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February 2010

Number 1 - Volume 1

Productivity Places Program

The Productivity Places Program (PPP) spearheads the push for greater competition in the VET sector. Responsibility for the PPP has been shifted from the Federal Government to the states and territories through the Productivity Places Program National Partnership signed in late 2008. States and territories have progressively taken up management of the PPP from mid 2009.

The Federal Government has allowed states and territories which move to an entitlement based student demand-driven training system to treat PPP funding in a similar way as base funding for the purposes of accountability and reporting. This is what has happened in Victoria.

The Productivity Places Program is the only significant injection of new funds for VET places from the Federal Government, and to date only 2% of the places have gone to TAFE. It is likely that this figure will increase somewhat following the transfer of responsibility of the program to the states and territories, but, despite tinkering around the edges, the fundamental problems associated with resourcing of the program remain.

There are insufficient funds allocated to the PPP for TAFEs to offer places unless the places are cross subsidised from existing funding.

In June 2009, the National Senior Officials Committee (NSOC) was asked to evaluate whether the PPP met the changed economic circumstances. There was a decision that the Federal Government would hold bilateral discussions with states and territories in regard to the “flexibilities” under the National Partnership Agreement for the PPP but the results of this process have not been made public.

The MCTEE meeting held on November 20, 2009 made a decision to bring forward the formal review of the PPP to commence “immediately”. According to the communiqué, the review would be “informed by timely evidence”.

History of the Productivity Places Program

The PPP was part of the Rudd government’s package of election commitments in November 2007, announced under the *Skilling Australia for the future*. Rudd proposed the delivery of 820,000 additional VET places over six years. Describing these places as “additional”, “new” and “massively expanding” of the VET system, the policy also explicitly stated that current funding arrangements would remain in place:

Current Commonwealth funding for State and Territory Governments, and through them the TAFE system, will not be disturbed.⁽ⁱⁱ⁾



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The mechanism for allocating the “new” places was also spelt out:

The funding for new places will be bundled together and allocated to strengthened and better resourced Industry Skills Councils.

238,000 of the Productivity Places are to be allocated to people outside the workforce (new entrants) over the next 5 years, and 392,000 are to be places for re-entrants over the next six. All of these latter are geared to higher level qualifications – Certificate IV and above.

In the 2008-9 Budget, the Federal Government allocated \$1.9 billion for the Productivity Places Program over the next five years. All funding for the PPP must to be competitively tendered. The Federal Government committed to funding 100% of the new entrant places. However, for those currently in the workplace (the re-entrants) the states are to provide 40% of the funding for the places, the Federal Government 50% and industry 10%. Subsequently, this cost to industry has in many cases been shifted onto individual students.

Problems with the Productivity Places Program

Places, qualifications or people?

- There are more than 700,000 Productivity Places – but this does not mean 700,000 people will become qualified. So meager are the funds that it takes several Productivity Places to lead to a single qualification.

Places Not Going to TAFE

- As at June 30 TAFE had only received 2 per cent of the PPP places (**Senate Estimates October 22, 2009**)
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Low Success Rate

- Commonwealth figures show 113,128 jobless enrolled, 61,754 completed (31,610 still in training) and 9,135 found work at 13 week mark.

Not Addressing Skills Shortages

- It is claimed that the type of training paid for is determined by the priority occupations list. But the top 25 enrolments by qualification issued in April 2009 did not include any higher level skills required in areas of skill shortage identified on the National Skills Needs List apart from hairdressing. The only Certificate IV was in training and assessment.