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Dear Mrs White

Thank you for your letter of 9 February 2010 and the invitation to make a submission to the Mid Term Review of the Productivity Places Program (PPP). TDA is pleased to do so.

As you point out in your letter, the purpose of the review is to examine the outputs delivered in 2009 by state and territory governments (excluding Victoria) through the PPP, taking into account the funding structures and operational arrangements and the policy intentions of the Australian Government and COAG. The review is, of course, mid-term in the Program. Now is not the time to form conclusions or judgements about the efficacy of the Program itself.

Given the review's broad context and its interim nature, TDA, as the national body for TAFE Institute Chief Executives, believes it can most helpfully assist the review by addressing the two aspects of the Program of most direct interest to TAFE institutes as training providers. These matters are the adequacy of the price structure and the nature of the training courses funded under the Program.

From the TAFE Institutes' perspective, clarity about the funding arrangements under PPP seems to have been lost. The various jurisdictions individually interpret the National Agreement and adopt their own approaches to determining prices and allocating productivity places. TAFE Institutes have found it challenging to respond to the PPP as efficiently as might be desired because of these local factors.

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 service 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 relaxed 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 Agreement which has made it difficult for TAFE Institutes in those states to engage as effectively with the Program as they might wish.

Overall, the low PPP pricing base has meant that TAFE Institutes have needed to commit significant additional resources, particularly marketing and administrative, to ensure quality delivery of programs where they have been successful in tendering.

These concerns are not new and often apply in open tender markets where low cost industry and private RTOs, without systemic obligations, consistently underbid TAFE Institutes.

The trend in South Australia towards awarding proponents, being industry clients (not RTOs), has three effects:

- many industry clients are not set up with adequate administrative processes to manage training and their 10 per cent contribution can be swallowed up in such costs
- lack of confirmation of engagement by industry with an RTO in the application process means that industry subsequently 'shops' for RTOs after winning the tender - and may not get the quality service they want at the price they want it
- industry clients may not have an integrated training plan upon which to base their PPP activities – the PPP is seen as a source of subsidy for training only, not as a strategic longer term investment.

The potential move foreshadowed to provide more training places under the PPP with lower base funding per participant, heightens the concerns of TAFE Institutes as full service providers. There is likely to be a consequent shift in the Program to low cost, high-volume qualifications, with minimal participant value or productivity improvement.

On the matter of the pricing structure itself, TDA is concerned by the differential in funding amounts between Job Seekers (funded at a lower rate) and Existing Workers. This is strange given the strong possibility of non-completions by Job Seekers and the additional teaching, learning and assessment resource commitments required of the provider. TDA understands that Job Seeker completion rates and participant engagement continue to provide a challenge, particularly so when 60 per cent of the PPP funding hinges on Job Seeker completion.

What is essential in the next phase of the PPP is clearly identified, specific funding to enable Job Seekers with lower level skills to achieve employment outcomes. These people have a range of needs and require customised or tailored services. They may require ESOL, literacy and numeracy, ICT or employability skills.

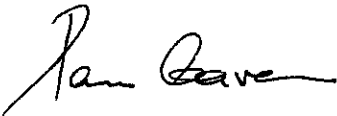
Some Job Seekers will be young people requiring pre-apprenticeship training to support them in obtaining apprenticeships. Job Seekers must not be diverted from higher level qualifications because they have learning difficulties unrelated to their competence in the vocational skills they are studying. The PPP would be enhanced by providers having the resources to deliver additional services to students with greater support needs, rather than a 'one size fits all' funding approach based on qualification levels. For this reason, it is particularly important that Job Seekers, as well as existing workers, have the opportunity to succeed in higher level qualifications.

Indeed, the single major shortfall in the current program is the lack of provision for bridging, access, numeracy and literacy programs to the major cohort of potential entry level workers, especially migrants, unemployed and underemployed people. The basic skill needs of these people need to be addressed before they are articulated into the acquisition of broader technical skills.

These brief comments address some of the practical issues as they affect TAFE Institutes in responding to the Government's policy imperatives.

TDA stands ready to assist in any way it can in this policy review. We would be pleased to offer further comment or advice as requested.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Pam Caven', written in a cursive style.

PAM CAVEN

Acting Chief Executive Officer