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ABSTRACT

Data from an Australian Chamber of Commerce and Industry survey of approximately 350 employers were reanalyzed to determine the effects of organization size and geographic location on the implementation of User Choice, which provides public funds to training providers chosen by apprentices and trainees. Among the respondents, 41.1% were small and 38.9% medium-sized firms; 36% of small and 34.7% of medium firms were in regional or rural areas. User choice was not employed in 31.5% of small, 25% of medium-sized, 28.7% of metropolitan, 20.5% of regional, and 30% of rural firms. Lack of knowledge was cited by more than one-third of nonusing small and 66.7% of nonusing regional organizations. Nearly 90% of all firms of any size, including 90% of metropolitan and regional and 100% of rural did not use online User Choice information. Large firms and those in regional/rural locations were more likely to use New Apprenticeship Centres as information sources. Regardless of size or location, most agreed that User Choice enhanced customization of training through choice of provider, location, and content. However, there was less agreement that clear and accurate information was available or that regional and rural firms had enough choice of training locations. (Contains 11 references, 26 tables, and the questionnaire.) (SK)

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from a survey of employer views conducted by
the Australian Chamber of Commerce and Industry
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CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING

The *Monash University-ACER Centre for the Economics of Education and Training (CEET)* is a joint venture of Monash University and the Australian Council for Educational Research (ACER). CEET also collaborates with staff of the Centre for Human Resource Development and Training at the University of Melbourne.

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Funding

CEET receives its main funding from ANTA as a Key VET Research Centre and undertakes consultancies for a range of other authorities.

Focus of Work

CEET's research focuses on the contribution of education and training to economic and social development. CEET's recent work includes:

- the costs of vocational programs in schools, in TAFE and in industry;
- models for assessing demand for training;
- labour turnover and the effect on jobs for entrants to the labour market;
- the impact of globalisation on the occupational structure;
- evaluation of 'user choice' for apprenticeship training;
- analysis of the efficiency and equity in the training market;
- policies to improve the transition of youth from education to work;
- framework for performance measures of school completion and transition to work and study;
- the impact of VET research on policy and practice;
- equity and VET;
- models for analysing student flows in higher education and in vocational education; and
- returns to investment in enterprise training.

Background: User Choice in VET

User Choice was introduced in VET nationally from January 1988 for New Apprenticeships, following pilot projects in 1996 and 1997. The adoption of the user choice policy followed the intention of the ANTA Ministerial Council to develop a national training system that would be more responsive to the needs of clients by encouraging a direct and market relationship between individual providers and clients. The policy seeks to increase investment in training, provide training that is more congenial for enterprises and their apprentices and trainees, contribute to achieving more equitable outcomes and maximise the value of public VET expenditure.

The Ministerial Council argued that user choice comprises three essential elements, which must be satisfied together to establish a genuine market relationship between individual training providers and clients:

- 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 Ministers noted that negotiation could include choice of provider and choice about specific aspects of training, such as location, timing and content.
- 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 was expected to include greater contestability among individual providers.
- Outcomes compatible with public expenditure constraints and efficient use of resources. There could be no implication that all requests for training from clients, however specialised or expensive, would be met from public funds. At their meeting in June 2000 Ministers indicated that, in addressing inconsistencies in user choice, States and Territories retain decision-making responsibility on resource issues.

In May 1997 a meeting of the Ministerial Council endorsed nine Principles for User Choice. These are:

1. Clients are to be able to negotiate their publicly funded training needs.
2. Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.
3. User choice operates in a national training market not limited by State and Territory boundaries.
4. The provision of accurate and timely information about training options is necessary for informed choice.
5. Pricing of training programs by State/Territory Training Authorities should be based on clearly identified State/Territory unit costs benchmarks. Unit costs set

for efficient provision may be increased by including a loading for access and equity reasons.

6. 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.
7. User choice would be harnessed to improve access and equity in the VET system and be integrated with existing initiatives.
8. Regulatory frameworks and administrative arrangements relating to VET at the National, State and Territory level are to be complementary to the achievement of the objectives of user choice.
9. 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.

Evaluations of user choice in operation have generally found reasonable levels of satisfaction among employers with most aspects of the policy, including the scope for exercising choice, provider responsiveness and information about training. However, they have also raised questions about the quality of training, a lack of understanding of the elements of choice, and the balance between the needs of employers and trainees/apprentices. Differences relating to firm size and location have not been specifically investigated in these evaluations, but may be important. For instance, attitudes to training may differ and enterprises with large numbers of trainees and apprentices may have more choices than those with smaller numbers. CEET has previously examined the extent to which VET practice in the various States and Territories has been consistent with the nine user choice principles which were agreed by MINCO in July 1997 (Selby Smith and Ferrier, 2001).

Since its introduction, user choice has been seen as a Commonwealth initiative. The States and Territories have responded with varying degrees of enthusiasm. NSW, which represents over two-fifths of total VET activity in Australia, has continued formally to reserve its overall position, although in practice it has implemented user choice on a careful, considered and measured basis. The formulation and implementation of user choice illustrates the contested nature of policy-making and practical implementation in VET and the respective roles of the different levels of government.

User choice reflects general changes in public policy, including public sector management, towards more direct and market responsive relationships between providers and purchasers or clients. These broad changes towards the greater empowerment of users relative to providers, although reflected in VET, were not driven initially from within the VET sector.

User choice policy development and its implementation also illustrate a changing balance between the industry partners. The powerful role played initially by the union movement under the Hawke and Keating governments has been replaced since 1996 by an industry and enterprise driven training system under the Howard government. At the enterprise level there can be continuing tension between the needs of employers and those of apprentices and trainees.

The relatively recent introduction of many of the competition and market reforms in Australian VET, together with the lack of comprehensive data and research on their effects, has made it difficult to reach definitive conclusions about their consequences. The economic benefits of competition and market reforms are yet to be fully substantiated, and they may be outweighed by other consequences that have still to be fully identified and understood. However, the development of a competitive training market entails a comprehensive redesign of institutional structures, cultures and practices in the Australian VET sector. The changes have major implications for the roles and relationships of key stakeholders, including for government's role with respect to funding and regulation. The challenge now confronting the VET sector is to engage in open and constructive debate about the most effective way forward, based, as far as practicable, on empirical evidence.

The ACCI Survey

In March 2001, the Australian Chamber of Commerce and Industry (ACCI) undertook a survey of approximately 350 employers to investigate their views on user choice and their experience in using the policy arrangements.

ACCI strongly supports the user choice policy and regards the 'maintenance and strengthening' of the policy arrangements as 'a key element in employer engagement in training as well as essential to the on-going performance of the VET system' (*ACCI Review*, May 2001). ACCI's chief executive officer is a member of the ANTA Board. In selecting the survey sample ACCI actively sought out employers engaged in user choice, but aimed for a spread of small, medium and large businesses operating in metropolitan, regional and rural areas.

The survey was carried out by telephone by officers employed as education and training advisors in Chambers of Commerce and Industry in each state or territory. It comprised fifteen questions listed in a proforma (Appendix 1). In brief, the survey first asked whether the firm employed new apprentices and eliminated from further consideration any that answered in the negative. Further questions were then asked about the size of the business, the main type of activity it undertook, and:

- If the firm operated in more than one State or Territory
- If the firm utilised user choice arrangements when taking on New Apprentices, and if not, why not.
- The importance of the flexibilities offered by user choice to the firm's decision to employ New Apprentices.
- Which aspects of user choice arrangements had been important to the firm.
- If the firm used the Commonwealth government's user choice and incentives national online information service to obtain information in preparation for taking

on a New Apprentice. Respondents were also asked if the information on the service was easy to understand and helpful in accessing the system.

- If the firm utilised a New Apprenticeship Centre to obtain information on user choice arrangements and whether the information was easy and helpful in understanding and accessing the system.
- For suggestions on improving the transparency of information on user choice provided on-line or through New Apprenticeship Centres.
- If the firm had observed any specific improvements in relation to accessing the user choice arrangements over the last 6 months.
- For the firm's opinion on a range of statements about user choice arrangements (for example, whether they enabled employers to choose training providers, to choose the location and content of training, and to work more flexibly and collaboratively with providers).
- For any further comments or suggestions.

ACCI reported on the aggregated results of the survey in its publication *ACCI Review*, in May 2001. There were four main findings.

First, three-quarters of participating firms had utilized aspects of user choice arrangements. Where firms did not utilise user choice one of the main reasons was that they did not know about it, but there were also many other reasons, including that the flexibilities were not available to them.

Secondly, the flexibilities of user choice were a major factor in firms' decisions to take on a new apprentice, with the ability to customize training being particularly important. ACCI noted that employers see user choice flexibilities as 'offering a high level of responsiveness and relevance to changing technologies and future industry skill requirements'.

Thirdly, 65% of respondents had used New Apprenticeship Centres (NACs) and generally found the information provided by them to be helpful. However, some respondents claimed that not all NACs had detailed information available and ACCI noted that promotion of user choice by the NACs could be enhanced. Only a very small group of respondents had used on-line information about user choice. However, those that did had found it helpful.

Fourthly, few respondents had noticed improvements in user choice arrangements in spite of 'tinkering to improve its implementation and operation'.

ACCI noted that employers are looking for a system that responds rapidly to the dynamics of their businesses, regardless of State or Territory, location or size. However, as a result of the survey it concluded that 'between the promises of the user choice policy and the reality for many employers, there lies a credibility gap'. It noted increasing tension building among employers, stemming from a perception that they are not always getting the choices they should have or the information they are entitled to under the policy. ACCI warned that 'employers may begin to withdraw from an engagement in training if their role and influence is diminished', through a weakening of the user choice arrangements, or a failure to implement them fully.

Survey Results: a further analysis

This report analyses further the data derived from the ACCI survey, particularly to explore more closely the results obtained according to firm size and primary geographical location. The analysis investigates whether small and medium-size firms (SMEs) and those located outside the metropolitan areas are able to access the benefits of user choice to the same extent as large firms and those located in metropolitan areas. It also investigates whether there are particular ways in which user choice arrangements might be improved to better meet the needs of these firms. Finally, the analysis seeks to identify issues for further exploration in case studies of user choice and SMEs.

In analyzing the results of the survey a number of factors need to be considered. First, the survey was confined to ACCI members and therefore may not be representative of the broader spread of businesses across Australia. Nevertheless, ACCI is the peak council of Australian business associations. ACCI's members are employer organizations in all States and Territories and all major sectors of Australian industry. Through its member associations, ACCI represents over 350,000 businesses nation-wide. These businesses include 'the top 100 companies, over 55,000 enterprises employing between 20-100 people and over 280,000 enterprises employing less than 20 people. That makes ACCI the largest and most representative business organisation in Australia' (ACCI, *Leading Australian Business: The Policies of ACCI*, ACCI, Canberra, 2001). Secondly, the firms that utilize user choice were actively sought out by ACCI to participate in the survey; and they are probably over-represented in the sample. Conversely, firms that do not use user choice are probably under-represented in the sample. No evidence is available on the extent to which this affects the results. Thirdly, a different person conducted the telephone survey for ACCI in each state or territory. It is possible that there were slight variations in the emphasis given to different questions or in the interpretation of questions and responses. Finally, CEET's analysis is based on the results provided by ACCI and not the raw data.

The Effects of Firm Size

According to data from the Australian Bureau of Statistics, 42 per cent of Australia's labour force worked in small business, including agriculture, in 1997. The ABS defines small businesses other than agricultural, as having less than 100 employees (manufacturing) or less than 20 employees (non-manufacturing). Agricultural businesses are treated separately by the ABS because of the difficulty of equating size with number of employees. Medium-sized businesses are defined by the ABS as having 20 to 199 employees and large businesses as having 200 or more employees. If learning practices and skills levels in small businesses fall short of what are required for peak performance, promotion of training for and by small enterprises constitutes a high priority. Initiatives by governments and industry organisations tend to be most effective when they are based on knowledge of the sorts of information and inducements to which small enterprises are most likely to respond and when they overtly recognise any significant and distinguishing characteristics and special circumstances of small businesses. More detailed discussion is contained in Selby Smith, Ferrier et al (2001).

ABS figures for 1996 confirm the well-established relationship between firm size and the provision of structured training for employees. Expenditure on training as a percentage of gross wages and salaries for the three months July to September was 1.2 per cent (1-19 employees), 1.9 per cent (20-99 employees) and 3.2 per cent (100 or more employees) (Burke, 1998). Hours of training per employee and percentage of employers providing training showed similar trends: 2.4 : 3.8 : 6.5 and 13: 51 : 88 respectively. Of considerable concern is the decline between 1990 and 1996 in the percentage of enterprises in the 1-19 employee range that provided structured training: 13 per cent in 1996 compared with 19 per cent in 1990. A substantial, though proportionately lesser, decline took place for the 20 to 99 employee group: 51 per cent in 1996 compared to 64 per cent in 1990.

Hayton et al (1996), from their case studies, suggested several reasons why small enterprises are less inclined to provide structured training than larger enterprises:

- They have fewer drivers of training. For example, small enterprises are less likely to have strategic plans or business plans with training clauses; and less likely to have high levels of workplace change;
- They have fewer dedicated training resources (personnel, facilities);
- They lack economies of scale that would assist class size and backfilling;
- Organisational structures provide little opportunity for upward mobility; job roles are broad rather than specialised, with less opportunity for change horizontally to a new position within the enterprise.

The ABS 1997 *Training Practices Survey,* on the reasons structured training was provided by enterprises in the previous 12 months, showed for the 1-19 employee group that responding to new technology, enabling employees to move to other positions, and developing a more flexible work force were much less important than for larger enterprises (Long and Burke, 1998). Also, small firms are more likely to report that their current employees are adequately trained than are larger firms. On the other hand, small and larger firms were more similar with respect to improving the performance of personnel in their current jobs and improving the quality of goods and services. It seems, when it comes to structured training, that the dominant concern is doing what is done now, but better.

Just because there is less structured training does not mean that there is less training (Hayton et al, 1996). Nor does it mean that small businesses provide more informal training than large ones. Recent case studies undertaken by Maglen, Hopkins and Burke (2001) that included small, medium and large enterprises, found informal (unstructured and commonly unassessed and unrecorded) training to be an important source of learning in all the enterprises investigated. Nevertheless, it can be questioned whether small businesses' greater reliance on informal training is to the detriment of business performance. While day-to-day work may provide adequate opportunities for the sharing of experiences and ideas, it is less likely to foster some other types of learning, such as upgraded literacy and numeracy skills, underpinning theory and concept development, and new requirements for occupational health and safety. It can be questioned, too, whether some approaches to informal training are more effective than others. For instance, in the UK Orpen (1997) found that motivation and commitment was positively related to the frequency and closeness of learner-mentor interaction (although, in the short term at least, they were unable to show an effect on performance). Given small businesses' relative lack of internal labour markets and short life - only one third of Australian small businesses are more than ten years old (ABS, 1998) - competitiveness in the external labour market is especially important for employees in such enterprises.

Generally speaking, small to medium-sized enterprises in Australia appear to be less profitable than larger firms, but many micro businesses are more profitable. The success of the micro businesses may reflect their inherently high proportion of owner/manager participation and this group's motivation. At the same time, it must be borne in mind that micro businesses are major employers. Excluding agricultural businesses, they provide about half of all small business employment and a quarter of total employment (ABS, 1998). The group includes a relatively large proportion of enterprises with low labour productivity, in keeping with their reliance on more labour-intensive technologies. In 1997 about 32 per cent had been operating for more than ten years, a similar level to small business as a whole (ABS, 1998).

Rogers (1999) compared small with medium-sized and larger firms in terms of innovation. With the exception of 'food retailing', 'accommodation, cafes and restaurants' and 'business services', small and medium-sized firms were much less likely to introduce an innovation in process or product/service than were larger firms. And only in three sectors did twenty per cent or more of small and medium-sized firms report any innovation in the past twelve months. These three sectors were all manufacturing industries: 'food, beverage, tobacco manufacture'; 'petroleum, coal and chemical'; and 'machinery and equipment'. As Rogers acknowledges, a small or medium-sized firm may devote a substantial proportion of its resources to innovation, but because of its small size innovate less frequently than a much larger firm that allocates a lesser proportion of its resources to innovation. Even so, a relative lack of innovation is suggested by the findings, which is consistent with the lesser importance accorded to training to support technological change in small to medium-sized businesses as compared with larger ones (Long and Burke, 1998).

For the two years 1994-95 and 1995-96 businesses with 1 to 19 employees were twice as likely to cease operation, as distinct from undergoing a change in ownership, as those having 20 or more employees (ABS, 1997). (No figures are available specifically on the 20 to 99 employee group.) Furthermore, 'innovators' were more likely to report an increased income and less likely to report a reduced income. Are many small to medium-sized businesses in Australia performing poorly and eventually ceasing to operate, in part at least, as a consequence of their failure to innovate? If so, this could be one reason for their relatively low levels of expenditure on training.

The relatively 'low tech' nature of many small to medium-sized businesses may be important in providing them with the flexibility to be innovative in terms of output. Maglen, Hopkins and Burke (2001) found, in their case studies of wire products manufacturers, that it was the older machines that commonly provided the flexibility to produce small batch, customer-specified products. In contrast, the numerically controlled 'high tech' machines were more suited to continuous production of identical high quality products. However, it was the latter output that typically served the 'big players in the market', such as automotive manufacturers, and therefore provided the ongoing source of demand. What appeared to be important was deciding on the balance of older and newer technologies; and being able to match sales, inputs and outputs so as to minimise stocks and inventories, satisfy customers, use resources efficiently and maintain cash flow. Just as failure to innovate can be the path to loss of competitiveness and eventual displacement in the market, so technological change has its hazards. In an industry where the life of a leading-edge technology is short, its adoption can be costly (if the requisite finance is forthcoming at all), yet the benefit short lived.

The apparent relationships between survival and growth, innovation, planning and human resource management including training, suggest that promotion of training to the owners and managers of SMEs benefits from routinely highlighting the relationships. They also support approaches that have involved bodies like Small Business Victoria in the promotion of training. Being effectively innovative means being actively involved in knowledge networks so that planning decisions are informed by what current and potential suppliers, clients and competitors are doing and thinking. Human resource management policies and practice within enterprises can encourage participation in learning networks, just as promotions and other interactions can promote them externally. Training of personnel develops as needed on the basis of sound business planning, particularly as a part of wider change processes. However, it need not mean that there is growth in off-the-job, structured training.

In advocating the strengthening of the innovative capabilities of small to medium-sized enterprises, including through training, there are concerns that doing so will encourage changes that lead to a reduced demand for labour as a consequence of an increase in the capital to labour ratio. Conversely, it can be argued that what is sought is greater business sustainability with, for the majority of employees, increased security of employment. Further, while employed with an innovative enterprise, the employee is likely to be gaining skills that will have greater currency in the wider labour market, should he or she seek employment elsewhere. In practice, the ABS (1998) found, for businesses generally, 'innovators' were about 1.5 times as likely to increase employment as 'non-innovators', with the probability of decreasing employment about the same for the two groups. For 'innovator' micro businesses the likelihood of decreasing employment was about 40 per cent less than for 'non-innovators'. It is probable that much of this innovation was product rather than process innovation, which is less likely to displace labour. Van Reenen (1997) attempted to separate process and product innovation in UK manufacturing firms on the basis of patents; and found a positive correlation between innovation and employment due to product innovation. Process innovation appeared to have a negligible or small negative effect on employment.

Against this background, of the 350 respondents to the ACCI survey, a little more than three-quarters were small and medium-sized firms. Small firms comprised the largest group (41.1%) and medium-sized firms formed a slightly smaller group (38.9%). However, the criteria used to identify firm size in the survey differed slightly from that used by the ABS. Small firms were identified as those with 1-19 employees, medium-sized firms as those with 20-99 employees and large firms as those with more than 100 employees. No distinction was made for firms in agriculture.

The location of firms is important, because it is linked to a range of factors that might affect user choice in practice, such as access to training, the types of training required and arrangements for the delivery of training. Overall, most of the firms responding to the survey were located in metropolitan areas (58.8%). However, while only about one third of small firms (32.6%) and one third of medium-sized firms (31.9%) were located in regional areas, the proportion of large firms located in regional areas was appreciably higher (43.1%). The proportion of respondents from rural areas was only 5.3% overall. The proportion was even smaller for medium (2.8%) and small (3.4%) firms, but slightly greater (though still small) for large firms (9.8%).

Table 1: Respondents by Firm Size and Location (%)

	Metro	*Regional*	*Rural*	*Total*
Small	64.0	32.6	3.4	100
Medium	65.3	31.9	2.8	100
Large	47.1	43.1	9.8	100
Mean	**58.8**	**35.8**	**5.3**	

Table 2 shows the distribution of respondent firms by size and industry. Overall, while firms in a wide range of industries are represented, firms are clustered particularly in two fields: manufacturing and retail. However, while a third of medium-sized firms (34.7%) and a quarter of large firms (25.5%) are in manufacturing, the small firms which responded to the survey were most frequently represented in the retail industry (21.3%). These distinctions may be important in examining user choice in practice, because industry differences (eg. in structure, culture, distribution, training needs and opportunities), and differences in training needs and approaches between firms of different size are likely to affect their expectations, their practices, their experiences with user choice, and the likelihood of particular responses to the survey.

Small firms are represented in some industries where there are no responses from medium or large firms (eg. in finance and insurance; or property). Conversely there are other industries in which only large firms responded (eg. in agriculture, forestry and fishing). There are no small firms among the respondents from five industries (agriculture; mining; utilities; transport and storage; and cultural and recreational services). The pattern of respondents raises problems for the present analysis. For example, there are no small or medium-size farm businesses among the respondents, which is a notable gap when considering user choice in regional and rural Australia. Of course, it could be that few firms of these sizes in this industry in these locations were able or willing to take advantage of New Apprenticeships.

The proportion of firms indicating that they are in an industry which is not listed, or that they do not know which industry they are in, is quite high. One fifth of both large firms (19.6%) and small firms (20.2%) and a slightly smaller proportion of medium-size firms (16.7%) were in this situation. It is an interesting result. Are these firms operating in new industries? Or, perhaps more likely, are they engaged in a variety of activities that make it difficult for them to identify with any single industry? The implications for their training needs, how they can best be met and specific user choice arrangements warrant further consideration.

Table 2: Respondents by Firm Size and Industry (%)

	Small	*Medium*	*Large*
Agric, Forestry, Fishing	-	-	2.0
Mining	-	2.8	7.8
Manufacturing	14.6	34.7	25.5
Utilities	-	2.8	3.9
Construction	6.7	1.4	5.9
Retail	21.3	19.4	9.8
Wholesale	1.1	-	2.0
Accommodation and Restaurants	5.6	8.3	7.8
Transport and storage	-	2.8	2.0
Communication	3.4	4.2	3.9
Finance and Insurance	6.7	-	-
Property	6.7	-	-
Govt Admin or Defence	2.2	1.4	3.9
Education	2.2	1.4	-
Health or Community	2.2	2.8	3.9
Personal and other	6.7	1.4	-
Cultural/ Recreational	-	-	2.0
Other and don't know	20.2	16.7	19.6
Total	100	100	100

Does the size of a firm make any difference to its use of user choice? Table 3 shows responses to the question 'Does your firm employ user choice?' for small, medium and large firms. A majority of firms in all categories responded positively, but the use of user choice increased with firm size, from 68.5% of small firms to 82% of large firms. Put in another way, 31.5% of the small firms were not using user choice compared to only 18% of the larger firms. Given the nature of the sample of respondents the real difference is likely to be even greater than this.

Table 3: Does Your Firm Employ User Choice? (by firm size; %)

Firm Size	*Yes*	*No*	*Total*
Small	68.5	31.5	100
Medium	75.0	25.0	100
Large	82.0	18.0	100
Mean	**75.1**	**24.8**	

Why do some firms not use user choice? Again, the reasons given by respondents indicate differences by firm size. More than a third of small firms said that they did not know about user choice, whereas none of the medium or large firms gave that reason. This suggests that there are difficulties in communicating information about user choice to small firms, that these firms have poorer access to information and that they do not know how to obtain it. The result raises the question whether more small firms would take advantage of user choice if they knew more about it.

Particularly interesting is the very high proportion of all the firms which were not using user choice that chose 'Other' as an explanation rather than the two alternatives offered (did not know about it; using it was too difficult). This suggests that the questionnaire did not offer a sufficient range of responses; and that there are other explanations for non-participation. This issue warrants further investigation, if user choice is to be encouraged.

Table 4: Reasons for Not Using User Choice (by firm size; %)

	Do not know about	*Too difficult*	*Other*	*Total*
Small	35.0	5.0	60.0	100
Medium	-	-	100	100
Large	-	-	100	100

Table 5 shows that flexibility is considered to be important or very important by the majority of firms, irrespective of size. However, fewer medium-size firms considered flexibility to be very important (36.5%) than did small firms (53.0%) or, especially, large firms (62.5%). A larger proportion of medium-size firms also find flexibility is not very important (22.2%) compared to either small firms (18.1%) or large firms (14.6%).

There could be a number of reasons for the differences. Perhaps different types of flexibility are important to firms of different size or available to them? Large firms, for instance, might require flexibility in the timing of training to accommodate peaks and troughs in their need for labour, or they might want training customized to reflect their particular culture and ways of working. Smaller firms might prefer flexibility in the location of training. A second possibility is that there may be an industry effect, reflecting the distribution of firms of different sizes across different industries. For instance, the proportion of medium-size firms in manufacturing is much higher than for the other two groups (see Table 2). The types of flexibilities which are sought by firms of different size warrant further investigation in the case studies.

Table 5: Importance of User Choice Flexibility (by firm size; %)

	Not very	*Important*	*Very Important*	*Total*
Small	18.1	28.9	53.0	100
Medium	22.2	41.3	36.5	100
Large	14.6	22.9	62.5	100
Mean	**18.3**	**31.0**	**50.6**	

Question 9 in the telephone questionnaire asked respondents about the particular aspects of the user choice arrangements which have been important to their firm. They were able to indicate that more than one aspect was important.

- Table 6 shows that the ability to customize training was regarded as important by substantial proportions of all firms, but particularly by small firms (96.3% compared to 91.8% for large firms and 87.1% for medium-sized firms). This supports the view that small firms have specialised training needs that user choice can help to address. However, is this response an aspiration rather than reality?
- Choice of training provider was considered important by 84.3% of all respondents, and especially important for large firms (89.8% compared to 82.5% for small firms and 80.6% for medium-sized firms).
- Access to user choice funds was considered important by 79.0% of all the respondent firms. Interestingly, more large firms thought this was important (87.5%) than either small (77.5%) or medium-sized firms (72.1%). Perhaps this reflects the pressures that large firms experience in supporting larger numbers of apprentices and trainees?
- Choice of qualification does not appear to be as important as other aspects of user choice to firms of all sizes. Nevertheless, it was rated as important by 73.9% of the firms, with relatively little difference in the responses from firms of different size.

The broad category 'customisation of training' warrants closer examination of particular aspects, such as customisation of training content, timing, mode or location of delivery. As indicated above, there may be differences in the types of customisation that firms seek depending on the size of the firm and the industry in which it operates. For instance, a large firm may seek training delivered on-site, whereas a smaller firm might seek greater attention to the customisation of training content. This is another element which would be worth closer investigation in the case studies, especially given that all of the aspects included in the questionnaire were rated as important by the great majority of all firms, irrespective of size.

Table 6: Which Aspects of User Choice are Important? (by firm size; %)

	Choice of qualification	*Customisation of training*	*Choice of training provider*	*Access to funds*
Small	73.8	96.3	82.5	77.5
Medium	72.6	87.1	80.6	72.1
Large	75.5	91.8	89.8	87.5
Mean	**73.9**	**91.7**	**84.3**	**79.0**

It was noted earlier that more than a third of small firms indicated that they did not employ user choice because they did not know about it. Table 7 takes up the issue of access to information about user choice, asking whether the respondents' business had used the Commonwealth Government's user choice and incentives national online service to obtain information in preparation for taking on a New Apprentice. This question is important because State Training Authorities have invested substantially in the development of on-line materials.

Responses show a low level of use of the online information and a substantial difference between large firms and other firms. Overall, 89.6% of all firms indicated that they had not used the online information. However, the proportion indicating online usage was much greater for large firms (22.4%), than for small (2.5%) or medium-size firms (6.3%), where it was negligible. Even among the large firms, however, only one in five respondents was using the online information and this in a sample which was biased towards those involved with user choice.

These results raise a number of questions including: why was the level of use so low among all firms?; what were the reasons why the use of the online information by small and medium-sized firms was negligible?; and what were the other sources from which firms obtained their information about user choice? The results suggest that small and medium-sized firms are less likely to access online information; and support the need for information to be available in other forms for all firms, especially SMEs. However, the survey found that, for the small proportion of firms who used online information, they all considered the information to be easy to use and helpful. There appears to be less of a problem with the type of material provided on-line than there is with effective access to it.

Table 7: Use of Online Information (by firm size; %)

	Yes	*No*
Small	2.5	97.5
Medium	6.3	93.7
Large	22.4	77.6
Mean	10.4	89.6

New Apprenticeship Centres (NACs) are another source of information about user choice; and the survey asked respondents whether their business had utilised a NAC to obtain information on user choice arrangements. The results (shown in Table 8) reveal a substantial difference between the responses of large firms and small or medium-sized firms. Overall, NACs were used as a source of information by many more firms than used the online information. Two-thirds of the firms indicated that they had used the centres (65.8%). However, the proportion of large firms using the New Apprenticeship Centres (79.2%) was substantially greater than the proportions for small (59.5%) or medium-sized firms (58.7%). Interestingly, there was little difference between small and medium-sized firms in this regard. As small and medium-size firms are generally not accessing on-line information about user choice, where are they getting their information? Given that they were more likely than larger firms not to access user choice, and to indicate that they did not know about user choice, the answer may be, at least in part, nowhere. Lack of knowledge contributes to lack of use, while lack of use reduces the incentive to be informed.

Table 8: Use of New Apprenticeship Centres (by firm size; %)

	Yes	*No*
Small	59.5	40.5
Medium	58.7	41.3
Large	79.2	20.8
Mean	**65.8**	**34.2**

Table 9 indicates that, while the great majority of the firms (87.2%) that use New Apprenticeship Centres considered the information they provided was easy to use and helpful, levels of dissatisfaction increased with the size of the firm. 9.1% of the respondents from small firms, 13.9% of those in medium-sized firms and 15.4% of those in large firms said that the information provided by NACs was not easy to use or helpful. This suggests that even large firms have a need for more specific or detailed information, or for a greater range of information, and that these needs are not being met by NACs at present. Smaller firms may have fewer or less complex demands that can be more easily met. Another possible explanation is that the New Apprenticeship Centres carry only a limited range of information, which creates difficulties for firms or industries with special or specific needs. This matter warrants further consideration in the case studies, taking account of local circumstances and the particular needs of individual firms.

Table 9: Quality of Information Provided by New Apprenticeship Centres (by firm size; %)

	Easy and Helpful	*Not easy and helpful*
Small	90.9	9.1
Medium	86.1	13.9
Large	84.6	15.4
Mean	**87.2**	**12.8**

Quality issues are further addressed in a question that asked respondents if they had observed any specific improvements in relation to accessing user choice arrangements 'over the last six months'. The questionnaire noted that 'the Government has recognised that there have been difficulties in implementing User Choice ... with regard to consistency and the recognition and availability of training which meets the needs of business'; and that 'there have recently been several measures put in place to address these issues'. 88.5% of all firms (and 91.7% of the large firms) indicated that they had not noticed any improvements. However it is difficult to know how to interpret these results. Should the small proportions of firms indicating they have noticed improvements be seen as positive or negative? Do the responses suggest that the improvements have had little effect or that they have met the needs of the firms they were designed to assist? If most firms were satisfied prior to the changes then they may have paid little attention to new arrangements. Also, the question only asked about improvements 'over the last six months', whereas many significant changes may take longer than that to develop and implement effectively.

Table 10: Improvements Observed (by firm size; %)

	Yes - improvements	*No improvements*
Small	11.4	88.6
Medium	14.8	85.2
Large	8.3	91.7
Mean	11.5	88.5

Firms were also asked to indicate if they agreed with statements about the effectiveness of user choice. Overall, regardless of size, most firms agreed that user choice enables: a greater choice of provider and of location by enterprises; employers taking a more active role; that the funding assists with training; and that 'employers, apprentices and training providers are happy with the User Choice arrangements'. However, fewer than half agreed that user choice improves 'the spread of training across a range of providers nationally', while 'access to clear and accurate information about New Apprenticeships and User Choice arrangements' is an issue for both small and large firms, though less so for medium-size firms.

Considering the three dimensions of training customization, ie. choice of provider, of location and of content, the table shows clearly that levels of agreement with statements indicating that user choice facilitates these choices being available firstly, is substantial overall; secondly is greatest for 'choice of provider' and lowest for 'choice of content'; and thirdly rises with the size of the firm. These are important findings. They suggest that smaller firms do not enjoy the same degree of choice that is available to larger firms in relation to these three important elements of user choice.

Three other points are worth emphasising. First, for firms at each size level there are substantial differences in the proportion of respondents who agree with the various statements. For example, whereas 81.6% agree that user choice enables greater choice of provider by the firm, only 30.6% agree that user choice improves 'the spread of training across a range of providers nationally'. Secondly, while the level of agreement tends to be higher for the respondents from large firms in most cases, there are instances where the reverse is true, for example in relation to the spread of training, access to understandable information (compared to medium-sized firms) and if participants are 'happy with User Choice' (compared to small firms). Thirdly, for some questions the level of agreement is low compared to the intentions of the user choice policy. For example, only 30.6% of large firms, 41.8% of small firms and 47.6% of medium-sized firms agreed that user choice improves the spread of training, while only 44.3% of small firms and 44.9% of the large firms agreed that there is 'access to understandable information'.

Table 11: Percentage of Respondents Who Agree (by firm size; %)

% who agree that:	*Small*	*Medium*	*Large*
User choice enables a choice of provider	75.9	79.4	81.6
User choice enables choice of location	68.4	73.0	79.6
User choice enables choice of content	50.6	55.6	57.1
User choice improves the spread of training	41.8	47.6	30.6
User choice encourages providers to market better	50.6	52.4	69.4
User choice encourages more flexibility	59.5	69.8	69.4
There is access to understandable information	44.3	60.3	44.9
Employers can take an active role	67.1	66.7	69.4
Funding assists in training	57.0	58.7	69.4
'Every one is happy with User Choice'	60.8	50	57.1

Regardless of their size, the majority of firms responding to the survey indicated that they use and are reasonably satisfied with user choice. However, there are a number of areas in which further exploration could be usefully undertaken through the case studies. This would assist in understanding what lies behind the survey responses. The survey results also highlight some issues of concern, particularly in relation to small firms.

First, it is of concern that more than a third of all the small firms which responded indicated they did not use user choice because they did not know about it. Issues of access to user choice information for these firms and their employees arose in response to several different questions. For example, only 2.5% of the small firms were using on-line information and while more than half were obtaining information from NACs their use by large firms was much greater (79.2% compared to 59.5%). The small firms that do employ user choice also appeared to have fewer choices than larger firms, particularly in relation to the location of training. Are small firms being offered only 'second-class' user choice? Are there better ways of assisting them to benefit from user choice opportunities? This question can be investigated further in the case studies.

Secondly, the absence of small and medium-sized firms in the agriculture industry from respondents to the survey suggests that farm businesses are not included. If so, the attitudes and practices of these types of firms in regard to user choice remain unclear, although agriculture is an important industry in rural and regional areas. It is known from previous studies that SMEs in agriculture do take on New Apprentices. This matter warrants further investigation.

Thirdly, the very high proportion of firms (of all sizes) selecting the reason 'other' to explain why they are not accessing user choice is intriguing. Understanding the reasons for such a response is particularly important if participation in user choice is to be increased. What 'other' reasons are there? How common are they? How strong are they? Do they differ for firms of different size? The case studies could include more detailed investigations designed to clarify the factors involved and how they might be changed.

Finally, there are a number of questions where the responses of medium-sized firms differed from those of small and large firms. The variations in the responses are not consistent by size of firm. As noted earlier, this may indicate an industry effect, given that a higher proportion of medium than small or large firms are clustered in manufacturing. However, this is not the only possible explanation; and if medium-sized firms differ systematically from larger and smaller firms in relation to at least some important aspects of user choice, policy-makers need to be aware of what factors are at work, how strong they are, whether they can be changed, and if so, how.

The Effects of Geographical Location

The geographical location of firms may be important (as noted earlier), because it might affect user choice in practice. For instance, there can be differences between firms in different geographical locations in relation to their access to training, the types of training they require and the need for special arrangements for the delivery of training there. Although an overall majority of the firms responding to the survey were located in metropolitan areas, a small majority of the large firms were located in regional or rural areas (52.9%) and more than a third of the small and medium-sized firms (34.3%). Interestingly, the proportion of the respondent firms in metropolitan areas therefore, was smaller for the large firms than for the small and medium-sized firms. The substantial numbers of respondents from metropolitan and regional areas compared to the small numbers from rural areas suggest greater caution in drawing conclusions about user choice among the rural firms. It also suggests exploring any differences in their needs and how they are (or are not) being met through the case studies.

Table 12: Respondents by Location and Firm Size (%)

Size	*Metropolitan*	*Regional*	*Rural*	*Total*
Small	26.9	13.7	1.4	42.0
Medium	22.2	10.8	0.9	33.9
Large	11.3	10.4	2.4	24.1
Total	60.4	34.9	4.7	100.0

Table 13 shows the distribution of respondent firms by industry and location. In all three locations (metropolitan, regional and rural) the largest number of firms were in manufacturing industry. This was especially the case in rural areas, where 50 % of all respondents were in that industry. In metropolitan areas there was also a large number of respondents from firms in the retail industry and, as previously noted, many of these are small firms. It was also noted earlier that there were few firms in agriculture, even in regional and rural areas.

Perhaps the most outstanding feature of the results in Table 13 is the representation of rural firms in so few industries. This underscores the small number of rural firms that participated in the survey (only 5.3% of respondents). However, the same problem did not arise in relation to respondents from regional areas, which were represented in almost all industries. Indeed, they can be argued to be more evenly distributed across industry groups even than those respondents from metropolitan areas.

Another interesting feature of Table 13 is the substantial proportion of firms indicating that they are in an industry which is not listed, or indicating that they do not know which industry they are in. This category comprised 24.4% of regional firms, 20% of rural firms, and 16.3% of metropolitan firms. Further exploration may be warranted in the case studies to understand why this response was so frequent, especially among the respondents from regional and rural locations.

Table 13: Respondents by Firm Size and Industry (%)

	Metropolitan	*Regional*	*Rural*
Agric, Forestry, Fishing	-	1.4	-
Mining	0.8	4.1	20.0
Manufacturing	21.7	24.3	50.0
Utilities	1.6	1.4	10.0
Construction	7.0	1.4	-
Retail	26.4	5.4	-
Wholesale	0.8	1.4	-
Accommodation and Restaurants	7.0	8.1	-
Transport and Storage	0.8	2.7	-
Communication	3.1	5.4	-
Finance and Insurance	3.1	2.7	-
Property	3.9	1.4	-
Govt Admin or Defence	1.6	4.1	-
Education	2.3	6.8	-
Health or Community	0.8	5.4	-
Personal and other	2.3	-	-
Cultural/ Recreational	0.8	-	-
Other and don't know	16.3	24.4	20.0
Total	100	100	100
% of Total Respondents	60.3	34.9	4.7

Table 14 shows responses to the question 'Does your business utilise User Choice arrangements when you take on New Apprentices?' The majority of firms in all three geographical locations indicated that they employed user choice. The proportion was slightly higher in regional areas (79.5%) than in metropolitan (71.3%) or rural areas (70%).

Table 14: Does Your Firm Employ User Choice? (by location; %)

Location	*Yes*	*No*	*Total*
Metropolitan	71.3	28.7	100
Regional	79.5	20.5	100
Rural	70.0	30.0	100
Mean	**73.6**	**26.4**	**100**

Why do about a quarter of the firms not use user choice (and a higher proportion in metropolitan and rural locations)? Table 15 does not give results for rural firms, given the absence of usable responses, but a substantial difference is indicated between metropolitan and regional firms. 66.7% of the firms located in regional areas indicated they did not know about user choice. This compared with only 22.7% of the metropolitan firms. This is a substantial difference. It suggests difficulties in communicating information about user choice outside the capital cities. Interestingly, 73% of the metropolitan firms (and 33% of the regional firms) indicated that they did not use user choice for reasons other than those listed. The nature of these reasons could usefully be followed up in further research. Few respondents (only 4.5% of those in metropolitan areas and none elsewhere) agreed with the statement that, while they knew about user choice, the arrangements were too difficult to access.

Table 15: Reasons for Not Using User Choice (by location; %)

Location	*Do not know about*	*Too difficult*	*Other*	*Total*
Metropolitan	22.7	4.5	72.7	
Regional	66.7	-	33.3	
Rural	-	-	-	

Table 16 shows that flexibility is considered to be very important or important by the majority of firms in all areas, but particularly by rural firms. While 52.9% of all firms considered the flexibilities offered by user choice to be 'very important' when their business was deciding whether to employ New Apprentices, the proportion was 62.5% for the firms in rural areas, 52.6% for those in metropolitan areas and 43.7% for those in regional areas. 22.5% of the regional firms did not consider the flexibilities offered by user choice to be important when deciding to employ New Apprentices. The proportion giving this response was almost twice as high among the regional firms than it was among the rural firms (22.5% compared to 12.5%). This is an interesting response for which no explanation is obvious.

Table 16: Importance of User Choice Flexibility when Deciding to Employ New Apprentices (by location; %)

Location	*Not very*	*Important*	*Very Important*	*Total*
Metropolitan	17.2	30.2	52.6	100
Regional	22.5	33.8	43.7	100
Rural	12.5	25.0	62.5	100
Mean	**17.4**	**29.6**	**52.9**	**100**

Which aspects of user choice do firms consider important? In this question firms were able to indicate their response to four aspects: choice of qualification; customisation of training to suit the company's needs; choice of training provider; and accessing user choice funds to support training. Each aspect of the user choice arrangements is shown to be rated as important by firms in all locations. The lowest level of agreement was 66.7%; and of the other eleven responses six were between 70% and 80%, four were between 80% and 90% and one was 94.7%. Table 17 indicates that customisation of training was the answer most commonly given by firms in all location (90.8% of all firms)s, although access to funds was equally important to rural firms (88.9%). Choice of qualification, customization of training and choice of training provider were all considered important by more metropolitan than regional or rural firms. Access to funds was considered important by more rural firms (88.9%) than metropolitan (77.7%) or regional firms (78.3%). However, the results might also reflect the training culture of the two industries in which rural firms are clustered (mining and manufacturing), their demand for training compared to many of the other industries in which metropolitan and regional firms were operating, and their respective need for, and access to, other sources of funds for training.

Table 17: Which Aspects of User Choice Have Been Important for Your Company? (by location; %)

	Choice of qualification	*Customisation of training*	*Choice of training provider*	*Access to funds*
Metropolitan	76.1	94.7	86.7	77.7
Regional	71.4	88.6	80.0	78.3
Rural	66.7	88.9	77.8	88.9
Mean	71.4	90.8	81.5	81.7

Table 18 shows responses to a question which asked respondents whether their business had used the Commonwealth Government's user choice and incentives national online information service to obtain information in preparation for taking on a New Apprentice. The overwhelming majority of firms in all locations did not use the online information, with little difference between metropolitan and regional firms. Although the proportion of rural firms using on-line information is even lower, the results might be skewed by the small number of these firms participating in the survey. However, among those firms which had used online information, the survey found that all of them considered the information to be 'easy and helpful' to use. Thus, there appeared to be no problems with the type of material provided on-line (once firms had begun to use it).

Table 18: Use of Online Information (by location; %)

	Yes	*No*
Metropolitan	9.6	90.4
Regional	10.0	90.0
Rural	-	100.0

Table 19 shows the proportion of firms that had used New Apprenticeship Centres (NACs) to obtain information about user choice. Much higher levels of usage are indicated than for on-line information, particularly by regional and rural firms. Interestingly, whereas 59.8% of the metropolitan firms had used NACs, the proportion was substantially higher among rural and regional firms (at 66.7% and 71.4% respectively). Nevertheless, a third of all the respondent firms, and 40.2% of those from metropolitan areas, had not used NACs to obtain information on the user choice arrangements.

Table 19: Use of New Apprenticeship Centres (by location; %)

	Yes	*No*
Metropolitan	59.8	40.2
Regional	71.4	28.6
Rural	66.7	33.3
Mean	**66**	**34**

While there was some more dissatisfaction among users of NACs, than among the users of on-line information, overall levels of satisfaction were high. The overwhelming majority of firms indicated that they had found the information 'easy and helpful' (86.5% of all respondents). Regional firms in particular appeared to be well served by these centres, with 91.8% stating that they found the information provided at NACs to be 'easy and helpful in understanding and accessing the [user choice] system'. Nevertheless, it is of some concern that one in seven (15.4%) of all the firms located in metropolitan areas stated that the information provided at NACs was 'not very easy or helpful'.

Table 20: Quality of Information Provided by NACs (by location; %)

	Easy and helpful	*Not easy and helpful*
Metropolitan	84.6	15.4
Regional	91.8	8.2
Rural	83.3	16.7
Mean	**86.5**	**13.4**

Table 21 shows responses to a question about whether respondents had 'observed any specific improvements to accessing the User Choice arrangements over the last six months', following changes in arrangements for the implementation and operation of the policy. 87.5% of all firms indicated that they had not observed any improvements. The proportion was particularly high among metropolitan firms (90.9%). However, interpreting these results is not straightforward. For example, if most firms were satisfied prior to the changes then they may have paid little attention to new arrangements and may have judged there was little improvement. No information was provided about levels of satisfaction with the user choice arrangements before the changes were made. Nevertheless, given the indications of dissatisfaction among enterprises from earlier answers (and from other evidence), the responses to this question give little reason to believe that all the areas of dissatisfaction have been adequately addressed. The case studies may throw further light on what changes are being sought by enterprises and what specific improvements might be introduced to achieve them.

Table 21: Improvements Observed (by location; %)

	Yes - improvements	*No improvements*
Metropolitan	9.1	90.9
Regional	15.7	84.3
Rural	12.5	87.5
Mean	**12.4**	**87.5**

Table 22 indicates opinions about some aspects of user choice in practice. Two main differences emerge. First, there are differences by location of the respondent enterprises. For example, whereas 79.7% of regional firms and 78.9% of metropolitan firms agreed that user choice gives employers greater choice in relation to who provides their training, only 66.7% of rural firms did. Similarly, while 78.9% of metropolitan firms thought that user choice gave employers greater choice in relation to the location of their training, the corresponding proportion was only 65.2% among the regional firms (and 55.6% among firms in rural areas). Conversely, while 77.8% of the firms in rural areas thought user choice had encouraged providers to market their training more effectively (and 68.1% of the firms in regional locations), the corresponding figure was only 46.5% for the metropolitan firms. Interestingly, there were also cases where the responses from rural and metropolitan firms were similar, but both differed substantially from the responses given by the regional firms. For example, whereas 79.7% of the regional firms agreed that under user choice arrangements, employers are able to take a more active role in organising training for their apprentices, only 60.5% of metropolitan firms did (and 66.7% of the rural firms who responded).

Secondly, many of the responses seem to be quite low. For example, only 46.5% of the metropolitan firms agreed with the statement that 'employers have enough access to clear and accurate information about New Apprenticeships and User Choice arrangements'. The levels of satisfaction were not much higher among the respondents from regional or rural locations (55.1% and 55.6% respectively). Similarly, only 34.2% of the metropolitan firms agreed with the statement that 'User Choice arrangements improve the spread of training across a range of providers nationally'. The responses from rural and regional firms were higher, but still not high (44.4% and 50.7% respectively). Overall, of the thirty sets of responses (ie. ten questions by three location categories for respondent firms) four were below 50%, twelve were between 50% and 60%, nine were between 60% and 70% and only five were between 70% and 80%. Only 58.0% of respondents from firms in regional areas, 55.8% of those in metropolitan areas and 55.6% of those in rural areas agreed with the statement that 'employers, apprentices and training providers are happy with the arrangements under User Choice'.

Table 22: Percentage of Respondents Who Agree (by location)

% who agree that user choice:	*Metropolitan*	*Regional*	*Rural*
Enables employers to choose training provider	78.9	79.7	66.7
Enables employers to choose location of training	78.9	65.2	55.6
Enables employers to choose content of training	54.4	53.6	55.6
Improves the spread of training across providers nationally	34.2	50.7	44.4
Encourages providers to market their training better	46.5	68.1	77.8
Encourages more flexibility and collaboration with employers	64.9	68.1	55.6
There is access to clear and accurate information	46.5	55.1	55.6
Employers can take an active role in training for their apprentices	60.5	79.7	66.7
Funding assists employers get the training they want for their apprentices	59.6	62.3	66.7
Employers, apprentices and training providers are happy with User Choice arrangements	55.8	58.0	55.6

As ACCI stated 'There is no doubt that User Choice was a timely and critical element of the reforms to the national training system, with the primary objective of increasing responsiveness to the needs of clients ... However, after much fanfare, employers still wait for the things they were promised' (ACCI, *Review*, May 2001, Number 75, page 1). The survey responses provide a valuable starting point for quality improvement initiatives, and help identify the aspects which warrant particular attention in the case studies.

In rural and regional areas the number of training providers can be limited and thus a lack of competition might mean that there is little pressure on providers to market their services. In these circumstances, user choice might provide a competitive impetus that is otherwise lacking. In metropolitan regions, however, a larger number of providers, both public and private, means more competitive conditions usually prevail and thus user choice may have less additional effect. On the other hand, in smaller communities there may be closer relationships between training providers and local firms.

Overall, there are few substantial differences between firms according to their location. The most notable difference is in the reason firms give for not employing user choice, where many more regional and rural firms than metropolitan firms indicate that this is because they do not know about it. These results suggest that much further work needs to be done to improve dissemination of information about user choice among firms in rural and regional areas in particular. As many of the firms in these regions indicate that they use NACs and are happy with the quality of the information they receive there it may be the case that these centres are not doing enough to promote user choice.

Additional room for improvement is also apparent in:

- Enabling choice in the location of training for regional and rural firms
- Enabling choice in the content of training for all firms
- In improving access to understandable information for all firms
- In improving overall levels of support for user choice.

All the results indicated for rural firms must be treated with caution, due to the small number of these firms that participated in the survey. For this reason, further investigation of the user choice experience of rural firms is needed. These investigations should include firms in industries, such as agriculture, that are strong in rural areas, but which were poorly represented among respondents to this survey.

Firms Operating in More than One State or Territory

A substantial majority (80 %) of all firms participating in the survey indicated that they operated in more than one state (or territory). Disaggregated by the size and location of the firm, results varied from a low of 71% for medium-sized firms to a high of 100% for firms located in rural areas. Surprisingly, the proportion of small firms who stated that they operated in more than one state or territory was very similar to that for large firms, and substantially higher than for medium-sized firms (83.3% compared to 70.6% respectively). The many positive responses are surprisingly high, especially for the firms located in rural areas, and suggest that the question might have been interpreted broadly, perhaps to mean 'are you open to business from interstate?'

Table 23: Does Your Firm Operate in More Than One State?
(by location; firm size; %)

By location	*Yes*	*No*
Metropolitan	76.7	23.3
Regional	82.6	17.4
Rural	100.0	-
By firm size		
Small	83.3	16.7
Medium	70.6	29.4
Large	85.7	14.3

Table 24 shows the responses by state/territory to the same question. Not surprisingly, there were substantially higher positive responses from firms in NSW (93.5%) and Victoria (84.8%) than from the firms in other states and territories, such as the Northern Territory (50.0%), Tasmania (52.2%) or Western Australia (69.6%).

Table 24: Does Your Firm Operate in More Than One State? (by state/territory; %)

By state/territory	Yes
NSW	93.5
VIC	84.8
SA	67.4
QLD	73.9
WA	69.6
TAS	52.2
ACT	47.8
NT	50.0

Of the firms which indicated that they operated in more than one state, 74% accessed user choice, and 93% regarded the flexibility of user choice as important or very important. 97.6% indicated that the customisation of training was important. Choice of training provider and access to user choice funds were also regarded as important (by 85.4% and 85.0% of the respondents respectively). Fewer firms, but a large majority nevertheless (75.6%), regarded choice of qualification as an important aspect of choice.

Table 25: Which Aspects of Choice are Important? (% of firms who operate in more than one state/territory)

Aspect of Choice	*Yes*
Choice of Qualification	75.6
Customisation of Training	97.6
Choice of Training Provider	85.4
Access to Funds	85.0

Less than one–fifth of all the firms operating in more than one state or territory had used on-line information (17%), but a majority (68%) had used NACs. In both cases, most of the firms which had used the information source had found the information provided to be 'easy and helpful'. Less than one-fifth of firms had noticed any improvements in user choice over the last six months.

There were some differences between the opinions of firms who operated in more than one state or territory compared to all firms about various aspects of user choice. More of the firms operating in multiple states or territories supported statements indicating that user choice provides a greater choice of training provider and more choices in the location and content of training. More also agreed that user choice improved the spread of training, encouraged more flexibility, enabled employers to take a more active role and provided better access to training funds. More also agreed that employers and employees were happy with user choice. This suggests that, on the whole, firms operating in more than one state or territory have higher positive opinions of user choice than all firms. However, the results also show that fewer of these firms than of all firms included in the survey agreed that there is access to understandable information. These findings are consistent with complaints from some national organisations about the difficulties of dealing with the differing requirements of VET authorities in various states and territories.

In three cases the differences of opinion between all firms and firms operating in more than one state or territory are greater than 10 per cent (enables choice of location; encourages more flexibility; funding assists training). In four more cases the differences are between 5 and 10 per cent (enables choice of provider; improves the spread of training; access to understandable information; everyone is happy with user choice).

No reasons for the differences are obvious and further investigation would be needed to understand why they occur. However, it is possible that the stronger negative opinions about access to understandable information among firms operating in more than one state or territory reflect difficulties encountered in obtaining information about user choice from different State Training Authorities. Stronger positive opinions might reflect the difference between user choice and the previous arrangements these firms encountered with regard to training in a state or territory other than their home base. The responses to the question about access to understandable information present a contrast to the other responses in Table 26. Not only is the level of agreement particularly low, but it is even lower for those firms that operate in more than one state or territory (43.9%) than for all firms who responded to the survey (49.7%). In general, one might expect firms which operate in more than one state or territory to be better informed than those which remained within one jurisdiction.

Table 26: Percentage Who Agree (firms that operate in more than one state or territory)

	Agree	*All firms*
Enables a Choice of Providers	85.4	78.2
Enables Choice of Location	82.9	72.5
Enables Choice of Content	58.5	54.4
Improves the Spread of Training	48.8	40.4
Encourages Providers to Market Better	61.0	55.4
Encourages More Flexibility	78.0	65.3
Access to Understandable Information	43.9	49.7
Employers can Take an Active Role	70.7	67.4
Funding Assists In Training	73.2	61.1
Every one is Happy with User Choice	65.0	56.3

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Appendix 1: Telephone survey pro-forma

A Survey of Employers on User Choice
(to be conducted by telephone)

Record when the interview begins and finishes.
Circle the answers the respondent gives

Time start ......:.......
Time finish ......:.......

Introduction: Reception

Good morning/afternoon. My name is_________________ . I am the Education and Training Advisor for _________________

May I talk to the manager responsible for apprentices and trainees at your work place?

If several such managers, ask to speak to the most senior manager.

If no training, personnel, staff development or human resources manager, ask to speak to the manager of the organisation/business.

If not available, make appointment.

If respondent says at any point that they answered this survey or similar in the past year or so, advise:
'Surveys like this are conducted regularly by a number of bodies concerned with education and training. It is important that these surveys be updated from time to time to determine how effective new policies have been and to see if there are new developments that need to be taken into consideration. Due to the random nature of the sample it is possible that an organization could be included in a number of recent surveys'.

Introduction: Manager

Good morning/afternoon. My name is _________________. I am the Education and Training Advisor for _____________

On behalf of ACCI, I am seeking employers' views on the implementation and impact of User Choice arrangements for employers who engage New Apprentices and trainees. We are particularly concerned with whether those employers who take on New Apprentices are accessing User Choice arrangements and if they are finding the provision of information and administrative procedures easy to navigate. All information you give will remain confidential.

Do you have a few minutes to talk about that now, or should I make an appointment to call you back?

If YES, continue with survey. If NO, make a time to call the employer back.

1 What is your position or title in your company?

---

2 Has your business employed apprentices or trainees during the last 3 years?

yes no

If YES, go to the next question. If NO, thank the employer and terminate the interview.

3.What is the size of your business:

small	medium	large
(1-19 employees)	(20-99 employees)	(more than 100 employees)

4. Is your business based in a metropolitan, regional or rural area?

---

5. What was the main type of business activity carried out by your business over the past 6 months?

(tick one box)

Agriculture, Forestry, and Fishing	1	Communication Services *eg. telephone services, postal services*	10
Mining	2	Finance and Insurance *eg. insurance, banking*	11
Manufacturing *eg. textiles, metal products, paper and publishing*	3	Property and Business Services *eg. Marketing*	12
Electricity, Gas and Water Supply *eg. hydro-electric power station, sewerage treatment plant*	4	Government Administration and Defence	13
Construction *eg. home builder, plumbing and electrical services*	5	Education	14
Retail Trade *eg. Department stores*	6	Health and Community Services *eg. health, welfare services*	15
Wholesale Trade	7	Cultural and Recreational Services *eg. TV broadcasting, music and theatre production, sport*	16
Accommodation, Cafes and Restaurants *eg. hospitality services*	8	Personal and Other Services *eg. hairdressing, photographic services*	17
Transport and Storage *eg. Transportation services, travel agency, tourist bureau*	9	Don't know	18

6 Does your business operate in more than one State or Territory? ☐ **yes** ☐ **no**

If YES, ask respondent to specify which one(s)

• NSW	1
• Victoria	2
• South Australia	3
• Queensland	4
• Western Australia	5
• Tasmania	6
• ACT	7
• Northern Territory	8

7 a)Does your business utilise User Choice arrangements when you take on New Apprentices?

☐ **yes** ☐ **no**

If the respondent is unsure, the following can be used as a prompt:

Where the employer is taking on a New Apprentice, User Choice provides for greater flexibility in relation to:

- *The nationally recognised Training Package qualification which the New Apprentice is to undertake (including the option of customisation to suit your particular requirements as an employer)*
- *The provider or providers who will deliver the training and issue the qualification. In this regard you may elect to become the provider yourself which requires you to go through the process of becoming a registered training organization or you may elect to use an external registered training organization. These may be either within the public system (mostly TAFE colleges) or they may be private providers. If your business operates across States/Territories, you may use a central provider which operates in all the required jurisdictions, or you may elect to use providers based only in the particular State or Territory*
- *In addition, the provider of the training may be eligible to attract User Choice funds from the State/Territory governments to support the delivery of a nationally recognised qualification*

7 b) If you answered NO, your business does not access User Choice arrangements, is it because:

☐ **Your company doesn't know about User Choice**
☐ **Your company wants more flexible options for training and is considering User Choice arrangements**

- ☐ **Your company knows about User Choice but finds the arrangements too difficult to access**
- ☐ **Your company was accessing User Choice, but the arrangements did not meet expectations**

Engage the 'No' respondent by using the above explanation about User Choice and ask the respondent to continue to answer the questions in the remainder of the survey, so that their opinion on its potential flexibilities and implementation can be recorded. The following questions can be adapted to the 'No' respondents by adding words like ' which aspects would be important...' etc

8 How important are the flexibilities offered by User Choice to your business deciding to employ New Apprentices?

Not Very Important **Important** **Very Important**

9 Which aspects of User Choice arrangements have been important for your company?

Choice of Qualification	☐ **yes**	☐ **no**
Customisation of training to suit needs of company	☐ **yes**	☐ **no**
Choice of training provider	☐ **yes**	☐ **no**
Accessing User Choice funds to support training	☐ **yes**	☐ **no**

10 Has your business used the Commonwealth government's User Choice and Incentives national online information service to obtain information in preparation for taking on a New Apprentice?

☐ **yes** ☐ **no**

If YES,

Was the information on the service easy to understand and helpful in accessing the system?

Not Very Easy or Helpful **Easy and Helpful**

11 Has your business utilised a New Apprenticeship Centre to obtain information on User Choice arrangements?

☐ **yes** ☐**no**

If YES,

Was the information provided at the New Apprenticeship Centre easy and helpful in understanding and accessing the system?

Not Very Easy or Helpful **Easy and Helpful**

12 Are there any suggestions you have about ways to improve the transparency of information on User Choice provided by these services?

---

13 The Government has recognised that there have been difficulties in implementing User Choice arrangements across the States and Territories with regard to consistency and the recognition and availability of training which meets the needs of business. There have recently been several measures put in place to address these issues.

Have you observed any specific improvements to accessing the User Choice arrangements over the last 6 months?

☐ **yes** ☐ **no**

14 Please give your opinion about the following statements. You can 'agree'[1] or 'disagree'[2] with the statements, or say that you are 'undecided' or 'don't know'[3].

These statements are all about User Choice arrangements available for the training of New Apprentices.

a) User Choice enables employers to choose providers of training	**1**	**2**	**3**
b) User Choice enables employers to choose location of training	**1**	**2**	**3**
c) User Choice enables employers to choose content of training	**1**	**2**	**3**
d) User Choice arrangements improve the spread of training across a range of providers nationally	**1**	**2**	**3**
e) User Choice arrangements encourage providers to market their training more effectively	**1**	**2**	**3**

f) User Choice arrangements encourage providers to work more flexibly and collaboratively with employers in matters such as

timetabling of training 1 2 3

g) Employers have enough access to clear and accurate information about New Apprenticeships and User Choice arrangements 1 2 3

h)Under User Choice arrangements, employers are able to take an active role in organising training for their apprentices 1 2 3

i) User Choice funding assists employers get the training they want for their apprentices 1 2 3

j) Employers, apprentices and training providers are happy with the arrangements under User Choice 1 2 3

15 Would you like to add any further comments about any difficulties, suggested improvements or benefits of the User Choice system from an employer's perspective?

____

____

Thank the respondent for participating in the survey.

Please return the completed surveys by COB Friday 23 March 2001 to:

Laura Withers
Australian Chamber of Commerce and Industry
Commerce House
24 Brisbane Ave,
Barton, ACT 2600

Ph 62708010

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