Mid-term Review of the National Partnership Agreement for the Productivity Places Program

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The Australian Council for Private Education and Training (ACPET) is the peak, national industry association for independent providers of post-compulsory education and training. ACPET represents more than 1,100 organisations, from schools to higher education institutes, delivering a full range of education, training and English language courses to both domestic and international students.

Private training institutions are the ‘engine room’ of the Australian training sector and deliver over 4,000 accredited and non-accredited courses to an estimated 2.2 million students at any one time.

ACPET welcomes the opportunity to provide input into the Australian Government's mid-term review of the Productivity Places Program (PPP). ACPET Members operate in all state and territories and as such ACPET is uniquely placed to provide a holistic view on the effectiveness of the PPP.

**Specific issues addressed**

1. **The Review is examining the effectiveness of the NP PPP in:**
   - increasing the qualification levels of labour force participants over and above the existing efforts of Commonwealth, state and territory governments and Australian industry;
   - responding to and meeting the current and future skills needs of Australian industry;
   - increasing productivity of Australian industry and enterprises and increasing industry investment in skilling/accredited training; and
   - increasing national workforce development.

   *Is the NP PPP being effective in meeting additional training demand in areas of skills needs and priority industries that are not being met through other Commonwealth, state and territory programs that support national workforce development?*

   The PPP is a substantial investment in skilling an up-skilling Australia’s workforce. ACPET acknowledges that the Commonwealth has placed a tremendous emphasis helping retrenched workers gain new skills, up-skilling existing workers and broadening and deepening the skills base of Australia’s labour market.

   Whilst PPP can be classified as effective, ACPET advocates that there are many issues that need to be addressed to improve the effectiveness and efficiency of the PPP.
What flexibilities within the NP PPP are being utilised and whether they allow for: variable local, regional or national economic circumstances that can occur at any time across the country?

The PPP has allowed states and territories to target specific areas within their jurisdictions and invest in training to address local and state skills shortages. However the Australian economy is complex and integrated and as such is not confined by state borders. The lack of harmonisation of the PPP across state borders has meant that industry has been unable to use the PPP for the strategic development of their workforce. The result is that development of the Australian labour market is hindered by the lack of national coordination.

An approach that identifies the needs of that nation, which leads to the development of an integrated national strategy that is administered in a way that recognises the national presence of many employers and institutions would better serve the nation than current arrangements.

Are occupations and qualifications delivered by PPP in excessive demand or under-utilised?

There is varying levels of demand for occupations and in particular the level of qualifications that are being delivered under the PPP. Some of occupations and qualifications are in high demand and all places offered are being filled by job seekers, other courses and qualifications offered are not being filled.

Often the level of demand from industry and business is in relation to “skills sets” rather than qualifications. Industry has immediate demand for specific skills; if an employee possessed these skills they would have access to immediate employment. Consideration needs to be given as to how an appropriate balance between how skills broadening and deepening can be achieved while delivering the skills sets that are needed by employers, and in turn the labour market. The short term needs of the labour market must be considered in parallel with long term needs.

From a holistic perspective demand by job seekers for PPP qualifications can be classified as strong when a singular snap shot is taken of how the market has reacted to the program. However the way in which PPP is administered does mean that the full value of the program is not being utilised. Some RTOs have reported that due to government guidelines there are restrictions on the RTOs ability to enrol new students to fill vacancies.
that become available following the withdrawal of students (‘drop out’) from PPP places before completing qualifications, even though demand exists for the places.

In regards to the demand by the labour market of qualifications delivered by the PPP there is one clear area of concern. That is, some qualifications funded through the PPP are too high. Employers are looking to employ job seekers that have completed a Cert II or Cert III qualification however; the PPP may only be funding a Cert IV or Diploma qualification. As such resources are not targeted to the needs of job seekers or industry and in the worst case scenario the job seeker is deemed by employers to be over qualified.

**Are the procurement requirements for the engagement of public and private Registered Training Organisations effective?**

There are a range of views amongst private RTOs in regards the effectiveness of procurement requirements. A number of RTOs have advised ACPET that they cannot effectively run PPP programs under the current funding arrangements. The delay in receiving funds hampers the ability of RTOs to effectively deliver training and these RTOs are likely to cease to deliver PPP in the future. Funds are needed up front to cover the cost of staff and resourcing to provide a quality education.

RTOs in some jurisdictions have advised that they have experienced lengthy delays in receiving funding due to poor processes and systems within Government departments; this has provided significant strain on their businesses. Conversely, other RTOs have been able to adapt their business practices in order to accommodate funding policies.

**Do the public and private Registered Training Organisations have the capacity to service job seekers and existing workers in a timely fashion?**

Private RTOs have the capacity to scale up or scale down their offering in a timely manner when provided with clear market signals by coherent government policy. A characteristic of private RTOs is their ability to effectively and efficiently react to market trends and forces. However it must be noted that in relation to the delivery of PPP, the capacity to service job seekers and existing workers has been constrained at times by the inability of State Governments to release information and guidance on PPP objectives or funds in a timely manner.
Is the training delivered under PPP adequate to prepare job seekers for employment or is work experience required?

Some qualifications delivered as part of PPP training, such as retail training, encompass practical experience, others do not. However, broadly speaking many RTOs have realised that simply delivering qualifications does not adequately prepare job seekers for the workforce. ACPET members report that they have been providing assistance to job seekers to prepare them for the workforce such as practical experience, assistance with interview and presentation techniques and assistance with application and resume writing. This assistance is provided by RTOs even though it is not funded as part of PPP.

ACPET Members also place considerable effort to mentally prepare job seekers for the workforce. Long term unemployed often need to gain an understanding of the responsibilities of employment such as punctuality and reliability before they are able to ‘hold down’ employment.

2. The Review is examining the effectiveness of arrangements to engage intermediaries such as Job Services Australia, Industry Skills Councils and Skills Australia.

The provision of what vocational and education qualification a student undertakes should be linked to a student’s strengths, weaknesses and desired vocational direction. RTOs have reported that in some instances job seekers are being inappropriately sent to RTOs to undertake qualifications that will lead them to occupations that they have no desire to be employed in and as a consequence have no interest in completing the qualification.

A level of rigour must be applied to placement services when job seekers are sent to RTOs in order to ensure that the student will be suited to the qualification they are being enrolled in. Many RTOs conduct entry interviews to ensure that job seekers will are being effectively matched to qualifications.

It should also be noted that many ACPET Members have also reported that they have forged strong relationships with Job Service providers and work effectively with these organisations. Where this occurs, outcomes for job seekers are often best.

3. The Review is examining whether the resourcing (cost structure) of training:
   - supports delivery of qualifications in accordance with the agreed national qualification profile under the NP PPP; and
   - supports delivery of qualifications in areas of skill demand as specified on the national priority occupation list.
Is the average and weighted average unit cost of training under the PPP by qualification level adequate?

There is no one view amongst ACPET Members in regards to the whether funding arrangements are adequate. Inconsistency from state to state means that there is no singular position that can represent the entire market. Some providers believe that funding is adequate and are able to deliver high quality education with the funding received. However other RTOs have commented that the funding is not adequate and that they are not able to provide adequate training as a result, many RTOs will not be continuing to deliver PPP in the future due to funding arrangements.

Analysis of the market suggests that funding arrangements may be driving some RTOs to offer certain PPP qualifications and decline to offer other qualifications. Accordingly, it could be that rigid Government funding policy is interfering in the market to the detriment of job seekers.

Is the PPP open to public and private providers and are the providers effective?

ACPET members report that PPP has been open to both public and private providers. However how providers are chosen is often questioned. There is a perception that there is a lack of transparency in regards to how PPP is allocated. A more transparent process would be welcomed by ACPET.

Is funding payments to RTOs being used for training and not administration as required under the NP PPP?

Member feedback to ACPET suggests that funding is being used entirely for training purposes. In many cases RTOs are cross subsidising PPP from other revenue streams in order to deliver PPP in areas that PPP funding is inadequate.

If under-utilisation of training places should occur, how should the implementation of the reallocation of under-utilised training places occur?

Market allocation is the best mechanism to fund training if underutilisation has occurred. Many providers advise that in the geographic areas that they are delivering qualifications, the demand for PPP outstrips supply. If there was flexibility to allow them to access funding that has not been used when there is a lack demand for qualifications that other RTOs are delivering (or even a lack of demand for alternative qualifications in the same geographic area) then they would be able to provide more PPP training.
4. The Review is examining whether data and reporting (operational) arrangements allows public transparency in regard to the key achievements the program.

Is there consistency of data and reporting across jurisdictions including an analysis of the data variation and quality in monthly and bi-annual reporting across jurisdictions?

Data reporting is inconsistent across jurisdictions. This is a major failure of PPP and requires Commonwealth Government action. Multi-jurisdictional providers are encountering an enormous regulatory burden due to different reporting requirements, systems and timelines. This regulatory burden is a serious drawback of PPP and as an outcome is a disincentive for providers to provide PPP. A commitment is required from the states to harmonise data reporting requirements. As Australia’s tertiary education sector continues to move towards a national system it is no longer acceptable for the anomalies from state to state in data reporting requirements to continue to exist.

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