

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

November 2010

Report to the Steering Committee for the National Partnership Agreement for the Productivity Places Program mid-term review

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List of abbreviations

ABS	Australian Bureau of Statistics
ACCESS	Australian Apprenticeships Access Program
ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council for Private Education and Training
ACT	Australian Capital Territory
Ai Group	Australian Industry Group
AQF	Australian Qualifications Framework
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
CIT	Canberra Institute of Technology
COAG	Council of Australian Governments
COPE	Commonwealth Own-Purpose Expenses
CPSISC	Construction and Property Services Industry Skills Council
DEEWR	Department of Education Employment and Workplace Relations
EB PPP	Enterprise Based Productivity Places Program
EE-OZ	ElectroComms and Energy Utilities Industry Skills Council
GTA	Group Training Australia
GTO	Group Training Organisation
HELP	Higher Education Loan Package
HIA	Housing Industry Association
IBSA	Innovation and Business Skills Australia
IGA	Intergovernmental Agreement on Federal Financial Relations
ISC	Industry Skills Council
ITAB	Industry Training Advisory Board
JSA	Job Services Australia
LEC	Local Employment Coordinator
LGAQ	Local Government Association of Queensland
LLN	Language Literacy and Numeracy
MCTEE	Ministerial Council for Tertiary Education and Employment
NCVER	National Centre for Vocational Education Research
NESA	National Employment Services Association
NP PPP	National Partnership Agreement of Productivity Places Program
NP	National Partnership Agreement
PIMS	Productivity Places Program Information Management System

POPPPL	Priority Occupation List for the Productivity Places Program
PPP	Productivity Places Program
RTO	Registered Training Organisation
SQW	Skilling Queenslanders for work
SSA	Service Skills Australia
TDA	TAFE Directors Australia
TLISC	Transport and Logistics Industry Skills Council
TNA	Training Needs Analysis
VET	Vocational Education and Training
WELL	Workplace English Language and Literacy

Executive summary

Introduction

On behalf of MCTEE, DEEWR commissioned the Allen Consulting Group to undertake a mid-term review (the review) of the NP PPP. The commissioning of the review is consistent with Clause 63 of the NP PPP Agreement (the Agreement).

The Agreement commenced on 1 January 2009 and concludes on 30 June 2012. Seven state and territory governments signed the initial Agreement with the Victorian Government signing a separate COPE.

The NP PPP contributes to meeting the objectives and outcomes identified in the National Agreement for Skills and Workforce Development. These objectives include the following.

All working aged Australians have the opportunity to develop the skills and qualifications needed, including through a responsive training system to enable them to be effective participants in and contributors to the modern labour market.

Individuals are assisted to overcome barriers to education, training and employment and are motivated to acquire and utilise new skills.

Australian industry and businesses develop and utilise the skills and abilities of the workforce.

(National Agreement for Skills and Workforce Development, COAG 2008a)

The NP PPP has two placement streams: existing workers and job seekers. The core objectives of the NP PPP are to increase the productivity of existing workers and to assist job seekers to find work. These target groups distinguish the NP PPP from many other VET programs and funding streams, which are predominantly directed at providing school leavers with vocational skills.

The review is focussed on the effectiveness of the Agreement to this point in progressing its objectives. While the review has considered in detail many facets of the performance of the Agreement, its ability to quantify productivity and employment outcomes has been limited. The Agreement has not been in effect long enough for evaluation of these outcomes to occur. Additionally, and as the review identifies, if these outcomes are to be evaluated in the future, issues with the quality and comprehensiveness of data being collected and reported will need to be addressed, and recommendations are made to address this.

The major inputs to the review were: stakeholder submissions in response to an issues paper distributed by DEEWR; bi-annual NP PPP reports submitted to DEEWR from the states and territories in early 2010; a summary report of interviews with stakeholders undertaken by a consultancy engaged by DEEWR; and an NCVER consultancy report, also commissioned by DEEWR.

Key policy challenges

This review considered many perspectives on the NP PPP, however the key issues can be traced back to three policy challenges:

- balancing national objectives with local needs;
- suitability and adequacy of the funding model; and
- quantifying the impact of the NP PPP.

Each of these issues is outlined briefly below.

Balancing national objectives with local needs

National skill objectives of particular relevance to the NP PPP include:

- increasing the completion of qualifications;
- increasing the attainment of higher level VET qualifications;
- enhancing the role of Industry Skills Councils;
- a national approach to identifying skills in demand and encouraging workforce development at the sectoral and enterprise level;
- improving VET data; and
- developing the VET market.

These and other priorities are reflected in Skilling Australia for the Future (Australian Government 2008) and Australian Workforce Futures — A National Workforce Development Strategy (Skills Australia 2010).

Each of these priorities has merit in their own right and the NP PPP has been designed to progress each of them. However, it is also apparent from the submissions received that each of them presents issues at a local (jurisdiction and/or regional) level.

Suitability and adequacy of the funding model

The NP PPP funding model is based on the following elements:

- funding contribution and phasing of contributions (based on assumed enrolments per qualification) for each qualification level and enrolment (Table 4, the NP PPP agreement);
- agreed apportionment of funding contribution for each of the NP PPP streams of job seeker places, which are fully funded by the Australian Government, and existing worker places, where funding is shared by the Australian Government (50 per cent), state or territory governments (40 per cent) and the individual or enterprise (10 per cent) (the NP PPP agreement Clause 51);
- annual targets for the allocation of places by year and qualification level for each state and territory (Appendix A, the NP PPP agreement);

Calculation of payments from the Australian Government to states and territories are based on the above points and factor in the assumed attrition rate (65 per cent). The cash flow under the agreement involves the respective state or territory paying course fees to NP PPP eligible RTOs. The state or territory obtains nominal reimbursement of the Australian Government share of funds through regular payments.

Concerns raised in submissions in relation to the funding model relate to:

- the quantum of funds at each qualification level is too low, which undermines the effectiveness of the NP PPP in achieving its objectives;
- perceived rigidity relating to the allocation of places at each qualification level, although the Australian Government has sought to respond to this by providing options for the reallocation of places between qualification levels;
- apportionment of risk in the model, particularly whether the states and territories are taking on an excessive share of risk given the assumed attrition rate and impact on cash flow; and
- the lack of provision for administrative cost (Clause 20j), despite the Agreement being relatively complex to administer.

The submissions suggest that the issues with the funding model have created perverse incentives and led to undesirable outcomes in the targeting of places. In particular that lower cost places have been targeted over higher cost places, even though many skills in demand relate to higher cost courses. While this was a view expressed consistently and strongly across many submissions, data regarding how places have been distributed across courses ranging from high to low cost (Chapter 6) indicates that the distribution has been reasonably balanced.

Quantifying the NP PPP impact

There are significant shortcomings related to data quality and consistency. The Agreement has specific reporting requirements and sets a base level of course enrolments and qualification commencements as a basis for calculating the additional training activity funded as a consequence of the NP PPP, referred to as additionality (Table 4, the NP PPP agreement).

Under the Agreement there are three types of reporting:

- monthly data reports on PPP activity;
- six monthly reports on progress against PPP output targets and an analysis of barriers and achievements in meeting the targets; and
- annual financial reports where the states acquit Australian Government funding under the NP, and report on both the state or territory contribution and 10 per cent minimum private contribution for existing work training places.

In the lead up to the establishment of a VET data portal in 2012, the Agreement established that reporting would be undertaken using AVETMISS-defined fields that are currently collected through existing state and territory reporting systems. States and territories were also given the option of using PIMS. Two jurisdictions took up this offer, and not all other jurisdictions are able to accurately differentiate the NP PPP places from other VET places.

Given these issues, accurately quantifying the number of extra places achieved by the NP PPP to this point is problematic, as is estimating NP PPP productivity impact. Regarding NP PPP additionality, the NCVER (2010) has observed that:

- the data required to review the effectiveness of the NP PPP is not readily available;
- the state and territory reports tend to be anecdotal without the provision of data on a consistent and comparable basis; and
- the only way of overcoming this is to ensure that AVETMISS compliant data are submitted to the national collection.

Based on review of the data submitted and the NCVER findings, it is clear that the framework for measuring effectiveness set out in the Agreement was deficient. It did not

provide a comprehensive strategy for the collection of comparable NP PPP specific data by jurisdictions. Implementation of the Agreement has not overcome this deficiency.

Some jurisdictions do not allow for the identification of NP PPP participants, meaning that it is difficult to look at the NP PPP specifically. Any review of the program in these circumstances becomes a review of broader training delivery. Similarly, measuring additionality is problematic. This is mainly due the absence of a satisfactory benchmark from which to measure additionality.

Attempting to measure productivity (or the extent to which engagement in the NP PPP leads to improved graduate outcomes) would require looking at wages and occupational data after training, possibly through a Student Outcomes Survey, as well as the establishment of an appropriate comparison group. Even if good data were available, it would be too early to quantify the impact of the NP PPP. Further, it will not be possible to quantify this in the future, unless there is significant improvement in NP PPP data.

Future of the NP PPP

The 2010-11 Budget included a series of VET related announcements. Of most significance to the future of the NP PPP are the National Entitlement to a Quality Training Place and the future redirection of NP PPP funds.

National Entitlement to a Quality Training Place

The objective of the national entitlement is to provide a guaranteed training place for Australians aged 24 years and under.

Although the detail of training system improvements will vary between jurisdictions, the reforms must include:

- an entitlement to a subsidised accredited training place for all young people under 25 years and others wishing to increase or expand their skills; and
- a commitment to improving quality and transparency of the VET system, including implementation of a Unique Student Identifier for reporting purposes.

In return, the Australian Government will provide reform jurisdictions with:

- access to income contingent loans for all publicly funded VET students studying at the diploma level and above;
- extended access to the VET FEE-HELP for all VET students studying through private providers at the diploma level and above; and
- the option to use NP PPP funding for 2011–12 to help meet the costs of this training guarantee.

The Australian Government will seek a partial contribution from state and territory governments for the cost of new VET loan arrangements (The Treasury 2010).

NP PPP funding redirection

There are two components of the funding redirection.

- Redirection of 2013-14 funding of \$375.9 million assigned to the NP PPP. This means the NP PPP will not be extended or renewed beyond its current term, which concludes in 2012.
- \$15 million of the Australian Government component of the NP PPP will be redirected in each year from 2010-11, following on from the \$20 million redirection in 2009-10. The savings from this measure will be redirected to provide more targeted support for skills development under the government's Skills for Sustainable Growth package.

Approach to recommendations

Funding attached to the NP PPP is relatively insignificant relative to overall VET funding. Consequently, the level of influence of NP PPP over VET more generally could be considered somewhat minimal. However, the PPP is a high profile program. This profile does present an opportunity to leverage improvements, particularly related to the important areas of data transparency and reporting.

A further consideration is the extent of change that is appropriate within the remaining term of the NP PPP. The recommendations are focussed on issues of particular importance, which require resolution and which are not expected to be overly costly. However, it is suggested that the cost of implementing each recommendation be considered relative to the expected benefits that will accrue in the remaining term of the program.

The recommendation on data and reporting has considered information that should reasonably be collected and reported. Furthermore, much of this information will be needed if other recommended improvements — which respond to a number of concerns frequently raised by stakeholders — are to be achieved.

The recommendations related to NP PPP linkages and data and reporting reflect that the NP PPP provides lessons for initial program design. Although funding allocated to the NP PPP is to be redirected, other programs — whether developed under a national partnership or another process — will particularly benefit if they incorporate both an evaluation strategy and communication strategy from the outset. The evaluation strategy should describe the data that will be required, and establish a consistent approach to data collection and reporting.

Eleven recommendations are made across five areas:

POPPPL;

- scope and flexibility;
- linkages;
- funding model; and
- data and reporting.

Recommendations

POPPPL

It is recommended that the POPPPL be simplified by removing occupations for which VET is not a pathway to becoming qualified.

It is recommended that the national priority list be focussed on occupations and qualifications that have specific importance to the national economy and national economic priorities.

To ensure that national priorities are being progressed, while also reflecting local skill needs, it is recommended that the Australian Government recognises state and territory lists but reserves the right to require a particular state or territory to offer NP PPP places in certain qualifications on the national priority list.

Scope and flexibility of NP PPP

It is recommended that the integration with other existing programs be improved (such as ACCESS, WELL and the LLN program). This will encourage better use of existing agencies and structures (such as JSA and LECs), avoid introducing greater complexity into the program, and reduce confusion for those making referrals to the various programs.

It is recommended that the NP PPP make funding available for completion of skill sets (formal skill sets developed by ISCs for which certification of completion is received) to existing workers who have already completed at least a Certificate III level qualification.

NP PPP linkages

It is recommended that a nationally coordinated NP PPP communication strategy be undertaken to provide information about the NP PPP and complementary programs. The strategy will target RTOs, JSAs, organisations that connect regularly with VET, and employers.

It is recommended that existing government support infrastructure (including LECs, ISCs, JSAs, Employment Brokers and the Indigenous Employment Program) be engaged more directly in NP PPP implementation as a means of improving integration of the program with complementary services, agencies and networks.

Funding model

It is recommended that the actual attrition rate should be monitored, and if it is significantly different from the rate assumed in the funding model, then the assumed rate should be altered to match the actual rate.

It is recommended that funding should be more closely aligned with activity without unduly increasing complexity. To deliver this, it is recommended that the timing of cash flows be adjusted to better reflect the elapsed time required to complete the respective qualification levels.

Data and reporting

It is recommended that as a minimum, unit data is provided to the Australian Government on commencements, enrolments and completions by qualification, cost and location, and by job seeker and existing worker status under the NP PPP to aid in determining:

- *actual delivery cost per NP PPP place;*
- *commencements in NP PPP places that demonstrate additionality in training effort has been delivered;*

- *number of completions of NP PPP places that demonstrate the level of attrition rates; and*
- *time length of training delivery that demonstrates cash flows.*
- *Ideally, given the overall objectives of the NP PPP, additional data should also be collected that demonstrates (although this is unlikely to be practical within the current Agreement period):*
- *the number of job seeker participants employed following completion of the NP PPP; and*
- *the extent to which existing workers have transitioned to a more valuable/productive role.*

Part A

Introduction

Chapter 1

Introduction

1.1. Terms of reference

On behalf of MCTEE, DEEWR commissioned the Allen Consulting Group to undertake a mid-term review of the NP PPP. The commissioning of the review is consistent with Clause 63 of the Agreement.

The full terms of reference are provided at Appendix B. In summary, this review examines:

- NP PPP effectiveness in increasing the qualification levels of labour force participants;
- NP PPP effectiveness in engaging intermediaries;
- funding structures (cost structure of training supports delivery of the program in accordance with the agreement, and in areas of skill demand); and
- operational arrangements (whether data and reporting arrangements allow for public transparency).

These components and outcomes of the program are considered in conjunction with the policy intention and goals stated in Skilling Australia for the Future and the IGA.

Victoria is not included in this review. It is not included in the NP PPP, instead having a separate agreement with the Australian Government.

1.2. Review methodology

The major inputs to the review are listed below.

- Stakeholder submissions in response to an issues paper distributed by DEEWR in February 2010. Organisations that made a submission are listed at Appendix A.
- Bi-annual NP PPP reports submitted to DEEWR from the states and territories in February / March 2010.
- A summary report of interviews with stakeholders undertaken by a consultancy engaged by DEEWR, including the results of a survey of 100 RTOs.
- A consultancy report undertaken by the NCVER (also engaged by DEEWR).

Data limitations of this review

There are two main sources of data analysis presented in this review:

- analysis conducted by the Allen Consulting Group of state and territory biannual reports (received in February 2010); and
- NCVER analysis of the Productivity Places Program.

Data used for the mid-term review are unaudited figures, and may differ from audited figures published elsewhere. Data used in this review was provided before 1 July 2010.

NCVER used two data sources in conducting its analysis — the state and territory bi-annual reports (as received by the Allen Consulting Group) and the Australian Government administration of PPP (managed by PIMS) and supplied by DEEWR.

Figures and tables identify these sources throughout this report.

NP PPP background

The submissions received tend to focus on job seeker delivery and include consideration of the Australian Government's delivery of the PPP prior to the agreement of the NP PPP. This can be explained by the NP PPP having a focus on job seekers in late 2008 in response to deteriorating global economic conditions.

The Australian Government delivered Structural Adjustment Places to assist workers who lost their jobs or had been stood down. The Australian Government continued to deliver main stream job seekers places up to the end of June 2009, while the state and territory governments progressively assumed the main delivery of job seeker places, and commenced delivery of existing worker training places throughout 2009.

Submissions received by this review reference both the PPP (as delivered by the Australian Government) and the NP PPP (now delivered by states and territories). The mid term review is focussed on the NP PPP but sometimes references submissions related to the PPP where appropriate.

1.3. Review governance

DEEWR convened a review steering committee comprising the Australian Government and two jurisdictional representatives. The steering committee provided input to the review in response to a progress report provided by the Allen Consulting Group on 29 March 2010.

In addition, the National Senior Officials Committee received a progress report presentation from the Allen Consulting Group on 30 March 2010.

1.4. Report outline

The remainder of this report is structured as follows:

- Chapter 2 provides an overview of the NP PPP including key state and territory government achievements;
- Chapter 3 considers the effectiveness of the NP PPP targeting, including how the funding model has impacted on targeting;
- Chapter 4 assesses how well the NP PPP has been adapted to local jurisdictional settings and the flexibility of the Agreement as a whole;
- Chapter 5 considers the effectiveness of NP PPP communication strategies and the effectiveness of intermediary engagement and use under the NP PPP;
- Chapter 6 examines the funding arrangements under the NP PPP and provides analysis of the available funding data;
- Chapter 7 analyses the delivery and implementation of the NP PPP; and
- Chapter 8 considers the efficacy of current data collection and reporting strategies under the NP PPP. Chapters 2 to 8 follow a structure similar to the following:
 - describes the relevant term(s) of reference;
 - describes the relevant section of the Agreement;
 - summarises current practice by the states and territories (where necessary);

- summarises stakeholder submissions — including suggestions made in stakeholder submissions; and
- presents the findings of the review.

Chapter 2

The National Partnership Agreement on Productivity Places Program

2.1. The National Partnership

The Agreement commenced on 1 January 2009 and concludes on 30 June 2012. Seven state and territory governments signed the initial Agreement with the Victorian Government signing a separate COPE.

The NP PPP contributes to meeting the objectives and outcomes identified in the National Agreement for Skills and Workforce Development. These objectives include the following.

All working aged Australians have the opportunity to develop the skills and qualifications needed, including through a responsive training system to enable them to be effective participants in and contributors to the modern labour market.

Individuals are assisted to overcome barriers to education, training and employment and are motivated to acquire and utilise new skills.

Australian industry and businesses develop and utilise the skills and abilities of the workforce.

(National Agreement for Skills and Workforce Development, COAG 2008a)

The NP PPP has two placement streams: existing workers and job seekers. The core objectives of the NP PPP are to increase the productivity of existing workers and assist job seekers find work. Under the NP PPP there are two outputs: qualification commencements and course enrolments. This amounts to 557,556 course enrolments and 402,881 qualification commencements. Of the qualification commencements, 133,242 places are allocated for job seekers and 269,639 places are allocated for existing workers.

Roles and responsibilities

Roles and responsibilities under the NP PPP are shared between the signatory governments. States and territories are responsible for managing and implementing the Agreement (Clause 17). The role of the Australian Government is set out in Clause 16, its responsibilities include but are not limited to:

- establishing the national priority list based on advice, including from Skills Australia; and
- approving state and territory implementation plans, which describe how each jurisdiction will carry out its NP PPP commitments.

Funding obligations and coverage

The NP PPP funding is distributed to state and territory governments on the basis of their share of the working age population.

For job seekers, the NP PPP may fund training places from Certificate II to Diploma level. For existing workers, the NP PPP may fund training places from Certificate III to Advanced Diploma level.

For job seeker places, the Australian Government contributes 100 per cent of each payment for each course, up to the specified total. For existing worker places, the enterprise is required to contribute at least 10 per cent. The Australian Government contributes 50 per cent and the state or territory government contributes 40 per cent (COAG 2008b).

Table 2.1 reproduces Table 4 from the Agreement. It shows the funding contribution and phasing for each qualification level and enrolment. Chapter 6 explains the funding arrangements in more detail.

Table 2.1

FUNDING CONTRIBUTION FOR EACH QUALIFICATION AND ENROLMENT

Course	Total	1 st Enrolment	2 nd Enrolment	3 rd Enrolment
Advanced Diploma	\$10,000	\$3,000	\$3,000	\$4,000
Diploma	\$10,000	\$3,000	\$3,000	\$4,000
Certificate IV	\$5,000	\$2,500	\$2,500	-
Certificate III	\$5,000	\$2,500	\$2,500	-
Certificate II	\$2,500	\$1,250	\$1,250	-

Source: COAG 2008b

Note: Funding amounts refer to 2008-09 funding levels (as the amounts have been indexed for future years)

2.2. State and territory implementation plans

Each state or territory determines their approach to implementing the Agreement. The resulting state and territory implementation strategies can be represented by two broad approaches to procuring training: tender based procurement and a mixed procurement approach. These are summarised diagrammatically in Figure 2.1 and Figure 2.2 respectively.

It is important to note that while the implementation plans can be broadly placed in these two categories, each state or territory implementation plan is distinct. Some provisions are included in all plans; such as priority access to training for national ISC brokered enterprises or a clear role for industry throughout the allocation process.

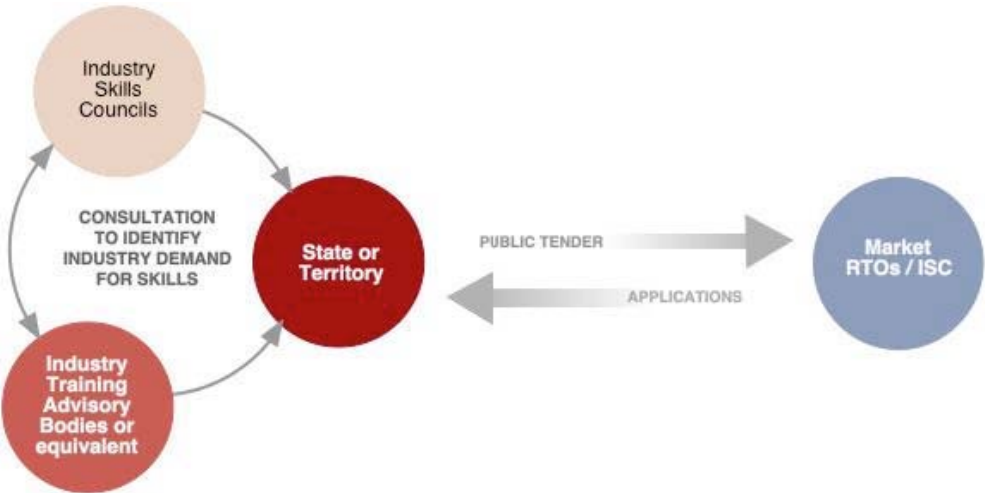
In general, most states and territories opted to utilise existing arrangements between government, industry and advisory bodies to deliver the NP PPP funded training, with additional arrangements entered into as required.

Tender-based procurement

The tender based process is centred on the state or territory issuing a public tender to the local training market. The tender indicates skills of particular need, usually determined through consultation with national ISCs and state advisory bodies, and sets out a range of eligibility criteria for applicants. Industry consultation occurs prior to the approach to the training market. It is generally expected that the majority of applicants will be RTOs, with workforce development brokers, such as ISCs, becoming involved in the case of existing worker places. Tender applications are evaluated on the basis of merit according to any prescribed criteria, with training places allocated to successful applicants. The Australian Capital Territory, New South Wales, Northern Territory, South Australia and Western Australia use this process.

Figure 2.1

SUMMARY OF TENDER-BASED PROCESS FOR PROVIDING TRAINING PLACES



Source: The Allen Consulting Group.

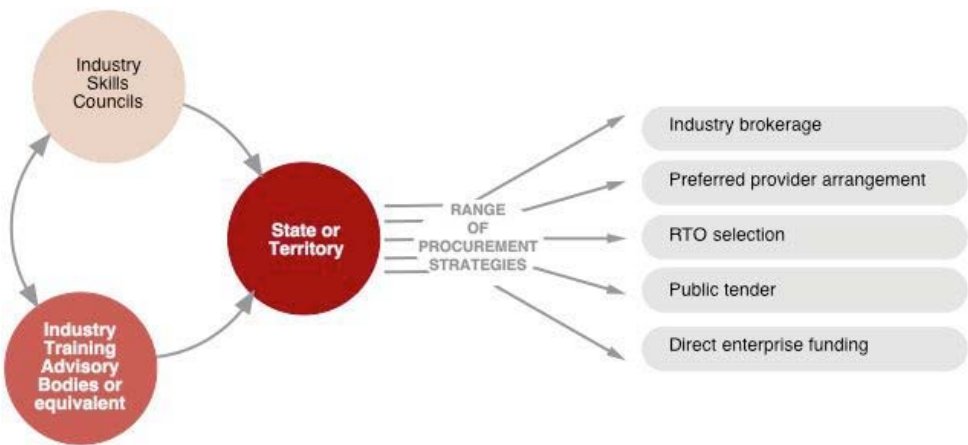
Mixed procurement

The mixed procurement process involves a mix of approaches, which are designed to provide opportunities for industry to be directly involved in identifying training priorities. Procurement strategies include:

- *industry brokerage* — a contracted industry organisation such as a national ISC implements a process to select RTOs on behalf of industry;
- *RTO selection* — state industry engagement bodies, partnered by peak industry associations, recommend that specific RTOs receive funding to provide training;
- *preferred provider arrangements* — training providers are specifically selected to deliver training;
- *public tender* — a public tender to select RTOs to provide training is conducted with industry represented in the tender evaluation process by state industry engagement bodies; and
- *enterprise selection* — enterprises are directly funded to manage their workforce development and select RTOs to provide training required.

Queensland and Tasmania utilise these industry led mixed procurement strategies to deliver training under the NP PPP.

Figure 2.2
SUMMARY OF MIXED PROCUREMENT PROCESS FOR PROVIDING TRAINING PLACES



Source: The Allen Consulting Group.

The following table summarises the specific approach adopted by each state and territory to engage with industry in determining skill shortages.

Table 2.2

INDUSTRY ENGAGEMENT APPROACH USED TO DETERMINE SKILL SHORTAGES

Jurisdiction	Approach
ACT	The Department of Education and Training produces an annual list of priority occupations in consultation with industry. ISCs have a role in brokering training places through partnerships with RTOs.
NSW	Industry engaged through consultation with industry training advisory bodies, ISCs and others in stakeholder forums, newsletters and via website.
NT	Priority training areas for each calendar year are determined through consultative processes involving industry training advisory bodies, JSA providers and other community networks. The National Priority list is used with additions supported by a business case from industry.
QLD	JSA providers together with LECs are given the opportunity to submit proposals to address gaps in training supply in specific locations. Industry bodies are contracted to lead the planning, purchasing and management of funding to provide opportunities for enterprises and job seekers to access training.
SA	Industry skills shortage intelligence is derived from the SA Training and Skills Commissions, SA Economic Development Board, State Industry Skills Boards and national ISCs.
TAS	Skills Tasmania uses the National Priority list with additions supported by a business case from industry. A Priority Occupation List for Tasmanian industry is currently being developed.
WA	The Industry and Community Planning Directorate of the Department of Training and Workforce Development manages monitoring and review of skill shortages in partnership with ten local training councils.

Although program delivery was due to commence by 1 January 2009, implementation plans were agreed between February and June 2009, as shown in Table 2.3 along with the date of delivery commencement.

Table 2.3

NP PPP COMMENCEMENT: KEY DATES

State	Date NP signed	Implementation plans agreed	NP delivery commencement date
ACT	5 May 2009	18 June 2009	Aug 2009
NSW	4 Feb 2009	24 April 2009	Late 2009
NT	19 Dec 2009	21 April 2009	Aug 2009
QLD	22 Dec 2008	10 March 2009	July 2009
SA	18 Dec 2008	27 Feb 2009	April 2009
TAS	12 Feb 2009	10 March 2009	May 2009
WA	24 Dec 2008	21 April 2009	Mid 2009

Source: DEEWR

Part B

Effectiveness of the NP PPP

Chapter 3

Targeting

This chapter examines whether the NP PPP is delivering training that is developing specified skills that are in demand at the right level of qualification. The appropriateness of the POPPL is considered, as this is the mechanism through which training is directed and funded in specific qualifications.

The targeting of the NP PPP relates to both the area of skill being developed and the level of qualification being provided. For each of these, the objectives and considerations are somewhat different for existing workers and job seekers. Related to this is the question of whether the right training is being provided in locations where it is most needed.

Overall, there are three over-riding issues among stakeholders based on submissions received in response to the issues paper. These three issues relate to two of the key policy challenges identified by the review.

Table 3.1

TARGETING: SUMMARY OF KEY STAKEHOLDER ISSUES

Issue	Description	Relevant policy challenge	Discussed in Section
POPPL	<ul style="list-style-type: none">The process used to develop the list is deficient.The national list does not accurately describe occupations in demand, despite being broad ranging.Confusion about the respective lists and the different approaches taken between jurisdictions.	Balancing national objectives with local needs	3.1
NP PPP funding model	<p>The funding model skews the program towards lower cost qualifications, despite more costly qualifications frequently being those in high demand.</p> <p>The model provides funding on the basis of the average cost of provision, which makes it difficult to determine the adequacy of funding for more costly courses / locations.</p>	Suitability and adequacy of the funding model	3.2
Qualification level targets	The NP PPP set high targets for higher-level qualifications (such as diploma and advanced diploma), particularly for job seekers, but demand is strongest at Certificate III level.	Balancing national objectives with local needs	3.2

3.1. Priority Occupation List

The Agreement states that the POPPPL should provide a basis for directing which qualifications may be funded through the NP PPP. The POPPPL is the instrument that identifies those occupations that are understood to comprise skills in demand.

National Partnership Agreement

Under Clause 16 of the Agreement, the Australian Government’s responsibilities include:

establishing the national priority list based on advice, including from Skills Australia

Clause 36 of the Agreement states that the first of five issues on which there will be bilateral negotiations between the Australian Government and each state and territory is the national priority list.

- (i) The national priority list will be used as a starting point for negotiations on the priority occupations to be targeted in each state and territory.
- (ii) States and territories may suggest that qualifications be added or removed from the national priority list for the purposes of the Agreement if there is evidence that national priorities do not reflect state and territory or regional needs or may result in perverse outcomes.
- (iii) For the purpose of these bilateral negotiations, evidence of a current or emerging skills shortage constitutes a written case (supported by qualitative and/or quantitative data) that identifies the difference between the national priority list and state or territory priorities.

Under Clause 46, performance indicators, the Agreement clearly sets out that ‘all training allocated under NP is in accordance with the agreed national priority list’.

Taken together, the clauses indicate that the POPPPL should be used as the starting point for allocating places. If jurisdictions wish to deviate from the list, this should be done through a written submission to the Australian Government.

While the review recognises there are distinct perspectives on whether a list based approach to allocating funding to training places is preferable to a more demand driven approach, the review has not considered this issue, because the use of the POPPPL was a requirement of the Agreement. Within the parameters of the Agreement and the review terms of reference, consideration has been given in this chapter to the use of the POPPPL, while Chapter 4 considers the procurement processes adopted by each jurisdiction.

Methodology used to develop the POPPPL

The current list was developed based on a national review of skill shortages, which was combined with qualitative input from ISC environment scans. The list includes occupations and the VET qualification thought to align with each occupation. In the event that a VET qualification does not clearly align with a particular occupation, no qualification is listed.

Use of the POPPPL by state and territory

The state and territory submissions indicate varied approaches using the POPPPL in developing their priority lists. The table below provides a summary of approaches used.

Table 3.2
USE OF POPPPL BY STATE AND TERRITORY

Jurisdiction	Use of POPPL
ACT	No comment in submission, although the ACT has made additions to the POPPPL.
NSW	As a general template refined through further consultation with industry, ISCs and industry training advisory bodies.
NT	Made additions to meet NT industry feedback on skill shortages.
SA	As a guide rather than as a definitive list.
TAS	As a guide rather than as a definitive list.
QLD	Made specific additions facilitated with DEEWR officers.
WA	As a cross reference for WA specific skills shortages from which a WA Skills Shortage List was developed.

Source: State and territory submissions

Summary of stakeholder views

Skills Australia, the Australian Government and ISCs representing national employers noted differences between the POPPPL and state and territory lists.

The stakeholder issues with the current arrangements are:

- the process used to develop the list is deficient;
- the national list does not accurately describe occupations in demand, despite being broad ranging; and
- confusion about the respective lists and the different approaches taken between jurisdictions.

Process used to develop the POPPPL

ACCI considers that ‘the way in which the lists are determined, the state and territory variations, and the perceived inaccessibility of being able to...change the lists presents barriers to fuller industry participation’.

The ForestWorks ISC considers that ‘the methodology informing the priority occupations list is seriously flawed’. ForestWorks considers that the list is based on outdated data derived from the ABS and ANZ Job Outlook vacancies.

AgriFood Skills Australia ISC considers the state and territory NP PPP priority list process has been time consuming and not well understood nor well communicated. This submission and others, including the ACCI, advised that the processes of informing DEEWR of changes to lists at a regional level are too onerous and long for a small business/industry group or employer.

Skills Australia advised that it proposes to lead a collaborative workforce and skills planning framework, featuring a new, targeted approach to specialised occupations.

Accuracy of the POPPPL

Skills Australia advised that it supports states and territories having flexibility within the Agreement for the implementation of the NP PPP. However, it noted some significant

differences between the national list and state and territory list¹. As Skills Australia notes, the reasons for such high degrees of variability across the jurisdictions are not immediately apparent.

A number of submissions identified that the POPPPL is not an accurate reflection of current jurisdictional or regional priorities.

- Queensland advised that the list is ‘too broad to address PPP’s productivity and skill shortage objectives’. Despite this breadth, it is still viewed as ‘missing critical qualifications’.
- The Primary Industries Skills Council South Australia indicated that the current list ‘is not owned by industry and has very little relevance in identifying real areas of skill shortage’.
- GTA considers that the training that RTOs are being invited to deliver is not necessarily well aligned with the needs of their local labour market.
- NESAs advised that JSA providers have identified many occupations and skills in demand that are experienced locally but not reflected on the list.

As the Transport and Logistics ISC identifies, skills needs are determined at an enterprise level, so as much as the POPPPL gives a general overview of the needs of industry, two like businesses operating next door to each other can have different skill development needs.

As ACCI identifies, the need to balance regional needs against national priorities is a significant challenge for VET generally, and for the NP PPP specifically.

The Australian Government notes that, of the 92 occupations on Skills Australia’s Specialised Occupations List, 49 are not on the POPPPL. This is mainly because entry to these occupations requires completion of degree level or higher qualification (i.e. secondary school teachers), which are not provided by the VET sector.

¹ Under the Commonwealth priority occupations list there are 19 eligible training packages in the civil construction occupations, whilst there are 21 in Queensland, 15 in South Australia, 13 in Tasmania and none in the Australian Capital Territory, New South Wales or Northern Territory.

Under the Commonwealth priority occupations list there are 80 eligible training packages in the community services and health industries, whilst there are 130 in South Australia and 21 in the Australian Capital Territory.

Box 3.1

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The following options for improving the POPPPL and the methodology used to develop it have been identified based on submissions received:

- South Australia recommends acknowledgement in the Agreement that states may exercise discretion in defining state-specific skills and qualification priorities.
- South Australia recommends that a process be agreed for deriving State qualification priorities to be recorded in State Implementation Plan of the Agreement.
- Skills Tasmania considers that the management of priority lists should focus on qualifications rather than occupations (the POPPPL currently includes both in most cases).
- Skills Australia supports states and territories having flexibility within the Agreement for the implementation of the PPP.
- AgriFood ISC called for the approach used under the NP PPP to be brought into line with that of the EB PPP, which it considers to be more adaptable to local and regional circumstances — which differ so markedly in the Agrifood sectors.

Industry confusion about priority lists

The different approaches in each state and territory can be confusing for national employers, an issue highlighted by CPSISC and SSA.

Findings: priority lists

States and territories have, in most cases, developed their own priority lists for allocating NP PPP places. The status of POPPPL in developing these lists varies. Tasmania and Queensland formally requested variation of the POPPPL.

The review considers that state variation is desirable, given that labour market conditions and skills in demand vary significantly between and within jurisdictions.

Concurrently, the review considers that there is a legitimate need for a national perspective on priority occupations. The national list should be targeted at skills in demand thought to have particular importance in national workforce development. It is appropriate that Skills Australia has a key role in developing the national list.

The purpose of the national list for the NP PPP, is to check that national priorities are being reflected in the implementation of the NP PPP. If this is not occurring, a process is needed so this can be resolved.

The national list should be more targeted than at present. Development of the national list should be cognisant of state and territory lists, which would improve integration of lists at the two levels. This will not only result in more effective priority setting overall, it should also simplify the process.

The key challenges in relation to priority lists are therefore to:

- clarify the objectives of both the national priority list and the state and territory lists respectively;
- clarify the relationship between the national list and jurisdictional list; and
- understand when and how the Australian Government should engage with specific jurisdictions to ensure that national priorities are being reflected.

The review recommends a process that assures the Australian Government that national priorities are being progressed through the NP PPP, while enabling states and territories to respond to legitimate local skill needs.

3.2. Meeting additional training demand in areas of need

The review has considered the effectiveness of the NP PPP in meeting additional training demand in areas of skills needs and priority industries that are not being met through other government programs, and which support national workforce development.

Summary of stakeholder views

The following issues are discussed, because each relates to the effectiveness of the NP PPP in responding to high demand, high priority areas:

- The NP PPP funding model:
 - funding levels;
 - regional / remote delivery;
 - apprenticeships
- AQF level targets;
- NP PPP coverage:
 - foundational courses; and
 - skill sets.

NP PPP funding model

Several submissions raised concerns about the funding and contribution model for the NP PPP.

There are two areas of concern:

- the states and territories take on a disproportionate share of risk in the model due to differences between the actual and assumed attrition rates and the timing of payments from the Australian Government to states and territories compared to payments they make to RTOs; and
- the quantum of funds at each qualification level is too low, which undermines the effectiveness of the NP PPP in achieving its objectives.

The latter of these issues has a direct impact on the way NP PPP is targeted and is discussed here. The risk issue is less important for targeting and is dealt with in Chapter 6.

Funding levels

In summary, several stakeholders consider the NP PPP funding levels to be too low.

- Queensland considers that the funding levels ‘reflect minimum costs’. This encourages the states and territories to target lower cost training, which tends to be in lower skill and priority areas.
- New South Wales advised that the pricing model has affected the capacity of the program to target priority skills needs and productivity improvements in key industries such as manufacturing and construction, where available funding was not sufficient to support Certificate III qualifications for apprentice training.
- GTA advised that its members consider ‘that funding available under the PPP is only adequate to deliver courses which are not capital intensive and consequently relatively cheap to run’.

- CPISC points out that some training courses require little equipment and material costs. It considers that ‘these easier (in terms of development costs) courses have been viewed as more attractive...for RTOs and for job service providers’.
- Based on its survey of RTOs, SSA ISC advised that the most significant barrier to student uptake of these positions was the inability of the funding provided by the PPP to sufficiently bridge the cost of the qualifications in question to a reasonably affordable and attractive amount.
- The Ai Group advised that its discussions with some RTOs involved in the PPP suggests that provision of a set amount of funding, irrespective of the qualification, means that some qualifications are not cost effective to deliver. It provided an example, where a TAFE indicated that training would be delivered at a loss.
- TDA considers that the low PPP pricing base has meant that TAFE institutes have needed to commit significant additional resources, to ensure quality delivery of programs where they have been successful in tendering².

Conversely, the Australian Capital Territory advised that the generally higher prices paid for qualifications have given RTOs a greatly increased ability to provide quality in training delivery in terms of duration, resources, and quality of trainers. Providers report being able to run with smaller class sizes. Similarly, Tasmania advised that the NP PPP funding enabled Skills Tasmania to utilise the program flexibly to meet regional, sectoral and client diversity.

² The TDA submission further stated the following:

‘For instance, in Western Australia, TAFE Institutes have been able to access the PPP as normal profile funding and this policy decision has resulted in significant engagement of TAFE Institutes. Western Australia effectively topped up the PPP price from those published in the partnership agreement ensuring that TAFE Institutes were able to be involved in the Program.

The approach to the PPP in Queensland has been less clear cut. TAFE Institutes were allowed to use serve profile funding, although the enterprise was required to make a 30 per cent contribution, instead of the usual 10 per cent through the regulated fee component. The rules have recently been replaced and enterprises are now required to make a 10 per cent contribution, although it would appear that the policy shift was too late to improve Queensland’s 2009 performance.

The pricing applied by the New South Wales and South Australian departments adheres strictly to the terms of the National Agreement which has made it difficult for TAFE institutes in those states to engage as effectively with the Program as they might wish.’

Western Australia has advised that the NP PPP was implemented through additional places to existing programs at existing pricing levels for both public and private providers.

The NCVER provides analysis of the total number of NP PPP commencements and the cost range of the qualification (from less expensive to more expensive). This data is reproduced in Chapter 6, highlighting that while the majority of commencements are for less expensive courses, there are still a strong proportion of NP PPP commencements in more expensive courses.

Regional and remote delivery

Several submissions stated that an adverse outcome of the funding model is limited availability of NP PPP places in regional and remote areas.

- Skills Australia identified that course delivery costs in regional and remote locations can be up to three or four times more than in metropolitan areas.
- Queensland advised that the costs of delivery in regional and remote locations representing a significant barrier for the program.
- The Northern Territory indicated that RTOs have advised that the cost of delivery in remote locations exceeds the level of funding being offered under the NP PPP. As a result, a minimal number of applications were received to deliver training in very remote locations.
- In South Australia, training for groups in regional areas was found to be more costly.

Box 3.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Skills Australia is aware that South Australia allocates places through bids by industry/occupation and skill level. This approach ensures that the final allocation of places is based on skills needs rather than lowest cost training. It also notes that Western Australia offers places using the same funding principles as the state training profile. This means that all funds are put together and then re-allocated, ensuring that more is directed to regional and remote areas.

Apprenticeships

Skills Australia identified that the NP PPP take up is low in traditional trades. The Australian Government advised that while the NP PPP allocated funding for 85,000 Australian Apprenticeships³, there has been uneven take up of Australian Apprenticeships through the NP PPP by states and territories. Both submissions offer similar likely reasons for this:

- PPP predominantly supports institution-based training; and
- NP PPP funding is insufficient to cover trade training costs.

³ An Australian Apprenticeship (often referred to as an apprenticeship or traineeship) gives a nationally recognised qualification and the experience needed to get ahead in a chosen career. It combines time at work with training and can be completed full-time, part-time or while you are still at school. Australian Apprenticeships are available to anyone of working age regardless of their level of education, including school-leavers, those re-entering the workforce or adult workers wishing to change careers. Australian Apprenticeships are available in variety of qualifications levels in more than 500 occupations across Australia, in traditional trades, as well as a diverse range of emerging careers in most sectors of business and industry.

The Australian Government indicated that there is an opportunity to direct more NP PPP funding towards pre-apprenticeship training, as described in Box 3.3.

Box 3.3

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government submission recommends the NP PPP provide a greater focus on trade skills pathways, with any unutilised funding identified for Certificate III Australian Apprenticeships directed toward specific Certificate II pre-apprenticeship qualifications. In addition, existing workers who already have foundation skills at the Certificate III level should be eligible to attract NP PPP funding for the attainment of specific skills sets.

AQF level targets

Certificate III is the qualification level with the highest number of NP PPP places. Table 3.3 provides the number of training places delivered nationally by different qualification type.

Table 3.3

NUMBER OF JOB SEEKER AND EXISTING WORKER ENROLMENTS DELIVERED NATIONALLY FOR 2009, BY QUALIFICATION LEVEL

		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	6,651	2,790	-3,861
	Certificate IV	5,037	5,398	361
	Certificate III	11,651	17,665	6,014
	Certificate II	13,612	8,714	-4,898
Existing Worker	Advanced Diploma	6,872	1,302	-5,570
	Diploma	27,682	9,961	-17,721
	Certificate IV	25,506	15,102	-10,404
	Certificate III	6,374	9,731	3,357
	Certificate II	-	-	-

Source: Unaudited data provided by state and territory bi-annual reports, submitted before 1 July 2010. Data may differ from audited figures published elsewhere. Figures take into account actual 2009 enrolment data, rather than committed activity under contractual arrangements.

The shortage of places allocated to lower level qualifications relative to higher level qualifications is a common theme in stakeholder views.

- New South Wales advised that JSA providers have complained that insufficient job seeker places are available at Certificate II and III level to meet demand, particularly in regional areas such as the Illawarra. Training providers argue that higher level qualifications are not appropriate for this cohort.

- In Queensland — where public funding for existing worker places is available for the first time under the NP PPP — industry brokers have reported a shortage of places at Certificate IV level and an excess of places at Diploma and Advanced Diploma level.
- ACPET advised that employers are looking to employ job seekers that have completed a Certificate II or Certificate III qualification however; the PPP may only be funding a Certificate IV or Diploma qualification.

As the review has identified, there is a policy challenge in balancing national objectives with local needs. Skills Australia emphasised the important benefits of higher level qualification attainment and stressed that the NP PPP should continue to strive to achieve this.

NP PPP coverage: foundational courses and skill sets

The following discussion relates to two specific issues that were raised frequently in the context of the NP PPP targeting: foundational courses and skill sets. Each also relates to the question of whether the NP PPP has set appropriate targets across the range of qualification levels.

Foundational courses

A number of stakeholders called for foundation courses and LLN courses to be eligible for NP PPP funding. Several stakeholders highlighted the need to provide additional support to people who are disadvantaged in the labour market. Many submissions emphasised that job seekers in particular require additional support to increase the likelihood of success in formal training.

There was general agreement that some groups need additional support. The key question is whether this should be provided through the NP PPP or by improving links with other programs. The Australian Government emphasised its investment in LLN training for both unemployed and employed people through the LLN program and the WELL program.

The following extracts are selected from the submissions that emphasised the need for additional support.

- NESAs advised that job seekers receiving assistance from JSA are low skilled with limited or no vocational qualifications and have poor educational attainment. To enable Australians who are currently unemployed and most disadvantaged to develop the skills and acquire the desired qualifications, a pathway approach could be adopted, involving foundational training.
- New South Wales, Queensland and Western Australia each emphasised that effective participation in training by priority population groups (Indigenous people, migrants from a non-English speaking background and people with a disability) generally requires the provision of a range of support services in addition to the costs of training and assessment. The NP PPP funding model leads to these services either not being offered, or being funded through additional state investment.
- GTA advised many job seekers or even existing workers referred to NP PPP funded places might not have sufficient foundational skills, such as literacy and numeracy to be able to undertake the training required of them. Evidence from the field suggests that many people do not have the wherewithal to undertake training at Certificate III without support.

Skill sets

A number of stakeholders recommended that the NP PPP funding should include specific skill sets. At present, an NP PPP place must be a full qualification.

- The main argument for including skill sets is that acquiring a skill set can boost productivity of existing workers and in turn, quickly respond to the needs of industry. Furthermore, several submissions suggested that appropriate skill sets can facilitate a more rapid return to work for unemployed workers.
- Skill sets are not presently offered because the evidence shows that completing qualifications provides significant benefits to both individuals and the wider economy. The Australian Government is encouraging completion of qualifications through the NP PPP. This is another area where a balance needs to be found between national and local objectives.

The following extracts are selected from among the submissions that emphasised the benefits of skill sets.

- NSW identified that the NP PPP has not been able to provide retrenched workers with skill gap training to assist them in preparing quickly for job opportunities. For existing workers, NSW noted that the program is not able to meet emerging employer demand in particular skill domains, such as in so called green skills.
- Queensland and Tasmania observed that job seekers (and in particular retrenched workers) and many industries are interested in skills sets rather than a qualification.
- The Primary Industries Council (SA) stated that progressive learning models built around skills sets is a better way to achieve a long term productivity benefit and impact on a wider range of employees and new entrants.
- ACCI considers that in many cases, employees do not require a full qualification to upgrade their skills to meet the current needs of their employer or broader industry; in many cases a skills set would be a more appropriate training outcome.
- NESAs highlighted that the capacity to deliver core skill sets would be a benefit to mature age job seekers. Delivery of skill sets can improve employment prospects and hasten the return to work.
- South Australia supports and contracts the delivery of full qualifications. However, in some circumstances it considers that skill set delivery will have a bigger immediate impact, especially in fast-tracking transition from traditional manufacturing base to an innovation economy. Skill sets encourage:
 - fast-tracked training towards urgently required skills;
 - transitioning retrenched workers into new industries (for example, move towards a low carbon, environmentally sustainable economy, and transition from existing industry sectoral mix); and
 - top up training in new skill areas.

As Skills Australia identified, there are significant benefits to individuals and the wider economy from the completion of full qualifications. However, given a choice between a skill set and no additional training, undertaking a skill set is preferable.

The Australian Government notes there is a strong need to build an education and training system that goes beyond teaching a skill set, and equips students with skills that enable innovation and problem solving. However, for the purposes of the NP PPP the Australian Government recognises that including training package skill sets for existing workers with foundation skills within the NP PPP would not undermine national training reform goals.

Box 3.4

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

ACCESS and the Australian Government literacy and numeracy program should be made to connect more effectively with the NP PPP (GTA).

The Australian Government recommended that the NP PPP trial limited funding for Training Package Skills Sets for existing workers who already have foundation skills at the Certificate III level and evaluate impacts.

Overall findings

The understanding and interpretation of the funding model has influenced the way the NP PPP is implemented. This in turn has resulted in the NP PPP not being as targeted as it otherwise would have been towards providing more costly qualifications, such as those that are capital intensive, traditional trades and/or those delivered through TAFE providers. However, data regarding how places have been distributed across courses ranging from high to low cost (Chapter 6) indicates that this has not been as significant a problem as the submissions indicate.

In the context of areas of need, the discussion below also considers whether the NP PPP funding should include foundation programs and skill sets.

Foundation programs are preparatory programs that may be undertaken prior to commencing a formal qualification. Presently, the NP PPP does not provide funding for these programs but a number of stakeholders consider this would be appropriate. Having considered if foundation programs should be funded under the NP PPP for certain clients, who are likely to be particularly disadvantaged in the labour market, the review supports improving integration of the NP PPP with existing programs.

Skill sets, or partial qualifications are not presently funded under the NP PPP. A number of stakeholders consider this would be appropriate. The review has taken skill sets to mean formal skill sets developed by ISCs for which certification of completion is received. There are a number of options related to skill sets, but the review has substantively considered two alternatives to the status quo. For these skill sets, the NP PPP could provide funding for existing workers who have already completed a VET qualification. A second option would be to fund skill sets under the NP PPP for both job seekers and existing workers.

3.3. Recommendations

POPPPL

It is recommended that the POPPPL be simplified by removing occupations for which VET is not a pathway to becoming qualified.

It is recommended that the national priority list be focussed on occupations and qualifications that have specific importance to the national economy and national economic priorities.

To ensure that national priorities are being progressed, while also reflecting local skill needs, it is recommended that the Australian Government recognises state and territory lists but reserves the right to require a particular state or territory to offer NP PPP places in certain qualifications on the national priority list.

Scope and flexibility of NP PPP

It is recommended that the integration with other existing programs be improved (such as ACCESS, WELL and the LLN program). This will encourage better use of existing agencies and structures (such as JSA and LECs), avoid introducing greater complexity into the program, and reduce confusion for those making referrals to the various programs.

It is recommended that the NP PPP make funding available for completion of skill sets (formal skill sets developed by ISCs for which certification of completion is received) to existing workers who have already completed at least a Certificate III level qualification.

Chapter 4

Flexibility to adapt the NP PPP to local considerations

This chapter discusses the flexibility to adapt the NP PPP to local considerations. In particular flexibility relates to the integration of the NP PPP into overall state training strategies, other flexibilities being utilised and whether they allow for adaptation to circumstances, emerging skills areas and new policy initiatives.

The flexibility to adapt the NP PPP to local considerations refers to the extent to which the NP PPP is integrated with other state training activity.

Overall, there are three over-riding issues among stakeholders based on submissions received in response to the issues paper. These three issues relate to two of the key policy challenges identified by the review.

Table 4.1

FLEXIBILITY TO ADAPT: SUMMARY OF KEY STAKEHOLDER ISSUES

Issue	Description	Relevant policy challenge	Discussed in Section
Integration	That integration of NP PPP with state training strategies provides for the NP PPP to deliver on national objectives	Balancing national objectives with local needs	4.1
Flexibility	That the NP PPP is sufficiently flexible to respond to local needs	Balancing national objectives with local needs	4.2, 4.3, 4.4

National Partnership Agreement

Clauses of the Agreement of particular relevance to this chapter are:

Clause 20(e) encourage training providers participating in the Agreement to provide flexible delivery options (for example part-time outside business hours in workplaces and catering for people with a disability) to meet the diverse learning and cultural needs of participants in a range of geographical locations.

Clause 31(e) ensure all enterprises (public, private and not for profit) have fair and equitable access to the training available through the Agreement.

4.1. Integration of the NP PPP into overall state training strategies

The review considered the effectiveness of state and territory governments in integrating NP PPP into overall state training strategies, and the extent to which they engaged with Australian industry to encourage and facilitate workforce development.

Integration refers to the NP PPP objectives being aligned with the state or territory's objectives for training and skill development.

Summary of stakeholder views

State and territory stakeholders highlighted areas in which the program had been integrated with broader state and territory training strategies. All state and territory stakeholders indicated that this integration had been successful, although challenging in some cases, and had achieved positive outcomes.

All states and territories advised of the way that NP PPP has been incorporated in their existing training arrangements:

- New South Wales — the PPP has been integrated into the State Training Strategy. This has allowed effective planning to ensure the qualifications target skill priorities that meet individual and industry needs and that complement overall New South Wales training activity.
- Queensland provided details of the integration of PPP into the overall state training strategy, as part of Q2: Towards 2020 and the Queensland Skills Plan.
- Western Australia reports that RTOs delivering PPP existing worker places have been closely aligned to industry and have brokered a number of in-house training programs.
- South Australia advised that its fundamental policy objectives in skills and workforce development are closely aligned with NP PPP.
- The Northern Territory indicated that PPP now forms an integral part of their overall training strategy.
- The Australian Capital Territory advised that PPP is one program in an integrated suite of funded programs to support training.
- In Tasmania, PPP has been used to support the Tasmanian Skills Strategy and has played a role in supporting themes of workforce development, 'skills for the future' and 'increasing opportunity'.

During interviews undertaken for the review, ISCs also consistently reported that the NP PPP represented an additional stream of funding rather than a new training or workforce development model.

Some submissions explored how the NP PPP hindered or assisted integration.

- New South Wales identified that the NP PPP reporting requirements are a barrier to fully realising synergies with other programs. Effectively, the focus is on allocating places to training organisations as quickly as possible, rather than on exploring opportunities to integrate the NP PPP with other training initiatives.

- Queensland has achieved positive results through: integration with existing VET strategies in industry engagement; enabling TAFE institutes to partner with key enterprise to jointly fund skill development programs; and funding traineeship places in 2009 in priority areas through the NP PPP in excess of current User Choice funding capacity.
- EE-Oz highlighted that the ‘state and territory roll out of the NP PPP has proceeded at varying rates’ and this has made integration into state and territory training strategies difficult to evaluate. Some states have fully integrated the NP PPP into User Choice programs, which has made the NP PPP difficult to track.
- NESAs consider that integration of the NP PPP had been successful and that engagement with industry has been satisfactory.

Facilitation of workforce development

Skills Australia views the NP PPP as contributing to workforce development through:

- increasing the capacity of individuals to participate effectively in the workforce throughout their working life;
- addressing areas of genuine/priority skills need; and
- developing the capacity of business to increase productivity and deliver economic benefits to Australia.

Submissions included several views of the extent to which NP PPP was well suited to workforce development.

AgriFood Skills Australia highlighted that NP PPP does not lend itself to a whole of business approach to workforce development, primarily because NP PPP does not require organisations to undertake a Training Needs Analysis.

ForestWorks followed this point of view, stating that ‘the program is used to fund RTO training delivery and so far it is not being used to facilitate workforce development or engage with industry’.

In ACPET’s view, the different approaches taken in each state have undermined the ability of national employers to the NP PPP for the strategic development of their workforce.

Box 4.1

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government suggests that workforce development key performance indicators should be added to the NP. This will help track the impact of NP PPP training on reducing skill shortages and increasing productivity and pathways to other qualifications, and the translation of training into employment outcomes for job seekers.

AgriFood Skills Australia highlighted that the NP PPP needs to encourage diagnosis of an enterprise’s skill needs in line with its business goals, assisted by diagnosis of enterprise needs through TNA.

Overall findings

It is apparent from submissions that there are different perspectives on integration depending on the stakeholder:

- government views integration as incorporating the NP PPP within existing training systems; however
- integration may also be seen from a national employer perspective in terms of the seamlessness of the NP PPP between jurisdictions.

All government stakeholders indicated that the NP PPP had been successfully integrated into state and territory training and skills strategies. Ironically, the integration of the NP PPP with existing training systems appears to be a major contributor to the inability of several jurisdictions to accurately report the NP PPP impact. Integration extends to data collection, which means that NP PPP places have not been uniquely identified. This issue is discussed in further detail in Chapter 7.

Integration is closely related to one of the three policy challenges identified by the review: balancing national objectives with local needs. Integration with state and territory training strategies is obviously desirable from an administrative and policy perspective for each state and territory. However, it may also undermine the ability of the NP PPP to deliver on national objectives. This would of course depend on the detail of the respective state or territory training strategy and whether deviations from national objectives were significant. Nonetheless, it again highlights the complexity of concurrently progressing national objectives through the NP PPP while also providing for adequate flexibility to respond to local skill needs. The issue of flexibility is explored further below.

4.2. Flexibility within the NP PPP

The review has considered what flexibilities within the NP PPP are being utilised and whether they allow for local variation given different economic circumstances, the allocation to emerging areas prescribed by COAG and synergies with new policy initiatives such as the appointment of Local Employment Coordinators.

Summary of stakeholder views

Issues related to flexibility are closely related to the discussion of the POPPPL and the funding model in Chapter 3, this discussion refers specifically to the ability to respond to niche areas of demand and the redistribution of targets between qualification levels.

Flexibility in niche training areas

A small number of ISC stakeholders strongly advised in interviews that the existing funding model lacked flexibility in relation to providing training for niche areas. This refers to areas that may be in high demand, and play an important role in a particular industry sector, but are not high volume in terms of training places or total employment. Stakeholders consider that this is primarily a function of the NP PPP funding model, which encourages provision of training courses in high volume areas.

Redistributing targets between qualification levels

The redistribution of targets is dealt with in detail in Chapter 6. The key concern is the perceived rigidity of the qualification level targets. State and territory governments generally view the rigidity of the targets as creating a barrier to states and territories being responsive to changes to local, regional or national economic circumstances, such as rapid rises in unemployment or industry demand.

The Australian Government submission states that there is provision in the NP PPP for both the number of qualification commencements and course enrolments to be renegotiated. In mid 2009 the Australian Government presented two options to the states and territories for changes to the NP PPP, one option or a combination of options could be chosen:

- Option 1: shifting the job seeker qualification profile to increase the number of Certificate II and III qualifications and overall training targets by removing job seeker targets for Diploma level qualifications; and
- Option 2: directing between 25 and 50 per cent of existing worker places to a new system that will be used to meet commitments under the Compact with Young Australians and the Compact with Retrenched Workers.

Some states and territories have taken up one or both options, with deliberations continuing in some cases.

Box 4.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government proposes that states and territories which have uncommitted or unutilised existing worker places should offer up these places and the associated Australian Government funding (ideally state funding too) to a national enterprise training pool.

The Australian Government also proposes the improvement of trade skills outcomes through pre-apprenticeships. The NP PPP has allocated funding for 85,000 Australian Apprenticeships. The Australian Government acknowledges that it would be appropriate to maintain the commitment to trade skills by reallocating 85,000 identified places for specific Certificate II pre-apprenticeship qualifications in traditional trades.

Overall finding

Many of the issues that are raised in the context of flexibility have been discussed in Chapter 3. However, as a broader observation, the NP PPP needs to encourage the fulfilment of national priorities, while providing for local flexibility that is consistent with the program’s objectives. While the Australian Government’s response to the concerns raised by offering two options is commendable, jurisdictions are looking for the ability to respond swiftly to local needs, even if this means altering targets.

4.3. Effectiveness of procurement requirements for engaging RTOs

The review has considered the effectiveness of procurement requirements for the engagement of public and private RTOs. As discussed in Chapter 2, states and territories described their procurement strategies in implementation plans. Most states and territories opted to utilise existing arrangements between government, industry and advisory bodies to deliver the NP PPP funded training, with additional arrangements entered into as required.

National Partnership Agreement

The procurement arrangements as part of the NP PPP mainly relate to the requirement to provide an implementation plan:

Clause 18 States and Territories entering into the Agreement will be required to develop an implementation plan, in accordance with the template in Appendix B, which demonstrates how they will manage and implement the Agreement and meet the conditions of this part of the Agreement.

Summary of stakeholder views

Chapter 2 provided a high level summary of the procurement approach used by each state and territory.

There were two main issues raised in regard to the procurement requirements for RTOs: the high administrative costs associated with procurements (as well as brokerage, monitoring and reporting requirements); and the inflexibility of annual targets and associated funding. The latter issue is a product of the structure of the Agreement, which has been discussed in the preceding section and in Chapter 3.

Regarding cost, New South Wales states that it has assessed the NP PPP as being the most complex and resource-intensive training arrangement the state has administered. The New South Wales Board of Vocational Education and Training estimated that it may cost the State up to \$1 million per year to successfully administer all aspects of the program.

Box 4.3

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Ensuring wider geographic coverage of NP PPP delivery through the procurement arrangements would also strengthen the initiative. Job seekers residing in non metropolitan and particularly remote locations often have limited access to subsidised training provided through other Australian Government, state or territory training strategies and initiatives (NESA).

Overall finding

In regard to procurement of the program between public and private RTOs, most jurisdictions reported that approximately 25 per cent of NP PPP funding was allocated to their public RTO via contestable funding arrangements. All states and territories felt that they were meeting the needs of small and medium enterprises.

Responses regarding the effectiveness of procurement arrangements for the engagement of public and private RTOs varied between states and territories and the allocation arrangements they have in place. Inflexibilities in the NP PPP were also highlighted as affecting procurement arrangements.

The majority of NP PPP places were allocated to private providers. Further stakeholder consultation identified that all jurisdictions except Western Australia treat public and private RTOs the same with regard to the procurement of the NP PPP.

4.4. State and territory government provision of need-based training to enterprises

The review has considered whether the state and territory governments were active in identifying the needs of, and enabling the provision of training to small and medium enterprises, as well as larger national enterprises.

National Partnership Agreement

Clause 20(i) implement protocols including financial arrangements to govern the administrative arrangements for national enterprises operating in more than one jurisdiction to ensure that they only have to deal with one point of contact to arrange cross jurisdictional delivery of training.

Summary of stakeholder views

State and territories provided the following summaries of their activities in this regard:

- In Queensland, state industry training engagement bodies were given responsibility for engaging with small, medium and large employers in their sector and advising the department of the key PPP priorities for both job seekers and existing workers.
- Queensland considers its industry brokerage system, which is facilitated through PPP, is proving to be highly successful at consolidating demand from small and medium enterprises into an effective training initiative. For example, small to medium employers sponsoring one or two employees to undertake higher level training to attain industry or general skills are now able to work with an industry broker to participate in a training strategy that addresses industry specific requirements and can be delivered in a cost effective manner.
- The enterprise funding model piloted in Queensland during 2009 will be a key strategy to enable large enterprises to engage directly with the VET system and receive PPP funding support to implement their workforce development plans.
- In New South Wales, the Department of Education and Training has eleven regional state training centres. These centres undertake ongoing consultations with local small and medium enterprises to identify regional skill needs.
- In addition, the New South Wales Department undertakes regular consultations with ISCs and ITABs to identify skill needs for large and national enterprises. A network of state and territory education departments also assists in the identification of skill needs for national enterprises.

- The Australian Capital Territory identifies the needs of small and medium enterprises and large national enterprises in its Training Priorities publication.

A number of respondents highlighted that the NP PPP structure made identifying needs and providing training to enterprises challenging, or did not agree that governments had successfully addressed this issue.

TLISC, EE-Oz and IBSA identified that the challenge still remains where an enterprise has multi state operations. There are many barriers around eligible qualifications, the ability to negotiate with a preferred RTO and levels of funding that are impeding these organisations from developing projects.

Box 4.4

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government highlights that capacity for joint planning is an element of the NP PPP. This mid-term review provides the opportunity for improved arrangements to ensure the NP PPP is effectively meeting local skills and employment needs. The Australian Government suggests that options presented to states and territories for changes to the NP PPP identified in section 4.2, should be expanded to take into account the improved state of the economy as well as new opportunities identified in this report such as training package skills sets.

Overall finding

Of the five states and territories who responded to this issue, most provided details on how they were active in identifying the needs of and enabling provision of training to small and medium enterprises and large national enterprises. A number of other stakeholders identified that the NP PPP had limiting features in allowing governments to effectively identify needs, such as the operations of national enterprises across states and territories and the types of qualifications offered to particular groups. However, most states and territories reported that they had not yet had the issue of trying to cater to a national enterprise that may be operating in more than one jurisdiction.

Through interviews with stakeholders undertaken for the review it was noted that all jurisdictions felt they were meeting the needs of small and medium enterprises in their state and territory.

This chapter has considered program flexibility in order to adapt to local considerations. The review considers that recommendations made in Chapter 3 will contribute to addressing the issues described throughout this Chapter.

Chapter 5

Effectiveness in communication and engaging intermediaries

This chapter examines the effectiveness of the NP PPP’s communication strategies and the effectiveness of engagement with intermediaries under the NP PPP. Intermediaries include ISCs, JSA providers and LECs.

Overall, there are two over-riding issues among stakeholders based on submissions received in response to the issues paper. These issues relate to one of the key policy challenges identified by the review.

Table 5.1

TARGETING: SUMMARY OF KEY STAKEHOLDER ISSUES			
Issue	Description	Relevant policy challenge	Discussed in Section
Lack of coordinated communication	Submissions from across the stakeholder spectrum identified that communication on the NP PPP has had limited effective integration — either nationally or with other programs.	Balancing national objectives with local needs	5.1
Inadequate engagement with ISCs	Consultation with ISCs on implementation has been patchy, and they have not played any brokerage role, which reflects a missed opportunity.	Balancing national objectives with local needs	5.2

5.1. Communication strategies

The review has considered if adequate communication strategies are in place to:

- Inform JSA providers and employers about the availability of training places, and where these places are exhausted, advice about alternative sources of training funding from both Australian Government and state and territory government sources.
- Provide better practice examples to demonstrate key achievements of the program including effective ways of improving connections between training, employment community services at the local, regional or national level.

National Partnership Agreement

The relevant clause of the NP Agreement is clause 33. This requires states and territories to:

acknowledge the Agreement as a joint Commonwealth and State or Territory initiative in all publications, promotional and advertising materials, public announcements and activities, or any products, processes or inventions developed as a result of the implementation of the Agreement.

Summary of stakeholder views

NESA advised that states and territories offer varying levels of information for JSA providers about available PPP training, training providers and referral procedures.

In NESA’s view, there is a tendency for states and territories to communicate information about individual initiatives in isolation. Consequently, JSA providers may be aware of NP PPP, but if it does not meet their requirements, they may be unaware of other initiatives that are more suitable.

A survey of RTOs undertaken for the review found that awareness of the NP PPP is high.

- 99 per cent knowing that it is a Australian Government initiative; 97 per cent knowing that job seekers are eligible; and 92 per cent knowing that existing workers are eligible.
- 91 per cent have visited the DEEWR/PPP website and a similar number have looked for information about the program more generally including on state and territory department websites.

Communication strategies

The submissions indicate a range of communication approaches, which are summarised at a high level in Box 5.1.

Box 5.1

OVERVIEW OF COMMUNICATION TECHNIQUES

Monthly meetings with State Training Services Centres (NSW) Industry brokers (Queensland) Stakeholder network (WA) Fact sheets (WA) Web site (WA) Newspaper Ads (ACT) Features in websites and newsletters (ACT) Job Network site visits (ACT) Radio advertising (ACT) Briefing sessions with JSAs (NT)

The following are among the approaches to communication described in submissions.

- New South Wales advised developed a partnership with NESAs during 2009. It considers that this partnership has developed as an effective means of promoting vocational training opportunities to JSA providers and their clients.
- Queensland uses its website to communicate details of key strategies and training availability to stakeholders and individuals, with updates posted regularly. Queensland RTOs are reporting effective relationships being developed with specific JSAs. Regional employment officers have established links with the community sector, local industry and local employers in an effort to gauge labour market trends and emerging industries at the local level.
- Western Australia disseminated a number of fact sheets to JSA providers, RTOs, Career Centre and Training Council to ensure a shared understanding of COAG and State initiatives. Stakeholders, including JSA providers, are also directed to the Training Western Australia website which identifies all publicly funded training provided by both public and private RTOs.
- The Northern Territory conducted briefing sessions for JSA providers in Darwin and Alice Springs. The briefing sessions advised the JSAs of what had been funded under the NP PPP in 2009 and engage the JSAs in the 2010 round of funding.

Communication barriers

Several submissions identified barriers to effective communication. Queensland advised that challenges faced in communicating to key PPP stakeholders have included the following.

- The overlap of RTO contracts for job seekers under the Australian Government's Phase II and Queensland's Phase III arrangements caused a significant period of confusion for JSA providers, RTOs and job seekers in mid 2009.
- The change of contracted employment service providers in mid 2009 added an additional communication barrier to the process, as many new JSA providers took some time to develop local training networks.
- Ongoing difficulties in getting regular written communiqués through to the JSA providers via DEEWR required communication protocols.
- Confusion related to the level of government with responsibility for the program.

NESA advised that although DEEWR offers a portal with information about PPP, it refers users to state and territory contacts for local arrangements. There is no central information portal that provides an easily accessible national summary of arrangements. This would assist JSA providers and employers alike.

The Tropical North Queensland Institute of TAFE advised that 'there were many instances where job services were directing clients to our institute for qualifications that we were not able to provide under the PPP.

The Northern Territory and EE-Oz suggested there is some confusion among stakeholders, including students, employers and RTOs, about who is responsible for managing the different PPP's available.

ForestWorks advised that the NP PPP as an additional funding stream rolled out through the existing state system (except for the small national trials via ISCs) does not appear to have the capacity or intent to inform employers about training. For most employers and many RTOs, it adds one more layer of complexity to an already complex system.

IBSA indicated that it has patchy information on state and territory based existing worker commencements. Receiving the commencement and completion data would assist IBSA in monitoring uptake in emerging areas of skills need.

Box 5.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Other state and territory initiatives related to job seeker skill development should be included in the NP PPP communication strategies.

Tropical North Queensland Institute of TAFE stated that the website should be promoted more heavily to employers and job services members. It also suggests that DEEWR host a local and/or regional provider forum to promote the allocation of places.

CIT, in the ACT, suggested that a consistent marketing campaign run through Centrelink or the JSA network agencies would have assisted in the promotion of PPP.

Queensland is seeking the capacity to communicate directly with JSAs and LECs, instead of through the Australian Government communication protocols with DEEWR and Centrelink.

The Australian Government recommends that mechanisms be put in place to share experience of best practice in the NP PPP delivery between jurisdictions.

Overall finding

Submissions received indicate that although a range of communication techniques have been employed across jurisdictions, there is a lack of planning and coordination in communication about the NP PPP. This has contributed to a degree of confusion about the NP PPP among some stakeholders. The coordination of communication on a national basis is a challenge given that the management and implementation of the NP PPP is the responsibility of seven jurisdictions. There is a degree of confusion about the placement of this program relative to others with similar objectives. Providers have tended to associate the NP PPP with the Australian Government, which adds to the sense of uncertainty given the changed arrangements.

There is a need to communicate information about the NP PPP and programs with similar objectives in a more coordinated manner. There is a broader need for marketing of the benefits of higher level qualifications to existing workers and employers.

5.2. Engagement with ISCs

The review has considered the extent to which state and territory government engage ISCs to broker training and identify occupations and qualifications experiencing skills shortages.

National Partnership Agreement

Clause 31(a) of the NPA requires the states and territories to:
ensure a role for national ISCs in the brokerage of training delivered under the Agreement.

Further, clients subject to ISC brokerage are to be ‘given priority access to training, where they meet eligibility requirements and the allocation of training has not been exhausted’.

States and territories are further required at 31 (b) to:

ensure state and territory industry advisory bodies/arrangements work in partnership with national ISCs to identify occupations and qualifications that are experiencing current and emerging skill shortages.

Summary of stakeholder views

The approach to engagement and brokerage involving ISCs in each jurisdiction is summarised in the following table, based on submissions received from states and territories.

Table 5.2

ISC ENGAGEMENT

Jurisdiction	ISC's consulted	Nature and extent of ISC engagement	ISC brokerage	Other relevant information
ACT	Yes	The ACT incorporates advice from ISCs to inform the Territory's own training priorities each year.	No	Brokerage through ITABs but ISCs are 'not active' in the ACT training market.
NSW	Yes	Balancing national objectives with local needs	Yes	Guidelines on brokerage arrangements with ISCs, ITABs and JSA providers give brokers priority referrals to training places with RTOs funded under the NP PPP.
NT	Yes	ISCs and NT Training Advisory Councils informed of the NP PPP call for expressions of interest from RTOs.	No	The ISCs and TACs were encouraged to work with employers and RTOs to submit applications for funding.
QLD	Yes	Via state industry training engagement bodies. Departmental input to ISC environment scans.	No	Queensland PPP industry brokers are providing opportunities for ISCs to refer clients.
SA	Yes	State industry skills boards work in conjunction with ISCs on environment scans.	No	ISCs have a principal role in brokerage of EB PPP places but not the NP PPP.
TAS	Yes	Skills Tasmania consulted and engaged with ISCs throughout 2009 in regards to PPP activity and will continue to do so.	Yes	Would like to see more engagement from ISCs in Tasmanian market.
WA	Yes	ISCs have a pivotal role in facilitating consultations with their respective industries and providing feedback to Training Councils	Yes	ISCs currently play a limited brokerage role in training in Western Australia. State training councils have a brokerage role

Source: Stakeholder submissions.

The Australian Government stated that JSA providers, LECs and ISCs have a role in ensuring that resources are harnessed to address regional employment issues. However, it

considers that to date there have been variable reports about the extent to which state and territory governments are oriented to working in partnership with these agencies.

Skills Australia considers that all states and territories need a robust commitment to engage with industry and that this needs to be strengthened in some areas.

Stakeholder interviews undertaken for the review identified that the level of engagement with ISCs by state and territory agencies is mixed. The New South Wales and Tasmanian Government agencies were reported by several ISCs to be meaningfully engaged.

The TLISC and IBSA submissions concurred with this finding. They highlighted Tasmania and NSW as consulting with ISCs in regard to the NP PPP arrangements.

Tasmania advised that while relationships with ISCs have been strengthened, the lack of representation in Tasmania by most ISCs presents difficulties, especially in creating effective ISC PPP brokering. Skills Tasmania is planning to accept applications for job seeker PPP places directly from JSAs. By opening the process to referral agencies the connection between training and job outcomes can be more easily supported. In addition, training providers will no longer be the only conduit to training funding, meaning stronger relationships will be required to service job seeker needs.

ACCI and AiG share the view that where intermediaries such as employer organisations or ISCs or ITABs are directly involved as a training broker in accessing training places or training delivery, there are often much better outcomes for employers.

The CPSISC and SSA advised that the ISCs have engaged on various levels; however, it has been generally only to provide industry intelligence to support the state and territories in developing their skills needs profiles. At this stage, the ISCs have not played a significant brokerage role.

CPSISC advised that to become a broker in this program on a national basis, significant change, with a consistent approach to implementation of the program, would have to be adopted by all states and territories.

EE-Oz advised that it has generally not been engaged in any aspect of the NP PPP programs. EE-Oz has not been approached to assist in identifying particular enterprises or to broker any training by any jurisdiction.

Box 5.3

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Understanding skills demand

Primary Industries Skills Council (SA) suggests that improving the current NP PPP system will require a more direct State level industry resourcing of state advisory bodies and peak industry bodies to provide accurate and regular intelligence on skills demand and finalise skills demand schedules that cost and prioritise the demand. In this way, the state and territory government’s role is to manage the funds in accordance with industry priorities at skills set, skills cluster and qualification level.

ACCI suggests refocusing the existing worker PPP from an approach broadly driven by supply factors to a more demand driven approach, consideration should be given to the development and implementation of a national rollout of existing worker PPP through ISCs, ITABs and industry associations along similar lines to the Enterprise Based Productivity Places Program (EB PPP).

The Australian Government considers that in order to achieve the overall aims of the program, the NP PPP require state and territory collaboration with industry on the POPPPL as a condition of funding.

Reflecting local needs

South Australia recommends that the Australian Government should note the success of the South Australian model and the role of state industry skills boards with a view to clarifying the role of ISCs in South Australia which will require a close working relationship with state industry skills boards.

South Australia recommends that the NPA acknowledge explicitly that states may consult a variety of workforce development agencies and training provider networks including but not limited to ISCs.

SSA would like to recommend that state and territory governments seek to devote greater import to the central roles held by ISCs and thereby take advantage of the specialist knowledge housed within these organisations in order to best interpret and address key industry issues across the nation.

Catering for whole of enterprise approaches to training

The Australian Government and Skills Australia emphasised that effective workforce development at the enterprise level involves effective partnerships with training providers and other intermediaries as appropriate, such as employment service providers. Skills Australia encourages employers to adopt a holistic approach to up-skilling their workforces and integrating their training efforts with the broader strategic direction of the enterprise.

ACCI highlights that industry groups wishing to access PPP funding to implement a national workforce development strategy should have a transparent point of contact to discuss their case. Eligibility should be considered for such collective groups wishing to undertake a national approach.

Overall findings

There are two major issues: the level of engagement and the lack of ISC involvement in brokerage.

The state and territory submissions suggest there has been liaison with ISCs although the extent of engagement has generally not extended to close ongoing engagement or brokerage. The state and territory training departments have tended to engage closely with the state training advisory bodies rather than with ISCs. The ISC submissions generally confirm that engagement with states has been sporadic, with a few exceptions.

State and territory reported engagement with ISCs, when compared with the perspectives offered by the ISCs themselves, suggests widely divergent views regarding ISC engagement.

It appears there is a clear opportunity to make ISC engagement more structured and meaningful. The lack of a formal ISC brokerage role reflects a missed opportunity, given the significant benefits of ISCs in this role, as identified in submissions from industry representatives.

This task relates to the wider policy challenge to align national priorities with local needs. This needs to occur in a way that allows both levels in the advisory structures (national, state and territory) to have a clear and meaningful role that adds valuable industry intelligence, without causing unnecessary duplication or stakeholder confusion.

5.3. Effectiveness of job seeker support

The review has considered if arrangements with local Job Service Australia providers and Local Employment Co-ordinators effectively allow for support of job seekers tailored to training needs and via appropriate pathways, in both local and regional areas.

National Partnership Agreement

Clause 31 (c) requires states and territories to:

‘provide clients with access to training where brokered by Employment Service Providers where they meet eligibility requirements and the allocation of training has not been exhausted’.

Summary of stakeholder views

Several submissions commented on the potential for LECs to be more heavily involved in NP PPP referral. Conversely, a significant number of submissions described connections being formed between the NP PPP and JSA providers.

- NESAs considers that where the states have embarked on more active engagement strategies — such as information sessions for intermediaries — better awareness has been achieved. This has resulted in better access to PPP for job seekers.
- Queensland advised that all of the department’s regional employment directors have established relationships with the LECs in their region, sharing labour market intelligence, and information about related programs.
- New South Wales advised that brokerage arrangements are in place with JSA providers to give priority access to training places for job seekers. Local level forums and consultations have also been undertaken with JSA providers to facilitate access to training to meet local and regional needs.
- Western Australia advised that the expansion of programs across Western Australia to accommodate the NP PPP has resulted in JSA providers and the LEC having access to a wide range of training programs and support systems in metropolitan, regional and rural communities of Western Australia.

- South Australia and Queensland advised that NP PPP job seeker place providers are required to demonstrate partnerships with JSA providers in their proposals in order to be successful.
- The Australian Capital Territory advised that CIT provided extensive workshops with JSA, attending information sessions and responding to client questions. A direct network was set up between CIT and Job Services providers to inform them of the availability of training places.
- ACPET advised that many of its members have reported strong relationships with employment service providers and work effectively with these organisations. Where this occurs, outcomes for job seekers are often best.

Box 5.4

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

IBSA suggests these key points of engagement between ISCs and jurisdictions:

- consultation on, and genuine consideration of, ISCs environment scans as part of the skills needs advice, including occupations in demand lists;
- seeking comment from ISCs on adjustments to priorities due to insufficient take up or over subscribing; and
- inclusion of ISCs in program consultations and priority skills needs confirmation processes.

EE-Oz suggests that the intermediaries require comprehensive statistics on a state and territory basis including unmet demand, capacity issues, NP PPP training numbers and industry needs and anticipated demand.

Overall finding

Each of the jurisdictions indicated that they have arrangements in place to ensure that RTOs are engaged with JSA providers. From stakeholder submissions, it would appear that currently the key relationships that lead to better job seeker outcomes are those between RTOs delivering NP PPP places and JSA providers.

Conversely, the LEC role is less widely known or utilised and more attention could be given to ensuring that stakeholders are engaged with the LECs. Stakeholder interviews suggested that jurisdictions are aware that they need to work more closely with ISCs, JSA providers and LECs.

Overall, the review considers the LECs are an under-utilised resource in the implementation of NP PPP. Consistent with earlier observations about improving the integration of the NP PPP with complementary services and networks, the LECs should be engaged more directly in NP PPP implementation as a means of improving these connections.

5.4 Recommendations

NP PPP linkages

It is recommended that a nationally coordinated NP PPP communication strategy be undertaken to provide information about the NP PPP and complementary programs. The strategy will target RTOs, JSAs, organisations that connect regularly with VET, and employers.

It is recommended that existing government support infrastructure (including LEC's, ISC's, JSA's, Employment Brokers and the Indigenous Employment Program) be engaged more directly in NP PPP implementation as a means of improving integration of the program with complementary services, agencies and networks.

Part C

Funding and operations

Chapter 6

Funding arrangements and cost metrics

This chapter examines the funding arrangements of the NP PPP. Specifically, this chapter provides evidence on whether costing assumptions hold, private contribution levels and the utilisation of training places allocated by the NP PPP.

Overall, there are two over-riding issues among stakeholders based on submissions received in response to the issues paper. These issues relate to one of the key policy challenges identified by the review.

Table 6.1

TARGETING: SUMMARY OF KEY STAKEHOLDER ISSUES

Issue	Description	Relevant policy challenge	Discussed in Section
Higher cost qualifications	Adequacy of the funding levels to facilitate delivery of qualifications which are higher cost and/or in niche areas of demand	Suitability and adequacy of the funding model	6.1
Distribution of qualification targets	Rigidity related to the allocation of places at each qualification level.	Suitability and adequacy of the funding model	6.3
Share of risk	Whether the states and territories are taking on an excessive share of risk given the assumed attrition rate and cash flow.	Suitability and adequacy of the funding model	6.1
Administrative cost	Lack of provision for administrative cost (Clause 20j), despite the Agreement being relatively complex to administer	Suitability and adequacy of the funding model	6.4

6.1. Funding adequacy of training under the NP PPP

The review has considered if the unit cost of training under the NP PPP by qualification level is adequate. This has involved consideration of submissions from states and territories about the extent to which costing assumptions have held.

National Partnership Agreement

Clause 50 states that the NPA:

‘requires funding contributions from the Commonwealth Government, state and territory Governments and a contribution sourced from individuals or enterprises’.

Clause 52 refers to:

‘the funding allocation the Commonwealth Government has set for each output by qualification level and the flow of payments (the flow of payments is based on the first, second and third enrolment)’.

The NP PPP funding model

The NP PPP funding model is described at Appendix C. In summary, it comprises:

- funding contributions for each qualification level are intended to reflect the average cost of provision, taking into account cost variations due to location and area/discipline of study;
- funding contribution and phasing of contributions (based on assumed enrolments per qualification) for each qualification level and enrolment (Table 4 NP PPP agreement);
- agreed apportionment of funding contribution for each of the NP PPP streams of job seeker places (100 per cent Australian Government funded) and existing worker places (50 per cent Australian Government funding, 40 per cent state or territory funding and 10 per cent individual or enterprise funding (Clause 51);
- annual targets for the allocation of places by year and qualification level for each state and territory (Appendix A the NP PPP agreement); and
- calculation of payments from the Commonwealth to states and territories are based on the above points, and factor in the assumed attrition rate (65 per cent). The cash flow under the Agreement involves the respective state or territory paying course fees to NP PPP eligible RTOs and obtaining nominal reimbursement of the Australian Government share of funds through regular payments. Payments are based on assumed, rather than actual, rates of student progression.

Summary of stakeholder views

Higher cost qualifications

Stakeholder views about the impact of funding levels on NP PPP targeting is discussed in Chapter 3 in the context of targeting. The following extracts of submissions reinforce the point.

In the following discussion, nominal cost represents funding allocated by the Australian Government (on average), whilst actual cost represents the actual cost of delivery, on average for each qualification. It should also be noted that the discussion refers to both Australian Government delivery of PPP and the NP PPP delivery.

Queensland, and a number of other submissions from governments, advisory bodies and industry representatives raised questions about low funding thresholds for particular qualifications. This results in less resource intensive and generally lower skill and priority industry areas tend to be funded.

The Australian Government advised that states and territories had the flexibility to manage funds in the way they wished, provided that the average funding rate was within the threshold for each qualification. This would allow a mix of high and low cost qualifications to be funded.

ACPET advised that its members have diverse views regarding whether funding arrangements are adequate. Inconsistency between states means that there is no single position that can represent the entire market. Some providers believe that funding is adequate and they 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.

Three Queensland TAFEs responded, Sunshine Coast Institute of TAFE advising that it is not possible to deliver PPP for many traditional trade skills shortage areas particularly for job seekers under PPP funding thresholds. Two other Queensland TAFE institutes advised that the average and weighted average unit cost of training under PPP by qualification is inadequate⁴.

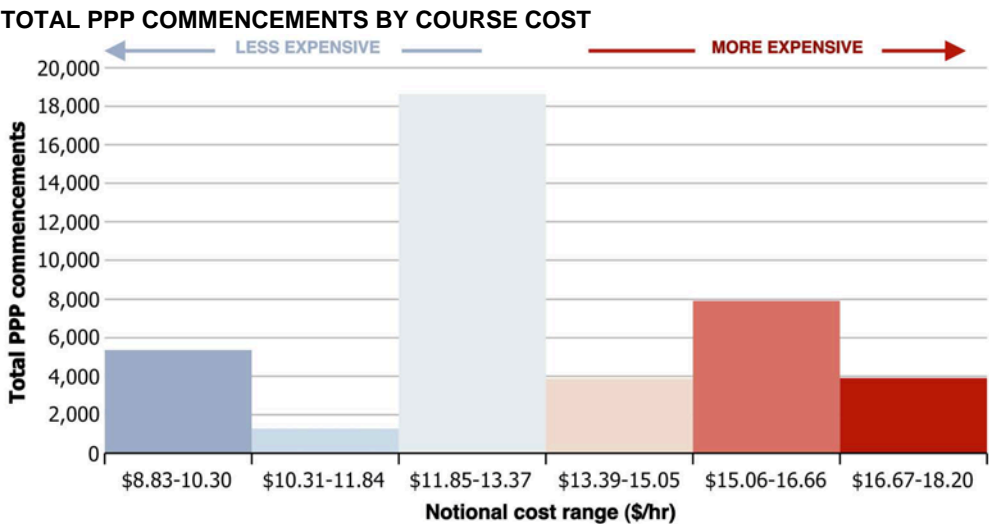
TAFE Directors Australia considers that the pricing applied by New South Wales and South Australia adheres strictly to the terms of the Agreement which has made it difficult for TAFE institutes in those states to engage as effectively in the program, because TAFE institutes are generally unable to offer courses at the prices offered.

The survey of RTOs undertaken for the review identified that of those RTOs who successfully applied for NP PPP access, only 12 per cent thought that appropriate funding was a strength of the program.

The NCVER presents data comparing the total number of NP PPP commencements and the cost range of the qualification (from less expensive to more expensive). Figure 6.1 highlights that while the majority of commencements are for less expensive courses, there are still a strong proportion of NP PPP commencements in more expensive courses.

⁴ The Tropical North Queensland Institute of TAFE advised that in all but one instance (Certificate II and Certificate III in Horticulture) the unit cost offered was well below the cost submitted at the time of application. For example, the unit cost of Certificate II in Hairdressing was reduced by almost a third or from \$9.00 to \$6.20. Similarly, the unit cost for Health and Community Care programs (reduced from \$8.00 to \$6.40) did not cover the extra costs for learner guides and/or textbooks purchased from a third party at an average cost of \$500 per PPP participant. The contracted AHC rate did not cover, for example, some of the equipment costs normally incurred by students such as scissors, mannequin heads and aprons for Hairdressing students (tools of the trade), or steel cap boots, sun hats and gloves for Horticulture students. The Barrier Reef Institute of TAFE advised that it has found the price paid for training under PPP to be very challenging for our delivery model and lower than other VET funding.

Figure 6.1



Source: NCVER analysis of PIMS data supplied by DEEWR and state and territory government bi-annual reports.

In the Productivity Commission’s 2010 Report on Government Services, government real recurrent expenditure per annual hour of government funded VET programs was calculated at \$13.10, nationally (PC 2010). This compares well with Figure 6.1 above, where the most frequent value range of commencements is in the \$11.85-\$13.37 per hour cost range.

Attrition rate

New South Wales advised that in negotiating the NPA, states and territories were advised that the funding model for the program was based on an assumption that 35 per cent of participants would complete their qualifications. On this basis, New South Wales considers that the program is under funded. New South Wales’ experience suggests that a retention rate of 55 per cent is more likely to be achieved.

Where it is clear retention will exceed 35 per cent, New South Wales considers that additional Australian Government funding will be required. Alternatively, states must have capacity to adjust numbers of places to meet existing commitments from available funds.

The Northern Territory agreed that funding is not sufficient to cover the target number of qualifications should all these be allocated due to the assumed high attrition rate in the funding model. The Northern Territory is concerned that the attrition rate will not be as high as expected, particularly for existing workers.

The Northern Territory has allocated places based on the total amount of funding provided through the NP PPP. Had the Northern Territory allocated the total places stated in the NP, there would have been an over commitment of almost \$5 million.

ACCI further advised that some RTOs have reported that where there are non-completions recorded, they only receive a maximum of 40 per cent of the scheduled course fee even when the student has completed more than 40 per cent of the course, resulting in a net cost to the RTO.

NCVER provides analysis of completion rates for the NP PPP by state and territory. However, NCVER notes that data available on completions was sourced from state and territory reports, and not all states and territories submitted data. The figures presented by NCVER, do not provide a completion rate. Of the data supplied by states and territories, the South Australian and Australian Capital Territory data sets contain a flag for completers, however there is no information that allows the identification of students still in study — this is necessary to estimate completion rates. The data presented by NCVER, therefore includes commencements as well as completions. The data has not been reproduced in this report due to the inaccuracy of the data provided to NCVER.

Another recent NCVER report, *the likelihood of completing a VET qualification: a model-based approach* (2010), estimated the following based on the use of a mathematical model:

- the national estimated completion rate of VET course enrolments at Certificate 1 or above commencing in 2005 is 27.1 per cent;
- for full time VET students aged 25 years and under in 2005, this rate is 34.7 per cent; and
- course enrolments at Certificate III level had the highest rate of completion, at 33.5 per cent.

Overall however, the Australian Government notes that states and territories have not been able to demonstrate an attrition rate for the program.

Cash flow

New South Wales advised that because the assumed duration of qualifications determines the allocation of funding, this is expected to create cash flow issues for states and territories where students may complete the course in a shorter duration.

Queensland considers that the NP PPP results in the state being exposed to financial risk, as the set price established for the different AQF levels is not reflective of the cost of delivery in many high priority areas, and as outlined previously, the actual duration of training is generally far shorter than the time based assumptions in the Agreement.

To overcome this issue, Queensland has implemented a variable pricing model for new PPP activity in 2009, where the Queensland department determines a reasonable price for a qualification or group of qualifications based on an analysis of available cost data, such as the price already available through other VET programs (for example, user choice), the NP PPP price adjusted for the relative cost of delivery in that industry, or the market range determined through the public tender process.

Despite attempts to establish a reasonable price, Queensland would expect market stakeholders to report that the average and weighted average price paid under PPP would be inadequate in some circumstances, as the department has continued to target higher priority training under PPP, which is often in areas that incur higher costs.

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. Funds are needed ‘up front’ to cover the cost of staff and resourcing to provide quality training.

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

Queensland states that the combination of the seemingly incorrect attrition rate and timing (cash flow) assumptions built into the NP PPP funding model results in states and territories having two options. They can either target lower cost, lower skill and lower priority training to manage the significant financial risk under the NP, or be prepared to make funding contributions well above NP estimates if targets are to be achieved.

Box 6.1

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

South Australia highlighted that acknowledgement in the NPA of a state or territory’s ability to allocate budget is necessary to simultaneously deliver agreed training outcomes, and prioritise state or territory specific priorities (including for equity groups and in regional areas)

Western Australia identifies changes that are needed to cost per place calculations due to an increase in full time enrolments, in relation to part time enrolments. This requires an adjustment to the existing pricing arrangements to reflect the impact that the shift has on the average student study load, and therefore cost per enrolment.

Ai Group suggests that consideration should be given through this review to the introduction of a differential costing model, which recognises the intensity of the training being undertaken and the duration of the training.

Overall findings

Expenditure data analysis

Comparison of cost per place and actual cost per place in each state or territory shows that the actual costs of training delivery are, generally higher than nominal funding amounts provided under the NP PPP although this does vary between jurisdictions. Specifically:

- Queensland has reported an apparent ‘break even’ position;
- South Australia has reported that the actual cost is less than nominal cost across all qualifications in both job seeker and existing worker streams; and
- Northern Territory has reported that Certificate III actual cost is less than nominal cost.

Detailed analysis related to the above findings is provided at Appendix D.

Table 6.2 details the national average unit cost for each qualification. Nominal cost represents funding allocated by the Australian Government (on average), whilst actual cost represents the actual cost of delivery, on average for each qualification. When averaged, actual delivery costs for all qualifications are higher than the nominal funding amounts allocated.

Note that these figures may be skewed by delivery costs for some qualifications in some states and territories exceeding nominal costs by a significant amount.

Table 6.2

NATIONAL AVERAGE UNIT COST (\$) BY QUALIFICATION LEVEL AND JOB SEEKER AND EXISTING WORKER STATUS FOR 2009				
		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,105	3,609	504
	Certificate IV	2,580	2,930	350
	Certificate III	2,582	2,562	-20
	Certificate II	1,293	1,529	236
Existing Worker	Advanced Diploma	3,086	3,811	725
	Diploma	3,088	3,441	353
	Certificate IV	2,570	2,877	307
	Certificate III	2,570	2,551	-19
	Certificate II	-	-	-

Source: Unaudited state and territory bi-annual reports submitted before 1 July 2010 and ACG analysis. Data provided by differ from audit figures published elsewhere. National average unit cost by qualification has been calculated using nominal costs and nominal training places reported by states and territories in their bi-annual reports on the NP PPP. Note: New South Wales, Western Australia and South Australia are excluded from average calculations, as data at the qualification level was not provided. Nominal and actual amounts represent only the first of three payments to the Diploma and Advanced Diploma; and the first of two payments for Certificate II, III and IV level qualifications.

The submissions suggest that the issues with the funding model have created perverse incentives and led to undesirable outcomes in the targeting of places. For example, the high assumed attrition rate creates an incentive to reduce the focus on completion of qualifications, as states and territories need to make additional funding available if attrition rates are lower than those assumed by the Australian Government. Alternatively, states and territories will deliberately not meet their nominal targets to minimise the risk of exceeding the program budget if they have an attrition rate of lower than 65 per cent — which they generally do. There is also a potentially perverse incentive to maximise NP PPP enrolments in low cost qualifications in order to meet targets while minimising risk of exceeding the project budget.

The review considers that the assumed attrition rate should be reconsidered based on data from all states and territories. It would also be preferable to align the funding flows more closely with activity. Recommendations are made in relation to each of these points.

6.2. Private contribution levels

The review has considered the level of private contribution, in particular whether it is greater than the minimum of 10 per cent required under the NP PPP. The review has further considered the extent to which enterprises are paying the prescribed co-investment, and whether cross-subsidisation is occurring between large and small enterprises.

National Partnership Agreement

Private contribution refers to the financial contribution of an enterprise or an individual towards the cost of delivering a course enrolment (NPA pp.4).

Under Clause 20(h) of the Agreement, states and territories will:

Put in place arrangements to ensure that the minimum 10 per cent private contribution is levied in aggregate for training of existing workers.

The following clauses of the Agreement also relate to levels of private contribution.

Clause 38 states and territories will have the flexibility to decide how the 10 per cent contribution is collected and the level of individual contribution.

Clause 39 states and territories can continue to use their current fees and charges system to collect the private contribution.

Summary of stakeholder views

Submissions indicated that the 10 per cent contribution had generally been achieved. Submissions did not specifically identify if cross subsidisation is occurring.

- The private contribution in New South Wales is based on existing student fees for publicly funded training. Existing workers pay a student administration fee that aligns to the TAFE New South Wales fee. This fee is applied on an individual basis.
- Queensland's bi-annual report on the NP PPP, reported a 10 per cent third party contribution to existing worker training. However, Queensland's submission highlighted that industry contributions have been within the range of 10 per cent to 50 per cent, with contributions secured by the funded organisation (RTO, broker or enterprise) and not received by the department. The industry contribution is sourced from the employer not the existing worker, except for self-employed persons.
- Western Australia indicated that non-government contributions across total job seeker and existing worker training was 11 per cent in 2009, although this contribution is not specific to NP PPP places.
- Skills Tasmania's purchasing arrangements with RTOs include a contractual obligation to collect account for and report the 10 per cent contribution. Skills Tasmania indicated that it was not possible to state if cross-subsidisation is occurring between small and large enterprises.

Overall findings

According to state and territory annual reports, all states and territories achieved at least a 10 per cent contribution from industry or individuals, as shown in Table 6.3. In a number of instances the industry contribution is estimated, which reflects shortcomings in reporting on the NP PPP, as discussed in Chapter 8.

Table 6.3

3RD PARTY CONTRIBUTION TO EXISTING WORKER TRAINING (CO-INVESTMENT)

State	3 rd Party Contribution (\$'000)	Existing Worker Funding (\$'000)	%Contribution
ACT	416	3,096	13.45%
NSW	10,101*	34,172*	29.56%
NT	169.5	1,695	10.00%
QLD	3,464	34,643	10.00%
SA	2,153	20,215	10.65%
TAS	579	5,791	10.00%

Source: Unaudited state and territory bi-annual reports submitted before 1 July 2010 and ACG analysis. Data submitted may differ from audited figures published elsewhere.

* This level of contribution is derived from NSW bi-annual report Attachment B

6.3. Reallocation of under-utilised training places

The review has considered whether those qualifications delivered by the NP PPP relate to skills that are in excessive demand or are under-utilised, and the reallocation of places under the NP PPP.

National Partnership Agreement

The Agreement identifies that there will be bilateral negotiations between the Australian Government and each state and territory on issues including:

Clause 36(d) the potential reallocation of un-utilised training places.

Summary of stakeholder views

Job seeker — existing worker allocation

NESA indicated that JSA providers have regularly provided feedback that the current provision of training places is insufficient to meet demand. The experience of providers in the early implementation indicated that demand for job seeker training outstripped supply at a ratio of approximately four to one.

Queensland advised that for job seekers, the highest demand for job seeker training is currently in the lower skill and higher workforce turnover markets in community services, security, business, retail and hospitality. The capacity of RTOs to offer places and for JSA providers to refer job seekers in these industry areas would significantly exceed available PPP funding for places and current job vacancies.

ACPET considers that overall demand by job seekers for NP PPP qualifications can be classified as strong when the market reaction to the program is viewed.

State and territory allocation

Due to the late start of the program in New South Wales there were some unfilled training places at the end of 2009. These training places have been re-allocated (rolled over) into 2010 and it is expected that these places will be filled.

If under-utilisation is due to low demand then the State Training Authority can reallocate to high-demand qualifications at the same qualification level. This process is being adopted in New South Wales with the ongoing monitoring and review of the take-up of training.

Western Australia exceeded the 2009 NP PPP target of 14,035 additional training places, delivering 16,964 places above NP PPP baseline levels. Demand for training places continued to rise during 2009.

Skills Australia advised that redistribution of places should be in line with the overall context and aims of the NP PPP to up-skill employees, help drive productivity growth, increase workforce participation and address chronic skills shortages. The approach in South Australia, where places available are bid for by industry/occupation and skill level, is also a useful approach in this context. ACPET agrees with a market-based allocation for allocating places.

Allocation by qualification

The Tropical North Queensland Institute of TAFE found that there was excessive demand for some qualifications, such as Certificates II and III in Business, while others were under-subscribed, as in the case of Horticulture and Tourism.

Box 6.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

NSW suggested that if under-utilisation is due to low demand for the qualification level and/or between job seeker and existing worker places then the State Training Authority should be allowed greater flexibility to change the profile of targets on a budget-neutral basis.

Where other states are not utilising allocated training places it is essential that a timely reallocation process between states is introduced to ensure Western Australia can fulfil its training obligations to job seekers and existing workers.

Skills Tasmania considers that states and territories should have the discretion to manage any under-utilisation including rolling over places into future allocations.

The TLISC suggested a centralised pool for unallocated places, which would be accessed by ISCs. Similarly, SSA recommended that where under-utilisation of PPP training places does occur, DEEWR should seek to create and implement a central reporting mechanism.

Skills Australia recommends a review of the methods for redistributing places to the states and territories. Skills Australia recommend a system of yearly redistributions based upon clear usage and/or a system, which allows a five per cent flexibility for states to exceed targets.

The Australian Government proposes that the NP PPP introduce KPI outcomes for existing workers linked directly to measurable improvements in workforce development and/or increased productivity, and that any unutilised funding for existing worker places are returned to a national enterprise joint funding pool that workplaces can then apply for. Consideration would need to be given to the treatment of the state and territory contribution to existing worker training (40 per cent) and the possibility of cost shifting to the Australian Government.

Overall findings

Job seeker — existing worker allocation

Table 6.4 provides a breakdown of state and territory progress to date for job seekers and existing workers. Overall, take up rate is 2,411 places behind target for job seekers and 30,338 places behind for existing workers.

Table 6.4

**TOTAL TRAINING ENROLMENTS NOMINAL AND ACTUAL DELIVERY, NATIONALLY IN 2009
BY JOB SEEKER AND EXISTING WORKER STATUS**

		Nominal Places	Actual Places	Difference (places)	Difference (per cent)
ACT	Job Seeker	844	350	-494	-59 per cent
	Existing Worker	1,470	607	863	-59 per cent
NSW	Job Seeker	16,004	12,621	3383	- 21 per cent
	Existing Worker	28,226	14,026	- 14,200	- 21 per cent
NT	Job Seeker	529	295	- 234	- 44 per cent
	Existing Worker	978	215	- 763	- 78 per cent
SA	Job Seeker	3,662	2,029	- 1,633	- 45 per cent
	Existing Worker	6,853	0	- 6,853	- 100 per cent
TAS	Job Seeker	1,123	819	- 304	- 27 per cent
	Existing Worker	2,071	1,151	- 920	- 44 per cent
WA	Job Seeker	4,989	10,263	5,274	-106 per cent
	Existing Worker	9,045	6,789	- 2,256	- 25 per cent
QLD	Job Seeker	9,800	8,190	- 1,610	- 16 per cent
	Existing Worker	17,791	8,190	- 4,483	- 25 per cent

Source: Unaudited state and territory bi-annual reports submitted before 1 July 2010, and may differ from audited figures published elsewhere. Figures take into account actual 2009 enrolment data, rather than committed activity under contractual arrangements.

* Note: South Australia allocates each stream of PPP funding annually. 2009 allocation commitments for existing workers were finalised in November and December 2009. Enrolments and qualification commencements were nil at 31 December 2009. However, \$18.4 million was allocated to fund 4,073 qualifications (9,601 places): 10.2 per cent Advanced Diploma; 25.6 per cent Diploma; 30 per cent Certificate IV; 34.3 per cent Certificate III. \$8.6 million was allocated for job seeker training in May 2009 (2,748 qualifications and 5,734 places): 8.7 per cent Diploma; 9.8 per cent Certificate IV; 30.1 per cent Certificate III; 51.4 per cent Certificate II.

Overall, most states and territories have not delivered the total number of places allocated by the Australian Government as part of the Agreement. Reasons for under delivery may include the late start of the NP PPP in many states and territories.

Allocation by qualification

Table 6.5 provides the number of training places delivered nationally by different qualification level. The table shows that demand has been strongest for Certificate III qualifications and less strong for diploma and advanced diploma.

Table 6.5

NUMBER OF ENROLMENTS NOMINAL AND DELIVERED NATIONALLY IN 2009 BY QUALIFICATION LEVEL

		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	6,651	2,790	- 3,861
	Certificate IV	5,037	5,398	361
	Certificate III	11,651	17,665	6,014
	Certificate II	13,612	8,714	- 4,898
Existing Worker	Advanced Diploma	6,872	1,302	-5,570
	Diploma	27,682	9,961	- 17,721
	Certificate IV	25,506	15,102	- 10,404
	Certificate III	6,374	9,731	3,357
	Certificate II	-	-	-

Source: Unaudited state and territory bi-annual reports submitted before 1 July 2010 and ACG analysis. Data may differ from audited figures published elsewhere. Figures take into account actual 2009 enrolment data, rather than committed activity under contractual arrangements.

A more detailed analysis of training places allocated by the Australian Government (nominal places) compared to actual places delivered, by state and territory and qualification is provided at Appendix F.

Funding allocation by state and territory and by job seeker and existing worker

Table 6.6 provides an analysis of total funding for places under the NP PPP for each state and territory. The only state or territory to use all of its funding was South Australia in the job seeker stream, and Tasmania in both job seeker and existing worker streams. A more detailed breakdown is provided at Appendix G.

Table 6.6

TOTAL JURISDICTIONAL NOMINAL BUDGET COMPARED WITH ACTUAL (\$'000) FOR 2009 BY JOB SEEKER AND EXISTING WORKER STATUS

		Nominal Places	Actual Places	Difference \$'000s
ACT	Job Seeker	1,859	1,039	-820
	Existing Worker	4,195	3,096	-1,099
NSW	Job Seeker	35,221	13,170	- 2,2051
	Existing Worker	80,694	34,172	- 46,522
NT	Job Seeker	1,165	1,433	-268
	Existing Worker	2,809	34,643	- 1,114
QLD	Job Seeker	21,567	3,563	- 2,998
	Existing Worker	51,015	0	- 16,372
SA*	Job Seeker	8,060	3,563	- 4.497
	Existing Worker	19,714	0	- 19,714
TAS	Job Seeker	2,471	3,552	1,081
	Existing Worker	4,259	5,791	1,532
WA	Job Seeker	10,983	n/a	n/a
	Existing Worker	25,930	n/a	n/a

Source: Unaudited state and territory bi-annual reports, submitted before 1 July 2010 and ACG analysis. Data may differ from audited figures published elsewhere. Notes: Tasmania reflects committed contractual arrangements rather than actual expenditure for 2009.

* South Australian delivery is as at 17 December 2009 and does not reflect total 2009 expenditure. South Australia allocates each stream of PPP funding annually. 2009 allocation commitments for existing workers were finalised in November and December 2009. Enrolments and qualification commencements were nil at 31 December 2009. However, \$18.4 million was allocated to fund 4,073 qualifications (9,601 places): 10.2 per cent Advanced Diploma; 25.6 per cent Diploma; 30 per cent Certificate IV; 34.3 per cent Certificate III. \$8.6 million was allocated for job seeker training in May 2009 (2,748 qualifications and 5,734 places): 8.7 per cent Diploma; 9.8 per cent Certificate IV; 30.1 per cent Certificate III; 51.4 per cent Certificate II.

6.4. Use of RTO funding payments

The review has considered if funding payments to RTOs are being used for training and not administration as required under the NP PPP.

National Partnership Agreement

Clause 20(j) of the Partnership Agreement outlines that states and territories will:

Ensure funding is used for payments to Registered Training Organisations for the provision of training only and not for administration of the Agreement.

Summary of stakeholder views

New South Wales, Northern Territory, Tasmania and Western Australia all indicated that funding was being allocated to RTOs for training purposes only, and not for administration.

Queensland allocates funding to RTOs for the training and assessment of eligible participants in specific qualifications, with RTO contracts including a provision that funds can only be expended on training delivery. However all contracts are performance based,

with RTOs earning revenue based on the outputs reported to the department, not based on a reconciliation of expenditure.

TDA highlighted that the low PPP pricing base has meant that TAFE Institutes have needed to commit significant additional resources to ensure quality delivery of programs. These concerns often apply in open tender markets where low cost industry and private RTOs, that do not have systemic obligations, consistently underbid TAFE Institutes.

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 the NP PPP in areas that NP PPP funding is inadequate.

Box 6.3

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Queensland estimates that 50 per cent of expenditure incurred by both public and private RTOs relates to overheads and compliance costs, as distinct from direct training costs. As a result, a proportion of any training payments provided to RTOs is needed for administration related costs.

Overall finding

All states and territories indicated that it was stipulated in contracts to RTOs that funding was used for training and not administration of the PPP. Some stakeholders highlighted that administrative costs were relatively high for RTOs and that some funding would inevitably be used by RTOs for administrative purposes.

6.5. Recommendations

Funding model

It is recommended that the actual attrition rate should be monitored, and if it is significantly different from the rate assumed in the funding model, then the assumed rate should be altered to match the actual rate.

It is recommended that funding should be more closely aligned with activity without unduly increasing complexity. To deliver this, it is recommended that the timing of cash flows be adjusted to better reflect the elapsed time required to complete the respective qualification levels.

Chapter 7

Delivery and implementation

This chapter discusses the delivery and implementation of the NP PPP. It firstly considers the capacity and timeliness of RTOs to meet the needs of job seekers and existing workers. It then considers the adequacy of the NP PPP in preparing job seekers for employment. Finally, delivery effectiveness and completion are considered.

Delivery and implementation of the NP PPP refers to the success of the respective governments in implementing the program within the timeframes, ensuring quality delivery of training and success in achieving the objectives of the program.

The major delivery and implementation issue is the scope of the NP PPP, which relates to balancing national objectives with local needs.

Table 7.1

DELIVERY AND IMPLEMENTATION: SUMMARY OF KEY STAKEHOLDER ISSUES

Issue	Description	Relevant policy challenge	Discussed in Section
Scope of NP PPP	Whether additional services or requirements should be included in the NP PPP, such as work experience.	Balancing national objectives with local needs	7.3 and 7.4

Source: Allen Consulting Group

7.1. Training delivered under the NP PPP versus other training arrangements

The review has considered how the adequacy, duration and quality of training being delivered under the NP PPP compares to other similar training being offered in jurisdictions in areas of skills needs.

Summary of stakeholder views

ForestWorks ISC considers that the program is a new funding stream and does not attempt or have the capacity to vary the adequacy, duration or quality of training from the currently funded training providers who adhere to the national training qualifications framework standards.

Queensland’s submission was representative of many others in observing that there is no data to suggest that the quality of training through the NP PPP differs to other programs, however it is anticipated that the stronger role provided for industry and employers in selecting RTOs under the NP PPP should result in higher levels of satisfaction with outcomes.

The ACCI and GTA considered that the reportedly low funding levels for NP PPP places may encourage less reputable RTOs to deliver courses by cutting costs, avoiding workplace learning and generally driving down industry standards.

Overall finding

It is assumed that the training delivered under the NP PPP is meeting minimum quality standards, as all training is delivered by accredited RTOs, all of which are subject to ongoing quality audit processes. RTOs in receipt of public funds are subjected to greater scrutiny than those that do not. The area of risk is most likely to relate to providers who are receiving public funds for the first time through the NP PPP.

Generally, the responses indicate that it is too early to tell if there is any discernable difference in the quality of training under the NP PPP compared with other programs, although some jurisdictions have advised they will be monitoring this.

7.2. Capacity of RTOs to service job seekers and existing workers

The review has considered if the public and private RTOs have the capacity to service job seekers and existing workers in a timely fashion.

National Partnership Agreement

States and territories participating in the NPA are required to encourage the participation of RTOs that have the capacity to service job seekers and existing workers in a timely fashion. As described in the NPA, states and territories will:

Clause 20(e) encourage training providers participating in the Agreement to provide flexible delivery options (for example part-time outside business hours in workplaces and catering for people with a disability) to meet the diverse learning and cultural needs of participants in a range of geographical locations.

Summary of stakeholder views

Several stakeholders noted that those RTOs participating in the program have the capacity to service job seekers and existing workers in a timely fashion. These submissions were representative of views on this issue:

- Western Australia identified that public and private RTOs have the capacity to service clients within the parameters of the funding that has been allocated and the established timeframes for delivery of the training; and
- New South Wales and the LGAQ noted that all of those RTOs that it had contracted would deliver qualifications in a timely and responsive manner.

Consultation with jurisdictional stakeholders also found no difference between public and private providers in relation to their capacity to deliver through the program.

Other factors impacting the timeliness of training

Queensland expressed concern that the timeliness of training had been adversely impacted by difficulties faced by RTOs in securing suitable enrolments. For example, some job seekers referred to RTOs may be unsuitable to undertake training because they lack the foundation skills needed to succeed.

TAFE Queensland also expressed concerns about the timeliness of training as a result of budget timeframes and the availability of places through the program. A similar view was expressed by Western Australia, which suggested that student waiting lists have arisen for RTOs that have not been granted sufficient places to meet demand.

ACPET also noted that the capacity of the program to meet the needs of job seekers and existing workers has, at times, been constrained by the length of time taken to release information and guidance on the NP PPP's objectives and funding.

Finding RTOs to meet some training needs

A number of submissions described some training needs, in certain fields or geographic regions, for which it was more difficult to find RTOs capable of delivering suitable training.

Consultations with some stakeholders found that public RTOs had a greater capacity than private RTOs to service regional or remote areas. In its submission, Queensland contended that the capacity to service the market on a timely basis varied across public and private RTOs, and across small and large RTOs. While private RTOs are generally more responsive to market demand, large private RTOs can be inflexible to the market in terms of timing and mode of delivery.

ForestWorks ISC noted that this issue was not specific to this program, but was an issue inherent for all training delivery by RTOs. In its view, there tends to be fewer RTOs in regional areas who are capable of delivering qualifications, beyond those in high demand or high volume.

For disadvantaged job seekers, attending courses delivered by RTOs without appropriate support requirements in place can result in students not completing courses. This can significantly impact the student's confidence and willingness to re-engage in training.

Overall finding

Stakeholder views indicate that RTOs participating in the NP PPP are largely meeting their commitments. This has been achieved through screening of potential RTOs and clear expectations of service standards.

However, other factors beyond the control of RTOs are inhibiting the timeliness of delivery. For example, shortages of places are creating waiting lists for some training courses.

Some jurisdictions have reported difficulties in finding suitable RTOs to deliver certain courses, or to deliver courses in certain locations. This in part reflects the lower level of supply in these locations.

7.3. Adequacy of the NP PPP in preparing job seekers for employment

The review has considered if the training delivered under the NP PPP is adequate to prepare job seekers for employment — and if not, whether work experience is required.

Summary of stakeholder views

Through consultations and submissions, several stakeholders considered that it was too early to reach any firm conclusions about the employment outcomes of job seekers participating in the program.

Work experience

While it may be too early to provide firm data on the employment outcomes of job seekers participating in the program, many stakeholders indicated that work experience serves an important role in improving employment outcomes for VET students and job seekers.

The JSA model includes the requirement that all job seekers have to undertake a work experience activity during their work experience phase of servicing, usually after 12 months. The Australian Government supports improved integration of work experience with PPP training to maximise outcomes, potentially including the use of incentives for JSA providers.

A key aspect of the JSA model is allowing for greater flexibility in the timing of courses to fit around the unemployment period and servicing requirements of job seekers and the type and level of courses offered.

New South Wales advised that departmental research has demonstrated that pre-vocational training, which is structured around a part-qualification and which incorporates a work experience element, is a more effective model of training for preparing job seekers for employment, especially disadvantaged job seekers. Queensland held a similar view.

As one further example, the ACCI described the role of work experience in building the culture and skills needed for employment, stating that ‘unless there is either work-based learning or a significant period of work experience, graduates often enter the workplace lacking the work culture and employability skills that would usually be gained through work based learning’.

Some other stakeholders provided more qualified support for the role of work experience in improving employment outcomes. For example, Western Australia noted that the extent to which training under the NP PPP is adequate to prepare job seekers for employment depends upon several factors, including the job seeker, and the nature of the qualification, among others.

While there was strong agreement on the value of work experience in improving employment outcomes, there were divergent views on the extent to which work experience is currently being incorporated in training delivered through the NP PPP.

The CIT noted that it believes that the training being delivered under PPP is adequate to prepare job seekers for employment. However, several stakeholders considered that the training currently delivered under PPP is not adequately preparing job seekers for employment.

The Primary Industries Skills Council (SA), the TLISC and SSA considered that those training courses that are not integrated with work experience are often out of step with industry needs.

While there was widespread recognition of the important role that work experience plays in supporting job seekers to secure employment, a number of submissions noted that additional services are also crucial, particularly for disadvantaged job seekers. This issue was discussed in Chapter 3.

Box 7.1

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

Providers agree that it is preferential to develop skills and competencies through a combination of training and work experience. There seems to be low awareness that the JSA programme framework offers significant opportunity to arrange work experience to complement vocational training through projects, community and private sector work placements. This strategy has been particularly effective in creating pathways to careers for job seekers who have been long term unemployed or those who have had little or no work experience (NESA).

The Australian Government proposes that the NP PPP should better integrate off the job and on the job training for job seekers by targeting work experience for NP PPP participants.

Overall finding

The value of work experience is widely recognised by stakeholders, with near consensus support for its role in improving employment outcomes for job seekers. Despite this recognition, there are mixed views on the extent to which training delivered under the NP PPP incorporates work experience.

A number of stakeholders also noted that job seekers — and particularly disadvantaged job seekers — need a range of other wrap around services and supports to improve their employment prospects. This reinforces the notion that while work experience is valued, a range of other factors need to be in place if job seekers are to secure employment, as discussed in Chapter 3.

7.4. Openness of the NP PPP and effectiveness of providers

The review has considered if the NP PPP is open to public and private providers and whether the providers are effective.

National Partnership Agreement

The Agreement requires that participating states and territories ensure that competition for the provision of training is open to those RTOs that are:

Clause 32 financially viable; registered in the jurisdiction, with capacity to deliver the specific qualification; and are data compliant with the AVETMISS for publicly funded training Overall finding.

The NP PPP is generally contestable by both public and private providers. This is reflected in the distribution of funding across public and private providers, which would largely reflect this funding contestability.

Summary of stakeholder views

Public and private training providers

Consultations with jurisdictions found that for procurement purposes under the NP PPP, all participating jurisdictions provide equal treatment of public and private RTOs, with the exception of Western Australia.⁵

Around 25 per cent of contestable funding has been directed to the public provider in most jurisdictions, except for New South Wales, where around 46 per cent of the outputs allocated to date have been with TAFE New South Wales Institutes.

Several stakeholders raised concerns about procurement processes in their submissions to the review.

- The Primary Industries Skills Council (SA) suggested that some of the distribution of funding would indicate that the government is predisposed to supporting the public provider, despite a generally fairly contestable market. However, consultations with South Australia found that the state has in place strict probity arrangements and independent panels when assessing PPP applications to minimise concerns around procuring to the public provider.
- ACPET noted a lack of transparency in how PPP is allocated to providers.
- NESAs noted that in some cases, PPP has been restricted to not-for-profit organisations.

Effectiveness of specific training providers

In submissions to the review, several stakeholders — notably Queensland, Tasmania and Northern Territory — observed that it would be too early to assess the effectiveness of specific training providers.

South Australia described in its submission the mechanisms that it has in place to ensure the quality of training delivery. This included assessing evidence of compliance by RTOs during the tender phase, and monitoring and auditing RTO performance during the course of funding agreements.

⁵ Stakeholders advised that Western Australia provides around 35 per cent of its funding directly to its public training provider via a funding agreement, while private RTOs compete for the balance of funding.

Western Australia has advised that the NP PPP was implemented under user choice principles with open access to all registered training providers.

Box 7.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

ACPET considers there is a perception that there is a lack of transparency in regards to how the NP PPP places are allocated. A more transparent process would be welcomed by ACPET.

SSA recommend that the PPP place greater priority and effort on accessing the skills and knowledge housed within the ISC (as well as that of the state and territory advisory mechanisms) to assist in scrutinising and ensuring quality provisions under PPP.

NESA identifies that ensuring wider geographic coverage of PPP delivery through the procurement arrangements would strengthen the initiative. Job seekers residing in non metropolitan and particularly remote locations often have limited access to subsidised training provided through other Australian Government, state or territory training strategies and initiatives. For example, JSA providers note the challenge in assisting early school leavers to meet requirements. The Compact with Young Australians states that those under the age of 25 who do not have year 12 and are not working are guaranteed a training place. While training places may be available they are not accessible to young people residing in remote locations. JSA providers note the considerable costs associated with filling this gap and arranging accessible training to enable these young people to gain the skill they require and ensure they meet income support requirements.

Overall findings

This discussion centres round the openness and efficacy of public and private providers, and concludes:

- that the PPP is generally open to public and private training providers; and
- that it would be premature to assess the efficacy of individual providers at this stage in the programs implementation.

7.5. NP PPP training time length

The review has considered the length of time undertaken to complete training under the NP PPP.

Summary of stakeholder views

Many stakeholders noted in submissions and consultations that it would be premature to assess the length of time to complete training under the PPP. More data is expected to be available for analysis later in 2010.

This said, Queensland provided some preliminary estimates of training duration based on its experience to date. It estimates that:

- Certificate II & III qualifications for job seekers can be completed within 12–16 weeks;
- Certificate IV qualifications for existing workers can be completed in less than 12 months; and
- Diploma and Advanced Diploma qualifications for existing workers can be delivered in less than two years in most industries.

Overall finding

There is insufficient information available to make meaningful conclusions at this stage of the program's operation.

7.6. NP PPP completion rates

The review has considered completion rates under the NP PPP.

Summary of stakeholder views

Several jurisdictions noted that as the NP PPP is in its early stages, there have been limited completions to date. SSA encouraged caution in interpreting completions data, given the large numbers of students who have commenced, but who are still studying towards a qualification.

However, some jurisdictions have been willing to provide early estimates. New South Wales expects that the anticipated completion rate of 55 per cent may be exceeded. In Queensland, the contractual arrangements implemented for PPP activity require industry brokers and RTOs to achieve a minimum of a 50 per cent qualification completion rate for both job seekers and existing workers. Under the SQW PPP, providers are contracted to achieve an 80 per cent qualification completion rate. Interim SQW PPP results indicate that 85 per cent of exited participants have completed full qualifications. HIA (South Australia and Northern Territory) indicates that they expect a completion rate of near 100 per cent for participants currently enrolled.

Overall finding

There is insufficient information available to make meaningful conclusions at this stage of the program's operation.

Overall, stakeholders suggest that initial completion rates will be significantly higher than the assumed 35 per cent under the NP PPP funding model.

Chapter 8

Reporting

This chapter describes the data and reporting arrangements between the Australian Government and state and territory governments, as part of the NP PPP. Specifically, the quality, availability, consistency and adequacy of data is discussed.

Reporting refers to the adequacy, efficacy and consistency of reporting arrangements for the NP PPP.

Overall there are two main issues raised by stakeholders, based on the submissions received in response to the issues paper. These issues are summarised in the table below, and detailed further throughout this chapter.

Table 8.1

REPORTING: SUMMARY OF KEY STAKEHOLDER ISSUES

Issue	Description	Relevant policy challenge	Discussed in Section
Quality, consistency and adequacy of data	Quality, consistency and adequacy of data does not allow progress, targets or outcomes to be measured.	Quantifying the impact of the NP PPP	8.1, 8.2, 8.3, 8.5 and 8.6
	There are large differences in the data collected and reported.		
	Progression to a National VET Data Portal should resolve this issue.		
Too early to report	Difficult to report on any progress or outcomes from the NP PPP, as some states and territories only recently implemented the program.	Quantifying the impact of the NP PPP	8.5 and 8.6

This chapter firstly outlined a number of arrangements detailed in the NPA for the NP PPP relating to the reporting requirements of states and territories, this section also highlights a number of limitations in the reporting process. The following sections in this chapter provide discussion around the consistency, adequacy and efficacy of the data reported, as well as stakeholder views. This chapter presents data from the Australian Government and NCVER, as well as providing an overview on the progression of the National VET Data Portal.

8.1. Reporting requirements of the National Partnership Agreement

Clause 23 of the NP PPP sets out reporting requirements of states and territories in the period leading up to the establishment of a national VET data portal, furthermore:

Clause 24: States and Territories will establish appropriate mechanisms to demonstrate the additionality of outputs delivered under the Agreement to current effort.

Clause 25: States and Territories will demonstrate the additional outputs in aggregate over the life of the Agreement.

Clauses 26-30 of the Agreement provide further information on the reporting requirements of states and territories as part of the NP PPP.

Summary of stakeholder views

New South Wales, Queensland and Western Australia reported on training activity within their own existing programs, making it impossible to identify specific NP PPP places or the additional number of places that have been supplied, due to the introduction of the program. Tasmania and Northern Territory are the only state and territory to adopt PIMS, developed by DEEWR. Verification of data provided by jurisdictions not using PIMS is problematic.

Overall finding

The review has identified a number of reporting issues, some of these issues are outlined below:

- the data requirements are not specified in the NPA;
- lack of consistency across states in the level of reporting;
- lack of consistency across states in the number of fields that are reported on;
- lack of alignment between AVETMISS definition and PIMS;
- difficulty comparing data on actual NP PPP activity with data on whole of system effort.

Given these shortcomings, the ability to quantify the NP PPP's impact is curtailed. Accurately quantifying the number of extra places achieved by the NP PPP (referred to as additionality in this review) to this point is difficult, as is estimating NP PPP productivity impact. On the question of productivity impact, it is a perennial challenge to determine the productivity impact caused by educational attainment. Putting aside the broader methodological challenges related to this, in the case of the NP PPP, it is too early to attempt to precisely quantify this impact.

However, the review provides advice on the data that would need to be collected in the future for the impact of the NP PPP to be quantified.

NCVER's report on The Productivity Places Program: an initial analysis (2010) provides the following conclusions, detailed in Box 8.1.

Box 8.1

EXTRACT FROM NCVER ANALYSIS OF NP PPP

Data to review the effectiveness of the program are not readily available, if at all. The state and territory reports tend to be anecdotal without the provision of data on a consistent and comparable basis. The only way of overcoming this is to ensure that AVETMISS compliant data are submitted to the national collection. This implies that:

- the collection of the NP PPP administrative data from the jurisdictions needs to be set up appropriately;
- business rules are created that flow through to statistical data; and
- states and territories are required to identify activity in a consistent way.

Putting it in another way, the state and territory reports will never be a satisfactory basis for program evaluation unless they are based on comprehensive data compiled according to a common statistical standard. In addition, comparisons with non-NP PPP delivery imply that AVETMISS provides the appropriate standard (and NCVER would in any case be opposed to the development of an alternative standard).

The nature of the program also makes review problematic, in some jurisdictions the arrangements do not allow for the identification of NP PPP participants. If funding is rolled into other funding sources, as is the case in some states and territories, then there is no way of looking at the NP PPP specifically. This means that in those states and territories, any review of the program becomes a review of broader delivery of training. In those states and territories in which the NP PPP (or any successor program) is not rolled into a larger bucket of money, a specific funding code should be added into AVETMISS, enabling those students to be clearly identified.

Source: NCVER 2010

8.2. Efficacy of data informing ongoing development of the NP PPP

The review has considered if the quality, availability and the adequacy of data provide an evidence base to inform ongoing development and improvement in the program.

As the NCVER identified, there are significant deficiencies in the NP PPP data. In responding to this item, submissions provided anecdotal evidence of the impact of the NP PPP. These views have been summarised in the preceding chapters and are not repeated here.

Summary of stakeholder views

Respondents indicated that the quality, availability and the adequacy of data did not provide an evidence base to inform ongoing development and improvement in the NP PPP.

The Australian Government advised that those states and territories that have used PIMS are able to report on most of the range of demographic fields required under the program.

Skills Australia is concerned with the lack of comprehensive data from the States and Territories on the outcomes of the NP PPP.

NCVER is limited in the extent of the data it can collect due to variations in jurisdictional data collection. In 2008, the PIMS held details of all students who enrolled in VET under PPP. This allowed NCVER to use PIMS as a sampling frame from which a survey of PPP graduate outcomes could be conducted. Due to the states and territories assuming responsibility in 2009, NCVER indicates that ‘the AVETMIS Standard has no way of identifying the NP PPP activity within the VET Provider collection’.

Tasmania and the Northern Territory are the only state and territory to use the PIMS. PIMS does not allow Tasmania to extract detailed reports to inform development and improvement of the program. Tasmania is implementing other communication and reporting strategies to inform future program directions and implementation (Skills Tasmania).

South Australia advised that referral pathway information for Job Seeker NP PPP participants is not currently gathered for AVETMISS reporting but is recorded by the NP PPP data system.

Box 8.2

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government recommends:

- That the NP PPP should require improved data collection and reporting. In so doing, a methodology that determines the impact of the NP PPP (‘additionality’) is needed.
- Use of PIMS needs to be consistent and information is important to demonstrate that Australia is meeting its commitments in relation to disadvantaged groups, including young people, people of indigenous background and those with a disability.

SSA identified two specific improvements with regard to reporting, as described below. Improvements suggested by SSA encompass both the Australian Government delivery of PPP and state and territory delivery through the NP PPP.

- The provision of a central mechanism containing research tools such as a table building function. This particular option would allow the various different stakeholders of the PPP to engage with the same data in such a manner that can be tailored to their own specific needs.
- SSA believes that improved data and reporting may be best achieved through nationally distributed measures that seek to analyse the PPP in a consistent manner across state and territory, industry and sector levels. In turn, it is anticipated by SSA that this would provide and deliver greater consistency in rolling out the national PPP through the states and territories, with particular benefit for national enterprises dealing with multiple state and territory governments.

8.3. Data consistency and reporting across jurisdictions

The review has considered if there is consistency of data and reporting across jurisdictions.

National Partnership Agreement

The Agreement outlines a number of clauses, which apply to reporting arrangements prior to the establishment of the national data portal:

Clause 23(a) reporting on the Agreement will occur through AVETMISS and States and Territories, in conjunction with the Commonwealth, will consult with the NCVER on the changes required to the collection. These changes will apply to activity from 1 January 2009.

Clause 23(b) if these changes cannot be applied to activity from 1 January 2009, States and Territories will collect and report on the additional data fields, which sit outside AVETMISS and are required by the Commonwealth, until the changes to AVETMISS can be applied to activity under the Agreement.

Clause 23(c) States and Territories will determine the most appropriate approach to providing the additional data.

Clause 23(d) where States and Territories choose to utilise the PIMS as the means for providing the additional data, the Commonwealth will continue to provide administrative funding of \$110 per student input.

Summary of stakeholder views

The Australian Government advised that its ability to demonstrate the effectiveness of the NP PPP has been adversely affected by the quality and consistency of state and territory reporting.

ACPET, CPSISC and the Primary Industries Council (SA) highlight that data reporting is inconsistent across jurisdictions. ACPET identifies that 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 the NP PPP and as an outcome is a disincentive for providers to provide the NP PPP. 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 (ACPET).

As described previously in Box 8.1, the NCVER highlights a number of shortcomings in data collection and reporting between jurisdictions.

Box 8.3

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government suggests that transparency could be improved by including a performance framework and details of the monthly, bi-annual and annual reporting requirements of the NP PPP

Overall findings

Through interviews with jurisdictions and submissions received, it was evident that there are differences in the data collected and reported across jurisdictions. Ability to report on the NP PPP seems to be driven by each state or territory’s IT system for collecting VET data.

Specifically, South Australia demonstrated an ability to report on the required occupations, industries and qualifications. Western Australia pools training funds and as such, is unable to report on the NP PPP at all — they do not collect data on whether participants are job seekers or existing workers. Other jurisdictions demonstrated variances in their ability to collect timely and relevant data from RTOs.

8.4. Progression of the national data portal

The review has considered progress on the development of the national data portal by 2012 for all government funded training delivery, which encompasses AVETMISS reporting requirements and allows for tracking of individual students

National Partnership Agreement

The NP PPP states that the Australian Government will have responsibility for:

Clause 16(f) working with States and Territories to develop a national data portal by 2012 for all government funded training delivery, which encompasses AVETMISS reporting requirements and allows for the tracking of individual students; and

Clause 16(h) working with State and Territories to make data on training activity under the Agreement available to the public

Summary of stakeholder views

NCVER outlines the current progress of the national data portal. The national data portal and tracking individual students are two projects that are being managed through the National VET Data Strategy Action Group. DEEWR is taking the lead on the data portal project. In the conceptual paper prepared by NCVER for DEEWR in June 2009, it was stated that:

- the set of performance measures available for all reporting, including program-specific reporting, would be limited to those agreed to in the VET portal VET; and
- data portal would not incorporate management of purchasing/payment for activity undertaken.

Western Australia supports the collection of all government funded training activity through AVETMISS reporting protocols and requirements, but does not explicitly identify participants contributing to growth through the PPP from other participants in industry priority training that contribute toward baseline activity levels of the Skills and Workforce Development Agreement.

The New South Wales Department of Education and Training has in place the data collection and reporting infrastructure with the capacity to conform to National Data Strategy requirements and a national portal.

8.5. Efficacy in reporting progress against targets

The review has considered if there is quality, consistency and adequacy in reporting of progress against targets under the program (including priority industries, occupations and qualifications and the national qualifications profile) by: course types, levels and qualifications; industries (including health); and job seekers and existing workers.

Summary of stakeholder views

Western Australia does not explicitly identify participants contributing to growth through the NP PPP from other participants in industry priority training that will contribute toward baseline activity levels of the Skills and Workforce Development Agreement.

Queensland provides the Australian Government with appropriate monthly summary reports, as identified in the Implementation Plan, on the total publicly funded training effort across the state as compared to monthly baseline estimates.

The New South Wales Department of Education and Training data collection supports reporting against all targets. However, it should be noted that there are no differentiated targets for progress reporting against overall program parameters for COAG Health places or for Australian Apprenticeships.

Overall findings

Overall, the quality, consistency and adequacy of data has not yet allowed detailed reporting of progress against targets to be measured under the program. Responses to similar reporting issues indicate that it may be too early to assess this progress against targets as part of the NP PPP. As mentioned previously, due to varying methods of data collection across states and territories, it is unlikely that targets such as these can be effectively measured.

8.6. Efficacy of reporting on outcomes

The review has considered if there is quality consistency and adequacy in reporting on outcomes including consideration of the capacity to: track employment outcomes for job seekers; and track the impact of the program in reducing skills shortages and increasing productivity and pathways to other qualifications.

Recent evidence on tracking varying labour market outcomes suggests that qualifications vary in benefit depending on the completion of secondary schooling by participants. Lee and Coelli (2010) provide estimates of the effects of completing a VET qualification on labour market outcomes, including earnings from employment, probabilities of being employed, being employed full-time if employed and being employed in a permanent position. Overall Lee and Coelli found that there was little benefit (in terms of labour market outcomes) in Year 12 completers obtaining certificate level qualifications, however there were positive employment and earnings outcomes associated with this cohort obtaining diploma level qualifications. For non-completers of Year 12, there were benefits from obtaining any kind of VET qualification, including lower level Certificate I/II qualifications.

Productivity increases in any given industry are difficult to measure and evaluate, however increases in employee salary can be an indicator that increased productivity has occurred in some capacity.

Summary of stakeholder views

The Australian Government identifies that reporting by the states and territories of the NP PPP shows that most can demonstrate how many job seekers and existing workers have been funded to undertake training.

However, they cannot demonstrate whether job seekers have improved their productivity by way of gaining employment, or whether existing workers have kept their employment or increased their wages as a result of this program. One reason is that data requirements in the training and employment assistance systems have historically developed quite separately.

The NCVER survey provides information on employment outcomes for a sample of NP PPP participants.

Skills Tasmania has general concerns regarding the ability to collect information on post participation outcomes particularly for job seekers. Skills Tasmania is collaborating with JSAs to gather better information on employment outcomes for job seeker participants.

Commencing in 2010, the New South Wales Department of Education and Training will conduct regular post-course employment and further training outcome surveys of job seeker participants.

The impact and effectiveness of the program in terms of skill shortages, productivity, and pathways are regularly being assessed through comprehensive consultative, priority-setting and feedback mechanisms. Under these evidenced-based processes assumptions and priorities are being regularly tested and adjusted against real-world outcomes.

The Northern Territory and the Primary Industries Skills Council (SA) do not think that there is quality, consistency and adequacy in reporting on outcomes including consideration of the capacity to track employment outcomes and the impact of the program in reducing skills shortages and increasing productivity.

Box 8.4

IMPROVEMENTS SUGGESTED BY STAKEHOLDERS

The Australian Government has recommended a commitment to transparency, including a sound evidence base and clear performance measurement, that comprises:

- introducing workforce development KPIs to the NP PPP;
- establishing a methodology that demonstrates additionality; and
- implementing sanctions to facilitate adequate reporting.

South Australia suggested that the relationship between output targets and funding model in the Agreement should be clarified, along with the relationship between qualification completion and increased industry productivity. This relationship needs to be modelled to determine the impacts of PPP.

Overall findings

Through consultation with jurisdictions, it was reported that it is too early in the program to produce quantitative data on outcomes. The Australian Government summarises that while most states and territories can provide data on how many job seekers and existing workers have undertaken training, they lack data and reporting capacity on other outcomes, such as productivity.

The review also recognises that since the bi-annual reports in early 2010 were submitted, jurisdictions have collected more data, which may reflect an improvement on the data available to the review. However, as the NCVER report makes clear, the additional collection would not have overcome the fundamental data issues.

The NP PPP aims to track employment and productivity industry and enterprises. South Australia was the only state or territory to comment on how it will be able to report on employment and training outcomes. Specifically, the NP PPP participants in South Australia consented to follow up data collection via survey.

Recognising the limitations of data collection and reporting that currently exist, it is important that timely, consistent and relevant data be obtained for any future evaluation that may be undertaken. It is reasonable that in delivery of a national program, a condition of Australian Government funding is that agreement can be reached by all states and territories, on a consistent, transparent reporting framework and definitions for the data to be provided.

However for the reasons already outlined, agreement on data and reporting requirements did not occur in the level of detail that would be ideal. Recognising these constraints and without wanting to impose excessive additional costs on states and territories for the remainder of the Agreement, the review considers that to achieve the other recommendations of this review, data transparency and reporting will need to increase significantly. For example, to calculate attrition rates, states and territories need to report commencements and completions of NP PPP training places.

8.7. Recommendation

Data and reporting

It is recommended that as a minimum, unit data is provided to the Australian Government on commencements, enrolments and completions by qualification, cost and location, and by job seeker and existing worker status under the NP PPP to aid in determining:

- *actual delivery cost per NP PPP place;*
- *commencements in NP PPP places that demonstrate additionality in training effort has been delivered;*
- *number of completions of NP PPP places that demonstrate the level of attrition rates; and*
- *time length of training delivery that demonstrate cash flows.*

Ideally, given the overall objectives of the NP PPP, additional data should also be collected that demonstrates (although this is unlikely to be practical within the current Agreement period):

- *the number of job seeker participants employed following completion of the NP PPP; and*
- *the extent to which existing workers have transitioned to a more valuable/productive role.*

*Appendix A***List of submissions received****A.1 List of submissions****LIST OF SUBMISSIONS TO THE MID-TERM REVIEW OF THE NP PPP, RECEIVED FROM STAKEHOLDERS**

No.	Stakeholder
1	Primary Industries Skills Council (SA)
2	Queensland Department of Education, Training and the Arts
3	Housing Industry Association
4	Australian Industry Group
5	Transport and Logistics Industry Skills Council
6	Group Training Australia
7	Northern Territory Department of Education and Training
8	Housing Industry Association (SA & NT)
9	Skills Tasmania
10	South Australian Department of Further Education, Employment, Science and Technology
11	Western Australia Department of Training and Workforce Development
12	Skills Australia
13	National Centre for Vocational Education Research
14	Australian Council for Private Education and Training
15	Construction and Property Services Industry Skills Council
16	Service Skills Australia
17	ElectroComms and Energy Utilities Industry Skills Council
18	TAFE Queensland
19	Australian Chamber of Commerce and Industry
20	ForestWorks ISC
21	Construction Industry Skills Board (SA)
23	Innovation and Business Skills Australia
24	Agrifood Skills Australia
25	TAFE Directors Australia
26	National Employment Services Association
27	Australian Capital territory Department of Education and Training
28	New South Wales Department of Education and Training
29	Australian Government Department of Education, Employment and Workplace Relations

Appendix B

Terms of Reference

The mid-term Review of the National Partnership Agreement for the Productivity Places Program (NP PPP) is to be conducted within the policy context outlined in Attachment A.

Scope

The Review should examine the overall effectiveness of the NP PPP in delivering the following outcomes:

- increasing the qualification levels of labour force participants;
- responding to current and future skills needs of Australian industry;
- increasing productivity of Australian industry and enterprises; and
- increasing national workforce development.

The Review should also examine the outputs delivered in 2009 through state and territory governments' administration of the NP PPP, considering the:

1. effectiveness of increasing the qualifications levels of the labour force participants;
2. effectiveness of engaging intermediaries;
3. funding structures; and
4. operational arrangements.

The scope of the Review shall include consideration of the policy intention and goals stated in *Skilling Australia for the Future* and by the Council of Australian Governments. It will also take into account the Intergovernmental Agreement on Federal Financial Relations.

Details of the specific issues to be addressed are in the separate Issues Paper for the Review, but generally the Review aims to do the following:

1. For the effectiveness of increasing the qualifications levels of the labour force participants the Review should examine the effectiveness in:
 - increasing the qualification levels of labour force participants over and above the existing efforts of Australian Government, 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.

2. For the effectiveness of engaging intermediaries the Review should examine the arrangements to engage intermediaries such as Job Services Australia, Industry Skills Councils and Skills Australia.
3. For funding structures the Review shall examine whether the resourcing 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.
4. 4. For operational arrangements the Review should consider whether data and reporting arrangements allows public transparency in regard to the key achievements the program.

Governance

The steering committee shall be chaired by the NSOC chair, and consist of one nomination from Tasmania, Northern Territory, or the Australia Capital Territory, one nomination from South Australia, Western Australia, New South Wales or Queensland , a nomination from the Department of Education, Employment and Workplace Relations and a nomination from Skills Australia. The Committee will consult with industry representatives and employee representatives and other stakeholders.

Outcomes

A report is to be provided to MCTEE on the findings of the mid term Review. The report should include recommendations on:

- any changes to funding or operational arrangements to meet or further enhance the objectives, outcomes and outputs of the NP PPP as outlined above and to meet emerging national priorities and objectives;
- any changes to data and reporting arrangements to ensure public transparency in regard to the key achievements the program. As part of this task the Review should develop a framework for consistent data and reporting to be included in the revised NP PPP;
- a strategy that networks practitioners, Australian industry and policy-makers in an ongoing way and collects and communicates best practice examples of high quality outcomes, partnerships and innovation in the delivery of the program; and
- solutions should be consistent with the original design of the program (including that 60 per cent of places are for existing workers and 40 per cent for job seekers).

Responses invited

Key stakeholders will be invited to address in writing the key issue outlined above.

Key stakeholders

Key stakeholders invited to provide written responses:

- state and territory governments, including their central agencies;
- the Department of Education, Employment and Workplace Relations and Australian Government central agencies;
- Skills Australia;
- Industry Skills Councils;
- National Employment Services Association and Jobs Australia;
- Australian Industry Group and Australian Chamber of Commerce and Industry;
- Australian Council of Trade Unions;
- Australian Council for Private Education and Training and TAFE Directors Australia;
and
- National Centre for Vocational Education and Research.

Timeframe

The Review is being conducted in time to report to the Ministerial Council for Tertiary Education and Employment (MCTEE) in April 2010.

Appendix C

NP PPP funding model

The NP PPP funding model is based on the following elements:

- funding contribution and phasing of contributions (based on assumed enrolments per qualification) for each qualification level and enrolment (Table 4 NP PPP agreement);
- agreed apportionment of funding contribution for each of the NP PPP streams of job seeker places (100 per cent Australian Government funded) and existing worker places of 50 per cent Australian Government, 40 per cent state or territory and 10 per cent individual or enterprise (Clause 51);
- annual targets for the allocation of places by year and qualification level for each state and territory (Appendix A NP PPP agreement); and
- calculation of payments from the Australian Government to states and territories based on the above points, and factoring in the assumed attrition rate (65 per cent). The cash flow under the agreement involves the respective state or territory paying course fees to NP PPP eligible RTOs and obtaining nominal reimbursement of the Australian Government share of funds through regular payments.

The total funding contribution for each qualification level and enrolment is reproduced in Table C.1.

Table C.1

FUNDING CONTRIBUTION FOR EACH QUALIFICATION LEVEL AND ENROLMENT IN 2009

Course	Total	1 st Enrolment	2 nd Enrolment	3 rd Enrolment
Advanced Diploma	10,000	3,000	3,000	4,000
Diploma	10,000	3,000	3,000	4,000
Certificate IV	5,000	2,500	2,500	-
Certificate III	5,000	2,500	2,500	-
Certificate II	2,500	1,250	1,250	-

Funding calculation

The NP PPP funding model assumes that 35 per cent of individuals who enrol in a qualification will complete the qualification. Thus, the quantum of funding allocated to each state and territory in Appendix A of the NPA incorporates an attrition rate of 65 per cent. Calculations in Appendix A of the NPA are derived as follows:

- For job seekers:
 - total job seeker commencements for each qualification level for each state and territory, multiplied by;
 - 100 per cent of the Australian Government funding contribution at each qualification level, derived from Table C.1, add;
 - total funding for each qualification level, factor in;
 - 65 per cent assumed attrition rate, divide by;
 - years duration, derived from Table C.1;
 - equals total annual entitlement, divided by 12 to determine monthly funding payment⁶.
 - For existing workers, calculation as above, however replace an Australian Government funding contribution of 100 percent with a Australian Government funding contribution of 50 per cent⁷. States and territories contribute up to 40 per cent and there is a private contribution of at least 10 per cent.

Funding arrangements

Payments are not tied to actual training activity, they are based on the targets set in the agreement and the assumptions within the funding formula (attrition, number of enrolments per qualification).

The Australian Government funds each job seeker place as per funding levels set out in Table C.1, covering the full cost of the training. Job seekers are enrolled at RTOs, which have been selected by the respective state or territory to provide job seeker places under the NP PPP. Course fees are paid to the RTO by the state or territory government — with the state and territory being nominally reimbursed through payments from the Australian Government.

⁶ Note that as part of an adjustment for health workforce places, the Commonwealth agreed to pay a contribution to states and territories in 2008, which states and territories would reimburse through adjusted NP PPP funding rates. For those states and territories that participated, monthly payments from the Commonwealth are adjusted accordingly. The funding levels for each type of qualification are adjusted annually based on the wage cost index, which is approximately 3 per cent per annum.

⁷ As above

For existing worker places, the existing worker is enrolled at an RTO, which has been selected by the respective state or territory to provide existing worker places under the NP PPP. The non industry share of course fees (90 per cent of the training cost) are paid to the RTO by the state or territory government. The state or territory government is then nominally reimbursed by the Australian Government for its share — 50 per cent of the course cost (up to 50 per cent of the funding contribution levels set out in Table C.1). State and territory governments therefore fund approximately 40 per cent of training costs for existing worker places, whilst industry contributions equate to 10 per cent of training costs.

As Clauses 55 — 57 of the Agreement state, the acquittal of funding is based on course enrolments. On 31 January state and territory governments provide the Australian Government with a final acquittal of Australian Government and state and territory funding over the previous 12 months. If the jurisdiction has underspent its entitlement the Australian Government may seek to recover these funds.

Appendix D

Expenditure analysis

Table D.1 sets out the unit cost of training for each state and territory, separated by stream (job seeker and existing worker) and qualification level.

The nominal unit cost calculated (using state and territory annual reports) is approximately equal to the funding contribution for each qualification (per year) set out in Table C.1

It should be noted that the data used in this chapter relies on the accuracy of state and territory annual reports and submissions to the review. Due to inconsistencies between states and territories in data collection and reporting, some figures may be missing or inaccurate. For instance, a number of the reported actual figures are rounded which suggests they are estimates. Also, the quantum of places from which the average is derived varies significantly — with some jurisdictions having had low volumes of NP PPP enrolments at this time.

Western Australia is excluded from this analysis due to significant data limitations. New South Wales did not provide the review with a break down of actual costs by qualification, hence limiting their representation in this analysis

Table D.1

UNIT COST (\$) PER PLACE, NOMINAL COMPARED WITH ACTUAL

ACT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,105	5,000	1,895
	Certificate IV	2,583	4,000	1,417
	Certificate III	2,586	3,500	914
	Certificate II	1,293	2,000	707
Existing Worker	Advanced Diploma	3,099	8,000	4,901
	Diploma	3,107	8,000	4,893
	Certificate IV	2,584	4,000	1,416
	Certificate III	2,592	3,500	908
	Certificate II	-	-	-

NSW		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,104	n/a	n/a
	Certificate IV	2,579	n/a	n/a
	Certificate III	2,582	n/a	n/a
	Certificate II	1,293	n/a	n/a
Existing Worker	Advanced Diploma	3,106	n/a	n/a
	Diploma	3,110	n/a	n/a
	Certificate IV	2,590	n/a	n/a
	Certificate III	2,590	n/a	n/a
	Certificate II	-	-	-

NT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,105	5,000	1,895
	Certificate IV	2,583	4,000	1,417
	Certificate III	2,586	3,500	914
	Certificate II	1,293	2,000	707
Existing Worker	Advanced Diploma	3,099	8,000	4,901
	Diploma	3,107	8,000	4,893
	Certificate IV	2,584	4,000	1,416
	Certificate III	2,592	3,500	908
	Certificate II	-	-	-

QLD		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,104	3,000	- 104
	Certificate IV	2,579	2,500	- 79
	Certificate III	2,582	2,500	- 82
	Certificate II	1,293	1,250	- 43
Existing Worker	Advanced Diploma	3,116	3,000	- 116
	Diploma	3,117	3,000	- 117
	Certificate IV	2,596	2,500	- 96
	Certificate III	2,596	2,500	- 96
	Certificate II	-	-	-

SA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,105	-	-
	Certificate IV	2,581	n/a	n/a
	Certificate III	2,582	n/a	n/a
	Certificate II	1,293	n/a	n/a
Existing Worker	Advanced Diploma	3,122	0	- 3,122
	Diploma	3,124	0	- 3,124
	Certificate IV	2,603	0	- 2,603
	Certificate III	2,603	0	- 2,603
	Certificate II	-	-	-

TAS		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,104	7,671	4,567
	Certificate IV	2,582	4,238	1,656
	Certificate III	2,582	3,323	741
	Certificate II	1,292	2,526	1,234
Existing Worker	Advanced Diploma	2,272	5,622	3,350
	Diploma	2,272	4,206	1,934
	Certificate IV	1,819	4,172	2,353
	Certificate III	1,822	3,818	1,996
	Certificate II	-	-	-

WA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	3,106	n/a	n/a
	Certificate IV	2,581	n/a	n/a
	Certificate III	2,583	n/a	n/a
	Certificate II	1,293	n/a	n/a
Existing Worker	Advanced Diploma	3,120	n/a	n/a
	Diploma	3,115	n/a	n/a
	Certificate IV	2,597	n/a	n/a
	Certificate III	2,596	n/a	n/a
	Certificate II	-	-	-

Source: Unaudited state and territory bi-annual reports submitted before 1 July 2010, and may differ from audited figures published elsewhere.

Note: Nominal and actual amounts represent only the first of three payments for the Diploma and Advanced Diploma; and the first of two payments for Certificate II, III and IV level qualifications. Note that South Australian delivery is as at 17 December 2009 and does not reflect total 2009 expenditure.

Tasmania reflects committed contractual arrangements rather than expenditure for 2009.

Appendix E

Commencements by qualification

Table E.1 provides the total number of PPP commencements for each state and territory, in the top three intended occupations of training.

Table E.1

COMBINED AUSTRALIAN GOVERNMENT PPP AND NP PPP COMMENCEMENTS			
Jurisdiction	Intended occupation	Total PPP	Percentage of total PPP
ACT	Guards and security officers	137	22.8%
	Special care ACT workers	83	13.8%
	General clerks	76	12.6%
NSW	Special care workers	2,791	17.6%
	Forklift drivers	2,499	15.8%
	Sales representatives	1,838	11.6%
NT	Special care workers	115	18.6%
	Guards and security officers	105	17%
	General clerks	41	6.6%
QLD*	Special care workers	1,506	15.5%
	Guards and security officers	1,361	14%
	Vocational education teacher	899	9.3%
SA	Fitter	3,105	28.1%
	Special care workers	1,399	12.7%
	Sales representatives	906	8.2%
WA	NEIS places	456	15.4%
	Sales Representatives	422	14.3%
	Guards and security officers	396	13.4%
TAS	Special care workers	528	23.3%
	General clerks	237	10.5%
	Sales representatives	207	9.2%

Source: NCVER analysis of PPP Program Management Information System data supplied by DEEWR and state and territory data supplied to DEEWR.

Table E.2 below shows the change in the distribution of training package commencements over time. This table shows change in the profile of the training provided, with a significant decrease in the numbers of participants commencing qualifications in community services, transport and logistics and guards and security officers (which is contained in the property services training package). There is a significant increase in the number of participants commencing qualifications in Business Services and Manufacturing.

Table E.2

COMBINED AUSTRALIAN GOVERNMENT PPP AND NP PPP COMMENCEMENTS BY INTENDED OCCUPATION OF TRAINING FOR MAJOR COURSES

May-Dec 2008			Jan-June 2009			Jul 2009 – May 2010*		
Only Australian Govt delivery			Mainly Australian Govt delivery			Mainly state and territory delivered		
Training Package	N	%	Training Package	N	%	Training Package	N	%
Community Services	15,052	32.2	Community Services	7,544	19.2	Business services	7,852	39.8
Transport and logistics	7,198	15.4	Transport and logistics	7,279	18.5	Manufacturing	3,634	18.4
Property services	5,324	11.4	Property services	4,611	11.7	Community Services	2,116	10.7
Retail services	4,135	8.8	Training and assessments	3,624	9.2	Transport and logistics	1,244	6.3
Financial services	2,400	5.1	Retail services	2,794	7.1	Tourism, hospitality and events	823	4.2
Tourism, hospitality and events	2,368	5.1	Financial services	2,345	6	Training and assessments	619	3.1
Training and assessments	1,984	4.2	Business services	2,340	6	Retail services	563	2.9
Hairdressing	1,561	3.3	Tourism, hospitality and events	2,198	5.6	Property services	408	2.1
Business services	1,401	3	Hairdressing	922	2.4	Financial services	379	1.9
Telecommunications	1,207	2.6	Civil construction	716	1.8	Health	270	1.4

* This time period, which is not in line with the rest of this report (NCVER 2010), has been chosen to display the full data available, allowing for a slow uptake of PPP in some jurisdictions. Source: NCVER analysis of PPP Program Management Information System data supplied by DEEWR and SA, NT, TAS, ACT supplied to DEEWR.

*Appendix F***Qualification enrolments by state and territory**

Table F.1

QUALIFICATION ENROLMENTS BY STATE AND TERRITORY, NOMINAL AND ACTUAL DELIVERY FOR 2009 BY JOB SEEKER AND EXISTING WORKER STATUS

ACT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	152	4	- 148
	Certificate IV	115	71	- 44
	Certificate III	266	123	- 143
	Certificate II	311	152	- 159
Existing Worker	Advanced Diploma	152	39	- 113
	Diploma	606	150	- 456
	Certificate IV	570	241	- 329
	Certificate III	142	177	35
	Certificate II	-	-	-

NSW		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	2,881	1,201	- 1680
	Certificate IV	2,182	1,331	- 851
	Certificate III	5,046	4,632	- 414
	Certificate II	5,895	5,457	- 438
Existing Worker	Advanced Diploma	2,872	1,266	- 1606
	Diploma	11,738	6,216	- 5,522
	Certificate IV	10,893	5,290	- 5,603
	Certificate III	2,723	1,254	- 1,469
	Certificate II	-	-	-

NT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	95	1	- 94
	Certificate IV	72	20	- 52
	Certificate III	167	130	- 37
	Certificate II	195	144	- 51
Existing Worker	Advanced Diploma	95	0	- 95
	Diploma	417	75	- 342
	Certificate IV	370	78	- 292
	Certificate III	96	62	- 34
	Certificate II	-	-	-

QLD		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	1,764	577	- 1,187
	Certificate IV	1,336	632	- 704
	Certificate III	3,090	5,225	- 2,135
	Certificate II	3,610	1,756	- 1,854
Existing Worker	Advanced Diploma	1,856	302	- 1,554
	Diploma	7,424	2,444	- 4,980
	Certificate IV	6,809	2,616	- 4,193
	Certificate III	1,702	7,946	6,244
	Certificate II	-	-	-

SA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	659	- 130	- 529
	Certificate IV	499	151	- 348
	Certificate III	1,155	645	- 510
	Certificate II	1,349	1,103	- 246
Existing Worker	Advanced Diploma	721	-	- 721
	Diploma	2,882	-	- 2,882
	Certificate IV	2,600	-	- 2,600
	Certificate III	650	-	- 650
	Certificate II	-	-	-

TAS		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	202	47	- 155
	Certificate IV	153	125	- 28
	Certificate III	354	302	- 52
	Certificate II	414	345	- 69
Existing Worker	Advanced Diploma	217	43	- 174
	Diploma	868	442	- 426
	Certificate IV	789	513	- 276
	Certificate III	197	153	- 44
	Certificate II	-	-	-

WA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	898	830	68
	Certificate IV	680	3,068	2,388
	Certificate III	1,573	6,608	5,035
	Certificate II	1,838	- 243	- 2,081
Existing Worker	Advanced Diploma	959	348	- 1,307
	Diploma	3,747	634	- 3,113
	Certificate IV	2,475	6,364	2,889
	Certificate III	864	139	- 725
	Certificate II	-	-	-

Source: Unaudited state and territory bi-annual reports, submitted before 1 July 2010 and ACG analysis. Data may differ from audited figures published elsewhere. Figures take into account actual 2009 enrolment data, rather than committed activity under contractual arrangements.

Appendix G

Job seeker and existing worker budget by state and territory

Table G.1

JOB SEEKER AND EXISTING WORKER BUDGET BY STATE AND TERRITORY, NOMINAL COMPARED WITH ACTUAL FOR 2009 (\$'000)				
ACT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	472	20	- 452
	Certificate IV	297	284	- 13
	Certificate III	688	431	- 257
	Certificate II	402	304	- 98
Existing Worker	Advanced Diploma	471	312	- 159
	Diploma	1,883	1,200	- 683
	Certificate IV	1,473	964	- 509
	Certificate III	368	620	252
	Certificate II	-	-	-

NSW		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	8,943	n/a	n/a
	Certificate IV	5,628	n/a	n/a
	Certificate III	13,030	n/a	n/a
	Certificate II	7,620	n/a	n/a
Existing Worker	Advanced Diploma	8,920	n/a	n/a
	Diploma	36,510	n/a	n/a
	Certificate IV	28,211	n/a	n/a
	Certificate III	7,053	n/a	n/a
	Certificate II	-	-	-

NT		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	296	100	- 196
	Certificate IV	186	150	- 36
	Certificate III	432	790	358
	Certificate II	252	392.5	140.5
Existing Worker	Advanced Diploma	295	200	- 95
	Diploma	1,303	690	- 613
	Certificate IV	961	460	- 501
	Certificate III	250	345	95
	Certificate II	-	-	-

QLD		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	5,476	1,731	- 3,745
	Certificate IV	3,446	1,580	- 1,866
	Certificate III	7,979	13,063	5,084
	Certificate II	4,666	2,195	- 2,471
Existing Worker	Advanced Diploma	5,784	906	- 4,878
	Diploma	23,137	7,332	- 15,805
	Certificate IV	17,675	6,540	- 11,135
	Certificate III	4,419	19,865	15,446
	Certificate II	-	-	-

SA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	2,046	n/a	n/a
	Certificate IV	1,288	n/a	n/a
	Certificate III	2,982	n/a	n/a
	Certificate II	1,744	n/a	n/a
Existing Worker	Advanced Diploma	2,251	0	- 2,251
	Diploma	9,004	0	- 9,004
	Certificate IV	6,767	0	- 6,767
	Certificate III	1,692	0	- 1,692
	Certificate II	-	-	-

TAS		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	627	652	25
	Certificate IV	395	623	228
	Certificate III	914	1,163	249
	Certificate II	535	1,114	579
Existing Worker	Advanced Diploma	493	253	- 240
	Diploma	1,972	2,225	253
	Certificate IV	1,435	2,225	1,206
	Certificate III	359	672	313
	Certificate II	-	-	-

WA		Nominal	Actual	Difference
Job Seeker	Advanced Diploma	-	-	-
	Diploma	2,789	n/a	n/a
	Certificate IV	1,755	n/a	n/a
	Certificate III	4,063	n/a	n/a
	Certificate II	2,376	n/a	n/a
Existing Worker	Advanced Diploma	2,992	n/a	n/a
	Diploma	11,671	n/a	n/a
	Certificate IV	9,024	n/a	n/a
	Certificate III	2,243	n/a	n/a
	Certificate II	-	-	-

Source: Unaudited state and territory bi-annual reports, submitted before 1 July 2010 and ACG analysis. Data may differ from audited figures published elsewhere.

Note: South Australian delivery is as at 17 December 2009 and does not reflect total 2009 expenditure. Tasmania reflects committed contractual arrangements rather than expenditure for 2009.

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