
Appendix 1: Statement of User Choice Policy

1. The following Statement of User Choice Policy was endorsed by Ministers for vocational education and training in May 1997 and is inclusive of amendments by Ministers in November 2000 and 2003.

Objective of User Choice

- 2.1 The objective of User Choice is to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients.

Defining User Choice

- 2.2 User Choice is defined as the flow of public funds to individual training providers which reflects the choice of individual training provider made by the client. User Choice comprises three essential elements:
 - (i) significantly greater market power to individual clients to negotiate with individual registered training providers, both public and private, about the off-the-job component of new apprenticeships. The negotiation can include choice of provider and choice about specific aspects of training, such as location, timing etc.
 - (ii) increased responsiveness on the supply side of the training market, to enhance the capacity of individual VET providers to respond to the expressed needs of clients. Training outcomes will then be able to reflect more closely clients' views of their own needs. This increased responsiveness will include greater contestability among individual providers.
 - (iii) User Choice outcomes are compatible with public expenditure constraints and efficient use of resources. There can be no implication that all requests for training from clients, however specialised or expensive, will be met from public funds.
- 2.3 All elements must be satisfied **together** - the separate elements alone will not meet the objective of establishing a genuine market relationship between individual training providers and clients.
- 2.4 The 'client' for User Choice is defined as the employer and the employee, as identified in the New Apprenticeships Training Agreement, acting jointly. They may agree to authorise a 'broker' to act on their behalf.

Principles for User Choice

- 2.5 The principles which underpin the implementation of User Choice in New Apprenticeships from January 1998 are:
- (i) Clients are able to negotiate their publicly funded training needs, subject to State and Territory decisions regarding the resourcing of New Apprenticeships.
 - (ii) Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.
 - (iii) User Choice operates in a national training market not limited by State and Territory boundaries. Therefore, RTOs will not be discriminated against under User Choice on the basis of their location of primary registration.
 - (iv) The provision of accurate and timely information about training options is necessary for informed choice.
 - (v) Pricing of qualifications by State/Territory Training Authorities should be based on the Resourcing Principles as set out in Item 2.8.
 - (vi) Training over and above that which is essential to the qualification outcome for the apprentice or trainee, and is above that which is funded publicly, can be negotiated and purchased by the client.
 - (vii) User Choice would be harnessed to improve access and equity in the vocational education and training system and be integrated within existing initiatives.
 - (viii) Regulatory frameworks and administrative arrangements relating to vocational education and training at the National, State and Territory level are to be complementary to the achievement of the objectives of User Choice.
 - (ix) Evaluation of outcomes of User Choice against objectives is an integral element of a program of continuous improvement. Innovation is required to achieve and maintain a best practice training system.

User Choice in Operation

- 2.6 Each State and Territory will be responsible for implementing User Choice in New Apprenticeships. Key features are:
- (i) Clients will be informed through targeted marketing campaigns about User Choice in New Apprenticeships; in particular, how it works and the opportunities for enterprises and their employees to meet their training needs.
 - (ii) Providers (public, private, and industry-based) will be informed about the purposes of User Choice and how it will work.
 - (iii) Clients will have access to accurate and timely information giving details about alternative VET providers, training packages, and aspects of training open to negotiation and options.
 - (iv) Providers will have sufficient detailed information on training packages, customisation options, and on how funds will be transferred to enable them to participate effectively in User Choice and respond to client needs.
 - (v) Providers will provide clients with information on their performance and capabilities, and on the nature and quality of their training products.
 - (vi) Advice will be available to potential students/ employees regarding training opportunities and how training can be accessed.
 - (vii) Information will be provided in a way which caters to the needs of a diverse range of groups and individuals.
 - (viii) Clients will have the right to exercise choice over which registered provider delivers their training.
- In areas where there are low numbers of clients and in remote locations where clients have access to limited number of providers, choice may be limited. States/Territories agree to manage these cases as an exception in a way that maximises the available choice. These cases will be annually reported.
 - Choice will be exercised within prevailing State/Territory pricing arrangements.
 - Choice will be exercised within existing State/Territory administrative arrangements for managing the risks associated with purchasing and contract management. These risk management arrangements should not form an additional regulatory requirements, over and above the Australian Recognition Framework.

- (ix) Clients will be able to negotiate with registered providers on specific aspects of training within the requirements of the selected Training Package. Brokers/intermediaries may act on behalf of clients in the negotiation process.

Aspects of training open for negotiation include:

- selection, content and sequencing of units of competence
 - timing, location and mode of delivery
 - trainer/facilitator
 - who conducts the assessment
 - how the training is evaluated
- (x) A Training Program will be signed between the client and provider to signify that the client was aware of their rights under User Choice, and was able to negotiate a suitable outcome with the chosen provider. The Training Program Outline must be attached to the Training Agreement within the probation period of the apprentice/trainee.
- (xi) Public funds will be allocated to providers based on negotiated User Choice (the mechanism and timing of the allocation of funds will be consistent with existing State/Territory processes).
- (xii) States and Territories will allocate funds to providers on the basis of State/Territory pricing arrangements.
- (xiii) Evaluative mechanisms will be established to monitor User Choice.
- (xiv) Processes will be established to settle disputes and conflict of interest issues between clients and providers.
- (xv) Accountability mechanisms will be in place to ensure that funds have been used for the agreed purposes. State and Territories will have in place an appropriate strategy to minimise risk.
- (xvi) State and Territory decisions regarding the availability of public funding for New Apprenticeships will be made transparent by:
- informing clients that these decisions reflect government priorities for the resourcing of New Apprenticeships, and
 - providing clients with the criteria used to make these decisions.

2.7 These key features will incorporate a recognition of, and response to, access and equity considerations.

2.8 Resources for User Choice will be allocated through nationally agreed Resourcing Principles which involve each State and Territory:

- a) allocating resources based on identified Commonwealth and/or State/Territory skill needs and priorities, determined in consultation with industry and other key stakeholders, recognising that this process may be part of the broader strategic planning arrangements of STAs;
- b) providing transparency in pricing and funding arrangements, ensuring the availability of clear information to clients on the funding provided for each qualification by STAs and RTOs, including information regarding any additional weightings or loadings (for example, to address access and equity reasons and/or to provide weightings for different training delivery methods);
- c) regularly considering the full/current range of qualifications available as a New Apprenticeship pathway, recognising that some qualifications may not be funded and that some qualifications may attract higher levels of funding;
- d) including a set of clear and transparent criteria to explain the rationale used for determining prices for various qualifications;
- e) establishing and reviewing a unit price per qualification, recognising that the unit price per qualification may vary with, for example, different training delivery methods, content and locations;
- f) reporting on planned commitment to these resourcing arrangements in the annual State and Territory VET plans, in line with the ANTA Agreement;
- g) regularly reviewing and adjusting prices, recognising that adjusting prices may not occur on an annual basis and that adjusting prices may result in either increases, or in some instances, decreases; and
- h) ensuring the client remains the focus, recognising that maximum choice and the responsiveness and flexibility of VET needs to be balanced with the availability of resources and the response to client demand.