



Victorian TAFE
Association Inc
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Key Performance Measures in Vocational Education and Training

A Discussion Paper

VICTORIAN TAFE ASSOCIATION (VTA) MONOGRAPH SERIES

This paper is the second in a series of short Monographs that the Association is planning to produce in the next twelve months. The series has been initiated for a number of reasons, the primary one being that it is timely in the context of both a new State Government and, indeed, a new century, to revisit some of the conceptual issues and philosophical principles underpinning the TAFE sector.

The sector has undergone radical transformation over the last few decades since the recommendations of the iconic Kangan Report were transformed into public policy. Rapid and sweeping changes have led to continued confusion about the roles and practices of contemporary TAFE which has led to an undervaluing of the crucial role TAFE plays to the community and economy. This Monograph Series is one part of the Association's strategy to initiate public debate and comment on these issues.

In conjunction with this series, a longer, more wide-reaching research project with a similar purpose is being planned, which is expected to be available for distribution around the beginning of 2001. After the release of each Monograph, a forum will be held during which the Monograph issue will be discussed thus enabling the Association to get feedback and stimulate debate.

We are pleased to announce that Professor Simon Marginson from Monash University will be the speaker for the Performance Measures luncheon seminar which will be held at the city campus of Victoria University of Technology on Friday the 3rd of November from 12.30pm.

If you would like to comment on this paper, attend the luncheon seminar, contribute to the larger project or suggest other issues for comment, please feel free to contact the Association's offices.

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This monograph is intended as a discussion paper and as such the views expressed in it do not necessarily reflect the views of the Victorian TAFE Association Inc..

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INTRODUCTION

Since the mid 1990s Key Performance Measures (KPMs) have become an integral part of both the Victorian and national vocational education and training (VET) systems. However, the foundations underpinning their development precede that decade and, in Victoria at least, their genesis arguably begins with the influence of the early managerialists in the mid to late 1980s. By this point, Victorian TAFE Institutes had begun to shift toward a more devolved model than other states and had already moved into an early form of performance agreement in the sense that the State Government acknowledged the individuality of each Institute and treated with them on that basis.

There are many critics of the Victorian and national KPMs who cite the influence of managerialism on the education sector as a negative, arguing that as a process for evaluating performance, KPMs originated in the corporate context and that, as such, are inherently ill-suited to the public sector, particularly public education.

Notwithstanding this, there seems to be a general acceptance in the Victorian TAFE sector of the need for a process that evaluates the system's performance as well as the performance of its key stakeholders and the principle of having KPMs in place is widely accepted. However, there has been debate and some anxiety about the selection and implementation of many of the specific measures relied upon as well a general lack of clarity of their purpose.

In particular, it is unclear whether the Victorian KPMs are in place to demonstrate public accountability; to foster system wide performance improvement; or, to foster performance improvement by individual institutes (as this paper will suggest, the last two are not necessarily compatible). Perhaps the intention is all three. Certainly, in our consultations with the Office of Post Compulsory Education and Training (PETE) for this paper, it was made clear that the Victorian KPMs are in place to provide Institutes with an ability to measure their performance against the system as a whole thereby assisting in the process of continuous improvement. However, while PETE made it clear that KPMs are not intended to be used as a disciplining tool, it is difficult to escape the conclusion that they remain relevant to the relationship between Institutes and PETE who is of course, the primary provider of funding, and that the KPMs do serve as part of the process of accountability whether this is actually intentional or not.

In terms of the measures themselves, there is significant concern that they are overly economically focussed at the expense of educational and social objectives. Even if the transferability of KPMs as a performance tool between the private to the public context is accepted in principle, it is argued that the commercial world has different drivers and values to public education and that the performance measures used and values attached to them should reflect that difference.

This is the heart of what is an ideological debate, what is being challenged are the goals of the system itself and what constitutes “good performance” is highly contestable. There are two components to this argument. The first is that the goals themselves should be negotiable and broadly speaking there are two opposing schools of thought in relation to that proposition – neo-liberals and social-democrats (the differences between which will be explored further later).

Secondly, it is argued that even where it is recognised that the goals of public education extend beyond the neo-liberal preoccupation with markets and economic efficiency, KPMs are unable to be used to measure performance in relation to such goals. The first, therefore, accepts KPMs as a legitimate evaluative tool while disputing the content and focus of the indicators, while the second argues that KPMs are inherently flawed and cannot adequately evaluate system performance and good practice.

On the basis of this latter argument, the Victorian KPMs could be criticised for their exclusion of the social (and related “intangible” economic) benefits of education and training. Arguably, such exclusion is indicative of a system that fails to promote the public good of education and/or relies on a suite of KPMs that are based more on what can be measured rather than what should be measured. Each of these issues will be returned to in greater depth later in the monograph.

This paper is a discussion paper designed to stimulate debate about as many aspects of the measurement of the performance of the Victorian TAFE sector as possible. It is not intended as a position paper, rather it seeks to canvass multiple views in debates on the topic. For the sake of clarity, it will divide such debates into neo-liberal and social-democratic models of performance management and will explore the supporting and opposing arguments for each.

It will then move, in Part 3, to a close analysis of the OTFE KPMs.¹ This analysis will focus on the latest available Victorian TAFE KPM document, the *1998 Selected TAFE Institute Measures: Report on State Training Network*. One of the issues that arose in our consultations for this paper was the time-lag associated with publishing the KPM Reports and it must be noted that any benefit derived from the results is diminished by the delay in their publication due to the rapidly changing nature of the market.

Another related issue is the argument that an analysis of KPMs that are almost three years old is not helpful. In this context it should be noted that while the KPMs contained in the document are currently being fine-tuned, we have been advised that there will be no substantial changes so as to maintain systemic evaluative consistency.

Part 4 of the monograph will juxtapose the Australian National Training Authority (ANTA) KPMs with the PETE KPMs though in less detail. Select ANTA KPMs will be examined in order to provide a contrast and alternative position. What will become clear when the two sets of KPMs are contrasted, is that *in general*, PETE has adopted a more neo-liberal position than ANTA and that this is possibly inconsistent with the goals of the Victorian TAFE system as a whole.

¹ The KPMs will be referred to as the OTFE KPMs in recognition that they were developed before the transition from the Office of Training and Further Education (OTFE) to the Office of Post Compulsory Education, Training and Employment (PETE).

PART 1 – The neo-liberal model of performance management

Neo-liberal thought is most closely associated with the work of the political economist Friedrich Hayek.² The basic principle behind this school of thought is that competitive economic markets are valuable in and of themselves. As a consequence, the primary role of government is seen to be the facilitation of an economy consisting of competitive markets. Proponents of this philosophy argue that citizens are consumers first and foremost (or in some cases it is argued that they are exclusively consumers) and that, as such, individual citizens-as-consumers will regulate the market and therefore, the public good.

Neo-liberals are opposed to almost all forms of State interference in the economy and seek to wind-back the role of modern government in general. As the name would suggest, the origin of neo-liberalism in classic Liberal political philosophy means that it is underpinned by a negative concept of freedom – that is, freedom *from* the State in matters relating to the economy.

The influence of neo-liberalism on Australian public policy has been significant in the last decade. Indeed, at least since Fred Hilmer's neo-liberal *National Competition Policy*³ was released, education and training policy has been strongly influenced by such thinking at a federal and state level.

a) Criticisms of the Neo-Liberal position

The principal criticism of the neo-liberal position is that the means are said to replace the ends. That is, it is argued that “blind faith” in the market whereby the market is assumed to be good in and of itself amounts to a prioritisation of process over goals. This is clearly problematic in matters of public policy where the outcome is the most important aspect. Neo-liberal theory views society as fundamentally a *market society* rather than simply a society that is underpinned by a market economy.

Moreover, this model is criticised for its assumption that individual citizens amount to little more than consumers/customers who are (and here we can note the influence of the famous political philosopher Thomas

² See, Friedrich Hayek. *The Road to Serfdom*. (London: Routledge, 1944). Also see, Friedrich Hayek. *The Constitution of Liberty*. (London: Routledge, 1960).

³ Fred Hilmer, Chair. *National Competition Policy: Report by the independent committee of inquiry*. (Canberra: Australian Government Publishing Service, 1993).

Hobbes⁴) plainly self-interested. It assumes individuals to be economic and competitive creatures rather than social, moral and spiritual ones for example. According to the critics of neo-liberalism, such assumptions lead to misleadingly narrow estimations of human nature.

It is also argued that neo-liberal models of government, and more specifically of basic government services such as health and education, ignore much of the public good that results from the provision of such services. It is suggested that neo-liberal analyses of such services focus exclusively, or at least too heavily, on economic measures and moreover, then only on *direct* economic measures rather than the intangible economic outcomes.

In respect to ignoring the public good of government services, there is a clear ideological disagreement occurring whereby an economic focus is disputed. In the second instance, the disagreement is more to do with which aspects of economic performance are measured. In relation to the latter for example, David James argues that economic and accounting measures – the “traditional yardsticks, particularly the balance sheet, are heavily biased toward the tangible. They are ill-suited to the intangible character of the post-industrial economy...”.⁵

The economic intangibles that James focuses on are those that are internal to corporations and which are considered increasingly important but which are difficult to quantify such as the intellectual capital of staff. These economic intangibles also apply to Institutes, but perhaps more importantly, neo-liberalism is said to be unable to account for external intangible economic outcomes such as the nexus between education attainment and lessening of welfare dependency or, the correlation between education and income levels (and thus tax revenue). By extension, it is suggested that neo-liberalism also ignores the social benefits of public good and that this is a primary consideration of the state.

⁴ Thomas Hobbes. *Leviathan*. Edited with an introduction by J.C.A. Gaskin. (Oxford; New York: Oxford University Press, 1996).

⁵ David James. “Performance: so how do we take the pulse now?” *Business Review Weekly*. <http://brw.com.au/newsadmin/stories/brw/19991001/3699.htm>

PART 2 – The social- democratic model of performance management

Perhaps the central tenant underpinning the social-democratic model is that the broader social good should always be prioritised over economic outcomes. Generally speaking, a more centralised model of government is favoured in that, unlike neo-liberalism, this ideology is underpinned by a positive concept of freedom. In short, positive freedom is proactive freedom. It does not see freedom, as the neo-liberal model does, as limited to freedom *from* something – usually the state. Rather, it conceives of freedom as something which must be exercised. Thus, the role of government is to both remove barriers to exercising freedom (freedom from) as well as facilitate participation (freedom to).

The social-democratic view of the role of education is instructive here. One of the principal roles of education – aside from other individual and collective benefits to do, for example, with employment skills - is said to be its contribution to citizenship. Social-democrats argue that education facilitates positive freedom in that it equips citizens with the skills to fully participate in society and commerce.

Social-democracy, while not necessarily opposed to “the market”, is much less optimistic about its ability to cater to all aspects of the social good. It contains the assumption that there are several services which the market simply won’t provide adequately (at least not without regulation) and that the government will always have a role in ensuring that such services are provided and can be accessed by all citizens.

Furthermore, unlike the neo-liberal model, social-democrats generally regard equality of outcomes as being as important as equality of opportunity even if this may limit the extent of negative freedom available to individuals, for example by socially redistributing wealth through taxation. Indeed, Hayek argued that the existence of a wealthy class is essential to society because such a class drives progress.⁶ On the contrary, social-democrats argue that equality of outcomes is an essential component of a fair and just society and that, at the least, basic services such as health, education and welfare must be equally available to all citizens and that it is the responsibility of government to provide them.

Setting aside the fact that many social-democrats would argue that KPMs are fundamentally ill-suited to measure the performance of a public good

⁶ See, Op.cit., Hayek, 1960.

such as education, a social democratic suite of KPMs would arguably be more focussed on effectiveness than efficiency which, it is suggested, neo-liberals wrongly assume are the same thing.

ANTA's distinction between the two is helpful:

Effectiveness: measure of how well the outputs of a service achieve the stated objective of that service

Efficiency: relates to how well organisations use their resources to produce services and convert inputs (or resources) into outputs⁷

a) Criticisms of the Social-democratic position

The primary criticism of social-democratic models of the state are that they are said to be economically unsustainable. It is argued that they rest on unrealistic assumptions about the ability of the state to fund equal access to services such as health, education and welfare. Private investment in such services is encouraged by neo-liberals so as to alleviate the burden on the state and, they argue, the inequality resulting from such a system is at worst a necessary evil.

Neo-liberals often accuse social-democratic models of being naïve and contrary to “natural hierarchies” that exist in society and the economy. Moreover, they suggest that the absence of competition is detrimental to the consumer/customer (the citizen) as without it, services are overly bureaucratic, centralised, inefficient and unresponsive.

More specifically in relation to KPMs, social-democratic models are criticised for the intangible nature of the KPMs they posit. One possible example of this is the suggestion that student satisfaction should be part of education KPMs. Neo-liberals would argue that student satisfaction is an intangible that cannot be measured and in any case, it is something to be “sorted out” by the market – students are consumers who will vote with their feet if they are not satisfied.

In general terms, as the next section of this paper will show, the PETE KPMs focus almost exclusively on economic performance and “growth through efficiency” and, in their present form, have a neo-liberal focus.

⁷ Australian National Training Authority. *Key Performance Measures for Vocational Education and Training: Final Report of the Performance Review Committee to the ANTA Board – May 1999.* (Brisbane: ANTA, 1999).

Indeed, it has been suggested that both the state and federal VET systems are “characterised by various attempts to ... increase efficiency through the imposition of performance management systems.”⁸ That is, arguably, both Victoria’s and the national VET systems have become caught up with efficiency to the potential detriment of effectiveness when in fact, it is suggested, the former should only be relevant in as much as it serves the latter.

Perhaps ironically, the federal ANTA KPMs, while heavily influenced by neo-liberal ideology, are also more heavily influenced by social-democratic ideology than the OTFE KPMs. The next two sections will analyse the KPMs more closely, with a particular emphasis on the Victorian model.

PART 3 –

⁸ Matt Ngui-Ray. “Contemporary Issues in Performance Management for Vocational Education and Training Policy: An Australian Example.” *IVETA Conference 1998: Quality Matters in International Vocational Education and Training*. Ankara, Turkey (31st August – 2nd September 1998) p.312.

The OTFE KPMs

This section of the paper will briefly address the OTFE KPMs detailing some of their potential problems. The KPMs are:

- Funding sources
- Expenditure
- Profitability
- Working Capital
- Asset utilisation
- Staffing Statistics
- Contract Performance
- Strategic Outcomes

a) Funding Sources

The first KPM measures the way that Institutes accrue income. It argues that in recent years, the number of private and ACE providers of VET has increased dramatically and that since these providers are often successful in tendering for competitive funds, that “[i]t is therefore important that TAFE institutions continually strive to increase income from sources other than direct government funding.”⁹ It goes on to show via a brief history of the system’s income sources that over the past five years (1994-1998 inclusive) there has been a decreasing reliance on government funding relative to non-government funding. This is described as a “favorable result”.

A potential problem with this KPM is that it relies on a circular argument which suggests that because government policy has led to more competition that Institutes should be more competitive. Social-democrats would argue that this demonstrates “blind faith” in the competitive market and a lack of focus on the educational outcomes that the system is supposed to produce. More importantly, we can see here the effects of confusion over the role of the KPMs. If their purpose is to allow Institutes to compare their own performance relative to others, then the value judgement “favourable result” would not be necessary. What this shows is that the measures are also used a process of accountability to Government policy – in this case, increased competition.

Moreover, even if the ability of an Institute to increase its fee-for-service activities is assumed to automatically be a good outcome for the system, what this KPM fails to acknowledge is the differing capacities of Institutes to achieve such an increase – both in relation to one another but even more acutely in relation to private providers of TAFE in Victoria. The VTA has shown on numerous other occasions for example, that the competitive

⁹ Office of Training and Further Education (OTFE). *1998 Selected TAFE Institute Measures: Report on State Training Network*. (Melbourne: OTFE, 1998) p.5

playing field is not level due to differing community expectations and disparities in industrial relations arrangements.¹⁰

b) Expenditure

Continuing the “efficiency” theme, the section dedicated to the “Expenditure” KPM argues that in striving for best practice, institutions should constantly seek expenditure efficiencies. Most obviously, this KPM assumes that the less spent, the better the system. One could argue that given we are discussing performance indicators, that such a measure assumes that best practice equals cheapest practice.

The system is congratulated for its efficiency due to the fact that the total delivery cost per Student Contact Hour (SCH) only increased by 1.5% between 1996 and 1998. This is described as a “favorable result” because “hourly wage rates and other costs constantly rise ...[and therefore] ... the institutions most likely achieved this minimal increase in cost per SCH through improved efficiency.”¹¹ The following table compares cost and price paid per SCH in Victoria:

<i>Direct Delivery Cost Average</i>	\$5.33
<i>Total Cost Average (includes admin, property etc.)</i>	\$9.95
<i>Price Paid Per SCH to Institutes</i>	\$8.90
<i>National Average of Price Paid Per SCH to Institutes.</i>	\$11.40

These figures could indicate, as has often been assumed and advertised, that Victoria’s VET system is the most “slick” and efficient. However, they could equally indicate that it has been severely underfunded. Indeed, it is important to note the disparity between the real cost of delivery at \$9.95 per SCH and the price paid at \$8.90.

Furthermore, it is important to note the connection in the document between expenditure “efficiencies” and salaries and wages. It says,

Salaries and wages, the main cost components of a TAFE institution, usually consume the highest proportion of revenue earned by a TAFE institution.¹²

Clearly, the point of establishing the connection is to suggest that a reduction in the wages of Institute staff and/or an increase in the

¹⁰ See, Victorian TAFE Association (VTA). “Part2: An evaluation of the performance of TAFE.” *The quality of vocational education and training in Victoria: A submission to the Senate Employment, Workplace Relations, Small Business and Education Committee.* (Melbourne: VTA, 1999).

¹¹ Op.cit., OTFE, p.8.

¹² Ibid., pp.7&8.

student:teacher ratio is helpful in achieving this KPM. Again, the key element of performance here is cost reduction. One would be hard pressed to argue on any terms other than economic that increasing the number of students per teacher is beneficial to the system as a whole.

c) Profitability

One of the primary components of “profitability” in the OTFE KPMs is asset utilisation. This KPM is potentially misleading on many counts. Firstly, it is assumed that a low *student number:floor space ratio* is a sign of comparative efficiency. This ignores the fact that some courses are more floor and land intensive just as it does the differences between Institute course profiles.

It also assumes that Institute land and buildings were purpose built for the specific profile of the Institute. In reality, many Institutes utilise public buildings which formerly served another purpose. While the *student:floor space ratio* may not be “good”, the fact that the building is being used at all is arguably a sign of overall efficiency for the tax payer.

One suggestion to improve asset utilisation is to encourage third party access and the commercial hire of its facilities. This is not necessarily problematic except in the assumption that each Institute has an equal capacity to do so. The profile, location and types of buildings at particular Institutes means some are in a far better position to source potential tenants than others.

The Profitability ratio achieved in 1998 was 1.92 cents for every dollar of total operating revenue (less capital and depreciation). The report is critical of this aspect of system performance and compares the performance with the amount of profit the Government could have made from investing its assets in the bank at 4% per annum. Critics of neo-liberalism would argue that such a comparison is plainly misleading and inappropriate in that the education system is not a bank, it is a system intended to educate people and any comparison that relies on investment returns is flawed.

Besides which, it could be argued that even if the assumption that economic performance is the defining aspect of success of the system, this ratio fails to account for the “indirect” financial returns that investment in education yields as have been discussed previously. These economic

returns are routinely acknowledged by politicians and researchers, but rarely factored into discussions of the economic performance of the education and training system.

d) Working Capital

Working Capital represents the excess of liquid assets over current liabilities. This aspect of the report is indicative of a problematic tension throughout the document – that is, the tension between the system performance and the Institute performance. While they're certainly related, they are sometimes confused in the report.

In the case of Working Capital, the report highlights the fact that four of the Institutes have negative working capital. There are many issues at stake here, one of which is that some Institutes would argue that this “poor performance” is not necessarily a performance issue at all in the sense that it is not a management or governance issue. One of the most crucial influences affecting this KPM is the fact that capital depreciation costs are not funded – they are factored into expenditure, but not income. This has a significant effect on the working capital of many Institutes and effects some disproportionately more than others.

Of course, it must also be acknowledged that some Institutes have, for various reasons, inherited financial liabilities. This is indicative of conventional economic wisdom which suggests that using Working Capital as the exclusive measure of solvency is very dangerous as it does not take into account long term cash budget flows for example.

e) Asset utilisation

Asset utilisation is calculated in what appears to be a relatively straightforward way – by dividing the total number of SCHs delivered by the gross institution square metres. The Ramler Review¹³ recommended that the State Training Network reduce its excess floor space and, as the KPM report indicates, this has not occurred.

As suggested previously under Profitability, any measure which relies on floor and land usage is fundamentally flawed in that it ignores profile differences as well as the fact that many buildings in the State Training

¹³Paul Ramler, (Committee Chairperson). *Ministerial Review of the Provision of Technical and Further Education in the Melbourne Metropolitan Area*. (Melbourne: OTFE, 1997).

Network were not purpose-built for their current purpose.

A more potentially problematic aspect of this section of the report is the almost flippant suggestion that Institutes must manage classroom utilisation more effectively and this could include “finding better ways of delivering courses and reducing the floor area required (e.g. on-line delivery).”¹⁴ The assumption here of course is that better delivery equals delivery requiring less floor space and presumably, less teachers. This is difficult to justify unless, again, better delivery is automatically assumed to equal cheapest delivery. Of course, it is questionable whether on-line delivery is cheaper in any case. Moreover, there is a strong argument to suggest that the impetus behind moving the system toward on-line delivery should be more about access to alternative methods of learning than cost reduction for the system.

f) Staffing Statistics

Teacher productivity is calculated on the basis of the number of SCHs delivered per Effective Full-Time (EFT) Staff member. Most obviously, this measure does not account for the difference between permanent, contract and casual staff. It may be, for example, that permanent staff are more likely to have been with the Institute or at least in the system for longer and that their intellectual capital represents a significant intangible asset. Or, it may be that casual staff with specific and highly specialised knowledge produce the best possible educational outcomes for the student.

Outcomes of the staffing profile such as these are not considered in the KPM. Indeed, the document actually states that the “student/staff mix is a business decision aligned to each institution’s strategic plan...”.¹⁵ This sentence reveals firstly, the neo-liberal “business” focus which is prioritised over educational considerations and, in acknowledging the fact that the staffing profile is linked to the decisions of the individual Institute’s strategic plan, in essence it acknowledges that the comparison is really redundant. Different staff profiles are required for different course and student profiles.

g) Contract Performance

This KPM is relatively straightforward in that it requires Institutes to deliver SCHs commensurate with that for which they are funded. What it doesn’t

¹⁴ Op.cit., OTFE, p.15.

¹⁵ Ibid., p.17.

reveal however, are the inflexibilities within this arrangement as a result of Federal and State funding policies. Most notably, Institutes are not allowed to reject any student's application for New Apprenticeship Training which means that if the number of applicants exceeds the allocated funding, they must shift profile funding into this area.

However, in the event that the number of applicants falls short of the number of positions, they cannot move the money back. This causes many Institutes considerable problems and potentially results in course reduction in other areas to compensate for the focus on New Apprenticeships.

This is an example of a possible ideological contradiction in that the neo-liberal focus on economic measures implies economic autonomy but here we have an example of the Institutes being an instrument of Government policy objectives – a seemingly contradictory predicament.

h) Strategic Outcomes

This KPM is one of the few which moves away from an exclusive focus on the bottom line. It states that

The outcome that the Victorian Government is ultimately working for is the training of the Victorian work force in areas relevant to the current and future demands of industry, government, and the community.¹⁶

It lists four Strategic Measures that presumably determine such an outcome including course rating; graduate achievement; graduate employment; & course relevance. It is not specified how such measures are determined, but we understand that this information comes primarily from the National Centre for Vocational Education and Research.

The principle behind this KPM of acknowledging that performance amounts to more than economic efficiency would be welcomed by critics of neo-liberalism. While there are problems with the measurements themselves (primarily due to the fact that many external influences such as the socio-economic context of the Institute affect these aspects of performance and that only one client's satisfaction is considered) they are arguably positive in that they imply that the satisfaction of one of the principal clients – that is, the student – is an important part of the performance of the system. The problems with measuring such intangibles will be returned to in the next section of the paper.

¹⁶ Ibid., p.23

The Strategic Outcomes section also flags the possible introduction of new measures in the future which are all based on the amount of on-line delivery offered by the Institute. As has been suggested earlier, if the impetus behind increasing on-line delivery is floor-space minimisation then factoring in such delivery as a strategic measure is highly questionable.

The introduction of on-line delivery strategic measures needs to be very carefully considered and should not be underpinned by the automatic assumption that more on-line delivery equals a better system. While there appears to be many benefits to on-line delivery, particularly in terms of access for some students (those with access to the internet at least), it should not be assumed that on-line delivery results in better learning or, even cheaper learning.

PART 4 – ANTA KPMs

This section of the paper will analyse select ANTA KPMs from *Key Performance Measures for Vocational Education and Training: Final Report of the Performance Review Committee to the ANTA Board – May 1999*. In essence, the ANTA KPMs differ from the OTFE ones in that they are much broader and place less emphasis on economic measures. The document states that the KPMs are designed to measure five broad objectives, three of which are not explicitly economic:

- enhancing mobility on the labour market
- equipping Australians for the world of work
- achieving equitable outcomes in VET
- maximising the value of public VET expenditure
- increasing investment in training

There are eight ANTA KPMs listed in the document and this section of the paper, in order to provide a contrast, will briefly analyse four of them that are beyond the scope of the OTFE KPMs.

a) KPM 1: Skill outputs produced annually within the domain of formally recognised vocational education and training and KPM 2: Stocks of VET skills against desired levels

Unlike the PETE KPMs which are arguably input focussed, ANTA states that the Performance Review Committee (PRC) “believes outputs to be the most fundamental measure in the suite of key performance measures.”¹⁷ These measures attempt to measure skill outputs achieved by the system in recognition that the point of VET is to equip people with skills.

While skill output seems to be a fundamental part of system performance in which ever way it is viewed, as anticipated earlier in the paper, these measures are likely to receive criticism for the fact that skills output and skills levels are intangibles that are very difficult to measure, especially comparatively between Institutes. ANTA measures skill outputs on the basis of qualifications awarded in the belief that “qualifications are a key currency in the labour market and that qualifications are fundamentally important, both for individuals and employees.”¹⁸

Both Western Australia and Victoria objected to the first measure. Victoria objected on the grounds that the first measure disregards student’s wishes (that is, why they’re there in the first place); it over emphasises

¹⁷ Australian National Training Authority (ANTA). *Key Performance Measures for Vocational Education and Training: Final Report of the Performance review Committee to the ANTA Board – May 1999*. (Brisbane: ANTA) p.20.

¹⁸ Ibid., p.21.

qualifications as outputs as against other measures and; the process of collecting such information is too costly with little real return.

b) KPM 4 – Student Employment Outcomes

Again, this measure is designed to focus on whether the system is achieving positive outcomes for the users of it, in this case, students. It is designed with a recognition that “[o]ne of the key reasons why people enroll in vocational education and training is to achieve the skills required to gain initial employment and/or improve their current employment prospects.”¹⁹

The same criticisms of KPMs one and two could be leveled at this measure. In fact, it supports one of the criticisms of the first two measures in that it indirectly acknowledges that many students use the VET system to gain skills for current employment and are not necessarily seeking a qualification in order to do so.

c) KPM 5 – VET participation, outputs and outcomes achieved by client groups

Unlike the PETE KPMs which do not include any access and equity measures, the PRC state that “achieving equitable outcomes for particular groups [is a] core objective of the system.”²⁰ It lists five equity groups:

- women
- Aboriginal and Torres Strait Islanders
- people with disabilities
- people from non-English speaking backgrounds (NESB)
- rural and remote people

Participation by these groups is benchmarked against their representation in the general population. The document acknowledges that information about participation alone is inadequate and needs to be buttressed with information about the training experience and results for these groups also.

¹⁹ Ibid., p.29.

²⁰ Ibid., p.31.

CONCLUSION

In essence then, the primary criticism of the ANTA KPMs that have been discussed in this paper and what we might loosely call social-democratic measures more generally, is that they are difficult or impossible to quantify. There are a few things that are relevant here. Firstly, as the analysis of the more purely economic measures has shown, even so-called tangible measures are very difficult to quantify. Indeed, the *Economist* magazine recently quoted academic estimates that up to 40% of economic activity is not reflected in economic statistics.²¹

Secondly, during our consultations for this paper the issue of consistency in data collection was raised time and time again. Many stakeholders suggested that the primary problem with using the KPMs as a comparative measure is that different Institutes collect data for the respective measures differently. Where quantitative data is used in the future, its collection must be standardised if it is to be useful.

Thirdly, there seems to be little reason why quantitative data cannot be obtained about, for example, the representation of various equity groups in each Institute and the system generally. Such quantitative data would carry the same problems as the existing measures, but would not be any worse. That is, the exclusion of such measures is clearly ideological and not logistical.

Fourth, and most importantly, the search for pure KPMs arguably misses the whole point. It leads to a situation whereby what can be measured does get measured rather than what should be measured – the system is prioritised here over the goal. This, in turn, starts to pervade the concept of performance itself, as what is measured is arguably in itself deemed valuable, otherwise why would we be measuring it? Moreover, the search for pure measures leads very easily to dismissing all measures for their inevitable problems.

Perhaps a more sensible approach is to recognise that KPMs, if they are used, must be supported by qualitative information and should be one part of a larger evaluative framework. This is irrespective of whether the KPM is economic or not. There seems to be a fundamental ideological contradiction in asking Institutes to be autonomous and individual and then comparing them to the group without due recognition of their individual circumstances or the intangible benefits they provide to the community.

²¹ Op.cit., James.

On the latter point, it could be argued that the absence of Community Service Obligations in the OTFE KPMs fails to recognise the contribution of such obligations to performance *and* leads to and undervaluing of the work that TAFE Institutes do. Indeed, The House of Representatives Standing Committee on Employment, Education and Training found in their 1998 review that,

*Institutes of TAFE play special roles which other providers of further education generally do not fulfill. TAFE's primary role is the delivery of vocational education and training but it strives to meet this role while monitoring social equity objectives. It is this unique aspect of TAFE that is its defining quality.*²²

If this statement is accepted, then it seems clear that performance measures for social equity objectives would enhance the current suite of OTFE KPMs.

It also seems clear that, whatever ideological position is adopted, KPMs must aim to measure that which is deemed important to performance and not just that which is simpler to measure. Of course, determining the objectives of the system itself is the most difficult and most crucial part of refining the KPMs of any system and this must be clarified before the OTFE KPMs can be successfully refined. How to measure them is an important and related issue, but it must not drive the performance evaluation system itself.

Finally, the point of having KPMs must be clarified. Are they accountability measures? If so, to whom are Institutes and/or the system most accountable? Can accountability to a range of stakeholders be factored into KPMs?

Or, are KPMs in place to facilitate performance improvement? If so, are they aimed at improving the performance of the system or individual Institutes? These two things must not be collapsed unless one is comfortable philosophically with the idea that competitive markets inevitably lead to positive outcomes. If KPMs are used by Institutes to compare themselves to each other in order to better compete with each other, this may lead to a situation whereby excellence in the provision of VET is concentrated to a few providers. It is debatable whether such an outcome constitutes the best performance for the system itself.

²² The House of Representatives Standing Committee on Employment, Education and Training. *Today's Training, Tomorrow's Skills*. The Parliament of the Commonwealth of Australia (July 1998) p.23.

Indeed, it must be acknowledged that, as Gillian Goozee points out, unlike universities which are relatively autonomous, TAFE originated and developed as parts of government departments and/or instruments of government policy.²³ It could be that there is a contradiction evident in Government maintaining significant policy control over Institutes while at the same time, treating them – as the use of KPMs implies – as autonomous businesses. Aside from the possible ideological contradictions, this point is relevant in that the policy directions of State and Government departments effect the performance (economic and otherwise) of Institutes.

Finally, and perhaps most importantly, further debate and clarification is required as to just what constitutes excellent provision. These issues must be clarified if KPMs are to serve their intended purpose and we are hopeful that this monograph is part of a such a process. The luncheon seminar at which the monograph will be debated will focus on such issues, and the Association looks forward to hearing the views of interested stakeholders in the sector. We are particularly interested in the issues of what constitutes good performance for both individual Institutes and the system; whether or not KPMs are a suitable and appropriate measure of such performance; which, if any, of the current OTFE KPMs should be omitted; and, which, if any, additional KPMs would enhance the current suite.

²³ Gillian Goozee. *The Development of TAFE in Australia- Revised Edition*. 1999, p.1.

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