Competency-based training Australian style: How it exposes VET to risk

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Abstract

Drawing on twenty-five years of research and practice in competency-based training in Australia by the author, the paper shows how competency-based training (CBT) lays the VET system open to poor quality and unethical practice, even to corruption. There has been ongoing controversy about CBT in Australia since its widespread adoption in the early 1990s. While CBT has brought benefits, it has also brought problems. Many of the problems foreseen by commentators at the time of its introduction have been realised, but unforeseen problems have arisen.

The research question for the paper is ‘How does CBT as it is practised in Australia expose the VET sector to risk?’ The paper analyses a number of key features in vocational education and training (VET) in Australia which are attributable to the adoption of competency-based training. These include: the nature of Training Packages; the lack of prescription of delivery mode or delivery hours; whether competency-based training is compatible with on-line learning; the nature of competency-based assessment and recognition of prior learning; and CBT’s alignment with funding systems. The paper argues that the lack of prescription once seen as a positive feature of CBT Australian-style has become a fundamental quality problem, which layer upon layer of additional regulation has not succeeded in addressing. The risk is compounded by ongoing marketisation of the VET system over the past 25 years and more.

Some of the analysis for this paper was initially undertaken by the author in preparation for a court case in which I was called as an expert witness. While the court case itself cannot be discussed, the analysis process, which is developed further in this paper, led to a sobering realisation of the extent to which CBT has put the VET system at risk.

Introduction

In 2010 I wrote, in an international journal, ‘Over the past 20 years there has been a revolution in the way in which curriculum design and implementation in vocational education and training has been undertaken in Australia. The emphasis has moved from curriculum developed locally by training providers including State Technical and Further Education (TAFE) systems to nationally-recognised qualifications based on competency standards as expressed in National Training Packages. Training Packages are developed with considerable input from industry as well as from educators, and have been developed for newer occupational areas as well as older areas that were covered by the old locally-developed curriculum.’ (Smith, 2010). In that article the author discussed how CBT had gradually been accepted by most players in vocational education and training (VET), but that in that acceptance older debates around CBT had been forgotten, so there remained little effective critique.

The current paper, written almost ten years after the earlier paper, examines a newer problem with CBT: the risk created by a combination of the flexibilities in competency-based training with a high level of marketisation in the VET system. While CBT is a rigid system in that (with a few exceptions) any nationally recognised training must adhere to national units of competency and be assessed in a certain manner; it is flexible in that hours of delivery and delivery mode are not prescribed; in fact they must not be prescribed. For example, the Training...
Package Development Handbook states (Department of Industry 2014) states that ‘the size of a unit of competency must not be influenced by external factors such as the time required for training’.\(^1\) Smith and Keating (2003:153) explain that since Training Packages cannot include suggested delivery mode and time, proxies need to be utilised, such as the ‘nominal hours’ which are used by State Training Authorities to determine funding allocated to training provides for VET delivery. Similarly, as Smith and Keating (2003) state, no advice can be given about delivery, and so this has to be done through the ‘back door’; for example, the need for a period of practical experience is often embedded in assessment criteria (for example, in the Early Childhood and Aged Care Training Packages).

The paper explains how such lack of prescription in CBT allowed the exploitation by unscrupulous providers of VET to create profit by delivering skimpy or even non-existent training. The opportunity arose primarily through the enforced marketisation imposed on States and Territories by the Commonwealth Government in 2012 through Partnership Agreements (Noonan, 2016). Jurisdictions were obliged to provide funding to private providers (usually referred to as RTOs [Registered Training Organisations]) in the same way as they did to TAFE, the public provider. It was then exacerbated by changes to the VET FEE-HELP scheme which provided student loans to VET students at Diploma and above level, in the same way as loans were provided to higher education students who were studying either in Commonwealth supported university places (HECS-HELP) or in full fee-paying places (FEE-HELP) (Smith, 2016a).

Two years ago I presented a short paper (Smith, 2017) at an Australian VET Research Association (AVETRA) conference: ‘What’s right and what’s wrong about CBT’. In it, I argued that the pros and cons of CBT as a curricular foundation for the Australian VET system had seesawed over time, but that recently the seesaw had tipped so that ‘cons’ outweighed the ‘pros.’ (Figure 1).

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\(^1\) The Handbook has recently been replaced by the Standards for Training Packages and associate policies

In the current paper I focus in particular on two of the ‘wrong’ features: the lack of mandated hours of learning and the focus on assessment at the expense of learning. The argument in this paper revolves around how these features expose VET to risk and allowed the exploitation of the VET FEE-HELP scheme by a small number of private providers of VET.

**Literature and background**

The literature discussed below covers two main areas: CBT and critiques of CBT, and the growth of the training market, with government funding, in VET in Australia.

Competency-based training has different meanings in different countries and at different times. Internationally, the Australian system has most in common with the system in the United Kingdom. An early definition of CBT in Australia was:

_A way of approaching (vocational) training that places primary emphasis on what a person can do as a result of training (the outcome), and as such represents a shift away from an emphasis on the process involved in training (the inputs). It is concerned with training to industry specific standards rather than an individual’s achievement relative to others in the group_ (Australian Chamber of Commerce and Industry, 1992).

Smith & Keating (2003: 123) summarise the main features of the various definitions of CBT in Australia as follows:

- the focus of the training is on the outcome of the training
- the outcome is measured against specified standards not against other students
- the standards relate to industry.

The introduction of Training Packages from 1997 cemented these features of CBT. These national curriculum artefacts contain only industry-derived performance standards, a brief acknowledgement of required knowledge, and assessment information (Smith & Keating, 2003). They also contain qualification and skill set rules and other architectural information.

The Australian Chamber of Commerce and Industry (ACCI), which authored the definition of CBT provided above, is one of the two main employer peak bodies in Australia. It was, and remains, a major advocate for CBT in Australia, along with a few major trade unions, for example, the Australian Manufacturing Workers’ Union (AMWU). For example, ACCI (2018, 1) recently stated ‘Training products [the new government term applied to Training Packages] and competency-based training are cornerstones of the Vocational Education and Training (VET) system… It is essential that occupational skill standards remain the bedrock of the VET system.’ The AMWU still states (2017) that the paramount purpose of the VET system is ‘capability of the graduate against the standards as reflected in training packages’.2 But CBT was unpopular in some quarters from the beginning. In the early days of competency-based training Australian-style, many arguments were mounted against CBT. Smith (1997, 113-119) summarised these early objections to CBT as ‘philosophical’ objections, educational objections, and practical problems associated with implementation. These critiques argue, _inter alia_, against the perceived narrow behavioural base of CBT, including the lack of attention to ‘knowledge’ versus ‘skill’; and point out the difficulty of delivering it in its imagined and

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2 An explanation for AMWU support could be that in the early days, CBT was tightly linked to ‘award restructuring’, of which one feature was the higher pay rates that could be gained on the completion of accredited training (Smith & Keating, 2003, 30.) This link was closest in manufacturing industries.
idealised form without a highly skilled teaching workforce. West (2004) provided a similar summary of early objections to National Vocational Qualifications (NVQs) in the UK. He divided objections into ‘technical’, ‘moral’ and ‘market’ critiques. By ‘market’ critiques he meant the arguments by some commentators that CBT would not lead to growth in the number of participants that it was intended to achieve: ‘that whatever the merits of their aims and their technical design, NVQs were not succeeding, and perhaps could not succeed, in altering the patterns of take-up of vocational qualifications’ (West, 2004). Edwards (2017), in the U.K, who, however, came to regard the debate as ultimately sterile, has a similar list of critiques, adding a criticism by Raggatt (1991) that quality could not be guaranteed. Buchanan, Yu, Marginson and Wheelahan (2009, 29) referred to Australian CBT as ‘a ‘pick-a box’ vision of skill’; this term refers to their view that the development of individual units of competency has atomised notions of the skill involved in occupations.

However, these criticisms did not foresee the future potential for abuse by unscrupulous training providers. The ‘market’ and ‘quality’ critiques mentioned above, at first appearing to promise a foreshadowing of current difficulties, are not the ‘market’ and ‘quality’ problems we see in Australia today. Market critiques in Australia today focus on the undesirability of distributing public money to private providers; and discussions about quality are more likely to revolve around whether training is actually delivered to students who are purportedly enrolled, rather than the finer points of what students learn. While marketisation of VET has been critiqued from its early days (e.g. Anderson, 1997), the curriculum-based link between CBT and risk was not made.

Marketisation of VET is not new in Australia. Private providers of VET have always existed but until the 1990s they were funded by the fees of students (Smith et al, 1996). They often operated in niche areas (for example, commercial cookery) and were often well-regarded. The advent of CBT, operationalised through Training Packages from 1997 allowed private providers to offer the same qualifications as the public provider, TAFE, thus conferring an advantage they had not previously enjoyed.

The introduction of ‘user choice’ in the late 1990s in apprenticeships and traineeships allowed funding to flow from State governments to private providers as well as TAFE for the training component of apprenticeships and traineeships. Employers could select their preferred training provider, to whom government funds then flowed. User choice was introduced in the hope of growing apprentice and trainee numbers and also as a result of a perceived inflexibility of TAFE Institutes (Noble, Hill, Smith & Smith, 1999).

The next major event was the ‘training guarantee’, introduced in 2012 and described by Yu and Oliver (2015) thus:

The centrepiece of this reform was a national training entitlement, or a minimum guarantee that all working age individuals could access subsidised training up to Certificate III level at a vocational education provider of their choice, provided they satisfied various eligibility criteria that vary among the states and territories. This demand-driven funding model has been the primary means of opening up contestable funding to for-profit training providers, and forcing TAFEs to compete in a competitive market.

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3 The qualifications of the VET teaching workforce have, ironically, been considerably debased since the introduction of CBT (e.g. Smith, 2009)

4 NVQs, National Vocational Qualifications, are roughly the equivalent of Training Packages.
Unlike ‘user choice’, which required an employer to employ an apprentice or trainee, there were no natural brakes on this system. The system only required a training provider to attract a potential student for money to flow to the provider.

Finally, the VET FEE-HELP initiative, described earlier, provided the easiest way for VET providers to create profit from government funding (or what Yu and Oliver [2015] call ‘rent-seeking’). VET FEE-HELP, introduced in 2007 and implemented from 2008, provided student loans for fees for higher-level VET studies. Under VET FEE-HELP, funding to pay for student places flowed directly from the Commonwealth government to VET providers, with students incurring a loan to be repaid through the tax system, as with ‘HECS’ (the Higher Education Contribution Scheme) in universities (Department of Education and Training [DET] 2016). Providers needed to apply to be registered, in order for students to receive the loans. The availability of loans to students was originally on the condition that the course in which the student enrolled had a documented pathway providing credit transfer into a higher education course, and this had to be demonstrated to be shown on registration of the course by the provider (Smith & Brennan Kemmis, 2014). The Commonwealth government, through this provision, was attempting to improve transfer from VET to higher education in accordance with the received wisdom at that time.

However, take-up was small, and in 2009 a ‘Victorian amendment’\(^5\) to the relevant Act was introduced to allow VET FEE-HELP to be accessed by students in Victoria even when there was no credit transfer pathway. It was quickly argued that the same provision should apply across Australia, and in 2012 this occurred (Smith & Brennan Kemmis, 2014). The requirements for documented credit transfer pathways had in effect, although not necessarily by intention, ‘kept a lid’ on VET FEE-HELP, in the same way that ‘user choice’ had a natural brake in the need to have an employer willing to hire an apprentice or trainee. After 2012 there was no lid, and numbers increased dramatically (Yu and Oliver, 2015; ASQA, 2015). Smith & Brennan Kemmis (2014), in the only scholarly work on VET FEE-HELP at the time, did not anticipate this result, and there was no contemporaneous public commentary on this relaxation of provision.

The consequences of VET FEE-HELP for the reputation of the VET sector, and for the people left with large tax debts to the government, have been well-documented (e.g. Smith, 2016a; Yu and Oliver, 2015). VET FEE-HELP was described by the current Chief Commissioner and CEO of the Australian Skills Quality Authority (ASQA), the regulatory body in VET, as ‘the worst piece of public policy [he has] seen in [his] career.’ (Paterson, 2019). ASQA itself was limited in its response to bad practice because it has only been able to audit providers against the RTO Standards (Commonwealth of Australia, 2015) which, naturally, in line with CBT orthodoxy, do not make any prescriptions about training length or method of delivery.

It has been documented that VET FEE-HELP assisted students had only a 21% chance of completing their training and came from the most disadvantaged groups (NCVER, 2015). The reason for this is that some providers deliberately targeted cohorts of vulnerable people, such asremote Aboriginal people or public-housing tenants. Many were unlikely to know that they were signing to enrol in a course, and that they would be incurring a VET FEE-HELP debt. In other words, it was not intended that they would study (Australian National Audit Office (2016), ‘Brokers’ grew up (Yu & Oliver, 2015), who approached training providers offering their services to sign students up, and people approached to sign up were often offered inducements (DET, 2016) such as laptops or I-Pads. Some teachers were faced with

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\(^5\) The State of Victoria had also been the most enthusiastic adopter of the ‘training guarantee’.
unresolvable ethical dilemmas in being required to implement the scheme (Nakar, Bagnall & Hodge, 2018; Smith, 2016b).

The Commonwealth government attempted, during 2015-16, to reform the VET FEE-HELP system (DET, 2016; Smith 2016a). A number of measures failed to have any appreciable effect, and in October 2016 the scheme was closed down, to be replaced by a VET Student Loan scheme (DET, 2017), to which providers had to re-apply. The new name of the scheme alone clearly signalled to potential students that they would be signing-up to a loan. In the past five years, many VET providers involved in the scheme have been investigated by regulatory bodies within and beyond the VET system, notably ASQA, the Australian Skills Quality Authority, and the ACCC, the Australian Competition and Consumer Commission. Some providers have been closed down, and some have been prosecuted through the legal system.

A report by the Australian National Audit Office (ANAO, 2016) pointed out a number of failures on the part of the government department responsible for VET FEE-HELP. These failures included: poor design, lack of monitoring lack of protection of students from ‘unscrupulous providers’, and in general a focus on numbers rather than ‘integrity and accountability considerations’ or any other aims or objectives. The report referred to the ‘inherent risk’ of the scheme and to the implications associated with the ‘expanded scheme’ (i.e. removal of the credit transfer provision). The report states that the design faults of VET FEE-HELP were mirrored in its administration. The report noted the improvements during 2016, but that they were not in place for long before the scene closed down.

**Data sources and method for the paper**

The paper utilises two forms of data. Firstly it provide an analysis of the ways in which features of competency-based training allow for unscrupulous behaviour by for-profit providers of VET. To do so, it investigates the particularly risky features of competency-based training using an early analysis developed by the author and colleagues 25 years ago.

Secondly, it reports on and analyses a statement which I was asked to produce as an expert witness for the prosecution in a court case during the period of 2016-2018 (beginning with the first statement to the police in mid-2016 and ending with the trial in early 2018). While a suppression order was in place until recently over the outcomes of the trial, the headings which I was asked to address in the statement point to the grounds on which the case was being argued, and thus indicate the way in which the competency-based system was being manipulated. It was not known to me at the time whether the case was primarily about VET FEE-HELP or about Victorian ‘training guarantee’ funds.

**Findings and analysis**

**Theoretical analysis of CBT features**

Figure 2 below shows the developing features of Australian CBT in 1994 when there was no clear framework to describe competency-based training in Australia. The model (Smith, Hill, Perry, Roberts & Bush, 1996), was based on responses to a national survey of all providers (public and private, n= 300) of all of their courses. It shows the direction in which the system was moving. At the time that time, all courses were already based on industry-related standards and written in CBT format, and were moving towards having industry involved in course monitoring and towards the availability of recognition of prior leaning (RPL). At that time, competency-based assessment as we now know it was not well developed.

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6 I was involved as a member of the Ministerial working party.
The features in this model which lay VET open to risk are as follows. Competency-based format (‘C’), describing outcomes rather than inputs, means that theoretically no training needs to take place. It would be legitimate for providers to award qualifications without any delivery or any attendance from students. Assessment (‘A’ in the diagram) allows for assessment to be provided on demand and in the workplace, reducing effective oversight and monitoring by training providers of assessment systems. ‘R’ in the diagram (RPL) legitimises the award of qualifications on the basis of supposed prior knowledge and experience, rather than as the result of training. Paterson (2019) refers to the web site of a training provider claiming ‘100% RPL guaranteed’. Clearly RPL cannot legitimately be guaranteed, because the provider cannot know the backgrounds of all candidates before they apply.

The features of CBT today in Australia differ little from the 1996 diagram except that the system is more entrenched. The main features (listed in the key to the diagram) still hold. Interestingly, the ‘I’ in the diagram (‘industry involved in course monitoring’) has never been developed to a great or consistent extent. If it had, perhaps the abuses of the system may have been much more limited.

Questions required to be addressed in expert witness statement

As part of the statement which I was asked to prepare for the court case (2016-18), I was required to address a number of matters to familiarise the judge and jury with the competency-based VET system. The headings that I was required to address in my statement are provided below.

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**ESSENTIAL FEATURES**

- **S**: Based on competency standards or with formal industry consultation;
- **C**: Written in CBT format;
- **I**: Industry involved in course monitoring;
- **R**: RPL procedures operated;
- **A**: Assessment on demand and at least partly in the workplace

**ASSOCIATED FEATURES**

Figure 2: The implementation of CBT in Australia

(Smith, Hill, Perry, Roberts & Bush, 1996)
“The history/philosophy of the VET system.
- The idea of competency based learning that is not prescriptive about the delivery mode.
- The theories and philosophies of online vs in class training.
- The ‘nominal hours/volume of learning’ rules or guidelines as set by the AQF.
  o Acceptable industry practices.
- A copy of the ‘Assessment Tool’ and ‘Training Package’ document for one particular course.
- A breakdown of what assessment requirements are for one particular unit.
- Assessments (normal practice)”

I provided a statement of five pages and additional documentation as requested. An example of one section of the statement is provided below. This one relates to the volume of learning

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‘Nominal hours and the AQF’

There are two sets of guidelines relating to the hours of study per unit of competency and per qualification:
- Nominal hours
- Australian Qualifications Framework (AQF)

Nominal hours: Each qualification and unit has what is known as ‘nominal hours’ attributed to it. The word ‘nominal’ is used because of the supposedly non-prescriptive nature of competency-based training with regard to delivery mode. The question of nominal hours is a vexed one because of the principle of competency-based training, and nominal hours are not included in Training Packages themselves. State ‘purchasing guides’ act as a proxy for a national list – the purchasing guides being the basis for funding for RTOs who receive government funding. In Victoria for example the purchasing guide may be seen at


The Victorian purchasing guides have traditionally been those from which other States follow/ The Purchasing Guides contain nominal hours for the full qualification and also for each unit of competency.

Australian Qualifications Framework (AQF):

The AQF which was updated in 2013, includes for each qualification, an indicative ‘volume of learning’. For example, an Advanced Diploma is ‘typically 1.5-2.0 years’ and a Certificate II is ‘0.5-1.0 year’. See pp 14-17 of the AQF Second Edition, at http://www.aqf.edu.au/. The volume of learning is understood to refer to full-time study, and while no firm guidelines are set, a full-time study year would be understood to be at least 800-1000 hours of study.

While neither of these sets of guidelines is mandatory, and learning time might legitimately be less for more experienced learners, training providers are expected to be aware of, and be guided by, them.

The headings provided, by the prosecution, for my expert witness statement were clearly related to points on which the court case hinged. In other words, they indicate risk factors. These included:
- The lack of prescription about training delivery;
- The lack of prescription about ‘volume of learning’;
- The acceptability or otherwise of on-line learning for competency-based training;
- The lack of clear guidance on what is acceptable in competency-based assessment; and
- The lack of actual curriculum.

The statement also reported some ways in which the RTO standards and ASQA have tried to encourage correct behaviour, and in which RTOs have attempted to ensure they meet the RTO
Standards. The statement also detailed ways in which RTOs have tried to address the lack of proper curriculum, for example through purchasing ‘off-the-shelf’ learning materials – which may be of variable quality. In the end, though, the statement made it clear that there are very few prescriptions for training delivery, only vague agreements on what is considered to be good practice.

**Analysis and conclusion**

Both sources of evidence indicate the way in which CBT’s effects on teaching and assessment in VET have created an environment in which poor practice can occur and flourish; i.e. in which they expose the VET sector to risk. The tenets of CBT have been embodied in artefacts and systems such as the Training Package Development handbook (now superseded by the Standards for Training Package Development), with which Industry Skills councils (and now Industry Reference Committees) have been obliged to comply. Thus, for example, no guidance may be provided in Training Packages about how qualifications are to be taught, or even if they are to be taught. Such improvements as the requirement for work placements, as explained earlier, have been ‘smuggled in’ by including them under assessment conditions rather than in the units of competency themselves.

Unfortunately the Australian government has generally not sought a great deal of input from researchers into these day to day events and debates. Some researchers were invited to a national symposium of ‘thought leaders’ on *The future of Training Products* convened by the NCVER and the Victorian Department of Education and Training in 2016: however, there were only five researchers and two consultants who were also researchers, from a total of 68 attendees (Beddie, Hargreaves & Atkinson, 2017, 29-30). These proportions have been mirrored in other consultations and forums. The system has evolved in a manner influenced rather by long-standing advocates for the Australian CBT system from within industry (e.g. ACCI, 2018) and from within the VET sector itself. Figure 3 below shows the forces which have been at work to maintain the current CBT orthodoxy.

The employers and trade unions in Figure 3 (overleaf) are not necessarily representative of all employers and trade unions, but are those vocal in their support of CBT, as mentioned earlier. Artefacts such as the Training Package Development Handbook, and the later Training Package standards, entrench the features of CBT. The underlying cause of the problems cannot be investigated by the regulatory bodies, as those bodies can only audit and investigate within the RTO standards. the Practitioners – VET teachers and trainers - have little power. This is partly because Training Packages are written in language which has been described as ‘incomprehensible to all but the select club of competency standards developers and workplace assessors’ (quotation from a presenter from the Australian National Training Authority at a workshop for practitioners in South Australia, cited in Smith, 2002). The small wavy lines in the figure represent the contribution of scholars to CBT; they have not been able to have an effect on the well-oiled machine. Also, as Edwards (2017) states, in regard to the English system, the oppositional position of scholars has not always been productive. A willingness to work with stakeholders to improve the system is required, he argues, rather than a critique from the sidelines based on intellectual and theoretical arguments.
Figure 3: The forces that keep Australian CBT in motion

CBT Australian-style could not, however, have had the deleterious effect that it has had without the marketisation and privatisation of the Australian VET system, which has directed large tranches of government funds to private providers who may not behave ethically or may even undertake criminal behaviour. The privatisation of sections of VET, which has been advanced by both sides of politics until recently, has been part of a general move in Australia to outsource, and divest government of, many of its activities (Aulich & O’Flynn, 2007). VET FEE-HELP may be seen as a variant of governmental ‘user-pays’ strategies. Some training providers have abused government funds, and/or student contributions, by delivering only cursory training, or no training at all. This could be seen as the logical consequence of a training system which has chosen for twenty-five years to consider the delivery of training to be a purely optional part of the system.

In the judge’s summing up of the court case referred to in this paper, the following irrefutable criticism of CBT Australian-style was made:

“As the prosecutor put it in his final address to the jury, the regulatory environment in which these schools operated was ripe for exploitation – the education and training packages were not prescriptive, there were no hard-and-fast rules as to how those packages were to be delivered.”

It is perhaps only because the accidents of the ‘natural brakes’ described earlier, in relation to user choice and the early years of VET FEE-HELP, that is has taken so long for the competency-based system to expose its flaws to the public gaze. It is important to reflect that CBT does not necessarily have to be like it is currently in Australia; it would be possible to retain some features of the system while removing those which are so damaging and risky. A re-visiting of Figure 1 in this paper, with, in particular a greater focus on teaching and training.

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delivery, could be a place to start. This would require the Australian view of CBT to shift in order to accept the need for stipulations around teaching/training delivery. Given the relationships depicted in Figure 3, this would not be an easy task.

References


