics such as: curriculum vitae development, identifying employment opportunities, applying for (domestic and overseas) work, communication skills, conflict resolution, gender awareness, presentation skills, management principles, introducing new skills into the workplace, employer presentations, introductions and interviews; and where to access resources for starting a new business.

The alumni network was established formally in 2010 to support the College's objectives and contribute to the sustainability of linkages between Australia and graduates by:

- providing a forum for active discussion and exchange of ideas/expertise relevant to the achievement of the APTC objectives;
- enabling alumni to exchange knowledge and skills;
- promoting gender awareness in employers;
- helping alumni keep up-to-date with changes in their industry, by providing them with information about further development and study opportunities;
- facilitating the provision of contact information for M&E purposes; and
- providing access to alumni for operational purposes (e.g. for assisting with pre-departure briefings, mentoring to new students and graduates and access to labour market

intelligence).

The APTC will maintain an alumni database of all its graduates (including scholarship and fee paying/employer/other donor funded students) with relevant contact, employment and other post award details for each graduate. The APTC Corporate and Support Services will also organise and conduct a range of cost-effective alumni events, such as social and professional networking events arranged around graduations and relevant Australian VIP visits or school-based professional development seminars. To be sustainable, alumni activities need however to be realistic and alumni driven as they have the potential to be time and resource consuming, particularly with so many graduates spread across more than 14 countries. Costed work plans for alumni activities are to be included as part of the College's annual planning. Alumni activities in non-campus countries would be scheduled to coincide with existing visits to the countries for other APTC activities. The APTC website will provide a forum for alumni networking activities (e.g. notice boards of alumni achievements and events, email groups or chat rooms).

To improve skill utilisation, some AusAID scholarship programs have introduced 'reintegration plans', which are agreed between the student and their employer prior to training. They promote effectiveness by documenting plans for how the training will be utilised in the workplace, the student's career path and how the training will improve business productivity or otherwise contribute to the business objectives of their employing organisation. The APTC will trial the use of such back-to-work plans with selected partners and other larger employers. There will need to be follow-up with employers/ graduates after six to twelve months to assess whether the plans have been implemented and the employment/productivity objectives achieved. The Contractor will provide an assessment on how effective the 'reintegration plans' are in the January 2013 Annual Report, with a recommendation on whether the use of the plans should be continued and expanded.

Access to Australian employment is for some trades restricted by national and state registration requirements. The APTC should therefore continue to investigate partnerships with Australian industry bodies, such as the Master Plumbers Association and Electrical Contractors Association, and industry interlocutors, such as the Australian Chamber of Commerce and Industry, to review viability, and if appropriate, obtain sponsorship for any necessary in-Australia workplace training for Australian registration requirements.

3.7 Forms of Aid

No change to the arrangements for channelling Australian aid resources to support the APTC, including the aid modality, responsibility and accountability for delivering the activity and financing arrangements are proposed in Stage II.

The APTC involves provision of training and award of Australian TVET qualifications in accord with the Australian Quality Training Framework. This restricts delivery eligibility to Australian RTOs. Consequently, a more traditional donor-controlled project form of delivery is appropriate, with responsibility and accountability resting primarily with the APTC contractor, monitored by AusAID to ensure delivery targets and development objectives are achieved. The direct financial support of a high proportion of APTC students, through scholarship funding, will also continue in Stage II.

A separate scoping study is proposed at the beginning of Stage II to review the structure of the APTC and consider how it might transition in the longer term as part of the regional architecture. This may lead to a different aid modality, financing and governance arrangements. In the interim, it is important that stakeholders be closely consulted in the formulation of APTC policies and directions to ensure issues of ownership, transaction costs, coordination and local capacity building are adequately addressed and to capture projected benefits. To this end, considerable emphasis is placed in the Stage II design on ensuring the APTC training profile clearly reflects industry demand domestically and regionally. This is managed through industry consultations and input from the APTC Advisory Group. As a regional scheme, Pacific governments have to date primarily participated in APTC decision-making through PIFC consultations and membership of the Advisory Group. During Stage II, Pacific governments will be more formally

and regularly consulted as to their country's training needs and priorities.

3.8 Estimated Program Budget

Subject to Ministerial approval, AUD\$152 million has been assumed as the APTC budget over four years for Stage II. This represents a small decrease in real terms compared to the AUD\$149.5 million allocated for Stage I. The funding by financial year will be approved in advance by AusAID and based on the costs of APTC delivery of the agreed Annual Training Profile, providing corporate, student and scholarship management and undertaking additional TVET support activities as requested by AusAID.

4 Implementation Arrangements

4.1 Roles and Responsibilities

4.1.1 AusAID

AusAID is the principal Australian Government agency responsible for the oversight, and funding of the APTC. AusAID, through the AusAID Fiji Post, will be responsible for: providing and updating the budget profile; endorsing Annual Training Profiles and the Annual Report/Plan; managing the contractual relationship with the Contractor; and monitoring, reviewing and evaluating the performance of the contracted entity and APTC outcomes. AusAID will also be responsible for advocating the role and focus of the APTC with Australian and Pacific government agencies, donors and regional and Australian industry bodies; facilitating relevant registration and certification of APTC operations as necessary; and determining the long-term structure of the APTC. AusAID should continue discussions with the PNG and other relevant governments to facilitate an agreed process for the issuing of entry visas to APTC staff and students¹⁴.

The established presence of the APTC and a change to a single APTC training delivery and management contract will reduce the extent of AusAID involvement in College management issues in Stage II. As part of the overall management process, AusAID will hold six-monthly meetings with the Contractor in January and July each year (or as required on an exception basis). The purpose of such meetings is to provide an update on progress, address any issues that may have arisen in the delivery of training, and to acknowledge good and address poor performance.

AusAID Fiji would attend Advisory Group meetings as an observer, along with the local AusAID Post when meetings are held in their country. AusAID Posts in campus countries can also play an advisory role as required (e.g. with respect to graduation ceremonies) and facilitate APTC relationships and protocol with the partner governments. AusAID Fiji will need to maintain and strengthen communication with all AusAID Pacific and PNG Posts to ensure access to information on the APTC, which can be used in local discussion with national stakeholders. It is the role of all Posts, in conjunction with APTC Corporate and Support Services to raise awareness about the role of the APTC, as a regional program, among national stakeholders.

4.1.2 APTC Contractor

A major change from Stage I is a re-structure of the APTC to adopt a whole-of-College model. As one entity, the Contractor in Stage II will both manage College operations and provide all Australian accredited training delivery (Certificate III, IV and Diploma level courses). This model reflects the structure of Australian RTOs operating domestically and internationally. AusAID will however continue to retain ownership of the APTC name, and RTOs responsible for training delivery will continue to certify qualifications under the APTC brand.

¹⁴ This issue extends beyond the APTC and is relevant also to Australian Regional Development Scholarship (ARDS) awardees.

The Stage II APTC Corporate and Student Services will have an expanded role compared to the Stage I Coordination Office. The CSS will support the delivery of training through the provision of, among other things, corporate services and systems; management of partnerships, including contractual arrangements with industry and Pacific vocational training centres; managing representation across the region; and ensuring equity of access through the management of the Scholarships program. In the delivery of these administrative services, CSS will also ensure that the governance arrangements and performance of the APTC is responsive to changing industry demands and adheres to all legal requirements and industry standards across implementation jurisdictions. The CSS will also ensure that delivery RTOs maintain current AQTF registration.

The Contractor will ensure the cost-effective allocation of responsibilities as required to achieve APTC outcomes and goals. Functionally, APTC Corporate and Student Services will have responsibility for:

- overall leadership and regional strategic planning;
- ensuring a College-wide development focus;
- marketing and promotion of courses to employers and students;
- ensuring a common approach to marketing, advocacy and awareness raising, industry representation and graduation ceremonies;
- fostering networks and relationships with Australian and Pacific employers and industry associations, national institutions and other stakeholders;
- provision and maintenance of facilities and equipment at training venues including entering into leases/contracts for venues with partner industry and institutions;
- consultation with Pacific governments and employers as to training priorities, including development of APTC Country Strategies;
- coordinating collection and analysis of labour market intelligence to develop industry relevant APTC training profiles;
- supporting the RTOs to deliver the agreed training courses;
- contracting, if required, additional RTOs to provide specialist training delivery;
- developing and reviewing appropriate training delivery strategies for different parts of the Pacific and PNG;
- establishment and management of the Centre for Professional Development;
- coordinating student welfare services, orientation, and pastoral support;
- scholarship scheme management, including the strategic allocation of scholarship funds, ensuring the integrity and transparency of scholarship awards;
- managing the ELLN Bridging Program;
- conducting alumni activities;
- high level engagement with AusAID on contract and strategic issues;
- country office representation and management;
- secretariat support to the Advisory Group;
- annual operational planning, budgeting and reporting;
- development, update and implementation of APTC policies;
- maintenance of APTC offices and equipment;
- financial and human resource management, supervision and reporting;
- the design, development and conduct of a uniform integrated APTC education management information system (covering applications, student enrolments, graduations, all staffing under APTC programs, College equipment registers, student and staff travel, and College finances) and supporting IT services;
- M&E activities and reporting including graduate tracer studies, employer surveys and alumni reporting;
- undertaking of feasibility and other studies as requested by AusAID; and
- oversight of policy on tuition fee and fee-for-service activities.

Training delivery will be undertaken through RTOs. At the direction of the CSS, the RTOs will:

- plan and resource courses approved in the Annual Training Profile;
- customise new courses as required;
- assess technical and ELLN competency of APTC applicants;

- deliver AQTF training at Certificate III level and above;
- maintain status as a RTO with appropriate scope of registration under the AQTF;
- provide concurrent ELLN and other learning support;
- organise work placements and maintain effective work place assessment and quality assurance to ensure the integrity of the APTC qualification and brand;
- award APTC badged AQF qualifications (under RTO registration) to students meeting the required competency standards;
- conduct the ELLN Bridging Program;
- deliver the 'APTC to work' course; and
- conduct fee-for-service training activities (including RPL and TAE4 courses).

It is noted that due to AQTF requirements, some functions of the RTO delivery may mirror functions of the CSS. For example, under AQTF requirements, each RTO is required to record student enrolment, progression and assessment data on their institution specific MIS. The APTC also needs to undertake similar student reporting across all its Schools/campuses/courses. In its response to the Basis of Payment (Annex T), the Contractor will be required to identify such duplication and demonstrate, where possible, how they have minimised the costs of such duplication.

4.1.3 Advisory Group

The APTC Advisory Group established in Stage I will be retained in Stage II, with some refinements. The key focus of the Advisory Group will be to provide strategic advice to the APTC and AusAID on:

- national, regional and international issues impacting regional training priorities;
- culturally and gender appropriate training strategies;
- marketing, promotion and communication strategies;
- the draft Annual Report/Plan and proposed Annual Training Profiles;
- access to scholarships;
- APTC progress and performance; and
- accessing industry networks and government.

AusAID will determine membership of the Advisory Group on advice from the APTC. Its members would be expected to bring relevant sector expertise on Pacific and regional industry trends, market intelligence and training requirements as well as a capacity to provide an advocacy role at a country level. As such, its membership should comprise representatives of PIC governments; Pacific industry, industry associations and/or private sector; and Australian/New Zealand industry associations or key stakeholders.

The Advisory Group is to comprise a maximum of 10-12 members (with alternates as appropriate) plus observers¹⁵. Representatives from AusAID, other regional donors and organisations would be observers to the Group. The Advisory Group chair should be transitioned from AusAID to a Pacific regional or industry association representative as soon as practicable in Stage II.

The Advisory Group will meet once a year, for a two-day period. Additional meetings, as agreed by AusAID, may be held as required to consider urgent matters such as significant policy changes, major issues with respect to APTC operations and the Stage III scoping study report. Where possible, however the Advisory Group will be asked to consider matters out-of-session and/or delay considerations until the next annual meeting. Advisory Group members (and other Pacific Government contacts) will be invited to comment and raise any concerns in the APTC's six-monthly reports.

¹⁵ Stage I membership includes three representatives from AusAID Fiji Post; two industry and one government representative from Australia; one industry representative from Fiji; government representatives from Nauru and PNG and Samoa; TVET representatives from Samoa, Solomon Islands and Tonga; and a private sector representative from Vanuatu.

Attendance of PIF representatives would be funded from APTC program costs¹⁶. Meetings should not just be held in Fiji, but also in the other campus countries to enable the AG to observe APTC training and raise the profile of the APTC through their presence. To ensure scope for substantive input, meeting dates are to be established at least six months in advance and be scheduled to enable strategic advice on finalisation of key APTC reports (e.g. Annual Plan, Training Profile development). To support the Advisory Group, the APTC will provide travel and accommodation arrangements for AG members, provide secretariat support and attend the meeting as an observer.

4.2 Partnerships

4.2.1 Pacific Community

Both AusAID and the APTC have responsibilities for promoting on-going support for the APTC with the Pacific governments and Pacific Regional Organisations and regional education and training communities. This should include raising awareness and understanding as to the regional focus, rationale/role and long-term nature of the APTC. The linkages with AusAID's other bilateral and regional support for TVET in the Pacific should be highlighted, particularly AusAID's complementary efforts to upgrade local TVET institutions at Certificate I/II levels and to building the national and regional training architecture of standards, qualifications and quality assurance systems. AusAID should also work to enhance understanding of the strategic advantages of the APTC in terms of investment, cost effectiveness and labour mobility of a regional approach to provision of higher level internationally recognised TVET qualifications.

To manage Pacific relationships and expectations, AusAID should, where appropriate, include the APTC as a regular agenda item in its meetings with Pacific governments, educational institutions, donors and other stakeholders, including meetings:

- on Annual Partnerships for Development (and where appropriate the APTC should be specifically included in individual country Partnerships for Development);
- with partner governments and other donors on education matters (e.g. on sector funding, TVET institution strengthening, scholarships etc);
- of PIF Trade Ministers (particularly in relation to APTC linkages with Pacer Plus);
- of PIF Economic Ministers (particularly in relation to Pacer Plus and the labour market study being conducted by the World Bank);
- of PIF Education Ministers (for example in discussion of the draft Pacific Education Development Framework);
- of the Council Regional Organisations of Pacific HRD Working Group (attended by regional educational institutions and donors); and
- of the Secretariat of the Pacific Community Committee of Representatives of Governments and Administrations (in relation to work of SPBEA and qualification registration, as well as the draft regional TVET strategy being developed by SPC).

The APTC will also increase consultation and information sharing with its Pacific partners through:

- developing and implementing a regional communications strategy to increase understanding of APTC's role in relation to TVET in the region;
- annual or biennial APTC consultations with all PIFCs, to identify potential areas of industry demand, to ensure responsiveness to government priorities, to get input into the courses being offered by the APTC and to develop Country Strategies;
- transitioning the chair of the Advisory Group to a Pacific representative and holding meetings in a range of PIFCs;
- engagement with partner government representatives at Advisory Group meetings;
- regular face-to-face meetings in campus countries with Pacific government agencies, industry sectors and regional organisations;

¹⁶ Australian members would fund their own attendance as has been the case in Stage I.

- provision to Pacific governments of regular information, including statistical APTC country summaries on enrolments, scholarships and graduates;
- sharing of labour market information and joint participation in the analysis of labour market data; and
- increased visibility and strengthening of APTC management capacity in both campus and non-campus countries.

A move to greater Pacific government ownership of the APTC, for example through the transition to a 'jointly owned' APTC, will be determined during the Stage III Scoping Study as described in Annex R.

4.2.2 *National TVET Institutions and Bilateral TVET Programs*

Whilst the APTC is not primarily an instrument for the capacity building of national TVET institutions, it still has an important role in supporting partner TVET institutions and AusAID bilateral TVET programs.

As described in Section 3.4.5, a Centre for Professional Development will be established within the APTC in Stage II to coordinate demand-driven TAE4 course delivery by individual Schools and provide specialist support to TVET staff from national institutions undertaking TAE4 courses. The Centre will be fundamental to the integration of bilateral and regional TVET development programs, through building the capacity of existing and potential national TVET trainers and assessors.

The APTC will also support national TVET institutions through such mechanisms as:

- national TVET trainer work attachments to the APTC;
- providing national TVET institutions with access to APTC curriculum information, instructional materials, industrial quality equipment and resources;
- conducting professional development activities;
- flexible delivery of courses at national TVET institutions in non-campus countries, including the involvement of local trainers;
- APTC trainers acting as mentors to local teachers and trainers;
- informal interaction between APTC and local institution teachers, particularly where they share facilities, resources and materials;
- sharing of good practice in institution administration and M&E; and
- fee-for-service TAE4 training of national TVET staff.

Such targeted support for national TVET institutions would be formalised where possible so that it can be reported and monitored. This would allow clearer evaluation of the effectiveness of support and ensure its alignment with any other AusAID support for the institution and their support and overall approach to TVET.

To manage APTC relationships with the Pacific education and training community, the APTC's communication strategy should include regular meetings with non-partner institutions in the region, to provide them with information as to the current status and offerings of the APTC, to raise any development plans and so as to be aware of and understand any concerns that other institutions in the region may have.

Additionally, other innovative and cooperative practices may be possible. For example, within bilateral programs, where infrastructure programs are funded, there may be an opportunity to provide relevant training and work placements for APTC students, particularly where local industry work place opportunities are limited.

4.2.3 *Industry Sectors*

Strong industry linkages are an essential component for the APTC. These linkages will assist the APTC to increase the relevance of training provision to employer needs, build the standing and reputation of the APTC and foster opportunities for workplace attachments and post-training employment for students. These linkages will also facilitate access to part-time

lecturers/trainers, and specialised/current equipment and facilities normally too expensive to provide within the College. These linkages are also important for the APTC to be responsive to changing employment trends and training needs and to develop fee-for-service markets. The APTC therefore needs to implement strategies to develop and maintain industry partnerships. This would include for example the establishment of industry advisory mechanisms, regular meetings with target industry employers and attendance at industry association forums.

4.2.4 *Other Donors*

A number of donors and multilateral organisations actively provide support for TVET throughout the Pacific, either at a regional or bilateral level, including the European Commission, NZAID, Japanese International Cooperation Agency, Asian Development Bank and the International Labour Organization. While some have a greater focus on informal markets and rural livelihoods rather than the formal wage economy, donors and multilateral organisations are generally supportive of the APTC, although often not fully informed of its objectives and implementation progress.

There is a greater opportunity for AusAID Posts, in their normal engagement in donor dialogue, to increase awareness and understanding among donors. Such discussions should highlight AusAID's understanding of the need for complementary bilateral and regional initiatives to support TVET capacity building and national skills development at Certificate I/II level. Key bilateral donors such as New Zealand, the European Commission and other multilateral organisations should be encouraged to attend Advisory Group meetings in an observer role.

Given pre-existing support by other donors for multi-year bilateral TVET capacity development activities and sector-wide/budget support funding through partner governments, core funding of the APTC by other donors may not be realistic in the short term¹⁷. The potential barrier to some donors is that the APTC is an Australian institution, offering only Australian qualifications. This issue will be addressed in the Stage III scoping study. At this time, it may be appropriate to raise formally with other donors their interest in greater participation in the APTC including for providing core funding. In the interim, there is greater scope for promoting the APTC to donors as an opportunity to provide scholarships or to fund fee-for-service professional development for staff of national TVET institutions.

4.3 **Implementation Plan**

4.3.1 *Procurement Arrangements*

As a non-small value procurement, the tender will be managed by the AusAID Procurement and Agreement Services. Only Australian RTOs are eligible to deliver accredited programs and award Australian qualifications. Eligibility to tender will therefore be restricted to a legal entity - either an Australian RTO or consortia of Australian RTOs and other service providers. The entity will require scope of registration and capability to deliver in all existing and proposed training package qualifications across a range of campuses and delivery modes. They will also require the capacity to deliver or subcontract other RTOs to deliver programs in other areas agreed with AusAID during Stage II. Tenderers will be asked to provide a consolidated response to delivering on the goals of the APTC, including the provision of cost-effective Corporate and Student Services and an appropriate training-delivery model relevant to the core purposes of the APTC and its geographic coverage.

The contract will be for four years with an option for a further four years subject to Australian Government Budget appropriations, outcomes of the Stage III scoping study and performance of the Contractor.

The contractual and subsidiary Arrangements for Stage I cease on 30 June 2011. To allow for a seamless transition, an approach to the market is intended by November 2010. This will provide

¹⁷ For example, the European Union has just commenced a new 5 year funding program with an emphasis on rural livelihoods and skills development in the informal sector.

sufficient time to conduct a thorough assessment of proposals and manage a three-month handover to minimise disruption to course delivery and enable the renewal or establishment of new partnerships. To enable an approach to the market, AusAID will have to update relevant bilateral agreements between governments, which allow for tender processes to proceed and are the precursor for registration and certification of APTC/RTO courses.

The draft Scope of Services and Basis for Payment documents are at Annexes S and T.

4.3.2 *Transition Period (April to June 2011)*

In order for there to be no disruption to the operation of the College, there should be three months handover between Stage I and Stage II contractors prior to 30 June 2011. This handover would allow for:

- the transfer between contractors of existing industry and institutional partnership arrangements;
- the conduct of the feasibility study into the establishment of a new training venue for hospitality in PNG (see Section 3.4.1) and the conduct of the review of course demand in the health and community services and hospitality sectors (see Section 3.4.2), unless these studies have been separately conducted prior to this period;
- finalisation of the 2011/12 Training Profile;
- Stage II courses to be registered with relevant Pacific government training authorities to ensure regulatory requirements are met in campus countries;
- the recruitment and training of CSS and training delivery staff (including any transfer of APTC Stage I staff);
- continuity of any ongoing training courses from Stage I;
- handover of CSS/training facility equipment and resources;
- development of a *College Business Development Strategy* which outlines how the APTC will reduce College costs and increase the College's revenue in Stage II;
- development of an *APTC Tuition Fee Policy* and finalisation of the *Fee for Service Policy*;
- update of the APTC's Risk Management strategies and procedures, the Scholarships Allocation Model and the *Scholarships Policy and Procedures Manual*; and
- establishment of the Stage II ICT and management information systems.

The partnership with industry and local training institutions is the foundation of the APTC delivery model and is to continue in Stage II. As at June 2010, there were more than twelve partnership agreements between the current RTOs with Pacific institutions and industry partners that require extension/novation (transfer) beyond 30 June 2011. Any such extension requires time for negotiation and a transfer would also need to be managed with due care. Any significant reduction in the handover period – affecting the contractor's ability to recruit and mobilise staff, renew or secure new industry partnerships, advertise courses or process new students – will have an impact on momentum and the rate at which implementation can be ramped up at the commencement of Stage II.

Other arrangements that will need to be undertaken during the three-month transition period include: the update of key policies and strategies; handover and training in ICT/MIS; communication with stakeholders including Pacific governments, training partners and students/scholarship awardees; transition of any ongoing courses; and the development and preparation for new courses.

AusAID should assist in the management of the handover period and associated sensitivities if the preferred tenderer does not include the existing organisations.

4.3.3 *Stage II Implementation (July 2011-June 2015)*

The schedule for the key activities to be undertaken in the first eighteen months of Stage II by program component is provided in Annex I. The majority of program activities (college management, marketing and student recruitment, training delivery, student and scholarship management) are all ongoing activities commencing in July 2011. To reduce the start-up/implementation load, where possible some activities have been scheduled for later in

2011/12. The Feasibility Study for the delivery of APTC courses in the Solomon Islands will be conducted between July to September 2011.

4.4 Monitoring and Evaluation

4.4.1 AQTF Compliance, Quality Assurance and Review

As for Stage I, training providers in Stage II will need to be RTOs able to meet all AQTF standards, and capture lessons learned from their activities to incorporate into their practice in accordance with Standard 1.9 of the AQTF 2007¹⁸. In the longer term, changes underway in VET regulation in Australia including revised AQTF standards and the establishment of a national VET regulator will have an impact on the APTC. The National Quality Council (NQC) has commissioned a report into the quality of offshore education provision by Australian institutions¹⁹. The NQC has established an Offshore VET Action Group that is evaluating the model for offshore quality assurance monitoring against the AQTF, preparing a *Good Practice Guide for Offshore VET Delivery* and reviewing the implications of internationalisation of Australian VET qualifications.

The APTC will need to identify risks and risk mitigation measures using the outcomes of the NQC work relating to offshore delivery, including internal processes and external audits as appropriate, to ensure full AQTF compliance across all APTC schools and locations. Additionally, the APTC performance assessment framework (PAF) will facilitate regular monitoring and evaluation of APTC implementation. AusAID may also undertake other reviews or technical assessments as required to address issues affecting future implementation. This may include a Mid-Term Review in mid 2013.

4.4.2 Reporting

The size, complexity and regional sensitivities of the APTC justify comprehensive reporting and review mechanisms. The APTC will produce the following reports to contribute to the accountability mechanisms to assist in ensuring the vision and objectives of the APTC are achieved:

- Annual Report/Plan;
- Six-Monthly Progress Report;
- Quarterly Financial Reports;
- Exception reports; and
- Completion Report.

The content and timing for submission of these reports is described in Annex J. The Contractor will work with AusAID to determine which aspects of APTC performance will be publicly reported.

4.4.3 Performance Assessment Framework

The APTC Performance Assessment Framework (PAF) provides the basis for activity level planning, monitoring and ensures that all project initiatives are directly linked to the achievement of outcomes. The PAF is consistent with the 2007 *AusAID Performance Assessment and Evaluation Policy* and the *Quality Reporting System for Aid Initiatives (2008)*. For continuity of reporting and analysis, the Stage II PAF (Annex K) is substantively aligned with that used during Stage I. Some changes have however been made to the PAF to reflect the proposed management structure in Stage II and to include a broader range of business efficiency indicators. An outcome has been added with regard to the implementation of an integrated APTC Education Management Information System. The Contractor will need to review the draft Stage II PAF to ensure alignment with agreed division of responsibilities within the APTC and any changes to management structures and management information systems.

¹⁸ Please check for latest version as standards undergo regular updates.

¹⁹ http://www.nqc.tvetaustralia.com.au/_data/assets/pdf_file/0008/53387/Offshore_Quality_Assurance_-_Final_Report.pdf

The PAF is outcome focused and involves ongoing analysis of the effectiveness, efficiency, relevancy and sustainability of all activities in achieving expected outcomes. Nevertheless, it is recognised that assessing the impact of APTC training on livelihoods through changes in industry, sector and national productivity and poverty levels is difficult to measure due to the long-term nature of many of the anticipated benefits and the numerous external factors that influence economic growth in PIFs that are beyond the control of the College.

The PAF makes use of a wide range of quantitative and qualitative assessment strategies (i.e. disaggregated data on applicant; enrolment and graduate numbers by school/country/gender; student and business satisfaction surveys; tracer studies; focus group discussions and labour market analyses) to assess performance at strategic and operational levels. Information gathering tools to assess student and business satisfaction at completion of study and longer-term impacts through tracer and other studies ensure use of standardised instruments that comply with AusAID and AQTF requirements. In monitoring, evaluation and reporting the College is to pay particular attention to disaggregating student and staff data by gender, age and home country. The APTC will draw from and contribute to existing regional databases (for e.g. PATVET, PIPSO, SPC, and ILO) to monitor employment and productivity outcomes. This will contribute to AusAID and other donor activities to build national capacity to collect comprehensive labour market information on a routine basis.

The APTC CEO has overall responsibility for college performance assessment and reporting. This includes the assessment and reporting of outcomes and impact (goal and purpose level) of the College, and for appropriate allocation of risk management. In this context, he/she will maintain an overview of, and report on the educational and economic context in which the College is operating. The CEO will be assisted in M&E by a staff member with a specific monitoring and evaluation role together with other designated staff responsible for gathering, analysing and reporting on progress and constraints of the College as a whole. APTC senior management will undertake an ongoing review of the PAF in line with priorities and targets established for each annual planning period including identification and management of risks. The CEO is responsible for ensuring that the PAF is used to provide useful management information and to structure regular reporting. This will include open-ended participatory monitoring enquiry among stakeholders and observers as a part of risk management and to identify unintended consequences of APTC activities.

4.5 Resources and Costs

4.5.1 Corporate and Student Services

The central College administration office would be located where reliable physical and information technology infrastructure is available, where there are regular flight services to both campus and non-campus countries, and physical and personal safety is assured. At present, Nadi, Fiji, is considered the best location for this office. Cost-effective corporate and student services will also be delivered as appropriate through full-time representation in the other campus countries.

During Stage I, in response to demand for APTC training, and to assist equitable access, the APTC established representative offices in the non-campus countries of Tonga, Kiribati, Nauru and the Solomon Islands. This presence will continue in Stage II, unless the representation and support services (including application distribution, facilitation of testing and student mobilisation) can be more effectively managed from the campus countries.

4.5.2 Human Resources

It is imperative that appropriately skilled staff are engaged to effectively manage and deliver training for the APTC Stage II. Quality teachers are the most important attribute of a successful education institution. In addition, APTC management and staff will require an understanding of the development context, including:

- TVET management and administration;

- training delivery and management;
- student and scholarships policies and management;
- labour market analysis; information management systems;
- communication, presentation and public relations;
- financial management;
- contract and program management and planning with an emphasis on analytical reporting, monitoring and evaluation; and
- innovation and improvement.

Human resource development skills will be an essential requirement to plan and assess TVET course training initiatives and to support and further develop and manage alumni reintegration processes. Cross-cultural competence and human resource management skills will underpin all other skills for staff as the program works with students, employers, Pacific governments and other stakeholders from across the Pacific.

The Contractor will be required to determine in their tender response the staffing resources necessary to implement all College administration and training delivery services. Staff recruitment will align with equal employment opportunity principles and seek to maintain a gender balance for management, teaching and administrative staff for both Australian-based and offshore roles. The APTC should locate its staff in Australia, Fiji, other campus countries and throughout the region to maximise effectiveness.

To undertake College administration to a satisfactory standard it is anticipated that the CSS professional staffing requirements might include the following staff:

- Chief Executive Officer;
- School Director(s);
- Campus country managers (Samoa, Vanuatu, PNG, Fiji);
- Office manager;
- Senior finance manager;
- Marketing specialist;
- Monitoring and evaluation manager;
- Labour market analyst;
- Scholarship manager;
- ICT specialist;
- EMIS specialist;
- Travel officer;
- Non-campus country representatives; and
- Manager, Centre for Professional Development.

Administrative support will be required for tasks such as application, enrolment, assessment and scholarship processing. Additional short-term expertise may also be required, particularly during the transition period and at the start of Stage II.

It is anticipated that one or more School Directors will be appointed from the respective RTO to lead training delivery in the related courses. Indicative job descriptions for the APTC Chief Executive Officer and the School Director positions are provided in Annex L.

Expatriate and local staff will be used as appropriate for the location, level, qualifications and experience required for each role, and to maintain APTC's clear Australian identity in Stage II. Where suitably qualified and experienced, local/regional staff should be employed by the APTC in preference of the more costly employment of expatriate staff. Position descriptions will be prepared for each role including specific requirements relative to AusAID contractual needs. The Contractor will conduct annual performance reviews of all long-term APTC.

Training delivery staffing requirements for training delivery will be based on the agreed Annual Training Profile. Given the current extent of local training staff capacity, to meet AQTF requirements, it is likely that qualified expatriates will continue to be required as lead trainers for

many but not all of the APTC courses, at least for the first two years of Stage II. Where qualified local capacity does not exist, provided that there is AQTF compliance, Pacific Islanders with sufficient relevant industry experience should be employed where possible as backup trainers or course tutors, providing teaching support to the lead trainer.

The APTC will develop a Localisation Strategy (during the first three months of Stage II) to increase the use of Pacific Island trainer and administrative/management staff in the APTC. Increased staff localisation will not only improve sustainability by reducing the costs of operating the College (e.g. through staff travel and accommodation), but importantly bring relevant Pacific knowledge and expertise into the College operations and teaching. It will also reduce some tensions that have been expressed regarding the predominance of expatriate employment at the APTC, and progress the College to a regional institution, as foreshadowed for Stage III.

The Localisation Strategy will also include the training of potential staff either lacking formal qualifications or training experience to obtain Australian accreditation so that they can be recruited as APTC trainers. The Strategy should also include targets for local/regional staff employment, the approach to succession planning, structured formal and informal capacity building activities, and professional development opportunities for local staff. It will also detail how it will employ and train local staff without poaching or disadvantage to the staffing capability of local TVET institutions or partner employers.

The APTC will implement detailed procedures for the mobilisation of both long and short-term staff to the Pacific countries. This will include processes for pre-departure briefings including cultural and gender sensitivity training, establishment allowance, travel and health insurance, travel arrangements, accommodation (initial versus long term), and on-arrival orientation. Basic local language training should be provided for long-term expatriate staff. Briefing and orientation should be extended to family members accompanying the APTC staff member overseas.

4.5.3 *Information and Communications Technology*

Given the number of countries, training venues and administration offices in which the APTC operates, it is essential that priority be given to the development and maintenance of information and communications technology systems that support an integrated functioning organisation. The reliability and continuity of ICT services, including central email, file sharing, databases and the website are vital to the smooth running of the College. Effective APTC ICT systems are challenged not only by the geographic spread of its ICT users but through operating in environments where system maintenance, electricity stability and internet connectivity and bandwidth can be unreliable. Virus protection, backups and firewall systems are essential. Whilst the current APTC website uses simple technology and is effective, a database driven content management system would facilitate the updating and maintenance of web content.

Student data management and quality is a key issue for APTC application and scholarships processing, College management and for M&E more broadly. During Stage I, the RTOs separately maintained school enrolment data on their own institution-specific management information systems. To capture the complete range of APTC-specific data required, the APTC Coordination Office developed a multi-user, multi-country MS Access 2007 student database. The current student database has evolved during Stage I to meet the emerging needs of stakeholders. It contains extensive application data, assessment and scholarship data entered by CO staff, plus enrolment and student progress/completion data uploaded from the RTO systems. The ability to report flexibly on data requests from a range of stakeholders is essential. However, the current student database platform and scope has a number of weaknesses in terms of its scalability, performance and lack of user controls.

The APTC also maintains linked databases for its student end-of-course, graduate tracer and employer surveys. The three contractors maintain separate financial, human resource, asset and other management information. Given inefficiencies and other weaknesses in the current APTC management information systems, a comprehensive inter-related APTC Education Management Information System would be used during Stage II. Its purpose is to keep an orderly and easily accessible record of all APTC operations, for use in day-to-day APTC administration, for routine monitoring and evaluation, and to be the source of information that

can be collated, cross-classified and analysed for presentation in reports to APTC management, to AusAID, and to other stakeholders such as Pacific governments. Information generated by the EMIS could also be used for publicity and marketing purposes in hardcopy and electronic format.

The EMIS should have the following interrelated databases (as described in Annex M): Student (including scholarship data) database; Alumni database; Survey database; Training profile; Staffing/HR; Asset Register; Supply inventories; and Financial. The systems should use appropriate classification and coding manuals that follow Australian Vocational Education & Training Management Information System Standards (AVETMISS) standards and conventions. Relevant data from the RTO and APTC Stage I MIS would need to be migrated to any new systems.

The APTC should have an in-house specialist to manage the website and EMIS, assisted by appropriate supporting staff. Consideration is to be given to the cost effectiveness of outsourcing of specialist ICT tasks (e.g. network support, email service and online backup to different country than the APTC servers). Tenderers will be required to specify the ICT and MIS that they intend to use for managing the College's activities (including any associated development/customisation costs and resourcing).

4.5.4 *Stage II Budget*

Funding for Stage II is subject to Ministerial approval. For design purposes funding of \$152 million is assumed, representing a decrease in real terms compared to AUD\$149.5 million allocated for Stage I.

Annex O provides an indicative budget for Stage II, with costs allocated between capital, establishment, CSS staffing and operating costs, the scholarships program, other APTC program costs, training delivery and management fee components.

The budget estimates have largely been based on actual 2009 costs, as provided by RTOs/CO. The 2009 actual costs were considered to best represent the APTC operating at normal capacity after a phased start up to commencing courses in 2007 and 2008. Actual prices have been indexed to reflect likely 2011 prices, although this will of course vary between country and any economic changes before July 2011. As indicated in Section 3.6.1, financial data analysis was constrained by the separate maintenance of financial expenditure records by the three contractors, lack of uniformity and the incomplete expenditure and forward budget data provided.

The cost analysis (see Section 3.6.1) indicated that significant savings could be realised, principally through rationalisation of APTC operations to one contractor, through merging corporate and student support services into a single administration, and through capitalising on the APTC development activities already undertaken in Stage I (particularly in capital works, policy development, M&E and MIS systems). The CSS and management fee component of the Stage II budget is 88 percent of the indicative Stage I costs, reflecting staff/office recurrent expenditure savings through the anticipated merger of Stage I contractor offices in the campus countries. The budget also allows for the creation of new staffing positions - the Labour Market Analyst and the Centre for Professional Development administrator. Actual CSS costs will vary, however, dependent on the balance of local and expatriate staff costs, and the extent to which Stage I facilities and equipment can continue to be utilised in Stage II.

The Stage II costs for capital works and establishment costs are budgeted at 50 percent of the Stage I costs. This assumes that the majority of venues established in Stage I will be able to continue to be utilised in Stage II and that, a Solomon Island campus and a hospitality school in PNG would be established. It is noted that, from preliminary examination of the current facilities at SICHE, the APTC would not be likely to be able to provide for the full cost of bringing SICHE, if that was one of the nominated training venues, to AQTF standard. Additional funding for refurbishment to these standards would need to be provided by the Solomon Islands Government, AusAID bilateral funds or other donors.

The analysis of training delivery costs showed less scope for efficiencies, with the exception of reduced salary and travel/allowance overheads where increased localisation of APTC training staff can be achieved. Analysis showed scope for increased efficiencies by maximising course occupancy through improved course planning to increase demand, and improved course promotion and scheduling.

With decreases in establishment and management component costs, more funding is available for direct training delivery. The Stage II budget provides for a 15 percent increase in funding for teaching delivery (teaching staff salaries, staff travel and allowances, equipment and teaching resources, teaching venue costs) which would indicatively provide for a commensurate 15 percent increase in enrolments across Stage II. Given the high percentage enrolment to graduate rate, this would translate into an indicative 3,450 graduates in Stage II, a 15 percent increase on the current projection of around 3,000 Stage I graduates.

However, the actual number of graduates that will be produced in Stage II is highly dependent on the mix of courses approved in the Annual Training Profiles. A higher proportion of shorter length courses (e.g. six-month courses in the STH) will increase the number of graduates. Conversely, a higher proportion of longer-length courses (e.g. three-year courses in the SACEM) will decrease the number of graduates. The length of training required to reach the competency standard is also dependent on whether the training is for students with little workplace experience or whether the course can be reduced for those with significant RPL.

The actual training cost per enrolment and the number of graduates that can be produced from the available budget will also depend on the location of the training. The analysis in Annex G showed significant variance in costs for delivering the same course in the different campus countries, with Samoa being typically more expensive than PNG/Vanuatu and Fiji being the least expensive. The relative cost of any training delivery in the Solomon Islands would need to be determined during its feasibility study. It will be important for the APTC to develop systems for accurately determining direct training delivery costs and costs per graduate. This will allow more accurate targeting of annual budgets and graduate numbers through the Annual Training Profile process. Nevertheless, the driver for the number of enrolments and graduates to be produced within the available budget should be based on industry demand and training location as agreed in the Annual Training Profile and not directly through an artificial increase in graduate numbers.

Stage II funding for scholarships will be AUD\$17.8 million, equivalent to the forecast expenditure on scholarships in Stage I. Savings in other components allow funding to be available for new Stage II activities, including the ELLN bridging and APTC to work programs, for the Labour Market Action plan and for formalising the Alumni Network. Increased revenue from tuition fees and Fee for Service activities (see Section 4.6.4) is expected in Stage II. As the level of this revenue is still to be assessed and realised, it has not been factored into the design budget, but should be reflected in revised budget planning during Stage II.

4.6 Sustainability

4.6.1 Regional Support

Achieving sustainable gains in education and training requires a long-term strategic and financial commitment to the sector. The AusAID PETA restates Australia's commitment to expanding and strengthening the services of the APTC and ensuring that a wider range of Pacific Islanders have access to Australian qualifications via the APTC. Funding for the APTC has been built into AusAID's funding base for 2011-15. The Australian Government has indicated a willingness to continue support for the APTC as long as there is a demonstrated need and the role of the APTC in the development of TVET in the Pacific is supported by PIF governments.

For ongoing stability to sustain APTC operations in the Pacific, the APTC and AusAID will need

to continue to improve regional understanding of the role of the APTC, in both campus and non-campus countries and with institution and employer training partners. Sustainability and regional support will also be enhanced through APTC initiatives to support national TVET institution capacity development and implementation of a staff localisation strategy (see Section 4.5.2).

AusAID will undertake a separate scoping study early in Stage II to consider the sustainability of the APTC beyond 2015. As indicated in Annex R, this will involve participatory consultations with stakeholders to examine issues including, for example, the scope for amalgamating with a regional training institution or establishing the APTC as an independent legal entity and the form it may take; whether it should become a company or seek registration as an Australian RTO; who would be the owners or members of the entity; would a name change be appropriate; the extent of localisation of teaching staff; other core funding sources (including donors and PIF governments); and whether Australian identity and staffing should be retained as a point of difference.

4.6.2 *Demand for APTC training*

It is important to distinguish between student demand for APTC placement (enrolments) and labour market demand for APTC graduates. Sustainable demand for APTC graduates will be fostered through the APTC continuing to deliver a high quality product that is not delivered elsewhere in the Pacific region; being knowledgeable about changing industry demand and being able to respond flexibly to this; and developing partnerships with employers for relevant workplace training and assessment.

It is anticipated that PNG and Fiji demand for APTC training will continue to remain high, because of their larger pools of existing workers with relevant work experience²⁰; and also of new entrants with relevant and recognised TVET qualifications. The business case for expansion, including through fee-for-service provision, is likely to be strongest within PNG. This will need to be carefully managed to ensure the APTC retains a regional focus. In particular, consideration will need to be given to difficulties experienced by scholarship students from other countries in obtaining study visas and undertaking work based training and assessment in PNG.

Demand for APTC places is also encouraged by wide access to scholarship funds. A strategic use of scholarship funds in Stage II will assist in achieving greater access and equity objectives. SIS participation in the APTC is likely to be sustained through providing scholarships, bridging programs for experienced workers with weaker ELN skills and potential AusAID bilateral support to develop a pipeline of new entrants.

4.6.3 *Training Outcomes*

Training outcomes will only be sustained if APTC graduates can secure employment in occupations of the type and at the level for which they trained. This will provide them with an opportunity to apply the knowledge and skills acquired at the APTC, to improve their earning streams and individual/employer productivity and to obtain overseas employment (and send remittances). It is recognised that many external factors will ultimately determine the achievement of these APTC goals. The APTC's focus has at this stage to be on providing training for students to attain Australian level qualifications and not on providing employment services for its graduates.

Nevertheless, effective post-award strategies, such as the APTC-to-work program, reintegration plans and the alumni network have the potential to contribute to APTC graduates better utilising and gaining value from their improved skills and qualifications. They can also help alumni keep up to date with changes in their industry through providing them with information about further development and study opportunities.

²⁰ The larger industry sectors in PNG and Fiji also have a greater capacity to fund or partly fund enrolment of employees.

4.6.4 Financial

The APTC must reduce its reliance on Australian Government funding in order to be financially sustainable and to support any expansion. Notwithstanding the potential for the APTC to derive an income stream directly from the marketplace, the MTR noted that external support from the Government of Australia is likely to be necessary for the foreseeable future. Nevertheless, financial sustainability will be enhanced through both cost efficiencies to achieve maximum output for minimum cost, and through generating income from tuition fees and fee-for-service activities. The development and implementation of a *College Business Development Strategy* will indicate how the APTC will reduce College costs and increase the College's revenue (through increases in fee-paying student numbers and the provision of fee-for-service training to companies, donors and Pacific governments) in Stage II.

While there will be a continuing need for scholarships to support APTC enrolments, the intake of tuition-fee paying (employer/other donor funded and privately funded) students needs to be accelerated in Stage II. The expansion of fee-paying places should be through increased places and not at the expense of APTC attendance by students, particularly from small island states, who would not otherwise have the opportunity to obtain Australian qualifications.

APTC revenue from fee-paying students was minimal in Stage I. To ensure a focus by the Contractor on increasing the number of fee-paying students, phased fee-paying enrolment targets (attached to incentives or penalties) will be agreed with AusAID in the Annual Training Profiles. Currently, even where paid by students, tuition fees are heavily subsidised and well below cost recovery. During Stage II, the APTC is to undertake an analysis of tuition fees and make recommendations to AusAID to establish a *Tuition Fee Policy*, based on what pricing the market can bear, with respect to every course. This might for example allow different pricing structures for different categories of students. The study will consider issues of cross-subsidisation, within and between courses, campuses and schools, and under what circumstances subsidised tuition fees/courses would continue to be offered, and the implications for AusAID funding. Income from tuition fees is dependent on the level of fees to be agreed with AusAID, market demand and the successful implementation of marketing activities. Given these caveats, it is broadly estimated that income from tuition fees of AUD\$0.44 million²¹ per annum might be achievable by 2012, increasing over the remainder of Stage II (to an indicative total of AUD\$2.0 million).

Fee-for-service (FFS) training provided to companies, donors and Pacific governments complements and supplements the delivery of the AusAID funded core profile courses. This is similar to Australian TAFE institutions, which are required to meet delivery targets for publicly funded programs but have additional targets or benchmarks for fee-for-service income. In general Australian institutes with high levels of fee-for-service income are also the most likely to deliver on or exceed their profile due to the strength and reputation in the training market.

The APTC will benefit from providing FFS training, not only from the generation of revenue but also from helping to strengthen industry partnerships and the APTC's reputation. They also involve APTC staff (and potentially students) in assisting to design and implement innovative training solutions in enterprises, leading to increased understanding of emerging enterprise and industry needs, to the benefit of teaching and learning in core funded programs.

Nevertheless, the FFS training needs to be carefully managed to minimise any negative impacts. The draft Stage II *APTC Fee For Service* policy (in Annex N) states that FFS activities should not divert the College from delivering its core business. This will avoid compromising the rationale and nature of its role and perceptions that the APTC (and its contracted Australian RTOs) has an unfair advantage in fee-for-service markets²². As a result, FFS training should be limited to courses within the core scope of the APTC. This would include the provision of AQF Certificate III/IV/Diploma courses and skill sets, customised and contextualised for local

²¹ This is based on an estimated 10 percent of places in PNG SACEM are fee paying at direct training cost recovery prices.

²² It is accepted that TAFE institutes in Australia also inevitably derive some advantage by building up strengths and industry relationships from publicly funded programs.

enterprise needs within the current APTC industry sector. It would exclude the range of enterprise training services typically offered by Australian RTOs.

A clear costing (with a minimum return in the order of 10-12 percent) and profit share policy is to be established for FFS activities. It must also be recognised that any commercial venture has inherent risks even where there is little upfront investment (e.g. under performance against contracts, non-payment for contracts or commercial failure by the contractor). The RTO undertaking the training delivery will hold the commercial contract and carry the associated risks. A share of profit for the APTC could be established on either an upfront fee basis as a proportion of contract value paid to the APTC or a profit share basis based on a set proportion of milestone payments. The relative share between the APTC and the RTO should reflect the fact that the first option involves a lower risk to the APTC. On either model, there should be no financial liability accruing to the APTC. Tenderers will be asked to address these issues in their RFT responses, to confirm their proposed approach to fee-for-service activities and to disclose any potential conflict of interest with any other fee-for-service activities they currently undertake in the region.

In Australia, FFS revenue is approximately 16 percent of total VET revenue for public providers, although this percentage varies significantly between jurisdictions and providers. Without a detailed business analysis of the Pacific fee-for-service markets, it is difficult to establish APTC revenue targets. Additionally, the proposed FFS policy limits the APTC to revenue from programs linked to the APTC core purposes. On balance, it is considered reasonable that a benchmark of 15 percent of the total subsidised cost of direct training cost delivery (excluding capital/establishment, College administration, Scholarship and other program costs) is an appropriate target over Stage II. Based on this benchmark and a recommended 50 percent profit share, an AUD\$0.5 million fee for service revenue is very broadly estimated for Stage II.

APTC revenue from FFS activities is to be retained in a central account and applied to AusAID-approved non-recurrent discretionary costs, such as additional scholarships or upgrading of facilities/equipment.

4.7 Overarching and Cross-Cutting Policy Issues

4.7.1 Gender

Socio-cultural and economic factors (as described further in Annex D) constrain female access and participation in the APTC. These include the gendered division of labour of many Pacific labour markets and the low historical throughput of women from national TVET organisations. APTC efforts to compensate for this in Stage I have been strong, including through the scholarship scheme where efforts are made to allocate APTC awards evenly between eligible female and male candidates²³ and through implementation of the APTC *Gender Access and Equality Policy Framework*. The APTC's limited range of courses (many in traditionally male dominated areas) and focus on existing workers have however restricted progress in achieving gender balance across the College. By February 2010, females comprised 32 percent of all enrolments, 39 percent of scholarships approved and 39 percent of graduates to date.

The APTC Gender Advisory Group is responsible for monitoring the application of the Gender Framework across the College and for increasing awareness of gender issues both within the College and externally with potential students and APTC partners and stakeholders. The Gender Framework complies with the AusAID Gender Policy²⁴ and entails a "mainstreaming" approach to ensure gender access, participation and equity outcomes are achieved in relation to overall project goals and key result areas.

²³ For example, in training courses dominated by male applicants, awards are allocated evenly between males and females until no further females are eligible for placement/award.

²⁴ AusAID 2007 Gender equality in Australia's aid program – why and how. The APTC Gender Framework also adheres to PIFC commitments to gender equality outcomes including the United Nations Convention of the Elimination of all Forms of Discrimination Against Women, the Convention on the Rights of the Child and endorsement of the Millennium Development Goals.

The Gender Framework includes for the APTC to:

- ensure appropriate gender objectives, strategies and activities as well as monitoring and evaluation indicators are incorporated in all APTC documents;
- promote gender balance in staffing arrangements including teachers and support staff, in internal management arrangements and advisory group processes;
- use gender sensitive marketing and targeted student recruitment strategies;
- build awareness of gender issues in students, employers and other partners (for example through the *Student and Staff Codes of Conduct*, including processes for managing breaches);
- utilise learning materials that are free of gender-biased stereotypes and respect gender equality as well as cultural and religious diversity;
- ensure that training facilities, student accommodation and travel arrangements provide sufficient security and privacy for female students;
- provide orientation and pre-departure briefings for all students that address expectations of gender dynamics and relations at the APTC;
- provide preventative and curative health, family planning; counselling and other social services that are readily available in proximity to all campuses;
- promote equitable access for female graduates to employment opportunities in target industries;
- detail the M&E system to collect, analyse and use sex-disaggregated data for all activities to document outcomes and impacts and inform strategic planning; and
- implement any other mechanisms that promote gender equality and mainstream gender into operational policies and mechanisms.

Stage II initiatives to increase female participation include:

- expanding the intake or number of courses in the School of Health and Community Services in Stage II with higher female participation rates;
- gender analysis including the expected gender balance for each course to be included in the draft Annual Training Profile to be presented to AusAID for approval each year;
- inclusion of a gender specialist in the feasibility study for the establishment of a campus in the Solomon Islands;
- the ELLN Bridging Program to include an equal number of male and female participants;
- increasing the number of female only courses delivered in SACEM in Stage II;
- the establishment of female access and participation targets (with incremental percentage improvement by year) by School;
- increasing the profile of female students and graduates especially in male dominated trades to raise awareness and contribute to changing traditional perception amongst all stakeholders (prospective students, employers, governments and the community);
- selection of training partners that are willing to adopt gender equality practices;
- increase gender-specific activities with external stakeholder to i) build awareness of gender issues, ii) improve access to the APTC by women through addressing underlying constraints, iii) build capacity for gender analysis, and iv) improve TVET information management in the region;
- identifying and engaging local networks to identify potential female and other marginalised students and to support them on graduation;
- implementing APTC Country Strategies to identify and engage local networks;
- recommending strategies to reduce gender, economic and cultural barriers to TVET participation;
- undertaking specific research and consultation to identify the barriers to female access and participation in the College and to identify appropriate strategies to overcome them; and
- review of the APTC *Gender Access and Equality Policy Framework* by a gender specialist, with recommendations for any change to be made to AusAID before the end of 2011.

4.7.2 Disability

Strengthening Australia's focus on disability in the aid program is integral to sustainable development and an essential part of achieving the Millennium Development Goal to improve the well-being of the world's poorest people by 2015. With the release of *Development for All: Towards a Disability-Inclusive Australian Aid Program* in 2008, the Australian Government expressed its commitment to extending the benefits of development to all, and to promoting the dignity and well-being of people with disability. Barriers to APTC participation by people with a disability are created by numerous factors including: physical, information, communication, technology, attitudinal, social and institutional.

Addressing these barriers through increased awareness and flexibility within the APTC does not have to be resource intensive. The APTC has developed a draft *Disability Strategy* to ensure that tailored assistance is provided to those that need it most. The APTC is to review this strategy as a cross-cutting issue and make recommendations for any change to AusAID within six months of Stage II commencement. The strategy should also include consideration of courses within the School of Health and Community Services that provide specialist training for the care and support of people with a disability.

The number of people with a disability working in the skilled trades area is still limited in the Pacific. Nevertheless, the APTC will ensure that adequate and appropriate information on courses at the College and on its Scholarships scheme (in an accessible format) is disseminated to people with disability, as well as to people within their representative/ support organisations. Throughout the Pacific, active disabled people's organisations should be accessed for advice and assistance in targeting appropriate individuals, organisations and training needs.

Applications from people with a disability should first be considered based on technical merit and then whether reasonable support would enable them to complete successfully their course of study. To assess the likely support needs, appropriate assistance and the capacity of relevant institutions, applicants with a disability/special need will be asked to provide details of their disability/special need when they apply for an APTC place or scholarship. A discretionary amount of up to AUD\$100,000 per annum is budgeted for making reasonable adjustments to training/student accommodation facilities and/or providing services and/or equipment required to assist students with a disability to achieve the required competencies.

4.7.3 HIV/AIDS

The APTC has specific risk factors with respect to HIV/AIDS as the majority of APTC students are within the most sexually active age group (15-49 years). Mobility of students can lead to greater social and personal freedom resulting in increased experimentation in personal relationships, particularly where students are moving between low and high prevalence countries. To minimise the risks associated with the transmission and spread of HIV/AIDS, the College developed the *HIV and AIDS Framework Policy and Strategy 2007-2011* to ensure appropriate education and awareness, services and oversight in all campus countries. This strategy is to be reviewed within six months of Stage II commencement and any recommendations for change made to AusAID.

4.7.4 Environment

AusAID is bound by the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999, which applies to all aid activities. The APTC must comply with AusAID's *Environmental Management Guide for Australia's Aid Program*. This covers the assessment and management of all actual or potential environmental impacts, both direct and indirect, to avoid or mitigate negative impacts and promote positive impacts and compliance with all relevant environmental laws and regulations of each partner country. Viewed in the context of the five key marker questions in this guide, the APTC is not expected to have a significant environmental impact. However, the APTC still needs to assess all activities for potential environmental effects; particularly if there are changes to the location of training or type of courses delivered. Where possible, course content should include raising environmental awareness and preparing students for 'green jobs' as organisations are gearing up to meet their environmentally oriented objectives. Consideration is also to be given to include specialised

environmental courses in the Annual Training Profile to prepare graduates for jobs in this area.

4.7.5 Other Cross-Cutting Issues

Although APTC students are highly likely to all be adults, there will be instances when APTC staff may come into contact with young children and/or minors, for example when assessing work attachments for some SCHS courses. The APTC follows *Australia's Child Protection Policy (March 2008)* which articulates a zero tolerance approach to child abuse and child pornography and provides a framework for managing and reducing the risks of child abuse by persons and entities involved in delivering aid program activities. These policies therefore apply to all college activities and specify the minimum standards with which all AusAID contractors must comply in their operations and in their dealings with any partners, subcontractors, associates or consultants they engage.

The APTC supports good practice and models transparency and anti-corruption. For example, with respect to the scholarship scheme, candidates will be selected within clearly developed selection criteria. Experience across other scholarship schemes indicates that, occasionally, there may be attempts to influence the selection process in favour of a particular person. The Contractor will be required to advise AusAID of such approaches in the Exception Reports.

The APTC is to maintain a fraud risk assessment and zero tolerance fraud control strategy containing appropriate fraud prevention, detection, investigation and reporting processes and procedures that comply with the Commonwealth Fraud Control Guidelines. The APTC contractor will be responsible for preventing and detecting fraud including fraud within those functions performed by sub-contractors.

4.8 Risk Management

The major risks to the achievement of APTC Key Result Areas (KRA) during Stage II are detailed in the draft *Risk Management Matrix* (Annex P). As these risks are ongoing from Stage I, and their risk management strategies have now been in place for a number of years, it is reasonable to expect that they can continue to be managed effectively by the Contractor and AusAID. In many cases, these strategies depend heavily on effective communication between APTC's multiple stakeholders. The draft risk management matrix will need to be reviewed and updated by the Contractor during the transition phase to reflect changes to APTC operations and policies in Stage II.

The major risks to the overall APTC Goals and Purpose are ongoing. The overall risk to increasing the supply of skilled workers in targeted sectors in the Pacific region has lessened, as the APTC moves into the next four years. With changes to contractual arrangements in Stage II, the risk of the contractor failing to deliver the agreed courses and to attract the prescribed levels of enrolment, thereby increasing the overall supply of skilled workers in targeted sectors in the Pacific region, has been decreased. A higher percentage of available funding will be able to be used for training delivery, due to contractual efficiencies and reduced establishment/capital costs. There is still, however, a significant risk to delivering training at partner institution/employer facilities, and in countries where security and the potential for natural disasters is an ongoing concern.

There is a risk to the quality of training and to the reputation of some APTC courses where work placements and assessment cannot be sourced. To minimise this risk the APTC will need to foster positive relations with employers so that they are willing to provide workplace assessments for local and overseas students. They will also need to work with AusAID and Pacific governments to resolve any legal, regulation and visa issues for work placements by overseas students. Significant delays and additional workload have been experienced in obtaining visas for students and staff to study/work in PNG. As the same difficulties are experienced for AusAID scholarship students, AusAID should liaise with the PNG and other governments to facilitate an agreed process for the issuing of entry visas to APTC staff and students.

There is still a risk to the APTC intake of trained workers from the small island states, due to

restricted labour markets and training pathways from these countries. The APTC will however facilitate SIS access through proactive targeting of the APTC Scholarships and the introduction of an ELLN Bridging Program.

The APTC design includes a number of steps to enhance the employability of its graduates. These include the change in Stage II to enable greater flexibility in the training profile, increasing opportunities to respond more quickly to both positive and negative changes in the labour market. Whilst the APTC is not responsible for employment services, to improve graduate employment rates and productivity, an 'APTC-to-work' preparation program will be provided to students near the end of their training and alumni association activities will provide some post-training support.

Nevertheless, beyond providing a technical skill qualification, there continues to be external constraints to the achievement of the APTC objective of increased employment opportunities for its graduates. Labour market regulations and other barriers to movement across the region include difficulties in accessing information and applying for vacancies overseas, overseas immigration policies, occupational licensing and trade registration requirements, lack of up-front funding for visa applications and travel, and the need for work experience and other employability skills.

Indeed, since Stage I, the risk to the objective of enhanced employment opportunities has increased in two main areas – in regional labour markets and in access to those outside. There is a relatively small formal wage sector in many Pacific countries. Growth in employment opportunities both domestically and overseas was affected by the 2008/9 global recession and has not yet recovered. The May 2010 DIAC Skilled Occupations List has also reduced access to Australia for specified trades. The hospitality trade has been particularly affected, necessitating a review of the offering of courses (and associated target enrolments) in this area. Discussions on PACER Plus initiatives to promote labour mobility regionally are still at an early stage. That is, whilst the APTC has an important contribution to make, to realise fully the objective of enhanced regional employment opportunities, AusAID will need to increase its efforts to work with other Australian Government departments and Pacific Island governments on improving labour mobility for APTC graduates.

The major risks to the third APTC goal to increase productivity of individuals and organisations in targeted industries and sectors also continue from Stage I. Whilst some strong industry partnerships were developed during Stage I, and APTC graduates reported work-related benefits from their training, there is still some concern regarding limitations to skill utilisation and transfer. Flexible course offerings using industry-based equipment, along with regular dialogue with industry will assist in keeping APTC training relevant. 'Back to work' plans, where trainees and employers agree how the skills gained during the APTC training will be implemented in the workplace will also be trialled in Stage II. In addition APTC alumni association activities will provide a mechanism for graduates to share experience and knowledge.