

Australia – Pacific Technical College

Mid-Term Review

Final Report
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PREPARED FOR

AUSAID, AUSTRALIAN HIGH COMMISSION, SUVA, FIJI

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The views expressed in this draft report are those of the MTR team alone and do not necessarily reflect the views or policies of the Government of Australia or of any government, organisation, or individual consulted.

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NOTE: IN THIS REPORT, "\$" REFERS TO AUSTRALIAN DOLLARS

Abbreviations and Acronyms

ADB	Asian Development Bank
ADS	Australian Development Scholarships
AIDS	Acquired Immunity Deficiency Syndrome
APTC	Australia-Pacific Technical College
AQF	Australian Qualifications Framework
AQTF	Australian Quality Training Framework
ARDS	Australian Regional Development Scholarships
AUD	Australian Dollars
ASG	Australian Scholarships Group (in AusAID)
AusAID	Australian Agency for International Development
AVETMISS	Australian Vocational Education & Training Management Information System Standards
BHIT	Box Hill Institute of TAFE
CBT	Competency-based training
Blue	APTC's student database
CC	Campus Country (of the APTC)
CEO	Chief Executive Officer
CO	Coordination Office (of the APTC)
CPC	Country Program Coordinator
CS	Commonwealth Secretariat
EC	European Commission
ECE	Early Childhood Education
EOC	End of Course Survey (APTC)
ELLN	English language, literacy and numeracy
EW	Existing Worker (APTC applicant)
FEdMM	Forum Education Ministers' Meeting
FIC	Forum Island Country
FIT	Fiji Institute of Technology
FSM	Federated States of Micronesia
GoA	Government of Australia
GM	General Manager (of the APTC Coordination Office)
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
KRA	Key Result Area
M&E	Monitoring and Evaluation
MC	Managing Contractors (APTC)
MDGs	Millennium Development Goals
MTR	Mid-Term Review
NCC	Non-Campus Country (of the APTC)
NCVER	National Centre for Vocational Education Research (Australia)
NE	New Entrant (APTC applicant)
NUS-IOT	National University of Samoa – Institute of Technology
NZAID	New Zealand Agency for International Development

ODA	Official Development Assistance
PICTA	Pacific Island Countries Trade Agreement (between Forum Island Countries)
PACER	Pacific Agreement on Closer Economic Relations [between the Forum Island Countries and Australia and New Zealand)
PAF	Performance Assessment Framework
PASO	Pacific Aviation Safety Office
PBA	Program-based approach
PEDF	Pacific Education Development Framework
PIC	Pacific Island Country
PIF	Pacific Islands Forum
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Island Private Sector Organisation
PNG	Papua New Guinea
PPD	Pacific Partnership for Development
RMI	Republic of Marshall Islands
RPL	Recognition of Prior Learning
RTC	Rural Training Centre
RTO	Registered Training Organisation (in Australia)
RQF	Regional Qualifications Framework
RQR	Regional Qualifications Register
SACEM	Schools of Automotive, Construction/Electrical & Manufacturing
SAM	Scholarships Allocation Model
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
SSMWT	Student and Scholarships Management Work Team (of the APTC)
STH	School of Tourism & Hospitality
SWAp	Sector-wide approach
TAA4	Certificate IV in Training and Assessment
TAFE	Technical & Further Education (Australia)
TMNP	Temporary Movement of Natural Persons
TPAF	Training and Productivity Authority of Fiji
TVET	Technical & Vocational Education and Training
UPNG	University of PNG
USP	University of the South Pacific
VIT	Vanuatu Institute of Technology
VET	Vocational Education and Training

Executive Summary

The Australia-Pacific Technical College (APTC) is a large-scale and innovative development program delivering internationally recognised technical and vocational programs in targeted industry sectors in the Pacific region. Its first students commenced in July 2007, with a target of 3,000 graduates with Australian vocational qualifications by June 2011. The Australian Government (GoA) has provided A\$149.5 million for the establishment and operation of the College over the four years to June 2011.

The purpose of the Mid-Term Review (MTR) of the APTC, conducted by a small independent team some 20 months after training commenced, is to advise AusAID and through it, the Governments of the Pacific Island Forum (PIF) countries, on progress and performance to date and possible future directions for the APTC.

APTC is best understood as a multi-layered regional development initiative. At one level it is intended to increase the supply of skilled workers in the Pacific to achieve employment and productivity outcomes. At another level it is intended to support Pacific economic growth and sustainable development through increasing opportunities for labour mobility by providing internationally recognised qualifications. At a third level the APTC can be viewed as an experiment in Pacific regionalism through the regional delivery of training services to ease national capacity constraints and to support market integration. In assessing APTC performance and suggesting future directions, the MTR has been mindful of the dynamics at each of these three levels and between them, as well as issues of aid effectiveness since the APTC is breaking new ground in regional aid but has few of the characteristics of a traditional aid activity.

PART A: PERFORMANCE ASSESSMENT

In a relatively short space of time, the APTC has found 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 is performing well against its goals and key results areas, and is yielding both anticipated and unanticipated benefits.

Performance against goals and indicative impacts

The APTC's goals and purpose are consistent with the Pacific Plan, directions in regional trade negotiations, the recently presented Pacific Education Development Framework and with AusAID's cross-cutting policies.

Demand for APTC training is strong from employers and students. Against its first goal, the supply of skilled workers in targeted sectors in the Pacific region has been increased as a direct result of APTC implementation. As at 30 March 2009, APTC has received 4,308 course applications, awarded over 1,193 scholarships (35% female), enrolled 1,503 students (32% female), graduated 363 students (49% female) and provided training for the staff of some 520 different employers. On the information available to the MTR, it appears likely that the graduate targets for the APTC will be met by June 2011.

It is too early to measure progress on the APTC's second goal of improved employment opportunities nationally, regionally and internationally. However the available data and response from students and employers consulted suggest that the future employment and promotion prospects of APTC graduates are being enhanced by their APTC training.

On the APTC's third goal – increased productivity of individuals and organisations in targeted industries and sectors – is more difficult to quantify because productivity is often

unobserved, its measurement complex, and productivity improvements typically take time to be realised. However, the early indications are consistently positive.

The gendered division of labour is a feature of many Pacific labour markets. Focusing as it does on a limited range of courses and existing workers, APTC intakes reflect this division to some degree. APTC efforts to promote gender equality been strong, and gender equity strategies have been mainstreamed into key result areas.

The APTC has successfully implemented HIV/AIDS policies in all campus countries with assistance from an advisory group for each campus country. Members of the private sector involved in the group have also adopted some practices advocated in the policies.¹

The MTR is confident that by offering training at or above Australian Certificate III level in its current range of courses, the APTC is complementing and not duplicating the training provided by local training providers, and is therefore not undermining local training capacity.

Through its partnerships with industry and training providers, APTC has had a small but growing impact on national and regional training capacity at the post-school level. About 58 APTC enrolments have been from the education and training industry and around 9% of all employers sending staff to APTC were from the education and training industry. Teachers in rural/vocational training centres, technical colleges and in early childhood education centres, industry trainers, curriculum developers and educational managers from a range of public, private and church organisations have enrolled in the Certificate IV in Training and Assessment (TAA4) in order to upgrade their pedagogical capabilities, while industry and institutional trainers have also enrolled in various APTC programs to upgrade their technical competence. APTC training, as well as informal relationships and exchanges between APTC trainers and local trainers appears to be having a positive demonstration effect on the behaviour of students, local trainers and training partners.

Value for money

Several arguments support the proposition that APTC is delivering value for money. These include:

- competitive procurement;
- the wage returns to individuals of investments in APTC training;
- the productivity impacts of training on (private and public sector) firm performance;
- the indirect benefits that accrue from APTC training and ancillary support to government agencies and national providers of technical and vocational education and training (TVET);
- APTC's contribution to private sector development; and
- intangible benefits of APTC training to local economies.

Performance against Key Result Areas

Marketing, reputation and image. For APTC clients with direct experience of the APTC, its reputation is positive. Its brand is strongly associated with quality assured, professional, client-responsive, hands-on and work-relevant training. However, beyond the direct client group, brand recognition, awareness and understanding of APTC is surprisingly patchy. Marketing and communications strategies in non-campus countries are of specific concern and require close attention.

¹ For example, making contraceptives freely available to workers and the public outside the work gates

Partnerships. Partnerships between the APTC and its four industry training partners are strong, and the benefits are shared. Partnerships with the five national public training institutions are more complicated. On the one hand, these institutional partners, despite initial misgivings, have welcomed a partnership with the APTC and were able to identify a range of benefits accruing to them. On the other hand, the presence of the APTC has served to highlight the shortcomings of some of the local institutional partners in terms of their facilities, equipment, trainer skills, teaching and learning resources and recurrent funds. Most institutional partners do not feel they are getting enough out of the partnership. Understandably, this has led some of them to question why Australia is willing to put so many resources into the APTC but not support local provision so that the acknowledged gap between local provision and APTC-standard provision can be progressively closed. This is leading in some instances to emerging resentment of the APTC.

Neither the APTC nor Australia can resolve chronic under-funding of their training partners by national governments or supplant national responsibilities. However, the APTC cannot operate without robust partnerships, and these need constant nurturing not only by APTC trainers but by APTC managers. APTC in-country managers could have been more sensitive to the situation and feelings of their institutional training partners, and more needs to be done by APTC to ensure that the benefits of the partnership are seen and felt to accrue to both parties.

Teaching and learning. The quality of APTC training is widely acknowledged. APTC trainers are respected by their clients for their technical expertise, teaching capability, professionalism, and their ability to build positive relationships with students and industry. Learning materials are relevant and current. Overall, the MTR is confident that teaching and learning standards are being maintained across the APTC by the two contracted Australian Registered Training Organisations (RTOs). Against this generally positive assessment, four quality issues emerged as areas of potential future risk: assessment moderation and validation, English language, literacy and numeracy support, quality assurance for future APTC growth, and the adequacy of some APTC class facilities, particularly for the School of Tourism and Hospitality in Fiji.

Scholarships. Access to the APTC has been facilitated through its Scholarship Program. Scholarships provide financial and tuition fee support to 58 percent of enrolments, many of whom would not otherwise have been able to afford to train at the APTC. A significant proportion of awardees are unemployed and many of those in employment are working on minimum wages in their sector. There is strong demand for APTC scholarships and, not unexpectedly, demand has been highest from the four campus countries.²

Access to scholarship funding is critical to non-campus country students. While APTC scholarship policies and award benefits positively favour students from the non-campus countries, actual scholarship awards do not appear to be preferentially allocated to them. A range of factors may work against the offer of scholarships to students from non-campus countries, and both equitable access and the sustainability of the non-campus country pipeline of students for the APTC will be at risk unless actions are undertaken to mitigate the known constraints.

Overall scholarship administration has been satisfactorily coordinated, with minimal gaps and duplication considering the rapid start-up of the APTC and the complexities of its regional operations and there is evidence of significant coordination and collaboration

² PNG, Fiji, Vanuatu and Samoa

between the three implementing contractors. However a range of improvements are needed.

Management and governance. The APTC presents very complex management and coordination challenges, and is demanding of resources and management capabilities at the campus, national and regional levels. While there is considerable room for improvement in management and coordination in the second half of the current implementation period, this should not detract from the significant achievements of the first 20 months.

There has been some confusion, including within AusAID, as to whether the APTC is or should be in the business of revenue generation. The current contracts explicitly permit APTC to operate commercially by generating fee for service income and the APTC's Performance Assessment Framework specifies that the APTC will reduce its dependence on AusAID funds over time. The MTR strongly supports this direction not only to increase the sustainability of APTC but as a way of APTC remaining relevant to the needs of the marketplace. However, the way in which such fee for service activity should be managed needs to be clarified. Two lines of business should be delineated: Core-Funded Training and Fee for Service Training Services. The business rules associated with fee for service activity need to be specified in a business development policy and procedures

Considerable management and administrative resources were applied to ensure success in the start up of the APTC and this has proved a wise strategy. As the basic in-country and Australia-based management systems are now established, improvements to the efficiency and effectiveness of such systems can be achieved by some rationalisation and the introduction of a unitary approach to in-country management, starting in Samoa.

The APTC management structure is based on a devolved collaborative model requiring high levels of cooperation and negotiation between the five APTC Schools and the APTC Coordination Office, each with clearly defined authorities and powers.³ It is not an easy model to implement, and without a traditional organisational hierarchy, some confusion is inevitable. In this context, the representational role of the APTC General Manager is a matter of some debate. In the next two years it should be focused on representing APTC in non-campus countries and taking a leadership role (with the Australian RTOs) in ensuring they have equitable access to APTC services. Additional resources in the Coordination Office will be needed to support this, to support its localisation strategy and a number of the MTR recommendations, should they be accepted by AusAID.

Data management and quality is a key issue for APTC application and scholarships processing and for monitoring and evaluation (M&E) more broadly. The quality and comprehensiveness of data in APTC's Blue data base (in particular assessment and award offer data as well as issues of duplicate and incomplete applications) needs routine ongoing attention. The entry of non-essential data needs to be reduced. A simple document management system for indexing, searching and cross-referencing APTC documents would be helpful.

APTC monitoring and evaluation is guided by the Performance Assessment Framework which has informed the collection of data and reporting on applicant and scholarship management. The existing Performance Assessment Framework provides a sound basis for monitoring the performance of the APTC, and performance against it is closely monitored by AusAID Suva and by individual contractors. No changes to it in the short-term are proposed. Summary analysis of application, enrolment and scholarship data by

³ The five APTC Schools are Automotive, Construction and Electrical, and Manufacture (SACEM), Tourism and Hospitality (STH) and Health and Community Services (SHCS)

citizenship, gender and School are provided in regular reports using data from Blue. However, these information resources are currently inadequately analysed and strategically linked.

The APTC Senior Management Team (SMT) needs to consolidate its role as the senior executive team for the APTC, adopt a more strategic and forward looking stance, and differentiate itself more clearly from the day to day operational decisions of managers and work-teams.

The APTC Advisory Group comprises senior and committed people from the Pacific region who are all very keen to make a personal and collective contribution to the success of the APTC and to bring to the APTC their experience, knowledge and networks. Each member has contributed to in-country advocacy and support in a range of ways, and this role should continue and be strengthened. However the full value of the Advisory Group has not yet been realised. Unless members feel they have a more meaningful role in advising AusAID on matters of substance, it is likely that their commitment will decline over time and important opportunities for receiving their considered advice (and support) reduced.

Implications for AusAID management and contracting of APTC

While much of AusAID's focus over the next two years is likely to be on planning for APTC Stage 2, there are three particular priorities that need earlier attention. The first is the need for better communication between AusAID Suva and the other Pacific Posts about the APTC and its interface with bilateral skills development activities. The second is for early engagement by AusAID with other donors to increase opportunities for sharing information about skills development and possibly joint action. The third is the need for AusAID to ensure that the APTC is fully aligned with the agency's forthcoming Pacific education and training strategy.

AusAID has established good open relationships with the three contractors and has generally fostered a partnership approach. Although there are three separate contracts to manage the current APTC, to date this has proven workable for both AusAID and the contractors. The MTR has concluded that current contract arrangements should continue through to the end of the current contract, except for the minor adjustments proposed in the report. The MTR believes most of its recommendations for the short-term can be achieved without contract variation and many from within existing resources allocated to the APTC.

PART B – DIRECTIONS FOR THE MEDIUM-TERM (2011-2015) AND LONG-TERM (BEYOND 2015)

There is a strong case for continuation of the APTC beyond June 2011 in support of national and regional economic growth and labour mobility. Its goals and objectives remain highly relevant to the Pacific Plan and Forum Leaders' aspirations for greater regional integration, and will become more so as trade in services and labour mobility issues gather momentum across the region. Over time, the high costs seem likely to yield the necessary offsetting benefits. Pacific regionalism is a touchstone for the APTC and should remain its underlying rationale into the future.

There is also a strong case for some refocusing and selective expansion of the scope and distribution of APTC programs and campuses in the medium-term. However, any road map for the medium to longer term future of the APTC must provide some clear signposts, and pay close attention to the effective sequencing and management of change.

Strong demand-side support for continuation of the APTC was expressed by APTC clients and at the more senior levels of partner governments as well as by the APTC Advisory Group

However, on the supply-side, support for continuation from the APTC's institutional training partners, other training providers, Ministries of Education and training regulators was far more mixed. The reluctance by the "education and training community" to endorse wholeheartedly a continuation of the APTC in its current form appears to rest on two principal arguments.

- Australia/APTC should direct its funding to bilateral support to strengthen the capacity of national training institutions and assist them bridge the gap between national and regional standards by, say, 2015, rather than directly delivering training into the region. Here a strong national drive for self determination and self sufficiency outweighed issues of regional integration and labour mobility.
- Australia/APTC should focus on building the national and regional training architecture of standards, qualifications and quality assurance systems, and on developing the TVET workforce regionally rather than directly delivering training. Here, regional integration and labour mobility should be progressed through policy development rather than direct service delivery.

Both these arguments have real merit and AusAID's forthcoming Pacific education and training strategy will need to consider how both can be addressed through other means.

The APTC should not try to become all things to all skills development in the Pacific. It should stick to its clear niche – delivering quality assured demand-driven training at Certificate III and above. Its central focus should remain on upgrading and certifying the skills of those currently in the workforce or those with other post-school qualifications and/or industry experience. This is filling a recognised gap in Pacific training, and is providing a powerful incentive along the entire skills supply chain to participate in and improve the quality of vocational training.

But there are significant risks associated with continuation of the APTC as a mechanism for delivering "post-graduate" portable vocational qualifications without complementary attention by PIF governments, Australia, and/or other donors to the establishment and replenishment of national skills pools, especially for those Pacific Island Countries (PICs) most likely to be labour exporting rather than receiving countries. By facilitating labour mobility through portable and internationally recognised APTC qualifications, Australia runs the risk of within 5-10 years leaving national skills pools in PICs worse off than when the APTC started. Appropriate 'aid-for-trade' assistance will be essential to accelerate the capacity of the PICs to take advantage of closer market integration (e.g. in the labour market).

Continuation and expansion of the APTC should be contingent on complementary initiatives – bilateral and/or regional – to boost skills supply at the lower levels through supporting those institutions that are receiving school leavers and trying to meet the needs arising from the youth population bulge. It will be essential to address the fundamental need to strengthen national provision at Certificate 1 and II level, not simply to provide a pathway and pipeline into APTC Certificate III, but to generate the maximum benefits for all Forum members from skills development and from regional labour mobility by ensuring there is adequate national capacity to both train and replace migrating labour.

Although the APTC has indeed contributed to the development of the Pacific skills pool, and to the TVET systems of the Pacific, there is scope for making explicit and enhancing the APTC contribution to this through the provision of additional professional development opportunities for the education and training industry.

Irrespective of how the Government of Australia chooses to shape the future of the APTC, the MTR strongly urges it to communicate with its PIF partners its in-principle intent to maintain support to the APTC for as long as there is demonstrated demand and the APTC continues to perform and contribute to vocational and technical skills development in the Pacific.

The APTC Profile

A number of changes to the APTC's course, country and School profile should be considered in the short and medium-term, taking account of any unexpended APTC funds that may be available for redirection during Stage 1, or additional funds that might become available from fee for service activities or various AusAID sources, including bilateral programs. These include:

- Course profiles within each School should be guided primarily by verifiable demand for higher level vocational skills in national, regional or international labour markets, and not be formally linked Australian visa requirements for skilled migration;
- Formalise and increase APTC's contribution to the professional development of the Pacific technical and vocational education and training (TVET) workforce;
- In recognition of the existing strong demand for APTC training in the Solomon Islands, and the importance of firm productivity to its economic growth, establish a campus of the APTC in the Solomon Islands;
- Expand the range of qualifications offered by the School of Health and Community Services;
- Expand the range of APTC Schools and training sites in Papua New Guinea. Taking account of its size, demography, geography, formal economy and projected economic growth, PNG should be deriving far greater benefit from the APTC; and
- Consider the establishment of an APTC School to serve the Commercial Agriculture, Horticulture and Food Processing industries;

Management and Governance Options for the Medium-Term (2011-2015)

In framing medium-term management options for the APTC, the MTR has sought to balance a broad range of considerations including:

- the need to retain a high degree of flexibility that has served the APTC well to date;
- the need to consolidate and build on achievements to date;
- the need to continue the process of progressive engagement with industry, PICs and the Pacific education and training community;
- the need to offer the region continuity and predictability;
- the need to minimise disruption to student intakes or study programs;
- the considerable intellectual property and therefore "value added" that each of the two Australian Registered Training Organisations (RTOs) has brought to the APTC;
- that the APTC will remain dependent on contracted Australian RTOs in the foreseeable future; and
- the need for continuous improvement and innovation.

Based on these and other considerations, the MTR believes it is premature to move far from the current management arrangements. The report explores a range of options for managing the APTC in the medium-term which could span two to four years depending on how consultations with PICs and stakeholders on long-term options evolve and on the evolution of skills development and trade policies across the region. The MTR's preferred option would involve direct sourcing with one or both of the existing Australian

RTOs. This option is considered viable and has potential for good continuity. It also offers the possibility to start shaping the APTC for the long-term.

If AusAID chooses to proceed in the medium-term through an extension of current arrangements or through a commercial contracting model, strengthening the strategic role of the Advisory Group should continue. Should AusAID accept that a possible long-term future for the APTC is steering it towards a new organisational form, the APTC Advisory Group could play a vital role in advising on and facilitating this process.

Long-Term Directions beyond 2015

The MTR sees only two realistic options for the APTC for the long-term, although others may arise in coming years as discussions about the long-term future of the APTC continues, regionalism evolves and labour mobility patterns in the Pacific are more clearly defined.

Option 1 is to continue beyond 2015 with the arrangements decided for 2011-2015, with the APTC continuing to be a wholly-owned Australian aid program.

Option 2 is to establish the APTC as a legal entity. As a legal entity, the APTC would have a business structure that allows it to operate with autonomy, within its rules of incorporation, in order to respond to the continuously changing needs of the labour markets of the Pacific and to enter into long-term partnerships.

For both options, external support from the Government of Australia is likely to be necessary for the foreseeable future, notwithstanding the potential for the APTC to derive a significant income stream directly from the marketplace.

The fundamental issue is whether AusAID wishes to share ownership of the APTC in the long-term with others, and to what degree.

Option 2 is the MTR's preferred option and its views are based on theoretical possibilities rather than an investigation of what is politically or organisationally feasible. Obviously AusAID would need to seek specialist advice on the advantages, disadvantages and possibilities of the APTC becoming a legal entity, and the form it would take. However there are two variants of Option 2 that could be considered.

Option 2A would involve the APTC (possibly by another name) becoming a "regional club" of interested PIF countries which is self-sustaining because the benefits of membership exceed the costs of full national provision of internationally recognised vocational training services at Australian Certificate III level and above.

Option 2B would be to establish the APTC as a company with a Constitution (Memorandum and Articles) that binds each member to all others, provides for legal relationships between two or more members, allows for rules at a number of levels, and provides for decision-making structures. It also has business and presentational advantages.

There are many examples of the Government of Australia using company structures or the like to give effect to policies and programs, especially in the education and training sector, and these provide a rich source of learning. Experience also suggests that funding based on setting and managing the outcomes, not the operations would reduce significantly AusAID's management burden as the company would make the necessary arrangements for management and service delivery within its rules of incorporation.

A company structure is not incompatible with the concept of a regional club.

If a measured process of engagement with PIF governments suggests there is merit in the concept of a legal entity, steps can be taken from mid-late 2011 (or earlier depending on

the schedule determined by AusAID) to develop the details of any new arrangements which could be in place from either July 2013 or July 2015.

The MTR makes 18 recommendations which reflect four broad change strategies.

Change Strategy 1: Make operational improvements over the next two years that will:

- increase access to the APTC from non-campus countries and other marginalised groups;
- improve the efficiency and effectiveness of the APTC scholarship management system and the APTC data base;
- achieve operational efficiencies and greater coherence in APTC management, especially in campus countries to reinforce the 'one APTC' approach; and
- provide opportunities for the APTC Advisory Group to make a more strategic contribution to the development of the APTC.

(Recommendations 1, 5, 6, 7, 8, 9, 10, 11, 12, 14)

Change Strategy 2: Enhance the contribution of the APTC to Pacific regional integration by:

- strengthening the linkages between the APTC, AusAID bilateral programs and AusAID regional education and training strategies;
- identifying opportunities for other donors to engage with and/or contribute to the development of the APTC;
- continuing to partner with the private sector as well as with public training institutions and strengthen those partnerships; and
- identifying opportunities for the APTC to contribute to regional trade strategies as they evolve.

(Recommendations 13, 15)

Change Strategy 3: Expand the scope and reach of APTC training and assure its quality and sustainability by:

- increasing the contribution of the APTC to the development of the TVET workforce in the Pacific, and complementing it with other AusAID strategies to improve national provision of entry-level TVET which can articulate into APTC programs;
- establishing an APTC campus in the Solomon Islands and expanding provision in PNG commensurate with its size, geography and projected economic growth
- growing the School of Health and Community Services;
- expanding the APTC's revenue base through fee for service activities; and
- assuring the APTC's quality through internal improvements and external training audit.

(Recommendations 3, 4, 8, 16)

Change Strategy 4: Commit to engaging in a broad-based discussion with Pacific stakeholders over the next 2-3 years with a view to:

- establishing the APTC in the long-term as a legal entity that can support regional integration and the regional provision of quality TVET services; and
- migrating the APTC from a wholly Australian owned service provider to one which is jointly owned by Australia and other interested Pacific Island countries and donors.

(Recommendations 2, 17, 18)

Recommendations

Recommendation 1

That under the leadership of the APTC General Manager, the APTC marketing and communications strategy should:

- a) sharpen and strengthen the APTC brand to guide client choice and build lasting relationships with them;
- b) segment the client market and identify practical strategies to reach those different markets;
- c) ensure that communication strategies for APTC engagement with key national government agencies are developed and followed, and that AusAID Posts are involved in developing and where appropriate implementing those strategies;
- d) ensure that access to information about APTC courses is available to prospective students and industry in all Forum countries on an equitable basis;
- e) achieve a higher level of coordination between marketing by the Coordination Office and marketing by the Schools, especially for visits to non-campus countries; and
- f) be presented to the next meeting of the APTC Advisory Group for feedback.

Recommendation 2

That AusAID takes action immediately to register the APTC name and other likely names in Australia, New Zealand and the nations of the Pacific where the APTC operates.

Recommendation 3

That each RTO:

- a) reviews and strengthens its systems for moderation and validation of APTC assessments (including Recognition of Prior Learning), and ensures that all teaching staff have adequate guidance to enhance the validity and reliability of assessments; and
- b) reviews the current levels of English language, literacy and numeracy support available to APTC students to identify where it may need to be strengthened.

Recommendation 4

That AusAID discuss with the Victorian Registration and Qualifications Authority and the Queensland Department of Education and Training (Training Quality and Regulation Division) the concept of their conducting a joint monitoring audit of the RTOs in the second half of 2010.

Recommendation 5

That the APTC, in order to improve access from non-campus countries and other marginalised groups:

- a) implement a more structured process for attracting and making award offers to scholarship applicants;
- b) clearly separate the Coordination Office scholarship awardee selection function from the School functions of marketing, application assessment and enrolment;
- c) allocate a small pool of scholarships for non-campus country applicants to undertake Certificate II courses at local TVET institutions or APTC partner training institutes; and

- d) undertake a feasibility study as to what English language, literacy and gap training should be provided to technically qualified applicants from small island states who do not meet the ELLN course entry requirements.

Recommendation 6

That the APTC, in order to improve overall efficiency and effectiveness:

- a) develop a combined application and scholarship form and only require complete certified documentation after an applicant has been assessed as meeting course entry criteria;
- b) develop APTC specific pre-departure briefing materials, taking advantage of ARDS resources where possible;
- c) clarify the role of the Country Coordinators and improve their induction and training;
- d) coordinate all student travel through a specialist Travel Officer in the Coordination Office funded through cost-sharing between the three contractors;
- e) develop an active alumni association; and
- f) make improvements to the APTC student data base (Blue) (see Recommendation 11).

Recommendation 7

That the APTC, as a matter of urgency, ensure the appropriate award of scholarships against the finite budget by:

- a) refining estimates of average scholarship costs by Pacific Island Forum country/courses and use these estimates to review the indicative scholarship allocation between PIF countries and Schools over the four year program as per a completed Scholarships Strategy;
- b) reviewing the Schools' committed scholarship expenditure forecasts in order to accurately establish the number of Full and Partial Awards that can still be offered within the remaining budget; and
- c) agreeing the targeting of scholarships over the next two years to reflect this budget and to redress any imbalances in scholarship allocations to date.

Recommendation 8

That AusAID task the APTC Senior Management Team (SMT) to prepare a draft business development policy and associated operating protocols for the conduct of fee for service training by the APTC for AusAID consideration. In doing so, the SMT proposal should consider that:

- a) APTC fee for service activities must not detract from core-funded training, and any increase of fee-paying students should not be at the expense of non-campus country and scholarship student access;
- b) APTC fee for service activities should not compete unfairly with commercial activities of national or regional training providers or private sector providers, and should be offered to external parties only on a full cost recovery basis (including the cost of capital), and to AusAID bilateral or regional programs at a rate that takes into account existing AusAID funding for capital and the organisational infrastructure of the APTC.
- c) Only APTC RTOs may bid for fee for service activities, and only on behalf of the APTC;
- d) APTC may bid for fee for service activities in partnership with other Australian RTOs;

- e) All proposals for fee for service activities must be approved in advance by the SMT, and any bid or contract over an amount to be specified by AusAID should also be approved in advance by AusAID Suva;
- f) All fee for service activities must include an allocation of a proportion of the profit to APTC;
- g) All revenue allocated for the APTC from APTC fee for service activities should be placed in a special purpose account held by the Coordination Office. This revenue is to be utilised for implementation of the APTC. Where the utilisation of these funds is proposed for purposes outside of agreed guidance, the Coordination Office is to seek prior AusAID approval before the revenue is expended; and
- h) All enrolments and graduations from fee for service activities should be recorded in the APTC Student data base (Blue) but separately identified from the core-funded training.

AusAID Suva should provide the APTC Advisory Group, the AusAID Contracts Group, and AusAID Posts in the Pacific with the opportunity to comment on the draft APTC business development policy, and when finalised, ensure they are aware of the approved policy.

Recommendation 9

That the Senior Management Team review APTC staffing levels and responsibilities in Samoa for the purpose of reducing any administrative duplication, and consider the merits of appointing a single Samoa Country Manager to enhance the “one APTC” brand and improve communication with training partners and government stakeholders.

Recommendation 10

That AusAID consider:

- a) allocating additional funds for a period of 12 months for the appointment of a Senior Office Manager to the Coordination Office to support and mentor office staff and ensure the consolidation of Coordination Office systems; and
- b) amending the Terms of Reference for the General Manager as suggested in this report to make clear the nature and boundaries of his representational role.

Recommendation 11

That the APTC Senior Management Team takes the following actions to improve the APTC data management system to support application and scholarship processing and monitoring and evaluation:

- a) secure funding for the continued development and maintenance of Blue beyond June 2009;
- b) undertake data cleansing on current Blue data and resource ongoing routine maintenance;
- c) collect employer data for analysing labour market demand and training impact;
- d) ensure Blue field values are consistent with those in AVETMISS;
- e) review the amount of application data that needs to be keyed into Blue;
- f) review Blue to increase its functionality to track scholarship applications through the pre-award processes, enable bulk processing at various scholarship phases, and to be more seamlessly integration with RTO enrolment data;
- g) purchase additional software licenses to increase management and reporting access for APTC managers, especially in light of future growth of APTC;

- h) undertake a technical assessment to determine whether, for scalability and performance, the Access database should be migrated to SQL Server;
- i) provide training for all Blue users to increase data utilisation; and
- j) make modifications to draft survey instruments for planned graduate tracer studies and employer surveys as suggested in this report to position the APTC to respond better to likely future AusAID need for a more rigorous cost-benefit analysis of the APTC initiative.

Recommendation 12

That AusAID consider strengthening the strategic contribution of the APTC Advisory Group by focusing its role on:

- a) identifying the national, regional and international factors that should and will shape APTC provision in the coming years;
- b) reviewing and providing advice on a draft APTC Annual Business Plan produced subsequently;
- c) reviewing and providing advice on APTC progress against the APTC Annual Business Plan and the Performance Assessment Framework; and
- d) reviewing and providing advice on APTC's marketing and communication strategy.

Recommendation 13

In the remaining life of the current APTC contract, AusAID should:

- a) identify ways that AusAID Posts can be kept informed and updated on the operations and directions of the APTC generally and in each country specifically so that they can, in turn, ensure effective communication with national partners;
- b) consider if and how the APTC could be included in Schedules to the Pacific Partnerships for Developments;
- c) take the lead in ensuring regular dialogue with other donors active in the region to share information and identify potential opportunities for collaboration; and
- d) ensure that the APTC is fully aligned with the agency's forthcoming Pacific education and training strategy.

Recommendation 14

That the existing contract arrangements should continue, through to the end of the current contract, except for the minor adjustments proposed in this report.

Recommendation 15

That Australian support to the APTC continues to Stage 2 of implementation (2011-2015), and that:

- a) the APTC remain focused on delivering demand-driven Australian training and assessment at Certificate III and above for those currently in the workforce or those with other post-school qualifications and/or work experience;
- b) continuation and any expansion of the APTC should be contingent on complementary initiatives – bilateral and/or regional – to boost local skills supply through supporting those institutions that are providing Certificate I and II level training to school leavers;
- c) regional service delivery and regional integration should remain the guiding principles for the future development of the APTC; and

- d) the Government of Australia communicate to its PIF partners its in-principle intent to maintain support to the APTC for as long as there is demonstrated demand and the APTC continues to perform and contribute to vocational and technical skills development in the Pacific.

Recommendation 16

That subject to available additional funding resources, feasibility studies and the agreement of Pacific partners, AusAID considers expansion of the APTC profile for the following priorities:

In the short-term (2009-2011)

- a) Provide additional core funding to achieve a target of 100 TAA4 graduates by June 2011 in addition to existing graduate targets and to any places that may be purchased by AusAID bilateral programs, together with associated scholarships funding;
- b) Establish an APTC presence in the Solomon Islands in partnership with SICHE to deliver qualifications provided by SACEM;⁴
- c) Expand the range of courses offered by SHCS, and possible expansion of SHCS into Samoa;
- d) Establish SACEM presence in Lae, PNG in partnership with industry;
- e) Conduct a feasibility study for the establishment of the STH and SHCS in PNG;
- f) Conduct a pre-feasibility study on the establishment of an APTC School to serve the Commercial Agriculture, Horticulture and Food Processing industries;
- g) Add the Diploma of Training and Assessment to APTC core-funded training, with an initial target of 30 graduates;

In the medium-term (2011-2015)

- h) Establish an APTC School of Professional Development specifically targeting the in-service development of the Pacific TVET workforce;
- i) Conduct a feasibility study for the establishment of SHCS in Solomon Islands to support primary health care, children's services and community welfare; and
- j) Give effect to the findings of (e) and (f) above.

Recommendation 17

That AusAID considers the following when deciding on the preferred management arrangements for the APTC for the Medium-Term 2011-2015:

- a) The need for an approach which provides maximum flexibility for AusAID and its Pacific partners as to any long-term arrangements;
- b) The need to minimise disruption to the APTC existing Schools, training programs and students;
- c) The current design and management model can accommodate more Schools without major restructuring of management arrangements;
- d) The MTR's assessment that the impact of changing the service provider for the Coordination Office would not be as disruptive as changing the RTOs;
- e) The requirement for the APTC to take advantage of fee for service training opportunities should be clearly specified in the services under the new contract;
- f) If major changes are considered necessary for the APTC in the medium-term, the business process for the new APTC design should commence by about

⁴ SICHE: Solomon Islands College of Higher Education

March 2010 in order that a two month handover could be achieved for any new providers; and

- g) A commercial contracting model involving both RTOs, or one RTO presenting itself as a lead institution for a consortium of the current RTOs, to deliver the services of the APTC, with the scope to bring in additional Australian RTOs as needed, is likely to be the most viable for the APTC for the medium-term.

Recommendation 18

That AusAID starts to scope and test the concept of the APTC becoming a legal entity in the long-term.

1. Introduction

1.1 Background

The Australia-Pacific Technical College (APTC) is an innovative development program intended to facilitate regional economic growth and labour mobility through technical and vocational skills development. The first students commenced in July 2007, with a target of 3,000 graduates with Australian vocational qualifications by June 2011.

APTC follows a flexible, results-oriented approach to the direct delivery of training to clients, defined as industry and individual students. Training is currently targeted to five industry sectors: Automotive, Construction and Electrical, Manufacturing, Tourism and Hospitality and Health and Community Services. APTC training is open to all 14 Pacific Island Forum (PIF) developing countries (FICs), and is delivered in workplaces and institutions in four campus countries – PNG, Fiji, Vanuatu and Samoa. All APTC training facilities have been established in partnership with either local firms or local training institutions.

The Australian Government (GoA) has provided A\$149.5 million for the establishment and operation of the College over the four years to June 2011, including \$10m for APTC Scholarships.

1.2 Rationale and Objectives of the Mid-Term Review

Although APTC is less than halfway through its first implementation period, any significant changes to it would require a long lead-in time to minimise disruption to clients and training partners. In addition, a range of potential opportunities have arisen during implementation to date that lie on the periphery of the APTC's currently agreed scope. Early clarification of the APTC's scope and agreement on strategic directions for the APTC in the medium and longer term are necessary to support planning and budgeting, and to respond to client and stakeholder need for greater certainty about its future.

The purpose of the Mid-Term Review (MTR) is to advise the Government of Australia (GoA) and through it, the Governments of Pacific Island Forum countries, on progress to date and possible future directions for the APTC.

The MTR has two specific objectives.

- (a) To identify options and make recommendations on future directions, the legal status, management and revenue base of the APTC after June 2011 and on a practical continuity plan to ensure APTC service levels are maintained and that the likelihood and impact (risk) of interruptions is minimised.
- (b) To assess the performance and impact of the APTC to date, and to recommend changes to strengthen its performance for the second half of the planned program duration to June 2011. This assessment should include consideration of design, management and implementation issues, and any contract variations necessary to give effect to recommended changes.

The full Terms of Reference (ToRs) for the review are at Annex A.

1.3 Scope and Approach

A small team of independent consultants was tasked by AusAID to conduct the MTR.⁵ A Discussion Paper was prepared by the Team Leader in February 2009 as a basis for consultation by AusAID with key internal and external stakeholders on the matters that should be addressed by the MTR. A short Consultation Paper was prepared by the team in March 2009 to guide in-country discussions.

Over two separate missions in March and April 2009, the team visited the four campus countries (CCs) of Fiji, Vanuatu, Samoa and PNG and one non-campus country (NCC) (Solomon Islands). It consulted widely with APTC clients (employers and students), APTC training partners (industry and institutional partners), other training providers, government officials, regional organisations, donors and multilateral agencies, members of the APTC Advisory Group, APTC staff and research organisations. To ensure the perspectives of small island states were incorporated, it arranged phone consultations with stakeholders in the non-campus countries of Kiribati, Tonga and Nauru. The team also analysed the APTC data base in depth and reviewed APTC documents as well as the wider literature. Quantitative indicators of progress and achievements are used to the extent possible, but outcomes and impacts will take longer to quantify.

This report is structured in two parts. **Part A** provides an assessment of the performance of the APTC to date against its goals and objectives, and makes recommendations for operational improvements for the next two years of implementation (to June 2011). **Part B** focuses on the medium and long-term future of the APTC. It outlines a range of strategic issues to be considered in shaping APTC's future, and offers options and recommendations for the medium-term (2011-2015 or earlier) and the long-term (2015 and beyond).

2. Overview of the APTC

On 25 October 2006 (following an initial commitment on 26 October 2005) the Australian Government announced support for the development of the APTC to assist skills development in the Pacific. The proposal was supported by PIF Leaders who expected it to make a significant contribution to developing a skilled and competitive Pacific workforce.⁶ Detailed design work followed.

The APTC has three **Goals**.

- (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:

⁵ The core team comprised Kaye Schofield (Team Leader) and Dr Hong Tan (Labour Economist & Private Sector Development Specialist). Ceri Bryant, a Scholarship Specialist, provided an in-depth analysis of the APTC Scholarship Program and the APTC data base. Jim Catchlove, Pacific Contracts Manager, Design and Procurement Advisory Group, AusAID Canberra provided specialist inputs on a range of current and future contracting issues. Tina Seniloli, Program Manager for the APTC in AusAID Suva accompanied the team on its missions and provided ongoing advice as well as logistical support.

⁶ Pacific Islands Forum, *Forum Communiqué 24-25 October 2006*

- (a) 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
- (b) support skills development in the Pacific in response to labour market requirements.

Following a competitive tender process, three organisations were contracted by AusAID to implement the APTC over four years (2007-2011).

(a) Two Australian Registered Training Organisations (RTOs) provide APTC training and assessment services and award Australian qualifications. These RTOs established and now manage the five Schools of the APTC within the policies and framework established by the APTC and within the boundaries established by AusAID.

- Box Hill Institute of TAFE (BHIT) manages the School of Tourism and Hospitality (STH) and the School of Health and Community Services (SHCS)
- Sunshine Coast Institute of TAFE (SCIT) manages the Schools of Automotive, Construction & Electrical and Manufacturing (SACEM).

(b) A Managing Contractor (Sinclair Knight Merz - SKM) manages the APTC Coordination Office (CO). The mandate of the CO is to assist the APTC General Manager (GM) and the Schools achieve the APTC goals and purpose by providing college-wide coordination and services, monitoring and evaluation of the College, management of the APTC Scholarships scheme and a unified College identity and marketing of products. The CO supports and facilitates the delivery of training by the Schools through coordinating College corporate services and College interactions with stakeholders. It assists AusAID management of the APTC by providing a single point of communication with APTC and coordinates implementation of AusAID policy or guidance to the RTOs.

An APTC Advisory Group, chaired by AusAID, has been established, with membership drawn from eight PICs and Australia, and from both industry and government organisations. Its principal responsibility is to provide advice to AusAID on a range of industry and technical and vocational education and training (TVET) issues in the Pacific region including the overall strategic direction of the APTC, APTC policy directions and on future demand for TVET in the region. The Advisory Group has met three times since implementation commenced.

Since the original allocation, funding for the APTC has been rolled into AusAID's baseline funding at the current level, assuring that the APTC will continue to be funded beyond June 2011 at the same level as that for 2010-2011.

3. Regional and Subregional Context

The strategic intent behind the decision to establish the APTC was discussed extensively by GoA officials in both the concept and design phases. While the APTC's goals and purpose reflect to some degree this intent, they are focused primarily on the delivery of training for employment and productivity, and the underlying strategic vision or rationale is not widely understood.

For most stakeholders consulted for the review, the rationale for the APTC is not seen to extend beyond increasing the delivery of quality training. For others there is a perception, even amongst those who are highly supportive of it, that the APTC was conceived as a strategy to counter the demands of Pacific countries for Australia to provide their citizens with access to the Australian labour market, and/or a strategy to prepare Pacific Islanders for migration to Australia, thus denuding the region of its skilled workers. Such perceptions are understandable, but do not reflect adequately the "big picture" strategic context in which APTC was conceived and is now operating.

Skills development is important for both economic efficiency and social equity. While usually positioned (and often funded) under an education sector umbrella, it is now widely recognised that skills development must form an integral part of a broader employment and economic growth strategy if it is to contribute to overall productivity and employment growth. Therefore both economic growth policies and social policies (including education, access and equity policies) are important in any consideration of the APTC's performance and future.

3.1 Pacific Regionalism

A 2005 report to the Pacific Islands Forum Secretariat *Towards a New Pacific Regionalism*, prepared jointly by the Asian Development Bank (ADB) and the Commonwealth Secretariat (CS) supported an approach to regional integration that went beyond the previous focus on regional cooperation and market integration to address some of the problems of governance confronted by PICs.⁷ The report argued that in the Pacific and elsewhere, the largest benefits of regionalism have come *from focusing on the type of regionalism that addresses their fundamental challenge*, and that *Pacific regionalism must move beyond regional cooperation in a range of fields if significant benefits are to be achieved*.⁸ It went on to argue that

*A Pacific regionalism that speaks to Pacific needs must focus on easing capacity constraints for governments through increased regional provision of services, and on creating economic opportunity for Pacific citizens through increased regional market integration...weak governance capacity has imposed perhaps the largest economic burden on citizens of many FICs. Similarly, a carefully constructed policy of providing temporary market access to labor markets of all Forum members would create very substantial economic benefits for all parties. A key conclusion of the study is that for both service provision and market integration, to create the necessary pool of benefits and an optimal Pacific "club," Australia and New Zealand must become meaningful partners with FICs.*⁹

In order to reap the benefits of labour migration while avoiding welfare losses by Forum Island Countries (FICs), the report proposed that Forum members ensure as far as possible that labour flows from FICs to Australia and New Zealand should be *additional* (i.e. ensure there is adequate national capacity to both train and replace migrating labour) and that substantial attention to skills formation in FICs should be *central* to a plan to generate the maximum benefits for all Forum members from enhanced labour market access.

In October 2005 the Pacific Island Forum (PIF) Leaders endorsed the Pacific Plan with the goal of enhancing and stimulating economic growth, sustainable development, good governance and security for Pacific countries through regionalism. It encompasses increased regional provision of services as well as market integration.

At this same meeting, the Australian Prime Minister advised Forum Leaders that Australia proposed, in principle, to establish a college to deliver Australian-standard qualifications that would significantly upgrade the supply of trade skills in the Pacific and enable much greater labour mobility of skilled and semi-skilled workers between the Pacific and Australia (and other developed economies).

⁷ Warner (2008), p.167

⁸ ADB-CS, p.8

⁹ ADB-CS, p.8

From the perspective of the Pacific Plan in which it is embedded, APTC can be viewed as a strategy for facilitating sustainable development through enhancing regional training provision and ensuring the portability of technical qualifications.

With a wider lens, the APTC can be viewed as an experiment in the regional provision of services. APTC is still a work-in-progress and still in its confidence-building period. While it provides training regionally, it is not a regional provider, and currently does not have the characteristics of a Pacific 'club' in the sense of shared governance and ownership. It is not yet clear whether market or national public sector agencies will be able to deliver equivalent vocational training in the medium-term on any scale. Whether APTC can or should make a transition from an Australian development program to a regional training institution will be a major strategic choice in the coming years, as will the balance between increasing the APTC's direct delivery of training and strengthening the capacity of individual FICs to train and replace migrating labour.

3.2 Trade Policy

To promote regional integration, the Pacific Plan calls Forum members, among other things, to

[integrate] trade in services, including temporary movement of labour, into the Pacific Island Countries Trade Agreement (PICTA)

The recent third round of PICTA negotiations led to a draft schedule of commitment and a draft conceptual framework for the Temporary Movement of Natural Persons (TMNP) (labour mobility) amongst the 14 developing country members of the Forum. The first priority has been to tackle the higher end of occupational skill shortages – including doctors, other health professionals, academics, teachers and accountants. Further discussions will be held in the period May – July 2009.

The mutual recognition of qualifications between PICs is a related discussion item under the PICTA agenda (and directly relevant to the APTC), as there is a need to identify what formal qualifications will permit free movement of people. The role that the South Pacific Board for Education Assessment (SPBEA) might play in skills recognition will need to be considered, given its work on a Regional Qualifications Register (RQR). However, for those without formal qualifications but with considerable experience, the situation is far less clear and skills recognition, as distinct from recognition of formal qualifications, will be a challenge. Potentially, the APTC could play a role in providing skills recognition services in the future, perhaps in partnership with the SPBEA.

Looking forward, the Pacific Agreement on Closer Economic Relations (PACER Plus) regional trade negotiations, likely to commence by 2010, will ultimately create a regional trade area between Australia, New Zealand and the PICs. Australian Ministers have stated clearly that PACER Plus will include skills development for PICs, equipping them for technical work in the region and globally. In March 2009 Trade Minister Simon Crean stated that he wanted to ensure PACER Plus would:

... create an environment in which the work force can be mobile within the region in the knowledge that we will assist in the training, through the training colleges, through our aid program, in developing the skills that are necessary, not only is there employment opportunities, but you are equipping a work force with a skill that they can use themselves within their own countries ... a great example, not of using a trade agreement to simply open markets of getting a circumstance of which you are genuinely building the skill-base and the work force in a lasting sense for the region.

This will require greater assistance to increase PICs supply side competitive capacity in a number of areas, including through the training and up-skilling of the Pacific workforce, capacity building support for technical training to broaden job opportunities for younger people at home and abroad, and mutual recognition and, where possible, harmonisation of standards and qualifications. The current APTC is a significant Australian response, but the MTR believes it will not be sufficient to ensure that PIC workforces are competitive enough and productive enough to take advantage of trade liberalisation.

3.3 Pacific Labour Markets

3.3.1 Market characteristics

The Pacific Island Countries (PICs) differ in their access to natural resources, geography, population and level of economic development but their labour markets share several characteristics in common.

- The majority of the workforce is engaged in informal subsistence. The formal wage sector in most PICS is relatively small and a substantial share is accounted for by the public sector.
- Private sector growth will not create enough jobs for the large number of school leavers entering the labour market each year – the “youth bulge” – and with few marketable skills, many youth are under-employed in informal or subsistence work or openly unemployed.
- The oversupply of unskilled workers co-exists in many PICs with shortages of appropriately skilled people. Many positions are filled by foreign workers (including Australians and New Zealanders) who are employed not only in managerial and professional roles but also as technicians and skilled tradespersons, and usually at a higher pay rate than national labour.
- Emigration is on the rise. Combined with the lack of economic opportunities and insecurity in many PICs, many people are emigrating to countries such as Australia, New Zealand, and United States to look for work. While their remittances comprise a high proportion of GDP in many countries of the Pacific and have generally positive impacts, continuing out-migration contributes to widespread skills shortages and discourages some employers from investing in training.

Many PICs increasingly see improved skills training, accredited nationally or internationally, as one solution to these labour market issues. However, progress on this front has been slow: many PICs do not have quality-assured national skill standards; available training is supply-driven and of low or variable quality, and employer inputs are rarely solicited. TVET is still not highly regarded by families relative to white-collar employment; it offers low pay and, without recognised qualifications, yields limited opportunities for advancement or job mobility.

3.3.2 Demand for skills

The ADB/PIFS report, *Skilling the Pacific*, notes that skill shortages are widespread across the PICs. The report attributes skill shortages to three main factors:

- Sector-specific growth in demand in the mining sector of PNG and in tourism in the Cook Islands, Fiji, Samoa, Tonga and Vanuatu has created rising demand for skilled labour especially in hospitality and construction. In these countries, the demand was for those with skills in management, supervision and trades occupations capable of working to international standards.
- The low supply and quality of graduates from the TVET sector has also contributed. Tradespersons are often unable to work competently in their trades despite holding

formal qualifications; they graduate with few core competencies that employers' value such as reliability, teamwork and problem solving.

- Demand for appropriately qualified workers to replace skills lost through emigration.

These skill shortages are creating bottlenecks for certain sectors. A high proportion of employers cited a variety of adverse consequences from skill shortages including loss of productivity, lower quality output, inability to grow, lower profits, problems with equipment maintenance and loss of markets.

3.3.3 Supply of skills

In addition to pre-vocational course offerings (industrial arts and home economics) in secondary schools, most PICs have both public and private (primarily church-based but also for-profit) vocational training centres and post-secondary technical institutes offering technical and vocational training. The latter include the Fiji Institute of Technology (FIT), Vanuatu Institute of Technology (VIT), National University of Samoa – Institute of Technology (NUS-IOT) and the Solomon Islands College of Higher Education (SICHE) offering certificate-level training and, in some cases, degrees as well (FIT). Most TVET institutions in the Pacific suffer from common shortcomings, including poor teacher skills with inadequate industry experience, obsolete equipment and curricula, funding shortages and deteriorating infrastructure. Moreover, they have limited capacity and it is estimated that they serve no more than 10% of the eligible population.

There are gender and regional disparities in access to training opportunities. Technical institutes enrol a low proportion of females – about 30% in PNG, 37% at FIT and 42% at VIT – except in commerce and hospitality and tourism programs. Access to TVET opportunities is also limited outside the capital and in the outer islands, though some countries (Solomon Islands and Vanuatu) have established networks of rural training centres (RTCs) to serve remote rural communities. These RTCs are poorly funded and the quality of their training is low.

A considerable amount of skills development also takes place within enterprises, often via apprenticeship arrangements. PNG and Fiji have the most developed programs, enrolling some 900 and 650 apprentices a year respectively. Instead of TVET graduates, many employers prefer to hire secondary school graduates with the right attitudes and train them in-house to get the skills they need.

3.4 Pacific Education Policies

At their meeting in Tonga in March 2009, Forum Education Ministers (FEEdMM) adopted a new regional framework – the Pacific Education Development Framework (PEDF) - to guide the further development of Pacific education. Ministers determined that the PEDF needed to address two broad agendas: (i) the Education For All (EFA) or basic education agenda which covers the foundation years of education, and (ii) the training/employment/economic agenda. Thus the PEDF is aligned with, and is grounded in, the core planning principles and concepts of the Pacific Plan and reflects the *Pacific concept of regionalism where countries work together for their joint and individual benefit*.¹⁰

The review's consultations suggest there is some divergence amongst stakeholders (mainly government officials) about whether the APTC strategy, with its focus on responding to changing labour market demands in the formal sector only, and on regional service delivery rather than national (or sub national) capacity development, is the right Australian strategy. While this issue is discussed later in this report, the MTR believes that APTC training outcomes are well-aligned with a number of the outcomes sought

¹⁰ Pacific Islands Forum (2009) Pacific Education Development Framework (PEDF) 2009-2015

through the PEDF's training/employment/economic agenda and are contributing directly to:

- *Early Care & Childhood Education* – through the provision of Certificate III and Diploma Programs in Children's Services.
- *Technical & Vocational Education & Training* – through the delivery of TVET programs at Australian Certificate III and above targeted at skills in demand.
- *Teacher Development: In-Service Education and Pre-Service Education of Teachers; Enhancing the Status of the Teaching Profession* – through the delivery of the Certificate IV in Teaching and Assessment (TAA4) to upgrade the technical and pedagogical skills of teachers and trainers in both private and public sector organisations.

At their March 2009 meeting, Education Ministers also endorsed the findings of the *Skilling the Pacific* report as a key reference document for mobilising funds for regional initiatives in TVET for the immediate term.¹¹ Although the APTC was not operational when the report was written, and the APTC certainly does not aim to respond to all the challenges identified in it, nevertheless the APTC is addressing a number of the report's findings especially in relation to the relevance, accessibility, equity and quality of training available to the formal labour market.

At the national level, an increasing number of national education plans are including TVET as a priority sub-sector, in recognition of the importance of employment outcomes for school leavers and private sector productivity for economic growth. While the relative emphasis given in such national plans to vocational training in schools and post-secondary (tertiary) TVET varies, as does the relative emphasis given to TVET for the formal and informal labour market, there is a general trend to give the development of technical and vocational skills a higher priority. In the main this is not able to be matched by significant budget allocations and it remains the poor relation within the education sector in many Pacific countries

3.5 Pacific Aid Context

3.5.1 Aid effectiveness

The international community – both donors and recipients – have made a series of commitments to changed approaches to aid delivery. These are most clearly articulated in the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action* which provide a point of reference for development co-operation. These statements cover a broad range of principles relating to effectiveness including working within partner governments, strengthening country ownership over development and the medium-term predictability of aid.

Nine of the PIF members,¹² as well as the PIF Secretariat (PIFS), are adhering to the Paris Declaration and are increasingly active in ensuring that the Paris Principles and the Accra Agenda are reflected in their national development policies and strategies.¹³ The four Pacific Partnerships for Development (PPD) signed between Australia and Kiribati, Samoa and PNG all make reference to the Paris Declaration principles, common approaches and partnerships among donors under national coordination and leadership, and transparently reporting on implementation.

¹¹ ADB-PIFS (2008)

¹² Australia, Cook Islands, Fiji, New Zealand, PNG, Samoa, Solomon Islands, Tonga & Vanuatu. See http://www.oecd.org/document/22/0,3343,en_2649_3236398_36074966_1_1_1_1.00.html

¹³ PNG, for example, has localised the Paris Declaration in its PNG Commitment on Aid Effectiveness, agreed between the Government of PNG and its Development Partners

Although largely focused on strengthening governance and improving development performance at the national level, aid effectiveness principles are intended to apply to regional and global initiatives as well, and to all aid modalities.

For some stakeholders consulted, the APTC does not sit well in this context. On the one hand, APTC is owned and led by Australia, and not managed through clear partnership arrangements. As a regional initiative, the APTC is not well integrated with agreed national initiatives and is referenced in only one of the four PPDs signed to date. A senior partner government official in one of the campus countries suggested that the APTC initiative should be formally incorporated in the Schedules to the PPD. Australian support for skills development through the APTC is not explicitly harmonised with the Pacific region strategies of other donors, and Australia is wholly accountable for APTC's results. While subject to national laws and regulations in each of the countries it operates in, the APTC does not work in and through partner government or regional systems, and appears to some stakeholders to be a donor-driven parallel activity.

On the other hand, APTC goals and objectives are aligned strongly with the Pacific Plan and consistent with the PEDF. It operates its campuses in Fiji, PNG, Vanuatu and Samoa with the express approval of national governments through Subsidiary Arrangements under the Memorandum of Understanding between GoA and each of the four national governments.

APTC has few of the characteristics of a traditional aid activity. Program implementation through direct delivery by Australian organisation does not involve any of the usual aid modalities, does not include the usual approaches to capacity development and there are no advisers or counterparts. The APTC partners only with organisations that have a well-developed training culture, that share a commitment to quality training, management and governance, to flexible delivery, to achieving results and who are committed to a genuine partnership. While five of its training partners are government-owned entities, four are private sector firms, and financial arrangements with both public and private sector partner organisations have the characteristics of commercial contracts rather than aid transfers.¹⁴

The APTC is breaking new ground in regional aid programs, and is already yielding tangible results that benefit individual countries and the region as a whole. However, more will be needed in the medium to longer term to overcome emerging national concerns about whether the APTC adheres to the principles of aid effectiveness, especially in relation to country and regional ownership and its harmonisation with the efforts of other development agencies.

3.5.2 AusAID policies and strategies

PPDs between Australia and each PIC anchor Australia's development assistance to the individual countries of the region. AusAID articulates its specific sectoral aid objectives through the Implementation Schedules of the PPDs, or where they are not yet finalised, through the current Country Strategy.¹⁵ Many of these include Australian support for the education sector, support for gender equality and support for "the pursuit of sustainable economic growth strategies encompassing private sector and infrastructure development, economic reform, regional economic integration and pursuit of mutually-beneficial

¹⁴ Public sector training partners are: National University of Samoa – Institute of Technology, Vanuatu Institute of Technology, Port Moresby Technical College, Training and Productivity Authority of Fiji (TPAF) and Vanuatu Ministry of Education. Industry partners are: Asco Motors in Fiji, and Ela Motors, Hastings Deering and OTML in PNG

¹⁵ Four PPDs have been concluded to date (with PNG, Samoa, Kiribati and Solomon Islands)

regional trade liberalisation". The Australian Government has made it clear that development aid negotiations for PPDs should be separate to PACER Plus negotiations.

Where support to the education sector forms part of the PPD or Country Strategy, the primary emphasis has been on support for basic education. Only the PPD with Kiribati specifically refers to the APTC as a strategy for increasing training and employment opportunities in the region.

Hard choices need to be made about where to invest in skills formation. Through the APTC, Australia has chosen to invest in the formal sector where large and persistent skill gaps in several sectors have been identified as common across most PICs. This is complementary to the bilateral programs of AusAID and other donors, where support is provided to the informal sector, where most school-leavers will have to find work, as well as to the formal sector.

AusAID has a range of policy statements about its priorities for the education sector, often focused on the achievement of the Millennium Development Goals (MDGs) and on the development of sector-wide approaches in partnership with other donors. It has also evolved an action plan for its support to the TVET sector, and as Annex G shows, is providing a range of assistance at primarily bilateral but also regional level beyond the APTC. This assistance to TVET encompasses assistance to both school and tertiary level TVET, to formal and non-formal TVET and to policy and organisational development as well as capacity development for training delivery.

As yet, AusAID does not have an explicit and integrated development strategy to guide its regional assistance to the education *and training* sector in the Pacific or a clear articulation of the sectoral role it envisages for the APTC at regional or bilateral level. As skills development generally, and development of the TVET sub-sector specifically moves up in the priorities of partner governments and the region (under PEDF), AusAID will need a greater level of policy coherence to guide its assistance and allocate its funding. In recognition of this changing landscape, AusAID is currently developing a Pacific Education and Training Strategy.

3.5.3 Other bilateral and multilateral development institutions

Australia is widely seen as a lead donor in skills development, with a comparative advantage in relation to planning and delivering demand-driven, workplace relevant, standards-based and quality assured skills development. Australian and New Zealand qualifications are mutually recognised, and both are internationally recognised.

There are five other donors/multilateral agencies which are active in supporting TVET through bilateral and/or regional programs in the Pacific:

- European Community: provides bilateral support in Vanuatu and Solomon Islands and regionally through support to the South Pacific Board for Educational Assessment (SPBEA).¹⁶
- ADB: operates mainly at regional level to support the implementation of the priority actions identified in its *Skilling the Pacific* report.
- International Labour Organization (ILO): provides support primarily through its national Decent Work Programs but also regionally, and has a keen interest in a range of skills issues including the development of labour market information systems with national labour departments.
- NZAID: TVET support in Tonga (jointly with AusAID) and in other countries through in-country training and scholarships to New Zealand.

¹⁶ EC has also provided support in the past to the Kiribati (formerly Tarawa) Institute of Technology

- JICA: supports TVET in various countries through technical training in Japan as well as in-country advisers in some countries including Samoa (NUS-IOT) and PNG (Lae and Port Moresby Technical Colleges).

The World Bank has provided support in the past for the development of National Skills Training Plan for the Solomon Islands.

As might be expected, regional representatives consulted were more likely to be aware of the APTC than bilateral representatives. The MTR found keen interest at the regional level in working alongside the APTC to advance the skills development agenda, although some donors appear torn between supporting TVET to serve the formal labour market and supporting it to serve the informal labour market and rural livelihoods. Consultations suggested that AusAID could be doing more to inform other donors of APTC developments and directions (and its other work in TVET), and that there is considerable scope for greater donor dialogue regionally.¹⁷

¹⁷ Noting that NZAID has been invited to join the APTC Advisory Group as an observer

PART A – PERFORMANCE ASSESSMENT

In the 20 months since APTC enrolled its first students, it has found a unique and respected niche at the middle to top end of the regional vocational skills supply chain by providing quality-assured training that meets the productivity demands of employers and bridges the gap between national and international standards. It is performing well against its goals and key results areas, and is yielding both anticipated and unanticipated benefits. It is often acknowledged as an innovative and, in some quarters, visionary initiative by Australia.

4. Effectiveness and Efficiency

4.1 Progress against Goals

4.1.1 Increased training supply

The demand for APTC training is strong, and it is self-evident that the supply of skilled workers in targeted sectors in the Pacific region has been increased as a direct result of APTC implementation. The following snapshot of training effort is drawn from data in Annex H which provides a comprehensive overview of APTC training to date.¹⁸

Table 1: APTC Applications, Enrolments & Graduates

	As at March 2009	
Course Applications received	4,208	
Applications from females	30%	
Applications from Campus Countries	69%	
Applications from Non- Campus Countries	31%	
Applications for Automotive, Construction & Electrical and Manufacturing	54%	
Applications for Health & Community Services	4%	
Applications for Tourism & Hospitality	42%	
Enrolments	1,503	
Enrolments by females	32%	
Enrolments from Campus Countries	81%	
Enrolments from Non-Campus Countries	19%	
Enrolments in Automotive, Construction & Electrical, & Manufacturing	673	
Enrolments in Health & Community Services	74	
Enrolments in Tourism & Hospitality	672	
Graduates	363	
Female graduates	49.5%	
Graduates from Campus Countries	64%	
Graduates from Non-Campus Countries	36%	
Graduates of Schools of Automotive, Construction & Electrical and Manufacturing	37	1,183
Graduates of School of Health & Community Services	0	217
Graduates of School of Tourism & Hospitality	318	1,360

Source: Extracted from Tables in Annex H prepared by the MTR from the APTC data base "Blue"

¹⁸ Detailed analysis of the Scholarship Program is provided separately and summarised in Section 5.4

In addition to this training provided under the APTC contracts, there have been 114 graduates of the TAA4 programs provided directly by the two APTC RTOs and which have been paid for from other sources.¹⁹

520 different employers have had employees trained by the APTC to date; of which 61 percent are private sector firms, (Table S - Annex H). Employers in PNG, Fiji and the Solomon Islands have benefited most from APTC services, while employers in Kiribati, Tuvalu and Niue have benefited least, (Table R - Annex H).

On the information available to the MTR, taking account of high demand, the current and planned enrolments and training duration, it appears likely that the graduate targets for the APTC will be met, and that each School will meet its graduate target. Non-completion rates are relatively low, although non-completion by students from Vanuatu is significantly higher, (Table O - Annex H).²⁰

The five industry sectors targeted by the APTC remain relevant to the formal labour markets of the region. Where demand was expressed for additional APTC training, it was primarily (but not always) for new qualifications within these five sectors.

The data do not permit an accurate assessment of the proportion of course applicants from rural areas, but given that those seeking skilled work in the formal labour are more likely to living in towns, then it would appear that course applicants from rural areas are reasonably well represented, (Table F - Annex H). However the data should be treated with caution and better data collection and analysis will be needed to determine whether APTC is equally accessible to urban and rural applicants.²¹

A total of 30 percent of all course applicants were females. Niue, Marshall Islands and PNG had the lowest proportion of female applicants (18 percent or less) while Tonga, Kiribati and Vanuatu had the highest proportion of female applicants (37 percent or more), (Table C - Annex H).

Course applications from non-campus countries are strong, especially from Solomon Islands, Tonga, Kiribati and Nauru.²² Few have been received from Palau, Federated States of Micronesia (FSM) or Marshall Islands (RMI) and none from the Cook Islands, (Table B - Annex H).

However a high proportion of course applications from NCCs did not translate into enrolments on the grounds that they did not meet the English language, literacy and numeracy (ELLN) entry requirements, they failed the skills assessment, or they had insufficient work experience. Female applicants were more likely than male applicants to not meet ELLN requirements or fail the skills assessment, (Table K - Annex H).

The relatively small proportion of course applications from PNG is a concern. Only 19 course applications per 100,000 population have come from PNG, compared with Vanuatu (53 per 100,000) Samoa (244 per 100,000) and Fiji (141 per 100,000), (Table B - Annex H).

¹⁹ These include 39 trained in PNG by SCIT, and 50 and 25 trained by BHIT in Tonga and Kiribati, respectively.

²⁰ 363 of 400 students who have completed their enrolment have graduated. Of the 37 students who did not complete, 3 died, 5 were expelled and 29 withdrew (of whom 19 were from Vanuatu)

²¹ Of all course applications, 34 percent indicated their home location as a village or rural area, while 66 percent indicated their home location as town or city (Table F, Annex H)

²² There were 146 course applications per 100,000 population from NCCs, compared with 47 course applications per 100,000 from CCs

4.1.2 Improved employment opportunities

It is too early to measure progress on the second goal – Pacific Islander women and men with Australian qualifications realise improved employment opportunities nationally, regionally and internationally – until the first tracer studies planned for later in 2009 are completed. Tracer studies will ask APTC graduates about their labour market and work experiences 6-12 months after completing training and, compared to their pre-training situation, whether and by how much training has improved their employment, promotion and incomes.

The expectation of improved employment and promotion prospects is premised on graduates gaining new knowledge and skills from APTC training which make them more productive. How this higher productivity translates into employment and promotions, and how quickly, depends upon several factors including (a) the relative supply of and demand for these skills, and (b) the extent to which Australian qualifications are recognised and valued by the market place. On each count, positive outcomes are likely, given APTC targeting of course offerings in high demand trades and sectors with large skill gaps, the volume of applications for APTC places that attests to their demand, and the high regard for Australian qualifications and satisfaction with the quality of training that emerged from the employer and industry groups consulted.

Responses to the APTC End-of-Course (EOC) Survey suggest that trainees strongly believe that the training has improved their employment prospects.²³ On the question of whether the knowledge and skills they have learned will help them find employment or get a promotion, 85 percent strongly agreed and another 12 percent agreed, bringing the overall positive response about future employment prospects to over 97 percent. The responses were uniformly positive across Pacific countries, and near unanimous among female graduates (99 percent) as compared to their male counterparts (about 95 percent).

Many EOC respondents already have jobs upon completion of training. Among those responding to EOC questions about post-training employment, 89 percent of those who entered APTC training from full-time employment (existing workers) reported having a job at graduation. While this figure is lower among new entrants – experienced workers either with part-time jobs or without paid employment prior to APTC enrolment – even so about 60 percent of them reported having a job at graduation. Factors contributing to early employment of this group include industry placements (and subsequent hiring) of new entrants as their skills and competencies are demonstrated, high demand for APTC graduates and the quality assurance afforded by Australian qualifications.

These sentiments were strongly supported in consultations with students, employers and industry and government stakeholders. Most APTC graduates are employed – some have been promoted (graduates from SACEM in Fiji and STH in Vanuatu), some in public service have taken on increased responsibilities or leadership roles (SHCS in Vanuatu, STH in Fiji), some have started their own business (painting company in Fiji), still others have changed employers for more attractive jobs (STH in Vanuatu). The positive feedback from both private and public sector employers – the professionalism, knowledge and competencies of APTC graduates, their high skill standards and workplace relevance of APTC training – all augur well for the future employment and promotion prospects of APTC graduates.

²³ As of 30 March 2009, 257 APTC graduates have completed the EOC survey. Of this sample, 230 graduates provided usable responses to the question about whether APTC training improved their employment or promotion prospects.

4.1.3 Increased individual and firm productivity

The third goal – increased productivity of individuals and organisations in targeted industries and sectors – is more difficult to quantify. Because productivity is often unobserved and its measurement complex, indirect measures of productivity improvements, qualitative indicators of satisfaction and subjective judgements about individual or organisational “performance” are often used in its place. This is the approach adopted in the APTC graduate tracer study and employer survey planned for later in 2009. Until these surveys are completed, assessments of the productivity impacts of APTC training will of necessity rely on anecdotal findings garnered in consultations with key stakeholders.

The early indications are positive. This may be surprising given the short time that APTC programs have been running and the fact that productivity improvements typically take time to be realised. Trainees reported that APTC’s competency-based training (CBT) was so relevant to their work that new (and more productive) practices could be quickly incorporated into their own workplaces. Examples included painters from the Public Works Department in Fiji and Early Childhood Education (ECE) trainees in Vanuatu who pointed out that APTC training was so practice-oriented that many of them were already implementing lessons learned into their own programs even before completing the APTC course.

Many trainees reported becoming more self-confident and gaining new and more productive skills, an assessment supported by feedback from employer and industry consultations. For example, a SACEM graduate from PNG pointed out that learning about the optimal speed for operating lathes allowed him to work faster and thus bring in more business for his employer. In Fiji, SACEM graduates noted that they were better able to compete for painting jobs because of their APTC training, and to get higher pay for quality work from larger corporate clients that recognised Australian qualifications.

Organisations employing trained workers from APTC are also more productive. These productivity benefits are multiplied throughout the enterprise when APTC graduates organise training programs for colleagues and co-workers, as many reportedly do. For example, staff from Air Vanuatu sent for APTC training began implementing training programs upon their return using Australian training packages. A similar story was told by a STH graduate in Vanuatu, who used his APTC training to organise courses for staff of the resort hotel he manages. In Fiji, STH trainees reported disseminating lessons learned to other colleagues in their organisation, as did painting trainees from the Public Works Department.

Employers also realise cost savings (productivity improvements) when returning APTC graduate introduce modern workplace practices to replace traditional ways of operating. For example, Fiji Sugar commented that where its workers once used short-cut traditional equipment maintenance methods, after APTC training, graduates now did equipment maintenance more systematically. The introduction of these new practices resulted in a 10 percent reduction in very expensive equipment downtime that was estimated to cost the company over \$5,000 per hour. ATS, a commercial food service company in Fiji attributed 30 percent of the efficiency gains realised by the operation to training and new workplace practices introduced by APTC. A large construction design firm in Fiji advised that APTC training helped it reduce life cycle costing on projects thus giving better value for money to its clients.

4.2 Indicative Impacts

4.2.1 *On private sector and economic development*

APTC is contributing to private sector development by beginning to address critical skill gaps that have constrained employers in several sectors. It is delivering high quality workplace-relevant training not supplied by national TVET providers nor provided in-house by employers themselves because of cost, scale diseconomies and concerns about “poaching”. Through close partnerships with industry, APTC is also fostering a training culture among enterprises through demonstration effects of the productivity benefits of training from returning employees or through work placements of trainees with other employers. Its collaboration with national TVET providers and training of their trainers should lead to improved training quality and, through creating pathways from national providers to APTC, develop a pipeline of trainees into these critical skill areas.

It is also improving productivity and raising standards of service delivery by introducing to local industry workplace practices, operating procedures and quality that meets Australian standards. While the norm in Australia, these workplace practices represent major innovations as compared to traditional practices in the PICs. Productivity improvements reported by employers from implementing these innovations are likely to have large demonstration effects on other firms in the industry. Diffusion of these best practices, facilitated by an increased supply of trained APTC workers and their labour mobility among employers, should eventually lead to greater competition among firms on the basis of improved service delivery, as is reportedly happening in the hospitality and tourism industry.

APTC training with its attention to workplace standards also provides intangible benefits to local economies. Its focus on hygiene in early childhood education is being incorporated into the government’s expanded ECE programs for provincial communities in Vanuatu. Other examples include increased attention to food safety in the hospitality and tourism industry (Fiji) where standards are low and regulation has been lax, and strict adherence to occupational safety and health standards in the workplace with implications for reduced incidence of injury to workers and productivity losses to employers.

4.2.2 *On development of the Pacific TVET sector*

The MTR is confident that by offering training at or above Australian Certificate III level in its current range of courses, the APTC is complementing and not duplicating the training provided by local training providers, and is therefore not undermining local training capacity.

APTC was designed as a service delivery strategy, and does not have an explicit mandate for developing the capacity of the TVET systems of the Pacific. Rather, through its partnerships with industry and training providers, it has had a small but growing impact on national and regional training capacity at the post-school level, including:

- About 58 APTC enrolments were from the education and training industry as at 30 March 2009;
- Of the total employers whose staff have been trained by the APTC, 9 percent (49 employers) were from the education and training industry, (Table S - Annex H);
- Teachers in rural/vocational training centres, technical colleges and in early childhood education centres, industry trainers, curriculum developers and educational managers from a range of public, private and church organisations have enrolled in the APTC Certificate IV in Training and Assessment (TAA4) in order to upgrade their pedagogical capabilities, while industry and institutional trainers have enrolled in various APTC programs to upgrade their technical competence;

- APTC training, as well as informal relationships and exchanges between APTC trainers and local trainers is having a positive demonstration effect on the behaviour of students, local trainers and training partners by showing how flexible competency-based approaches to teaching and learning, adult learning principles, the management of training and industry liaison can be implemented;
- APTC trainers are providing advice to partners, industry and government organisations, where requested, on matters ranging from curriculum prescriptions in secondary schools to industry placements and business development; and
- Replenishing the pool of skilled local instructors:

Initially we saw it as drawing people out of Fiji but once it was approved we have welcomed the opportunity to twin. We have lost some of our most skilled tradespeople to migration. We developed a group of work-based assessors and more than half of these are now gone...12 TPAF instructors are doing APTC TAA certificate training. APTC is replenishing the loss of local trained instructors from out migration.

Localisation strategies being implemented by the Schools will also, over time, increase the numbers of quality local trainers.

4.3 Performance against AusAID's cross-cutting issues

The gendered division of labour is a feature of many Pacific labour markets. Focusing as it does on a limited range of courses and existing workers, APTC intakes reflect this division to some degree. APTC efforts to compensate for this have been strong, and expansion of the School of Health and Community Services would generate more female participation. Females comprise 30 percent of all course applications, 32 percent of all enrolments (compared with 48 percent in the Australian VET system in 2007), and 49.5 percent of graduates to date. APTC has a *Gender Access and Equality Policy Framework* and its efforts to ensure that overall provision is gender-sensitive and actively promotes gender equality have been consistently strong. Gender equity strategies have been mainstreamed into key result areas and include indicators and means of verification.

The APTC *HIV and AIDS Framework Policy and Strategy 2007 – 2011* provides a good basis for APTC efforts to prevent the spread and minimise the risks from HIV and AIDS, and is being implemented across the APTC.

Gender Advisory Groups and HIV and AIDS Advisory Groups have been established in PNG, Samoa and Vanuatu and regional meetings have been held in Fiji as a way of ensuring cross-APTC consistency in policy implementation. Where they involve external parties such as national or AusAID personnel, they also serve to ensure coordination between the APTC and national policies and initiatives.

An APTC Cross Cutting Policy Work Team has been established to consolidate recommendations from all Country Gender & HIV AIDS Advisory Group meetings and to review the draft APTC Child Protection and Disability Policy/Strategies currently being prepared by the CO with assistance from Schools.

4.4 Value for Money Assessment

An assessment of whether APTC is offering value for money can be done at several levels: procurement of the design and implementation of APTC, costing of regional versus Australia-based delivery of APTC training and cost-benefit analysis of GoA's investment in APTC.

Competitive procurement – The Commonwealth can be confident it has achieved value for money for APTC implementation because it undertook an open tender for all major

services. When compared with typical commercial providers, fees charged by the RTOs are assessed to be favourable and very competitive, and more consistent with a whole of government partner fee than a commercial provider. The contracts for the RTOs are viewed by AusAID Operations and Policy Support Branch (Contracts branch) to offer good value for money.

Comparative costing of APTC courses – The cost of regional delivery of APTC training is approximately \$34,600 per graduate, based on a target output of 3,000 graduates by June 2011 and a net design and implementation budget of \$104.7 million.²⁴ While this per graduate cost is considerably higher than the average \$10,000 – \$15,000 cost per place that the Commonwealth might offer RTOs for Australia-based delivery,²⁵ the operation of the APTC may still represent value for money when account is taken of its green-fields nature and the high fixed cost of APTC's feasibility and design phase, and allowances made for the additional costs of operating a multi-country campus in the South Pacific, with its high attendant travel and professional overheads. A more rigorous comparative costing should be done during year four of the APTC (2010-2011) as part of preparations for the next stage of the APTC.

Cost-benefit analysis – This involves a comparison of the costs of delivering training regionally against the net present value of its benefits to APTC graduates, employers, partner training institutions, the economy and the wider society in all recipient countries. While straightforward in principle, implementing a cost-benefit analysis of APTC poses special challenges especially in PIF countries where there is a paucity of relevant and current labour market data. Many of the important benefits of APTC noted in Sections 4.1 and 4.2 are also not readily monetized or measured. Annex J outlines a cost-benefit analysis framework for APTC and a data collection strategy based on planned tracer studies and employer surveys over the next two years that addresses some of these data and measurement constraints.

Until that cost-benefit analysis is completed, any assessment of value for money will necessarily be based on informed judgement. Several arguments support the proposition that APTC is delivering value for money, including:

- the wage returns to individuals of investments in APTC training;²⁶
- the productivity impacts of training on (private and public sector) firm performance;²⁷
- the indirect benefits that accrue from APTC training and ancillary support to government agencies and national TVET providers;
- APTC's contribution to private sector development;²⁸ and

²⁴ See Annex D. This figure is net of funds allocated for scholarships, donor administration and capital, plant and equipment. The latter costs are typically excluded from costing since AusAID hands over the infrastructure to nominated partner agencies at the conclusion of the activity.

²⁵ 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

²⁶ The wage returns to individuals of investments in APTC training are likely to exceed the 6 percent rate of return found for Australia-based TAFE training (Marks, 2008), possibly as high as 15-20 percent given shortages of skilled workers in the Pacific and empirical evidence on the returns to high-demand technical training in other developing countries (Riboud, Savchenko and Tan, 2007).

²⁷ Empirical evidence globally suggests that the productivity impacts of training on firm performance can be large, especially if worker training is accompanied by the kinds of organisational change identified in our industry consultations (see references cited in ILO, 2008). Because employers and workers are thought to share the productivity gains from training, these returns to the firm may be at least as large as those accruing to workers

²⁸ Private sector development in the Pacific is constrained by many factors, not least of which are severe and persistent skill shortfalls. Voigt-Graf (2007b) notes that many employers surveyed for *Skilling the Pacific*

- the intangible benefits of APTC training to local economies.²⁹

5. Performance against Key Results Areas

5.1 Marketing, Reputation and Image

For APTC clients with direct experience of the APTC, its reputation is positive. Its brand is strongly associated with quality assured, professional, client-responsive, hands-on and work-relevant training. The APTC uniform is a source of pride for students and staff alike and reinforces the “one APTC” brand. APTC is widely referred to as the “post-graduate college for TVET.” These positive associations, especially by industry and students, should form the core of APTC branding.

The review found no existing negative associations with the brand, although the APTC parent (corporate) brand does get confused at times with the individual product and service brands of Box Hill and the Sunshine Coast Institutes of TAFE.

However, beyond the direct client group, brand recognition, awareness and understanding of APTC is surprisingly patchy. Even in some of the CCs, where one might expect a relatively higher level of awareness, the MTR found a number of key stakeholders (including national government officials and AusAID staff) with scant awareness of, or information about, the scope or nature of APTC offerings. Maintaining the APTC brand will require ongoing investment and commitment by the Coordination Office.

Marketing and communications strategies in NCCs are of specific concern. Overall, NCC access to information about the APTC and about course entry assessment (particularly in countries with no Country Coordinator) is significantly less than in the CCs. Marketing in the NCCs appears to be a somewhat hit and miss affair, and appears to be dependent on whether there is a Country Coordinator, on the training, support for and skills of the individual in this role, and on the extent to which trainers and CO staff visit the country. Information to prospective applicants is not systematically available in both urban and rural/provincial areas, community awareness of the existence of the APTC is generally low, and its role is not widely understood in national government or the training community. The right balance between centralised and decentralised marketing and communications strategies has not yet been achieved.

In most PICs radio is the only media with national reach, and it is being used to good effect in Samoa. National radio broadcasters could be used more widely to build the brand, reach employers and encourage suitably qualified applicants.

Marketing and communications strategies for the six NCCs which do not have a Country Coordinator need specific attention and possibly some rationalisation. Given that Palau, FSM and RMI are more aligned to American qualifications and Cook Islands to New Zealand qualifications, choices will have to be made about the level of investment in marketing into those countries as the returns in terms of applicants is likely to remain relatively low. One annual marketing visit by the CO and School personnel together should be considered during which applicant testing and scholarship assessment could also be completed.

associated skill shortages with loss of productivity, lower quality products, loss of markets and limited growth potential.

²⁹ The indirect benefits of APTC training for government staff and local TVET providers include improved curricula and service delivery in community services, early childhood education, and corrections, and more effective training in local TVET institutions.

APTC has now engaged a professional marketing firm to assist in its branding, marketing and communications strategy. This should result in clearer brand definition which will provide a communications and marketing vehicle for APTC products and services as they evolve. This should also lead to more rigorous market segmentation and more proactive marketing strategies in all PIF countries, especially NCCs. APTC marketing strategies cannot rely on web-based communications.³⁰

A word of caution is needed about any future marketing and communications strategy. It needs to be more strategic but also to be seen as modest. As national providers struggle to find the funds for power and telephone, any perception that APTC is spending money on non-essentials (such as expensive corporate gifts) will not be well received.

Recommendation 1.

That under the leadership of the APTC General Manager, the APTC marketing and communications strategy should:

- a) sharpen and strengthen the APTC brand to guide client choice and build lasting relationships with them;
- b) segment the client market and identify practical strategies to reach those different markets;
- c) ensure that communication strategies for APTC engagement with key national government agencies are developed and followed, and that AusAID Posts are involved in developing and where appropriate implementing those strategies;
- d) ensure that access to information about APTC courses is available to prospective students and industry in all Forum countries on an equitable basis;
- e) achieve a higher level of coordination between marketing by the Coordination Office and marketing by the Schools, especially for visits to non-campus countries; and
- f) be presented to the next meeting of the APTC Advisory Group for feedback.

The name “Australia-Pacific Technical College” is not a registered business name in Australia or in PIF countries. As its brand appeal grows, it is conceivable that a private organisation may seek to trade under the same name. There were also suggestions from stakeholders that the APTC might, in the long-term be re-badged as the “Pacific International Technical College” as part of a strategy to facilitate shared ownership of the College in the long-term. In the short-term, AusAID should take action urgently to minimise associated risk.

Recommendation 2.

That AusAID takes action immediately to register the APTC name and other likely names in Australia, New Zealand and the nations of the Pacific where the APTC operates.

5.2 Partnerships

Partnerships between the APTC and its four industry training partners are strong, and the benefits are shared. The benefits to APTC are reduced capital expenditure by using

³⁰ Only 2 percent of course applicants indicated that they obtained information about the APTC from the APTC website or the internet (Table H, Annex H)

industry facilities, access to industry networks and information, a reliable partner in the absence of suitable institutional partners, access to industry placements for students not in current employment, especially those from NCCs and brand credibility with industry.

Benefits to APTC's industry training partners vary between the private companies involved but include support for the company's corporate and business plans (including localisation and community service strategies), greater public visibility and networking with other APTC contacts in industry and government, informal learning from working with APTC, savings from having workers trained in-house and access to shared equipment and facilities upgraded by APTC. The co-location with APTC also facilitates fast-tracking the training of partner staff when temporary skill shortages arise. The lease income from APTC use of their training facilities has assisted some of the partners to achieve more intensive use of their facilities and helped upgrade training plant and equipment.

Time and time again industry training partners and other industry partners were effusive in their praise of the concept and operations of the APTC and their partnership with it. Comments along the following lines were common: *This is a great intervention and it is working. It is one of the greatest interventions by Australia (PNG); APTC is doing an absolutely outstanding job (Vanuatu); APTC is supporting the strategic development of our Department (Fiji); With APTC ...a life force has been released (Fiji); We are still excited to be part of APTC (PNG).* Interestingly, one employer in Fiji commented that one of the reasons why his company was keen to partner with APTC was because ...*APTC is a neutral body politically.*

Partnerships with the five national training institutions, all of which are public institutions, are more complicated. On the one hand, these institutional partners despite initial misgivings have welcomed a partnership with the APTC, identifying the benefits to them of improved learning and working pathways for their students, professional development of their trainers, upgrading institutional facilities and equipment, closer liaison with industry, learning about competency-based and industry-responsive training through demonstration, and increasing community awareness and credibility of TVET which has translated for some into increased enrolments.

On the other hand, the presence of the APTC has served to highlight the shortcomings of some of the local institutional partners in terms of their facilities, equipment, trainer skills, teaching and learning resources and recurrent funds. Understandably, this has led some of them to question why Australia is willing to put so many resources into the APTC but not support local provision in terms of both funding (capital and recurrent) and local capacity development so that the acknowledged gap between local provision and APTC-standard provision can be progressively closed.³¹ This is leading in some instances to emerging resentment of the APTC. One large national training provider not partnering with the APTC urged it to...*start pouring concrete and providing machinery and equipment for local provision.*

The APTC cannot operate without robust partnerships, and these partnerships need constant nurturing not only by APTC trainers but by APTC managers. In the initial rush to get the APTC established, not all APTC in-country managers have been sufficiently sensitive to the situation and feelings of their institutional training partners, which were reflected to the MTR in comments such as:

³¹ Such concerns were expressed in relation to Port Moresby Technical College, National University of Samoa – Institute of Technology, and Vanuatu Institute of Technology.

Lack of resources in (institution) for consumables is a constant constraint and leads to comparisons. The difference is in your face. While (institution) has been helped the comparisons with APTC are obvious;

We are a laughing stock. Our buildings are rotten and run-down. APTC with all its modern building and equipment makes us look bad. We ... need our people to be upgraded so they can talk to Australian counterparts as equals.

Neither the APTC nor Australia can resolve chronic under-funding of their training partners by national governments or supplant national responsibilities. However, more needs to be done by APTC managers to ensure that the benefits of the partnership are seen and felt to accrue to both parties. Institutional partners do not feel they are getting enough out of the partnership. Offers by APTC of professional advice in areas such as industry liaison, industry placements, assessment validation and managing consumables would appear to be welcome.

APTC managers also need to do more to keep their industry training partners informed of future plans, scheduled intakes and changes that affect the partners' operations. Formal partnership meetings should be held regularly to ensure the partnership remains on track and that any issues of concern are addressed early. The monthly meetings between SACEM and the National University of Samoa – Institute of Technology provide a good model for how the partnerships can be nurtured for mutual benefit.

Relationships with local training regulators are not yet as strong as they need to be. While the APTC has sought to comply with national training regulations, communication with the regulators has not always been timely. The APTC needs to make a stronger effort to ensure that national training regulators are regularly consulted and any compliance issues are identified and discussed in person.

5.3 Teaching and Learning

APTC trainers are widely respected by their clients for their technical expertise, teaching capability, professionalism, and their ability to build positive relationships with students and industry. They are widely seen as “going the extra mile” to meet the needs of their students and their industries. The EOC survey indicates high levels of student satisfaction with course content and delivery. Consultations with teaching staff revealed high levels of job satisfaction, commitment to APTC values and a wide appreciation of their role as guardians of Australian standards. Overall, the MTR is confident that teaching and learning standards are being maintained across the APTC.

Against this generally very positive assessment, four quality issues emerged during the review.

The first is assessment moderation and validation. At start-up, many APTC trainers were drawn from the current or recently retired staff of the two RTOs. However, as at 30 March 2009 there were 51 full-time equivalent (FTE) teaching staff, many of whom are now being drawn from a wider pool including industry trainers and private RTOs. This staff diversity has many benefits and is likely to increase as APTC grows and staff turnover takes its natural course. Moderation and validation of APTC assessments (including Recognition of Prior Learning - RPL) will become increasingly important for ensuring and enhancing cross-campus comparability of assessment, quality of assessment; and adherence to the RTO (and Australian Quality Training Framework - AQTF) standards. More attention needs to be given to this area by each of the Schools, and especially the School of Tourism and Hospitality.

The second is support for English language, literacy and numeracy. The average ELLN test scores by applicants to the APTC vary widely between countries, with applicants

from Kiribati and Vanuatu scoring lower for both SACEM and STH and SHCS, (Table I - Annex H). A total of 13 percent of all applications were rejected because they failed the ELLN test, (Table K - Annex H). During the consultations with students, the MTR formed the view that more ELLN support on-course is needed, particularly for more mature workers who may not have reached the higher levels of formal secondary education.

Recommendation 3.

That each RTO:

- a) reviews and strengthens its systems for moderation and validation of APTC assessments (including Recognition of Prior Learning), and ensures that all teaching staff have adequate guidance to enhance the validity and reliability of assessments; and
- b) reviews the current levels of English language, literacy and numeracy support available to APTC students to identify where it may need to be strengthened.

The third is quality assurance. The review does not have any significant concerns about the current quality of APTC provision, although it was not conducting an audit of the RTO systems. However, as the College grows, so too will the risks associated with multi-country and multi-campus delivery, especially as pressure to achieve graduate targets by June 2011 accelerates. It would be a wise risk-management strategy for AusAID to consider inviting the State Training Authorities of Victoria (the registering body for Box Hill) and Queensland (the registering body for Sunshine Coast) to conduct a joint monitoring audit of the RTOs performance against the *AQTF 2007 Essential Standards for Registration*. This would also provide AusAID with guidance in planning for APTC Stage 2 from July 2011.

Recommendation 4.

That AusAID discuss with the Victorian Registration and Qualifications Authority and the Queensland Department of Education and Training (Training Quality and Regulation Division) the concept of their conducting a joint monitoring audit of the RTOs in the second half of 2010.

Finally, concerns were expressed about the adequacy of facilities which caused difficulties to students and scheduling problems for the APTC and its training partners. This appears to be a particular problem for STH in Fiji. EOC survey results indicate that 42 percent of completing students wanted to see improvements in facilities, and 17 percent wanted to see improvements in computer facilities. Student satisfaction levels for class facilities for Commercial Cookery, Hospitality Operations, Hospitality Supervision, and Refrigeration are below the APTC target of 80 percent. APTC will need to expand its range of partners or fund new or upgraded class facilities, and strategies for doing this should be discussed with AusAID.

5.4 Scholarship and Student Management

5.4.1 Uptake

Access to the APTC has been facilitated through its Scholarship Program. Over 1,193 scholarships have been awarded, providing financial and tuition fee support to 58 percent of enrolments, many of whom would not otherwise have been able to afford to train at the

APTC. A significant proportion of awardees are unemployed and many of those in employment are working on minimum wages in their sector. There is strong demand for the scholarships, with over 3,598 applications received to date. Not unexpectedly, demand has been highest from the CCs, representing 73 percent of the scholarships awarded. Demand from some NCCs particularly the Solomon Islands, Tonga, Kiribati, and Nauru has also been strong. However, limited scholarship applications have been received from FSM, Marshall Islands, Palau and the Cook Islands. This lack of demand is likely to be due to alternative opportunities for sponsored training, particularly in New Zealand or America.

5.4.2 Contribution to access and equity

Access to scholarship funding is critical to NCC students who have a higher cost of having to train overseas and typically do not have access to the same level of employer funded support as CC students. Over 85 percent of NCC enrolled students are on a scholarship compared to 51 percent of CC students. APTC scholarship policies and award benefits positively favour students from the NCCs. However, actual scholarship awards do not appear to be preferentially allocated to NCCs. Excluding PNG, the CCs have had 56 scholarships awarded per 100,000 population, significantly higher than that of the NCCs (41 scholarships per 100,000 population).

Of the scholarships awarded to date, 48 percent are for training at SACEM, 42 percent for the STH and only 9 percent for the more recently established SHCS. There are significant differences by country in the demand for training at the three Schools. Over 65 percent of scholarships have been awarded for just six courses – Hospitality Operations, Children's Services, Commercial Cookery, Systems Electrician, Automotive Mechanical Technology and Tourism Operations. Despite scholarship advertisement and selection to promote gender equity, only 35 percent of scholarships were awarded to female students. Many of the current course offerings are in non-traditional areas of female employment in the Pacific. This has resulted in female participation rates of only 3 percent in SACEM, compared to 54 percent in the STH and 99 percent in the SHCS. This gender imbalance has been accentuated, particularly in the small island states (SIS), by the initial APTC focus on existing worker training. To redress this balance, the RTOs are now scheduling courses for new entrants, as well as some customised courses specifically for females.

Demand for APTC scholarships varies significantly by country, course and gender, reflecting factors including course availability, gender-based demand for the courses and differences in the number of applicants that meet the technical skills and English language and numeracy course entry requirements. It is also recognised that RTOs have needed to fill course places within short time periods and have contractual accountability for achieving graduate (and not scholarship offer) targets. These factors may work against the offer of scholarships to NCC students, who also need higher levels of resource investment in terms of assessment, travel, accommodation and pastoral care than do scholarship or fee-paying CC applicants. Access and the sustainability of the NCC pipeline of students for the APTC will be at risk unless actions are undertaken to mitigate the known constraints.

Recommendation 5.

That the APTC, in order to improve access from non-campus countries and other marginalised groups:

- a) implement a more structured process for attracting and making award offers to scholarship applicants;

- b) clearly separate the Coordination Office scholarship awardee selection function from the School functions of marketing, application assessment and enrolment;
- c) allocate a small pool of scholarships for non-campus country applicants to undertake Certificate II courses at local TVET institutions or APTC partner training institutes; and
- d) undertake a feasibility study as to what English language, literacy and gap training should be provided to technically qualified applicants from small island states who do not meet the ELLN course entry requirements.

5.4.3 Management processes and responsibilities

Overall scholarship administration has been satisfactorily coordinated, with minimal gaps and duplication considering the rapid start-up of the APTC and the complexities of its regional operations. There is evidence of significant coordination and collaboration between the RTOs (responsible for student recruitment, assessment and on-award management) and the CO (responsible for scholarship selection and offers). Awardee pastoral care has been pro-actively and professionally managed. However clarification on Country Coordinator roles, improved induction and training, and consistent use of NCC support services and local advice by the APTC Schools appears to be needed. Improvements could also be made to pre-award processing which has resulted in delays in mobilising awardees and has caused difficulties for APTC staff, awardees and their families/employers.

Whilst consistency and parity with the processes and policies for the Australian Development Scholarships (ADS) and Australian Regional Development Scholarships (ARDS) was a starting point for the design of APTC scholarship processes and policies, the very different objectives of the APTC and the delivery modes (as detailed in SA Section 5.2) meant that considerable divergence was required in order to achieve APTC outcomes. Since design, the APTC SMT has also approved some further changes to scholarship policies (e.g. the selection committee process and the stipend levels). However, some discussion/liaison between AusAID's Regional Scholarship Officer, AusAID's Program Manager for the APTC and the Coordination Office may prove fruitful in identifying areas where the ADS/ARDS experience in pre and on-award management may be helpful or enhance APTC delivery.

In addition to general media publicity, the RTOs have used a de-facto "profiling" approach, where they have directly contacted organisations employing persons likely to meet the technical skills for entry to the APTC. Whilst this recruitment approach has considerable merit and efficiencies, there needs to be safeguards in its possible extension to scholarship selection. As APTC training benefits both individuals and their organisations, unless scholarship access is publicised and made available to all individuals with the same target profile, the APTC could be exposed to perceptions that scholarship selection is not managed in a fair manner. There is a need to clearly separate recruitment/employer support activities from scholarship selection.

Recommendation 6.

That the APTC, in order to improve overall efficiency and effectiveness:

- a) develop a combined application and scholarship form and only require complete certified documentation after an applicant has been assessed as meeting course entry criteria;
- b) develop APTC specific pre-departure briefing materials, taking advantage of ARDS resources where possible;

- c) clarify the role of the Country Coordinators and improve their induction and training;
- d) coordinate all student travel through a specialist Travel Officer in the Coordination Office funded through cost-sharing between the three contractors;
- e) develop an active alumni association; and
- f) make improvements to the APTC student data base (Blue) (see Recommendation 11).

Due to the slower than expected commencement of courses and the offer/mobilisation of scholarships, as at 31 March 2009, the CO and Box Hill Institute had expended 68 percent and 70 percent of their scholarships budget, whereas Sunshine Coast IT had only expended 30 percent. RTO estimates of committed expenditure would however seem to indicate that, overall, the APTC is on track to utilise the scholarship budget over this first four years of operation.

However, the RTOs should be asked to urgently review their committed expenditure forecasts so that the numbers of Full and Partial awards that can still be offered in the two years of the program remaining are more accurately established. To guide the recruitment of students and the award of scholarships, there is an urgent need for the target distribution of remaining scholarships to be reviewed. Distribution of scholarships by School/country should realistically reflect the pipeline of applicants qualified to enter the APTC and attempt to redress imbalances in award offers to date (to the SIS and female applicants), whilst recognising any course/accommodation scheduling constraints. The issue of how to market courses in countries where there have been an “over-award” of scholarships compared to original indicative allocations also needs to be addressed urgently.

Recommendation 7.

That the APTC, as a matter of urgency, ensure the appropriate award of scholarships against the finite budget by:

- a) refining estimates of average scholarship costs by Pacific Island Forum country/courses and use these estimates to review the indicative scholarship allocation between PIF countries and Schools over the four year program as per a completed Scholarships Strategy;
- b) reviewing the Schools’ committed scholarship expenditure forecasts in order to accurately establish the number of Full and Partial Awards that can still be offered within the remaining budget; and
- c) agreeing the targeting of scholarships over the next two years to reflect this budget and to redress any imbalances in scholarship allocations to date.

5.5 Management and Governance

The APTC was required to establish itself quickly, and adopted an innovative and flexible approach to implementation which permits continuous improvement. It currently operates in four dimensions:

- 5 Schools offering 21 distinct qualifications
- 14 countries, including 4 campus countries
- 9 training partners

- 3 contractors responsible for delivering APTC services.

The APTC therefore presents very complex coordination challenges, and is demanding of resources and management capacities at the campus, national and regional levels.

The MTR has been impressed by the professionalism and collaborative approaches that the three APTC contractors have brought to the APTC management at country and regional level. With growing experience in implementation, they are now beginning to identify a range of areas where management arrangements could be streamlined. There is a growing level of maturity in resolving differences of opinion and a shared wish to avoid placing AusAID in the role of referee. In this sense, the contractors generally play the role of partners with AusAID and with each other in making the APTC successful.

While there is considerable room for improvement in management and coordination in the second half of the current implementation period, this should not detract from the significant achievements of the first 20 months.

5.5.1 APTC lines of business

There has been some confusion, including within AusAID, as to whether the APTC is or should be in the business of revenue generation. The current contracts explicitly permit APTC (through the two RTOs and the CO contractor) to operate commercially by generating fee for service income (see Annex C, Attachment 1). Indeed, the APTC's Performance Assessment Framework (PAF) specifies that the APTC will reduce its dependence on AusAID funds over time. The MTR strongly supports this direction not only to increase the sustainability of APTC but as a way of APTC remaining relevant to the needs of the marketplace.

However, the way in which such fee for service income should be treated remains unclear. APTC's lines of business need to be more clearly delineated. The MTR sees two lines of APTC business for the short to medium-term, each of which should be accounted for separately.

- **Core-Funded Training.** This line of business comprises the full-qualification training at Australian Certificate III and above that is currently fully funded (i.e. 'purchased') by AusAID under its contracts with the RTOs for APTC. If AusAID chooses in the future to fully fund (or purchase) the provision of additional APTC qualifications under its APTC contracts, these would be added to this core-funded training line of business.
- **Fee for Service Training Services.** This line of business would operate on a full cost recovery basis (including the cost of capital) and in response to demand from a range of potential customers.
 - Individual firms or business associations. Industry has expressed demand for training in areas such as installation and maintenance of air conditioning for electricians, hydraulics and pneumatics, business communication/ report writing, workplace supervision etc. As the demand for skills grows in PNG arising from the Liquefied Natural Gas project, so too are approaches to APTC by firms associated with it. The extent to which industry would be willing to pay the full costs of such training would need to be tested.
 - Government agencies in PIF countries such as Ministries of Education, Labour, Community Services, Tourism and Hospitality or Public Works.
 - Pacific non-government organisations (NGOs). Interest has been expressed in the provision of programs for boards of management of NGOs through the SHCS.
 - Other AusAID programs (regional or bilateral). While not within the scope of the APTC contracts, Sunshine Coast has provided TAA4 training to the Education

Capacity Building Program for PNG and Box Hill has provided similar training to the TVET sector in Kiribati and Tonga's through separate AusAID contracts.

- Other donors or multilateral agencies.

To avoid harm to the emergence of local training markets, the APTC would not respond to demand from individuals.

Under the fee for service line of business, APTC could be contracted to deliver

- Training for either Australian Qualifications Framework (AQF) qualifications or AQF Statements of Attainment that fall within the current scope of the APTC Schools and the individual RTO's scope of registration. This training should be primarily at Certificate III level or above to avoid dilution of the APTC brand. However, where training sought is at a lower level but can be demonstrated as part of a pathway into an APTC qualification, and no local provider is deemed suitable by the purchaser, provision at a lower level should be permitted.
- Training-related services on a fee for service basis, including training needs analysis for firms and agencies, workforce development strategies and skills assessment services, although this service would need to evolve cautiously.

The business rules associated with this commercial activity need to be clearly specified, to ensure that all income from such fee for service activity is reflected within the APTC accounts, that income is fairly and transparently apportioned between the APTC and the RTOs, and to avoid any perception that the APTC is a vehicle for progressing the business interests of individual RTOs or in competition with local providers.

The MTR does not believe that the production of the APTC business development policy and procedures is likely to require a contract variation as it is already reflected in Item 5.7 of the PAF, but could if thought necessary.

Recommendation 8.

That AusAID task the APTC Senior Management Team (SMT) to prepare a draft business development policy and associated operating protocols for the conduct of fee for service training by the APTC for AusAID consideration. In doing so, the SMT proposal should consider that:

- a) APTC fee for service activities must not detract from core-funded training, and any increase of fee-paying students should not be at the expense of non-campus country and scholarship student access;
- b) APTC fee for service activities should not compete unfairly with commercial activities of national or regional training providers or private sector providers, and should be offered to external parties only on a full cost recovery basis (including the cost of capital), and to AusAID bilateral or regional programs at a rate that takes into account existing AusAID funding for capital and the organisational infrastructure of the APTC.
- c) Only APTC RTOs may bid for fee for service activities, and only on behalf of the APTC;
- d) APTC may bid for fee for service activities in partnership with other Australian RTOs;
- e) All proposals for fee for service activities must be approved in advance by the SMT, and any bid or contract over an amount to be specified by AusAID should also be approved in advance by AusAID Suva;
- f) All fee for service activities must include an allocation of a proportion of the profit to APTC;

- g) All revenue allocated for the APTC from APTC fee for service activities should be placed in a special purpose account held by the Coordination Office. This revenue is to be utilised for implementation of the APTC. Where the utilisation of these funds is proposed for purposes outside of agreed guidance, the Coordination Office is to seek prior AusAID approval before the revenue is expended; and
- h) All enrolments and graduations from fee for service activities should be recorded in the APTC Student data base (Blue) but separately identified from the core-funded training.

AusAID Suva should provide the APTC Advisory Group, the AusAID Contracts Group, and AusAID Posts in the Pacific with the opportunity to comment on the draft APTC business development policy, and when finalised, ensure they are aware of the approved policy.

5.5.2 In-country management and communication

Considerable management and administrative resources were applied to ensure success in the start up of the APTC and this has proved a wise strategy. As the basic in-country and Australia-based management systems are now established, it is timely to consider possible improvements to the efficiency and effectiveness of such systems.

APTC now has a full-time equivalent staff of 117.2. Of these, 35.8 are locally engaged staff, 63 are international staff based in the four campus countries and 18.4 are based in Australia, (Table V - Annex H). 56.5 percent of all APTC staff are administrative staff, of whom 51 percent (33.8) are locally engaged staff, (Table U - Annex H). The overall level of administrative staff seems relatively high, although the complexities of multi-country training management combined with scholarship management and application processing does require a very strong administrative backbone.

However there does seem to be scope for re-thinking management at country level and moving towards an APTC rather than a School-based approach to in-country management. In Samoa in particular, the MTR believes that there is some administrative duplication and overlap. In-country management would be improved if one person was appointed as the APTC Country Manager, enhancing the “one APTC” brand, providing a single point of contact for its partnership with NUS-IOT, for Government of Samoa agencies (such as the Samoa Qualifications Authority) and for AusAID. The Schools would retain their direct role in industry liaison and training delivery, and the CO would retain its core role in scholarships and marketing. Such a rationalisation of staffing is timely as the two Schools and the CO will soon share accommodation. Any savings that may be made from such a rationalisation could be redirected to other priorities within either the Schools or the Coordination Office, with AusAID approval.

The problem of administrative duplication and the need for better in-country communication was most evident in Samoa, and the MTR does not propose changes at this stage to in-country management in other countries. However, as APTC grows, the SMT should consider some rationalisation and the introduction of a similar unitary approach to in-country management.

Recommendation 9.

That the Senior Management Team review APTC staffing levels and responsibilities in Samoa for the purpose of reducing any administrative duplication, and consider the merits of appointing a single Samoa Country Manager to enhance the “one

APTC” brand and improve communication with training partners and government stakeholders.

5.5.3 *Role of the Coordination Office and the APTC General Manager*

The APTC management structure is based on a devolved collaborative model requiring high levels of cooperation and negotiation between the five Schools and the CO, each with clearly defined authorities and powers. It is not an easy model to implement, and without a traditional organisational hierarchy, some confusion is inevitable.

The initial design of APTC provided for a Chief Executive Officer (CEO) to be engaged directly by AusAID. In December 2006, AusAID called for tenders for the role of CEO, and an appointment was made in May 2007. In April 2008, the position of CEO was merged with the position of General Manager (GM), and the APTC GM was engaged through SKM. In this process, some of the functions of the CEO and of the GM (Corporate) – as envisaged in the design – were combined. This merger and the resultant GM role is a source of ongoing debate within and amongst the three contractors and, on occasions, a source of some tensions.

The GM has ultimate responsibility for managing the performance of the CO and its core functions of (a) managing the implementation of the APTC Scholarship Program (with support from RTOs) (b) managing the APTC-wide marketing program (c) managing the monitoring of APTC performance through the establishment of a Management Information System (MIS) and implementation of the PAF to meet AusAID reporting requirements (with support from RTOs) (e) coordinating discussion between AusAID, the CO and RTOs on the strategic and longer-term operation of the APTC (f) coordinating and promoting consistency of planning, management, implementation and reporting processes between the Schools and the CO, with a view to developing a common work planning process across all contractors (g) providing secretariat services to the SMT and to the APTC Advisory Group, and (h) managing the human and financial resources of the CO.

None of these responsibilities appear to duplicate or compete with the responsibilities of the RTOs and all reinforce the core role of the CO in providing logistical and coordination support for College governance and to the APTC Schools.

However, the representational role of the GM is a matter of some debate. The role of the CEO included “representing and positioning the College with stakeholders and clients”, and the role of the GM includes “*in consultation with AusAID, represent the APTC as appropriate to key stakeholders in the Pacific region*”.

This is being interpreted by some as a broad strategic and outwardly focused role requiring regional travel, and at odds with the operational responsibilities of the GM. Thus there has been a suggestion that an additional position akin to a Senior Office Manager be created in the CO to allow the GM to fulfil a wider representational role.

The administrative load on the CO is significant and seems greater than anticipated at design. The Scholarship Program and the APTC Management Information System have both proved more complex and time-consuming than originally envisaged and require closer attention. Of the 16.8 FTE staff of the Coordination Office, all but three are locally engaged and this localisation strategy needs to be accompanied by day to day support and mentoring. The appointment of a Travel Officer to the CO (as proposed in Recommendation 5) will add to the administrative load. The MTR believes there is a case, at least in the short-term (say 12 months) for a Senior Office Manager to be appointed to the CO to provide day to day management and support the localisation strategy.

At the same time, the representational role of the GM needs to be clarified. The MTR does not see that the GM has a role in representing the APTC to industry or to APTC training partners, nor should he need to attend student graduations as a matter of course. Representing APTC in CCs also overlaps with in-country management and is unnecessary if the representational work of in-country management is lifted.

The MTR sees there is only one representational role that the GM should focus on in the next two years and that is representing APTC in non-campus countries and taking a leadership role (with the RTOs) in ensuring they have equitable access to APTC services. This would only include industry liaison where RTOs have agreed to cede this responsibility to the GM.

This role, together with managing APTC strategic planning and performance reporting and oversight of core APTC systems nevertheless requires additional support that would be provided by a Senior Office Manager.

Recommendation 10.

That AusAID consider:

- a) allocating additional funds for a period of 12 months for the appointment of a Senior Office Manager to the Coordination Office to support and mentor office staff and ensure the consolidation of Coordination Office systems; and
- b) amending the Terms of Reference for the General Manager as suggested in this report to make clear the nature and boundaries of his representational role.

5.5.4 Monitoring and evaluation, and the APTC Data Base

The PAF provides a sound basis for monitoring the performance of the APTC, and performance against it is closely monitored by AusAID Suva and by individual contractors. No changes to the PAF for this stage are proposed.

Data management and quality is a key issue for APTC application and scholarships processing and for monitoring and evaluation (M&E) more broadly. Whilst the RTOs have separate management information systems for their own School enrolment data,³² they are whole-of-Institute systems and are not able to be readily modified to capture APTC-specific data. The development in 2008 of the APTC student data management system, Blue, has been an important milestone in the management of the APTC, although there is still some scholarship administration and reporting that is done on spreadsheets outside of Blue. 'Blue' is a multi-user, multi-country data base and contains extensive application data, some assessment and scholarship offer data, and enrolment and student progress/completion data uploaded from the RTO systems. However the quality and comprehensiveness of Blue data (in particular assessment and award offer data as well as issues of duplicate and incomplete applications) needs routine ongoing attention.

Utilisation of Blue is restricted in some countries (PNG especially) by slow and unreliable internet bandwidth connections which delays data-entry and processing. It is therefore important that efforts are made to reduce the entry of non-essential data.³³ To save time and misplaced documents, there would be merit in using a simple document management system for indexing, searching and cross-referencing APTC documents.

APTC M&E is guided by the PAF which has informed the collection of data and reporting on applicant and scholarship management. Summary analysis of application,

³² ISAS at Sunshine Coast IT and SMART at Box Hill Institute

³³ It can take 30 minutes to upload a scanned document to Australia where all documents are centrally stored.

enrolment and scholarship data by citizenship, gender and School are provided in regular reports using data from Blue. However, these information resources are currently inadequately analysed and strategically linked.

Over time, post-award End of Course Surveys (EOC), Tracer Surveys, and Employer Surveys will complement the pre and on-award scholarships data. Minor modifications to draft survey instruments for planned graduate tracer studies and employer surveys can position APTC to respond to likely future AusAID need for a more rigorous cost-benefit analysis of the APTC initiative as outlined in Annex J. Four main modifications to the surveys are suggested:

- The tracer survey should ask graduates to estimate their monthly income levels (in local currency) if currently employed. Incomes of APTC graduates should be compared to those of a comparison group of individuals with similar attributes who did not participate in APTC training. A comparison group could be drawn from the pool of qualified but unsuccessful applicants for APTC scholarships and administered a modified tracer survey without the APTC-specific questions. Differences in incomes between the two groups would provide an estimate of the net impact of APTC training on incomes.
- Tracer studies should go beyond questions on the professional and personal development of graduates to get measures of potentially important external benefits to others from the new skills and knowledge provided by APTC training. Graduates, if currently employed, could be asked whether they contributed to (a) formal or informal training for colleagues and co-workers in their current organisation, and (b) introduction of new and more efficient workplace practices to replace traditional ways used by their organisation.
- Employer surveys should elicit information on the relative productivity of individual APTC graduates and their sharing of the benefits of training with other workers and the organisation. First, employers should be asked to estimate the productivity difference (in percentage terms) between individual APTC graduates and similar workers that did not attend APTC training. Second, like the tracer studies, employers should be asked about whether graduates have provided training to co-workers or introduced new workplace practices, and the number of workers that have benefited from such activities.
- The employer survey should also include a limited set of questions on the organisation's current and future wage structure for graduates and non-APTC workers. Employers would be asked to (a) report the current average (monthly) incomes of graduates and a comparable group of non-APTC workers, and (b) estimate the future incomes of both groups (say) five years from now, accounting for the possibility of differential promotion speed over this time period. A comparisons of relative productivity and relative wages should provide insights into how the productivity benefits of APTC training are shared by graduates and the employer.

The data accumulated over the next two years by the revised tracer studies and employer surveys would be used for cost-benefit analysis as part of AusAID's value-for-money assessment of APTC in year 4 (2010-2011).

Recommendation 11.

That the APTC Senior Management Team takes the following actions to improve the APTC data management system to support application and scholarship processing and monitoring and evaluation:

- a) secure funding for the continued development and maintenance of Blue beyond June 2009;³⁴
- b) undertake data cleansing on current Blue data and resource ongoing routine maintenance;
- c) collect employer data for analysing labour market demand and training impact;
- d) ensure Blue field values are consistent with those in AVETMISS;
- e) review the amount of application data that needs to be keyed into Blue;
- f) review Blue to increase its functionality to track scholarship applications through the pre-award processes, enable bulk processing at various scholarship phases, and to be more seamlessly integration with RTO enrolment data;
- g) purchase additional software licenses to increase management and reporting access for APTC managers, especially in light of future growth of APTC;
- h) undertake a technical assessment to determine whether, for scalability and performance, the Access database should be migrated to SQL Server;
- i) provide training for all Blue users to increase data utilisation; and
- j) make modifications to draft survey instruments for planned graduate tracer studies and employer surveys as suggested in this report to position the APTC to respond better to likely future AusAID need for a more rigorous cost-benefit analysis of the APTC initiative.

5.5.5 Senior Management Team

The APTC Senior Management Team (SMT) needs to consolidate its role as the senior executive team for the APTC, adopt a more strategic and forward looking stance, and differentiate itself more clearly from the day to day operational decisions of managers and work-teams. The membership of the SMT should comprise representatives of the three contractors who are able to act with the authority of their organisations and make decisions about corporate policies and strategic directions. The system of thematic work-teams including the new Cross-Cutting work-team appears to be effective, and should continue as a primary vehicle for ensuring APTC operational consistency.

5.5.6 APTC Advisory Group

The APTC Advisory Group comprises senior and committed people from the Pacific region who are all very keen to make a personal and collective contribution to the success of the APTC and to bring to the APTC their experience, knowledge and networks. Each member has contributed to in-country advocacy and support through graduation ceremonies and related in-country activities. This role should continue and be strengthened through the provision of information and regular communication with the General Manager and the Country Manager/s.

In the start-up phase, considerable energy has been devoted to establishing the Advisory Group, scoping its mandate, and providing it with progress reports through contractor presentations and papers. While necessary, this has meant that its full value has not yet been realised. Unless the Advisory Group members feel they have a more meaningful role in advising AusAID on matters of substance, it is likely that their commitment will decline over time and important opportunities for receiving their considered advice (and support) reduced.

The MTR accepts that the role of the Advisory Group is an advisory not a governing one, and considers that this should continue in the short-term to June 2011. However, advising

³⁴ This database was not in the original AusAID contract and its costs are currently shared between the MCs

on the development of the APTC Annual Business Plan would provide a clear and meaningful focus for the Advisory Group, especially as the SMT is looking to present a single APTC Annual Plan in the future rather than one from each of the three contractors (a decision strongly supported by the MTR). Two Advisory Group meetings a year, each of two days, scheduled a year ahead of time, could focus primarily on (a) identifying the national, regional and international factors that should and will shape APTC provision in the coming year, and (b) reviewing and providing advice on a draft Annual Business Plan produced subsequently. Not only would this bring to APTC planning Pacific-wide insights and expertise, it would engender a stronger sense of shared ownership by the Advisory Group which would position the APTC well for the medium and longer term. Presenting the Advisory Group agenda and papers in a more board-oriented format would also be helpful.

Recommendation 12.

That AusAID consider strengthening the strategic contribution of the APTC Advisory Group by focusing its role on:

- a) identifying the national, regional and international factors that should and will shape APTC provision in the coming years;
- b) reviewing and providing advice on a draft APTC Annual Business Plan produced subsequently;
- c) reviewing and providing advice on APTC progress against the APTC Annual Business Plan and the Performance Assessment Framework; and
- d) reviewing and providing advice on APTC's marketing and communication strategy.

5.5.7 Implications for AusAID management of APTC

AusAID has established good open relationships with the three contractors and has generally fostered a partnership approach.

Now that the basic framework for APTC operations has been established, and AusAID has a level of confidence in the contractors, it may be time for AusAID Suva to rethink its role on the SMT. Regular and as-needed communication with contractors individually on contract-specific issues, and with the CO on AusAID policy issues, six-monthly Advisory Group Meetings, monthly data reports, and six-monthly Progress Reports should ensure that AusAID is kept well informed and alerted to any sensitive issues or crises (such as the armed robberies at APTC in Port Moresby Technical College). AusAID's withdrawal from routine attendance at SMT meetings could achieve a clearer distinction between the APTC's management role and AusAID's funding (purchasing) and steering role.

While much of AusAID's focus over the next two years is likely to be on planning for the APTC Stage 2, there are three particular priorities that need earlier attention.

The first is the need for better communication between AusAID Suva and the other Pacific Posts about the APTC and its interface with bilateral skills development activities. Naturally, AusAID Posts are focused on their bilateral relationships and giving effect to the objectives of the Pacific Partnership for Development, but skills development, labour mobility and Pacific regionalism are relevant to all Posts and the APTC needs to be more widely understood as a strategic and operational delivery vehicle for that.³⁵ AusAID

³⁵ An evaluation of World Bank support of multi-country (regional) operations identified the need for more integration of regional dimensions into relevant country assistance strategies to ensure a consistent and

should also task the APTC to provide it with short six-monthly “at a glance” statistical profile of the APTC’s operations in each of the 14 countries served, which AusAID Suva could then convey to individual Posts.

The second is for early engagement by AusAID with other donors to increase opportunities for sharing information about skills development and possibly joint action. The APTC data base, if analysed well, is a good source of information about labour market skills demand and key data items, including student demand, employers and industries served and results from tracer studies and employer surveys should be shared with other donors and multilateral agencies working in the field of skills development.

The third is the need for AusAID to ensure that the APTC is fully aligned with the agency’s forthcoming Pacific education and training strategy. Until that strategy is available the MTR cannot offer practical advice on how this might best be done. What will be essential is positioning APTC as part of that strategy, and addressing the fundamental need to strengthen national provision at Certificate I and II level, not simply to provide a pathway and pipeline into APTC Certificate III, but to generate the maximum benefits for all Forum members from skills development and from regional labour mobility by ensuring there is adequate national capacity to both train and replace migrating labour.

Recommendation 13.

In the remaining life of the current APTC contract, AusAID should:

- a) identify ways that AusAID Posts can be kept informed and updated on the operations and directions of the APTC generally and in each country specifically so that they can, in turn, ensure effective communication with national partners;
- b) consider if and how the APTC could be included in Schedules to the Pacific Partnerships for Developments;
- c) take the lead in ensuring regular dialogue with other donors active in the region to share information and identify potential opportunities for collaboration; and
- d) ensure that the APTC is fully aligned with the agency’s forthcoming Pacific education and training strategy.

5.6 Contracting Arrangements to June 2011 and Financial Implications

Although there are three separate contracts to manage the current APTC, to date this has proven workable for both AusAID and the three contractors.

The responsibilities of the two RTOs are generally clear and well defined, with core responsibilities for planning, delivering, and quality assuring training and the issuance of Australian qualifications. Each RTO brings to the APTC different strengths and skills in areas such as approaches to management, procedures, and business acumen to the APTC and each also brings considerable institutional intellectual property. Their organisational

coherent link between the two, and to deploy regional program support more strategically to complement and reinforce country development goals. World Bank (2007b), p.54

cultures are compatible, they work well together, and both are focused on the success of the APTC as a whole.

The mandate of the Coordination Office is to assist the APTC General Manager and Schools achieve the APTC mission by providing college-wide coordination and services, monitoring and evaluation of the College, management of the APTC Scholarships scheme and a unified College identity and marketing of products. The CO supports and facilitates the delivery of training by the Schools through coordinating College corporate services and College interactions with stakeholders. It assists AusAID management of the APTC by providing a single point of communication with the APTC and coordinates implementation of AusAID policy or guidance to the RTOs. The CO is performing its responsibilities satisfactorily, and has worked hard to balance its coordination and management roles.

Through the Senior Management Team (SMT), there is robust discussion between the three contractors on both policy and implementation issues. Contractor collaboration is seen as a strength and has left a positive impression on the MTR.

The MTR has concluded that current contract arrangements should continue, through to the end of the current contract, except for the minor adjustments proposed in the report.

Recommendation 14.

That the existing contract arrangements should continue, through to the end of the current contract, except for the minor adjustments proposed in this report.

The MTR believes most of its recommendations can be achieved without contract variation and many from within existing resources of the APTC as a whole.

Additional costs would be incurred by:

- Any additional APTC scholarships that might be made available to non-campus countries for Certificate I and II level as per Recommendation 5(c);
- Allocation of additional resources to the Coordination Office for managing and analysing the APTC data base, providing stronger analysis of the data, further data base development, extra licenses and internet improvements as per Recommendations 6 (f), and 11;
- Appointment of a Travel Officer in the Coordination Office as per Recommendation 6 (d); and
- Appointment of an Office Manager to the Coordination Office as per Recommendation 10 (a).

Savings could be achieved by:

- Rationalisation of in-country management arrangements in Samoa (and possibly elsewhere) as per Recommendation 9; and
- Re-allocation of RTO responsibilities for travel administration to the Coordination Office with associated financial transfers agreed between the three contractors and by AusAID, as per Recommendation 6.

PART B – FUTURE DIRECTIONS

There is a strong case for continuation of the APTC beyond June 2011 in support of national and regional economic growth and labour mobility. Its goals and objectives remain highly relevant to the Pacific Plan and Forum Leaders' aspirations for greater regional integration, and will become more so as trade in services and labour mobility issues gather momentum across the region. It is complementing but not duplicating national provision. Over time, the high costs seem likely to yield the necessary offsetting benefits. There is also a strong case for some refocusing and selective expansion of the scope and distribution of APTC programs and campuses in the medium-term. However, any road map for the medium to longer term future of the APTC must provide some clear signposts, and pay close attention to the effective sequencing and management of change.

6. Positioning Strategy

6.1 Manage Expectations

Strong demand-side support for continuation of the APTC was expressed by a wide range of clients and stakeholders.

- Industry is strongly supportive of its continuation and progressive expansion not only because of the direct benefits it brings to firms and the labour market generally, but also because it is seen as developing national capacity more broadly and providing an incentive for people to enter and remain in the trade and technical workforce.
- Current students see the APTC as opening up a study pathway for them for either local promotion or possible migration, and are keen to see follow-on higher level programs on offer after they achieve their first qualification.
- At the more senior levels of partner governments, especially those committed to greater trade liberalisation and regional integration, the small but strategic role played by the APTC is recognised and valued. One senior government official in a campus country commented: "Closure would not be entertained here." Another identified it as a key to the national long-term strategy for replacing foreign labour in the local workforce with skilled national labour.
- Senior Government of Australia officials in Pacific countries (including AusAID) who were consulted are strongly supportive of its continuation and expansion.
- The APTC Advisory Group supports continuation.

On the supply-side, support for continuation from the APTC's institutional training partners, other training providers, Ministries of Education and training regulators was far more mixed. Most expressed their appreciation of the work of the APTC, and many were able to identify direct benefits flowing to their organisation or the nation from it. However many had understood the APTC to be short-term aid project that had been thrust upon them by their own governments (and by Australia) and which would end after 4-5 years as with many other aid projects they had direct experience with. The notion that it might have an ongoing role to play in the Pacific skills development landscape seemed to catch some by surprise.

The reluctance by the education and training "community" to endorse wholeheartedly a continuation of the APTC in its current form appears to rest on two principal arguments.

- Australia/APTC should direct its funding to bilateral support to strengthen the capacity of national training institutions and assist them bridge the gap between national and regional standards by, say, 2015, rather than directly delivering training into the region. Here a strong national drive for self determination and self sufficiency outweighed issues of regional integration and labour mobility.
- Australia/APTC should focus on building the national and regional training architecture of standards, qualifications and quality assurance systems, and on developing the TVET workforce regionally rather than directly delivering training. Here, regional integration and labour mobility should be progressed through policy development rather than direct service delivery.

Both these arguments have merit in that both national capacity development and regional policy architecture to support mutual recognition of qualifications and the free movement of skilled labour are vital elements of a well-functioning Pacific TVET system. However very few members of the training community consulted seemed to be aware of the extent of Australia's current and planned bilateral support for TVET across the Pacific (in Tonga, Samoa, Vanuatu, Tuvalu, Kiribati, Nauru and Fiji) or of its major contribution to the work of the SPBEA to develop a Qualification Register for Pacific Island Forum countries (Annex G). Rather they saw Australia investing in the APTC at the expense of national interests and regional priorities. AusAID's forthcoming Pacific education and training strategy will need to position the APTC more firmly within the wider context of Australian support to training and acknowledge the role of the APTC as a confidence-building initiative for regional integration and regional service provision.

6.2 Keep the APTC tightly focused

Most definitely, the APTC should not try to become all things to all skills development in the Pacific. It should stick to its clear niche – delivering quality assured demand-driven training at Certificate III and above.

Its central focus should remain on upgrading and certifying the skills of those currently in the workforce or those with other post-school qualifications and/or industry experience. This is not duplicating the work of others, is filling a recognised gap in Pacific training, and is providing a powerful incentive along the entire skills supply chain to participate in and improve the quality of vocational training.

6.3 Complement the work of the APTC regionally and bilaterally

There are significant risks associated with continuation of the APTC as a mechanism for delivering “post-graduate” portable vocational qualifications without complementary attention by PIF governments, Australia, and/or other donors to the establishment and replenishment of national skills pools, especially for those PICs most likely to be labour exporting rather than receiving countries. By facilitating labour mobility through portable and internationally recognised APTC qualifications, Australia runs the risk of within 5-10 years leaving national skills pools in PICs worse off than when the APTC started. Appropriate ‘aid-for-trade’ assistance will be essential to accelerate the capacity of the PICs to take advantage of closer integration (e.g. in the labour market).³⁶

Continuation and expansion of the APTC should be contingent on complementary initiatives – bilateral or regional – to boost skills supply at the lower levels through supporting those institutions that are receiving school leavers and trying to meet the needs arising from the youth bulge.

³⁶ Institute for International Trade (2008), p. 26

Australia should consider the APTC as one arm of its regional skills development strategy. Its overall strategy should find a reasonable balance between developing local capacity for service delivery, developing national and regional systemic capacity and delivering services directly through APTC. It is not the role of this MTR to pre-empt AusAID's forthcoming Pacific education and training strategy but four actions by AusAID could help maximise the value and sustainability of the APTC:

- Bilateral strategies which focus on lifting national post-school TVET delivery to the equivalent of Australian (or New Zealand) Certificate II standard or, where there are no national providers, supporting quality providers from other Pacific countries to deliver Certificate I and II training in-country.
- Offering to the APTC's five institutional training partners the opportunity to participate in a confidential, voluntary and non-competitive benchmarking exercise with a small number of comparable Australian RTOs or New Zealand accredited training providers. The indicators and benchmarks would be agreed amongst the benchmarking partners, and comparable with Australian or New Zealand provider registration/accreditation standards, with a focus on management, financial efficiency and teaching quality. This idea emerged in discussions with the Vice-Chancellor and Deputy Vice Chancellor of NUS who saw it as a way of obtaining external and independent advice on the current standards of the NUS-IOT and of guiding IOT strategies for reaching Australian or New Zealand standards.³⁷ Such voluntary benchmarking groups are used in the Australian VET system for continuous improvement, and there are reputable firms who could undertake this on behalf of the benchmarking partners. Over time, the benchmarking group could be expanded to include other national providers who may be interested, such as the Kiribati Institute of Technology or SICHE. National training regulators/qualifications authorities could be involved in the process. Australian assistance for follow-up work by individual institutions could be considered with the clear target of assisting them to reach Australian or New Zealand (or Pacific) standards in specific functional areas.
- Continuing support for a workable system for the mutual recognition of Pacific TVET qualifications. Australia's current and planned support for the Regional Qualifications Register (for educational portability) has been welcomed, and has highlighted the original need identified in the Pacific Plan for a Regional Qualifications Framework (for labour mobility). While the work done to date by SPBEA is impressive, new demands arising from work on the temporary movement of natural persons is stretching SPBEA resources to their limits. A further consideration is the views of some PICs consulted that they do not have the resources to establish their own national qualifications authorities/frameworks, while others commented that they wished to leap-frog regional qualifications and wish to adopt Australian or New Zealand qualifications frameworks directly. It may be timely for AusAID to take stock and think longer term about how this important work should be carried forward and in what time-frames. A regional (or sub-regional) qualifications authority for those countries who do not wish to establish a national one should not be ruled out.
- Strengthening labour market information in modest, realistic and sustainable ways to overcome information asymmetries between demand for and supply of skills. The SPC is working in partnership with the ILO to develop functional national and regional Labour Market Information Systems (LMIS), building on SPC's work with National Statistical Offices on the Pacific Regional Information System. AusAID may wish to initiate discussions with SPC and ILO to explore the need for additional

³⁷ Here they were drawing on their positive experience of the annual international audits of the School of Maritime

Australian assistance for their labour market information initiative. Data from the APTC data base, if analysed well and disseminated widely, could also contribute to the regional stock of information about training demand.

6.4 Offer continuity and predictability with some change

Irrespective of how the Government of Australia chooses to shape the future of the APTC, the MTR strongly urges it to communicate with its PIF partners its in-principle intent to maintain support to the APTC for as long as there is demonstrated demand and the APTC continues to perform and contribute to vocational and technical skills development in the Pacific. (*Is it temporary? Will it destroy local capacity and then disappear? Is it to be a permanent fixture?*) While the MTR recognises that APTC funding decisions are subject to Australian budget provision which cannot be guaranteed, Pacific stakeholders want a much higher degree of certainty and predictability than they have at present. With this message they can then make their own plans for how they might relate to it in the medium to longer term. Should it ever be viewed only as a short-term aid initiative, its potential for regional service provision in the longer term will not be explored.

Although the APTC has indeed contributed to the development of the Pacific skills pool, and to the TVET systems of the Pacific, there is certainly scope for making explicit and enhancing the APTC contribution to national capacity development of TVET through the provision of training for the education and training industry.

While localisation strategies should continue, the reality is that there are not yet enough Pacific trainers with the combination of technical competence, pedagogical skills and work experience to provide a steady supply of Australian-certified trainers to the APTC, and such strategies run the risk of “sucking out” the best trainers from industry and TVET institutions rather than deepening the common pool. It is not clear yet whether the supply of such local trainers will ever be sufficient given the level of out migration of skilled workers.

There is also scope through the APTC Scholarship Program to support non-campus country applicants to undertake Certificate II courses at national TVET institutions or APTC partner training institutes which would strengthen their financial viability and support their regional aspirations (see Recommendation 4). PICs also have the option of achieving a better balance between investments in TVET and in higher education within their own national budgets and scholarship programs.³⁸

6.5 Stay focused on Pacific Regionalism for the Long-term

Pacific regionalism is a touchstone for the APTC and should remain its underlying rationale into the future. By combining regional provision of services with regional market integration, it has the potential to overcome national constraints to the delivery of internationally recognised workforce skills while supporting labour mobility as a key vehicle for promoting sustainable development in PIF countries.

In its analysis of club theory and the principles for successful regionalism, the 2005 ADB-CS study *Toward a New Pacific Regionalism* noted that:

Historically, the strongest association arrangements have been based on the movement of people. It is the movement of people that taps into the pool of

³⁸ The study by the World Bank (2005) to support the development of a National Skills Training Plan for the Solomon Islands notes that “The evidence suggests that there may be a mismatch between the academic subjects for which scholarships are currently being awarded and the more critical occupational needs of both the public and private sectors.”, p.vii

economic benefits provided by a club, often through employment and remittances

In the Pacific (as elsewhere), there will inevitably be a tendency to favor marginalist, incremental approaches. Yet overcoming the inevitable “speed bumps” on the road to intergovernmental cooperation requires strong economic momentum. A political strategy based on the harvest of early practical benefits is essential. Early “wins” will need to be of sufficiently large magnitude to attract interest and serve as the basis of future interventions.³⁹

The MTR believes that APTC is a promising example of a large early “win” for regional service delivery, although it is still very early days. It has attracted keen interest across the Pacific and is opening up new possibilities for collaborative effort across the Pacific.

Recommendation 15.

That Australian support to the APTC continues to Stage 2 of implementation (2011-2015), and that:

- a) the APTC remain focused on delivering demand-driven Australian training and assessment at Certificate III and above for those currently in the workforce or those with other post-school qualifications and/or work experience;
- b) continuation and any expansion of the APTC should be contingent on complementary initiatives – bilateral and/or regional – to boost local skills supply through supporting those institutions that are providing Certificate I and II level training to school leavers;
- c) regional service delivery and regional integration should remain the guiding principles for the future development of the APTC; and
- d) the Government of Australia communicate to its PIF partners its in-principle intent to maintain support to the APTC for as long as there is demonstrated demand and the APTC continues to perform and contribute to vocational and technical skills development in the Pacific.

7. Evolving the APTC Profile

The following changes to the APTC’s course, country and School profile should be considered, taking account of any unexpended APTC funds that may be available for redirection during Stage 1, or additional funds that might become available from fee for service activities or various AusAID sources, including bilateral programs.

7.1 Course Profile

In the medium-term (2011-2015), the course profiles within each School should be determined through a rigorous annual planning process taking account of available budgets, rather than a four-year planning cycle which currently applies. This would heighten the need for APTC to regularly test the nature and extent of demand across the Pacific and would allow it to remain a demand-driven and responsive provider of training.

The APTC course profile currently comprises 21 different courses in 5 industry sectors. The sectors and qualifications/courses were chosen on the basis that they would provide skills in demand in the labour markets of both PICs *and* Australia. Current contractual

³⁹ ADB-CS (2005), p.5

and management arrangements make possible marginal adjustments to this course profile. However there are three more substantial changes needed in the short-term (2009-2011).

7.1.1 Clarify the criteria for selection of APTC courses

The technical coupling of APTC qualifications with qualifications that meet Australian visa requirements for skilled migration was not widely recognised by those consulted, although there is recognition that the courses offered by the APTC represent skills in demand in *both* the Australian labour market and Pacific labour markets.

Australian visa requirements for skilled migration change with labour market developments and are likely to change further in the global economic crisis. The recent removal of some of the APTC building and construction qualifications from the skilled migration visa categories will not and should not lead to the removal of these qualifications from the scope of the APTC. This coupling of the APTC course profile to Australian visa requirements should be removed without fanfare.

The future APTC course profile should be guided primarily by verifiable demand for higher level vocational skills in national, regional or international labour markets.

7.1.2 Formalise and increase the APTC's role in professional development for the Pacific TVET workforce

While the provision of the TAA4 was included in the APTC profile as a localisation strategy, it is having a far wider impact and is in wide demand from industry, community and government trainers as well as education and training supervisors and managers. It should be repositioned as a program offered by the APTC as part of its core-funded training to build the capacity of the TVET workforces of the Pacific. Depending on funds available, a target of 100 additional graduates by June 2011 could be considered, plus associated scholarship funding.

Those who have undertaken the TAA4 made a strong case to the MTR for the APTC offering not only more places (*...for our colleagues*) but also a higher level program for trainers and training managers which would build on the knowledge and skills acquired through the TAA4. Many noted that there were few professional development opportunities available to them, and that in almost all FICs, teacher education is focused on school not adult education and on academic study rather than the theory and practice of TVET. The MTR therefore proposes that APTC's course profile be expanded to include the Diploma of Training and Assessment (TAA50104) to meet the demand from the education and training industry and provide a learning pathway for those who complete the TAA4.

This, together with the TAA4, would provide a small but coherent and focused professional development program for industry trainers and assessors, vocational teachers/lecturers and training managers. When aligned with technical skills development for trainers in other parts of the APTC, the APTC would then be providing another pathway for the development of the Pacific TVET workforce across the public, private and community sectors. It would also be a practical response to claims that the APTC does not contribute to capacity development of TVET.

While current arrangements can be utilised to give effect to this, in the medium-term (2011-2015), consideration could be given to establishing a School of Professional Development specifically targeting the in-service development of the Pacific TVET workforce.

To give effect to this strategy, the two RTOs should develop a proposal for SMT and AusAID consideration on how the Certificate and the Diploma of Training and Assessment could be packaged and presented as an integrated APTC professional

development program rather than as two RTO-specific programs, and how delivery could best be managed.

7.1.3 *Expand the range of qualifications offered by the School of Health and Community Services*

In the initial design phase for the APTC, considerable work was undertaken in relation to the School of Health and Community Services in response to questions about the feasibility of offering training in Enrolled Nursing and the possibility of the APTC offering a pathway to Registered Nursing. Following two appraisals in 2008, AusAID decided that the APTC would proceed with Community Services training but not proceed with nursing education. No health courses are currently offered and this (amongst other factors) has limited the number of female enrolments in the APTC. The School is currently confined to the provision of three courses: Certificate III in Children's Services; Diploma of Children's Services; and Diploma of Community Services Work with a target of only 217 graduates by June 2011.

Training for allied health professionals is currently provided by the Fiji School of Medicine but there is a very limited range of allied health specialist training available in the Pacific. There appears to be considerable scope for training for allied health assistants to support the work of allied health professionals, especially in the sub sectors of dentistry, pharmacy, laundry, therapy, and diet and nutritional services. The SPC in particular argued for an expansion of the APTC training in diet and nutrition to provide articulation pathways for the graduates of their Certificate II programs.

Industry stakeholders have indicated that there is the lack of formal training for workers caring for clients in aged care, disability and mental health facilities and youth specific services. Training for those working with children and adults with disabilities appears to be in particular demand. Local salaries in these sectors have attracted staff with no formal qualifications or who have not had the opportunity to work within good practice frameworks in caring and working with specific clients and their families or developing programs and services to enhance client wellbeing. Additional specialist qualifications in Child Protection and Alcohol and other Drugs may also be in demand.

Formal qualifications for personnel working in Counselling Services may also be relevant. In the Pacific the number of psychologists is minimal and the majority of counselling is provided by church pastors, NGOs and individuals, few of whom appear to have certified counselling qualifications.

While further analysis of demand and feasibility would be needed to prioritise the courses the SHCS could offer, and ensure no overlaps or competition with other regional providers, the evidence suggests that the addition of two or three more courses in the health and community services sector in the next two years would be very well-received across the Pacific.

If, as proposed below, more Solomon Islanders and Papua New Guineans are trained in their own countries, AusAID may also wish to expand the SHCS to Samoa.

7.2 Country Profile

7.2.1 *Establish an APTC campus in the Solomon Islands*

The Solomon Islands is the third most populous country of the Pacific, after PNG and Fiji, and home to almost six percent of the region's people. APTC programs have been in very high demand from employers and students in the Solomon Islands relative to its population. Solomon Islanders comprise

- 14 percent (609) of all course applications

- 15 percent (552) of all scholarship applications
- 16 percent (194) of all scholarships awarded
- 11 percent (165) of all enrolments
- 19 percent (70) of all graduates to date.

On ELLN assessments, Solomon Islander applicants ranked second on SACEM assessments and first on STH assessments. On technical skills assessments, Solomon Islander applicants ranked second on SACEM assessments and third on STH assessments.

A study by the World Bank in 2007 found that 53 percent of larger, formal-sector firms in the Solomon Islands were understaffed.⁴⁰ Around 100 different employers in the Solomon Islands have been served by the APTC, 71 percent from the private sector and 4 percent from the education and training industry.

As a non-campus country, Solomon Islands has been allocated a Country Coordinator for the equivalent of one day a week.

Solomon Islands has only one tertiary institution, the Solomon Islands College of Higher Education 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.

The Solomon Islands Minister of Education advised the MTR that he is very keen to host the APTC in the Solomon Islands, and that he had conveyed this to the Australian Prime Minister. It would complement his broader strategy to *fix the quality issues* at SICHE and *adopt Australian standards*.⁴¹

The Permanent Secretary of the Ministry of Education noted that the Minister of Education and the private sector wants to see improvements at SICHE, and if the APTC were to establish a campus in the Solomon Islands, partnering with SICHE and upgrading the capacity of its staff would be welcome.⁴²

Other than through Australian Scholarships, Australia's bilateral program of assistance to the Solomon Islands does not support the education and training sector but the PPD between the governments of Australia and Solomon Islands, signed in January 2009 indicates that the PPD is intended to support...*Solomon Islands' pursuit of sustainable economic growth strategies encompassing private sector and infrastructure development, economic reform, regional economic integration and pursuit of mutually-beneficial regional trade liberalisation.*" The PPD also notes that... *The Partnership will also investigate options for provision of new Australian assistance to the education sector* and a recent visit was undertaken by AusAID's Senior Education Adviser for the Pacific to examine possibilities.

While demand for an APTC School of Tourism and Hospitality in the country was discussed, the MTR feels that given the undeveloped state of the industry in the country, it would be better to continue to send Solomon Island students to Fiji and Vanuatu for immersion in more mature industry practices. SICHE's new School of Tourism has just been established in partnership with the Ministry of Culture and Tourism and the University of Waikato in New Zealand, so basic provision is now available in country.

However there is a strong case for establishing an APTC presence in the Solomon Islands to deliver qualifications provided by SACEM in partnership with SICHE. Demand from private sector employers is strong, as is demand for skills upgrading of teachers and

⁴⁰ World Bank (2007), p.xv

⁴¹ MTR interview with the Hon. Mathew Wale, Minister of Education, 27 April 2009

⁴² MTR interview with Mrs Mylyn Kuve, Permanent Secretary, Ministry of Education, 27 April 2009

trainers from the network of rural training centres (RTCs) that serve rural communities and outlying provinces.

There is also an emerging case for the establishment of the SHCS in the Solomon Islands to support primary health care, disability services, children's services and community welfare.

Further consultations, and in the case of SHCS a feasibility study, will be needed, and the flow-on effects on student numbers in other campus countries of a campus in the Solomon Islands, particularly in Samoa, will need to be evaluated.

There will be some scholarship savings from establishing an APTC campus in the Solomon Islands. If all the current APTC students and graduates from the Solomon Islands had been trained in their home country, scholarship savings would have been around \$700,000. If only SACEM students had been trained in country, scholarship savings of around \$250,000 would have been made.⁴³ The costs of establishing APTC in the Solomon Islands will outweigh scholarship savings significantly. As for the other campus countries, there would however be other substantial benefits in terms of access, partnering with and strengthening the local institution (in this case SICHE) and firm/organisation productivity.

7.2.2 Expand the range of APTC Schools and sites in Papua New Guinea

Taking account of its size, demography, geography, formal economy and projected economic growth, PNG should be deriving far greater benefit from the APTC. With almost 73 percent of the region's population and some 2.3 million wage and salary workers, Papua New Guineans comprise:

- 24 percent (851) of all course applications
- 24 percent (861) of all scholarship applications
- 19 percent (226) of all scholarships awarded
- 24 percent (364) of all enrolments
- 18 percent (67) of all graduates to date.

A total of 143 employers have had their employees trained by the APTC to date, 78 percent of them from the private sector and nine percent from the education and training industry. 31 percent of all PNG applications to the APTC indicated that industry or employer was the intended source of funding, significantly higher than Vanuatu (25 per cent), Fiji (19 per cent) and Samoa (14 per cent).

On technical skills assessments, PNG applicants ranked first in the region on SACEM assessments and eighth on STH/SHCS assessments.

While PNG has a range of tertiary institutions, including seven technical and business colleges, an open training market and a high level of in-company training by the mining industry, skill shortages remain a significant problem and are of increasing concern to industry, especially as implementation of the Liquefied National Gas project proceeds.

Given that the benefits of the APTC should be shared equitably across the Pacific, all APTC Schools should have a presence in PNG. Given that the benefits of the APTC should be shared equitably within PNG, there should be more than one training site outside Port Moresby, and ideally at least one in each region.⁴⁴ There are also efficiency factors. With more in-country training, more employers are likely to fund their staff to

⁴³ Calculation based on 198 scholarship students, 37% of them in SACEM, and an average costs of a partial scholarship of \$3,500.

⁴⁴ The four regions are Highlands, Islands, Momase, and Southern

participate, reducing the demand on the APTC Scholarship Program, and costs of internal travel (from say the industrial centre of Lae to Port Moresby) are likely to be reduced.

The MTR does not underestimate the security, land, funding, staffing, and other challenges of significant expansion in PNG. Risks can be managed by continuing the current approach of partnering only with ethical and committed industry partners and demonstrably well governed government training institutions, amongst other strategies.

While a feasibility study would be needed, the MTR considers that there are short and medium-term opportunities to redress current inequities by:

- offering more places to Papua New Guineans in PNG by opening a Solomon Islands campus for SACEM;
- establishing a SACEM presence in Lae in partnership with the manufacturing industry which would create additional places at the APTC facility at POMTECH, especially for day students;
- establishing the STH in Madang, in partnership with industry or possibly with Divine Word University; in Alotau in partnership with industry; or in Kokopo in partnership with the Kokopo Business College;⁴⁵ and
- establishing the SHCS, possibly in Port Moresby or in the Highlands.

A broader range of APTC courses within PNG would also help to reduce gender inequalities. Only 18 percent of APTC course applicants from PNG were female. Although this translated into 24 percent of all enrolments by Papua New Guinean women, it remains unacceptably low.

7.3 School Profile

Consultations have confirmed that the five APTC Schools are targeting the highest priority industry sectors. Where changes were proposed they were largely additional occupational areas within the existing Schools.

In the medium-term (2011 –2015), the establishment of any new APTC Schools should continue to be determined by AusAID on the basis of demonstrated demand, rigorous feasibility studies, available resources and the priorities of partner governments.

Stakeholders consulted in Vanuatu, Fiji, PNG and Solomon Islands all highlighted to the MTR the need for the APTC to contribute to the development of commercial agriculture and horticulture. Key points emerging from these discussions included the following.

- While national efforts focus on subsistence agriculture and rural livelihoods, an APTC focus on commercial agriculture would help lift the status of agricultural studies and provide another career pathway beyond farm work and agricultural extension work in an industry which is finding it increasingly difficult to attract and retain young people.
- There is a training gap between the training provided in rural/vocational training centres and government extension training on the one hand and university-level qualifications on the other.
- Some Agricultural Colleges (in PNG) had aspirations to become universities, and were progressively abandoning vocational-level training.
- The agriculture industry is struggling to establish competency standards, especially for the formal sector.

⁴⁵ Under an AusAID funded programme at the end of the 1990's, the Rabaul Business College was rebuilt in Kokopo and officially re-opened as the Kokopo Business College in June 2000. The College is a Government owned institution and comes under the TVET division of the Department of Education. The MTR understands that it currently offers a Diploma in Hospitality Management

- There is a need to build the links between agriculture and tourism. Commercial agriculture (in Fiji) has the potential to expand by establishing closer links with the tourism industry to supply tourist resorts with vegetables and fruits that are currently imported. Training to support staggered production and consistency of supply would bring down local costs and bring unproductive land into productive use.
- Some firms (such as Ramu Agri in PNG) are moving into organic production and training in this area would have benefit.

The ADB-PIFS study noted that...*modernization and diversification of agriculture creates demand for skills in horticulture, floriculture, vegetable production, and beekeeping, among others. Moreover, farmers need to be trained in business skills to run profitable farms.*⁴⁶

The MTR was not in a position to explore more precisely the nature of industry demand or identify whether a new APTC School to service the Agricultural, Horticultural and Food Processing industries would duplicate existing provision by national governments, other donors, or the University of the South Pacific. An initial pre-feasibility study would need to be commissioned.

Recommendation 16.

That subject to available additional funding resources, feasibility studies and the agreement of Pacific partners, AusAID considers expansion of the APTC profile for the following priorities:

In the short-term (2009-2011)

- Provide additional core funding to achieve a target of 100 TAA4 graduates by June 2011 in addition to existing graduate targets and to any places that may be purchased by AusAID bilateral programs, together with associated scholarships funding;
- Establish an APTC presence in the Solomon Islands in partnership with SICHE to deliver qualifications provided by SACEM;
- Expand the range of courses offered by SHCS, and possible expansion of SHCS into Samoa;
- Establish SACEM presence in Lae, PNG in partnership with industry;
- Conduct a feasibility study for the establishment of the STH and SHCS in PNG;
- Conduct a pre-feasibility study on the establishment of an APTC School to serve the Commercial Agriculture, Horticulture and Food Processing industries;
- Add the Diploma of Training and Assessment to APTC core-funded training, with an initial target of 30 graduates;

In the medium-term (2011-2015)

- Establish an APTC School of Professional Development specifically targeting the in-service development of the Pacific TVET workforce;
- Conduct a feasibility study for the establishment of SHCS in Solomon Islands to support primary health care, children's services and community welfare; and
- Give effect to the findings of (e) and (f) above.

⁴⁶ ADB-PIFS (2008), p.12

8. Management Options for the Medium-Term (2011-2015)

In framing medium-term management options for the APTC, the MTR has sought to balance a range of considerations:

- the need to retain a high degree of flexibility that has served the APTC well to date;
- the need to consolidate and build on achievements to date;
- the need to continue the process of progressive engagement with industry, PICs and the Pacific education and training community;
- the need to offer the region continuity and predictability;
- the need to minimise disruption to student intakes or study programs;
- the considerable intellectual property and therefore “value added” that each of the RTOs has brought to the APTC;
- the need for continuous improvement and innovation; and
- the current rules of the Australian Qualifications Training Framework (2007) that do not permit the APTC to become an RTO in its own right, meaning that it will remain dependent on contracted RTOs unless these rules change.

Given that it is only 20 months since the APTC commenced training, and that most stakeholders outside the APTC Advisory Group or AusAID have not had an opportunity to consider alternative models, the MTR believes it is premature to move far from the current management arrangements.

The MTR sees three groups of options for the medium-term which could span two to four years depending on how consultations with PICs and stakeholders on long-term options evolve and on the evolution of skills development and trade policies across the region. The following is largely a summary of the options outlined in more detail in Annex C.

8.1 Theme 1: Extension of Current Arrangements

Option 1 involves extending the status quo arrangements for a period possibly up to two years (June 2013) but could be for as long as June 2015. It could be chosen if AusAID needs more time to take a decision dependent on feedback from a significant meeting/review or analyse the impact of an event. It also provides more time to consolidate the achievements to date.

8.2 Theme 2: Commercial Contracts

This series of options is based on the assumption that AusAID perceives advantages in maintaining the relationship with providers on a contractual basis. This is characterised by a more detailed specification of the scope of services and a regulated payment regime including payments tied to milestones. It provides for AusAID to remain closely involved with performance and management and to manage political risks and funding.

Option 2 is to continue with the current three contract arrangement.

Option 2A tests the market again with an open tender. This may result in the services costing less but also runs the risk of them costing more, especially if new providers are selected. This option has risks because of the likely disruption to the delivery of services in the five foundation Schools if new RTOs were selected. Option 2A is not preferred.

OR

Option 2B would involve direct sourcing from the current RTOs and open tender for the Coordination Office. It is assessed that the impact of changing the service provider for the CO would not be as disruptive as changing the RTOs. The current providers were all selected under an open tender and so the market was tested. The contracts with Box Hill and Sunshine Coast are framed in such a way that management and procurement fees are expressed as a percentage and would provide a good reference point for determining value for money in another contract. This option would enable good continuity in the five foundation Schools and would retain the dynamics and synergy perceived from the current management arrangements and the flexibility to introduce new Schools and other RTOs as needed. It may be possible to provide the services more cheaply but this model does not test the market again for the RTOs. Option 2B is considered viable. However, it is also possible that one of the current RTOs could bid for and win such a tender for the CO, unless AusAID excluded them from bidding. If one of the RTOs won the CO contract, then the APTC contracting/management arrangement could look very similar to Option 3.

Option 3 would involve approaching the market for one provider to deliver all the APTC services.

Option 3A – with an open tender. This option is probably viable if one of the two current RTOs wins the tender but it runs the risk similar to that expressed in Option 2A if a new player wins the tender. A minor disadvantage is that although AusAID would be dealing with only one contractor, the model could lose the benefit of the dynamics and synergy perceived from the current management arrangements. Realistically, because of their market knowledge, this model is likely to result in one of the two RTOs winning, and probably in partnership with the other current RTO. That is the same as Option 3B.

OR

Option 3B – by direct sourcing with one or both of the existing RTOs. This option is viable and has potential for good continuity. It also offers the possibility to start shaping the APTC for the long-term.

8.3 Theme 3: Funding Arrangement with Current Funding Levels

This series of options is based on the assumption that AusAID perceives advantages in moving to a more partnership arrangement. Under these options, AusAID would be less involved in management and so the service provider could operate more independently. It would probably be initiated by AusAID inviting the identified service provider(s) to submit a proposal and budget in response to a design and broad guidance. Further, AusAID would probably provide funding in one or two tranches per year and may not fully fund the APTC. The APTC could be required to make a contribution to its operations by income from fee for service training.

Option 4: Approach the current two RTOs with a view to entering into a partnership:

Option 4A - with one to deliver all the services; or

Option 4B – with both of them to deliver the services;

Option 4 assumes that the current RTOs would wish to follow such a course of action. Informal contact indicates the current RTOs are likely to be interested. Option 4 has risks. Under a funding agreement, the partner may feel less constrained by AusAID and be more assertive in decision making. This may lead it to make commercial decisions that are counter to development initiatives being supported by AusAID. The impact of the global economic crisis on the Pacific is not yet known. In July 2011, the APTC will

have only been in existence four years and it may be too soon or too risky for the current RTOs to embrace this model.

This option is perceived as viable, but may not be suitable for AusAID's requirements in June 2011. It may be a more realistic model in the longer term when the shape of the future APTC is clear and the global economy has stabilised.

Option 5: Approach a credible regional organisation with a view to entering into a partnership to deliver the services. This option would probably mean a regional organisation entering into partnership with the current RTOs to deliver the services. However, Option 5 is not thought viable because the MTR considers that there would not be a regional organisation ready or with the capacity to take on such a role by July 2011. The delivery of recognised Australian Qualifications by a regional organisation is not permissible under current Australian regulatory frameworks so any regional organisation would need to contract an Australian RTO to deliver Australian qualifications.

The MTR considers **Option 3B** to be the preferred Option.

Recommendation 17.

That AusAID considers the following when deciding on the preferred management arrangements for the APTC for the Medium-Term 2011-2015:

- a) The need for an approach which provides maximum flexibility for AusAID and its Pacific partners as to any long-term arrangements;
- b) The need to minimise disruption to the APTC existing Schools, training programs and students;
- c) The current design and management model can accommodate more Schools without major restructuring of management arrangements;
- d) The MTR's assessment that the impact of changing the service provider for the Coordination Office would not be as disruptive as changing the RTOs;
- e) The requirement for the APTC to take advantage of fee for service training opportunities should be clearly specified in the services under the new contract;
- f) If major changes are considered necessary for the APTC in the medium-term, the business process for the new APTC design should commence by about March 2010 in order that a two month handover could be achieved for any new providers; and
- g) A commercial contracting model involving both RTOs, or one RTO presenting itself as a lead institution for a consortium of the current RTOs, to deliver the services of the APTC, with the scope to bring in additional Australian RTOs as needed, is likely to be the most viable for the APTC for the medium-term.

8.4 Governance Options

In Section 5.5.6 the MTR has argued for a more meaningful and strategic role for the APTC Advisory Group.

If AusAID chooses to proceed in the medium-term through an extension of current arrangements (Option 1) or through a commercial contracting model (Options 2 or 3), the general directions outlined in Recommendation 12 should continue, and be strengthened within the parameters of an advisory role.

If AusAID accepts that a possible long-term future for the APTC is steering it towards a Pacific "club" as discussed in Section 3.1 and Section 9 below, the APTC Advisory Group could play a vital role in advising on and facilitating this process.

At the third meeting of the Advisory Group attended by the MTR, there were, at times, more than twice as many observers, guests and APTC staff present as there were Advisory Group Members (excluding the MTR team), and much of the focus was on receiving information and operational detail. There is a significant risk that if this pattern continues, Advisory Group meetings will become little more than a consultative forum or an information exchange rather than a business mechanism through which AusAID engages with Pacific Island members to help shape the directions for the APTC.

Other mechanisms for sharing the views of the Advisory Group with regional organisations, other donors and APTC staff should be considered, including two-day meetings with one of them devoted to the exchange of information between the Advisory Group and other relevant parties including donors, and one for Advisory Board members only to allow them to focus solely on fulfilling their responsibility to provide strategic advice to AusAID.

9. Management Options for the Long-Term beyond 2015

The MTR sees only two realistic options for the APTC for the long-term, although others may arise in coming years as discussions about the long-term future of the APTC continues, regionalism evolves and labour mobility patterns in the Pacific are more clearly defined.

Option 1 is to continue beyond 2015 with the arrangements decided for 2011-2015, with the APTC continuing to be a wholly-owned Australian aid program.

Option 2 is to establish the APTC as a legal entity. As a legal entity, the APTC would have a business structure that allows it to operate with autonomy, within its rules of incorporation, in order to respond to the continuously changing needs of the labour markets of the Pacific and to enter into long-term partnerships.

For both options, external support from the Government of Australia is likely to be necessary for the foreseeable future, notwithstanding the potential for the APTC to derive a significant income stream directly from the marketplace.

The fundamental issue is whether AusAID wishes to share ownership of the APTC in the long-term with others, and to what degree.

Option 2 is the MTR's preferred option and its views are based on theoretical possibilities rather than an investigation of what is politically or organisationally feasible. Obviously AusAID would need to seek specialist advice on the advantages, disadvantages and possibilities of the APTC becoming a legal entity, and the form it would take. However there are two variants of Option 2 that could be considered.

Option 2A would involve the APTC (possibly by another name) becoming a regional club which is self-sustaining because the benefits of membership exceed the costs of full national provision of internationally recognised vocational training services at Australian Certificate III level and above.

The Pacific Aviation Safety Office (PASO) was suggested by a senior partner government official as one model of an effective regional club that could be considered. PASO is a non-profit international organisation, set up under the Pacific Islands Civil Aviation Safety and Security Treaty and operated for the benefit of member states. PASO membership is open to all Forum member countries but is voluntary. Australia, Cook Islands, Fiji, Kiribati, New Zealand, Papua New Guinea, Samoa, Solomon Islands, Vanuatu, Tonga, Nauru and Niue are members. While not directly comparable with the APTC in terms of service delivery, it does illustrate the concept of a regional club.

If further investigation suggests that this option has merit,⁴⁷ Australia will need to think very carefully about how it could progress a dialogue with its PIF neighbours around the idea of the APTC becoming a regional club.

*The importance of design in effective regional clubs cannot be understated. If regional institutions are properly chosen, designed, and implemented, then club members can capture the benefits of working together at minimal cost. If not, then the costs of working collectively—resources for new bureaucracies, travel costs, and so on—can easily overwhelm benefits. There is the risk that badly designed regional initiatives will merely aggregate, amplify, and transmit the costs of cooperation throughout the club, only adding to the financial burdens of members. This “cost doubling, not cost halving” problem is a risk for any club, however well intentioned. Harmful arrangements can easily endure into the future.*⁴⁸

Australia should be prepared to abandon the idea of the APTC becoming a regional club if it does not appeal to a sufficient number of Pacific partners, if the benefits and costs cannot be assigned equitably among participating countries, or if the idea proves in some other way to be ineffective or unsustainable.

Option 2B would be to establish the APTC as a company with a Constitution (Memorandum and Articles) that binds each member to all others, provides for legal relationships between two or more members, allows for rules at a number of levels, and provides for decision-making structures. It also has business and presentational advantages.

A company structure is not incompatible with the concept of a club. Under the club model in Option 2A, Pacific Islands Forum governments would be the members of a regional club. Under the company model in Option 2B, Shareholders could include a range of parties such as Pacific Island Forum governments (including Australia and New Zealand), international donors or multilateral agencies, business associations and firms with a direct interest in ensuring the delivery of internationally recognised vocational training to support regional economic growth and labour mobility. The distinction between Shareholders (the members), the Board of Directors and Management as specified in the Constitution of the company would ensure that risk is well managed. It could be established as a company not having a share capital, entrance fees, or annual subscription but established with an initial grant.

In both these variants of Option 2, benefits would only accrue to Shareholders (members), thus avoiding the free rider problem.

There are many examples of the Government of Australia using company structures or the like to give effect to policies and programs, especially in the education and training sector, and these provide a rich source of learning. In particular, the experience of the Australian Department of Education, Employment and Workplace Relations in establishing and maintaining the Australian Technical College system is particularly relevant and should be extensively mined by AusAID. Experience also suggests that funding based on setting and managing the outcomes, not the operations would reduce significantly AusAID's management burden as the company would make the necessary arrangements for service delivery.

⁴⁷ A consideration of the experience of the University of the South Pacific would be instructive. The ADB-CS study estimates that USP operations generated approximately F\$50 million in 2004, while enabling foreign exchange savings over F\$120 million but remains greatly dependent on ongoing donor financing. ADB-CS (2005), p.63

⁴⁸ ADB-CS (2005), p.51

Background conceptual work could be started now, or when the medium-term arrangements are agreed within AusAID and the APTC is consolidated. If a measured process of engagement with PIF governments suggests there is merit in the concept of a legal entity, steps can be taken from mid-late 2011 (or earlier depending on the schedule determined by AusAID) to develop the details of any new arrangements which could be in place from either July 2013 or July 2015.

When entering into policy dialogue with its Pacific partners on the long-term future of the APTC, Australia should be prepared to drop “Australian” in the name of any new entity to deliver the services currently delivered by APTC. The MTR appreciates that this is a sensitive issue as the high level of Australian support would not be immediately recognised. This loss would need to be balanced against the opportunities for enhancing Pacific ownership of the new entity and using the new entity as a mechanism for encouraging multi-donor contributions. A new name, such as the Pacific International Technical College as suggested earlier, would send positive messages to Pacific partners and development partners alike that, over time, Australia wishes the College to be owned, led and funded by a broad based coalition of Pacific stakeholders including but not confined to the Australian Government.

Recommendation 18.

That AusAID starts to scope and test the concept of the APTC becoming a legal entity in the long-term.

Pacific international