



ENTERPRISE BASED PRODUCTIVITY PLACES PROGRAM

Training decisions in an enterprise come down to a business case. If Registered Training Organisations fail to understand that imperative - the enterprise's specific skill needs, its operating environment or delivery requirements - then an enterprise will typically disengage from the National Training System as we know it. Such is the pressure on all scales of business in Australia's current economic environment.

With the impact of skill shortages reverberating across several sectors, some industries facing the pressures of structural adjustment and a well-recognised imperative to lift Australia's productivity levels, the message is clear. Enterprises must be re-engaged – in earnest - by the National Training System if we are to build a world-class, highly productive workforce.

Industry Skills Councils (ISCs) believe that the key to re-engagement on a systemic level lies within the philosophy and approach of the *Enterprise Based Productivity Places Program*.

WHAT IS THE 'ENTERPRISE BASED PRODUCTIVITY PLACES PROGRAM'?

The *Enterprise Based Productivity Places Program* (EBPPP) represents a watershed in how industry and the Australian Government work together and co-invest to build the nation's human capital. It recognises that if Australia is to respond to its economic challenges, our existing vocational education and training system needs to be broadened into a skills and workforce development system – one which is as committed to building the capability of the enterprise, as it is to ensuring the competence of the individual.

The program's overarching objective is to assist individual enterprises increase productivity by providing employees with opportunities to increase their qualification levels.

At an operational level, EBPPP works on the fundamental premise that individual enterprises need to be empowered through expert, unbiased advice on skills development and workforce planning, and a funding model which puts them in the driving seat of negotiations with Registered Training Organisations (RTOs).

KEY CHARACTERISTICS

EBPPP brings together several key features which combined, deliver a compelling business proposition for the employer and the employee. In essence, EBPPP:

- » Drives co-investment in skilling of the workforce through joint Australian Government/ enterprise contribution scaled according to individual business size;
- » Focuses on Certificate III, IV, Diploma and Advanced Diploma qualifications primarily from the *Priority Occupations Productivity Places Program List* (POPPPL);
- » Targets the identified skill needs of existing workers;
- » Streamlines engagement through a single process and simple funding model as distinct from the eight different jurisdictional approaches to the state-based Productivity Places Program;
- » Responds equally well to the needs of small, medium and large enterprises as it does the full range of industry sectors;
- » Uses ISCs as expert, intermediaries on qualifications, skill needs, workforce planning and development, and as the central coordinators of the program; and
- » Grows individual enterprise understanding and commitment to skilling and workforce planning as a fundamental business strategy.

FORMATIVE ANALYSIS OF EBPPP IMPACT

Training under EBPPP is due to be completed by 31 December 2013 with a final evaluation undertaken by 30 April 2014. Anecdotal evidence from participating enterprises suggests that its policy settings, backed up by the expertise of ISCs and flexibility of program management by the Department of Education, Employment and Workplace Relations (DEEWR), are already having a significant impact within organisations.

ISCs have sought to test and quantify this feedback with the expert assistance of ACIL Tasman. Analysis of the first 12 months program data and a series of enterprise case studies by ACIL Tasman have confirmed the feedback and ISCs' belief that EBPPP's policy settings are delivering across a range of critical measures.

ENTERPRISE AND AUSTRALIAN GOVERNMENT CO-CONTRIBUTION

EBPPP is funded through a co-investment model. That is, the Australian Government in partnership with small, medium, and large enterprises, co-fund training places to boost skills in areas of high industry demand:

- » <100 employees receive 90 per cent of cost
- » 100 – 199 employees receive 75 per cent of cost
- » >200 employees receive 50 per cent of cost

To 30 June 2011, contributions by enterprises totalled \$18.9 million, while Government contributions (taking into account changes and withdrawals) totalled \$36.9 million. This means that for every dollar contributed by the Government, \$0.50 was contributed by enterprises.

Indirect costs such as backfill, administration and travel were also contributed by the enterprise.



TRAINING PLACES

EBPPP will deliver up to 14 000 new training places for existing workers. As at 30 June 2011, 13 715 existing workers had been enrolled in a nationally endorsed qualification:

- » 10 957 In training
- » 2 088 Completed
- » 36 Yet to commence

Due to changed circumstance of the employee or employer, 634 have withdrawn from the program.

SEE F01

HIGHER SKILLED WORKERS

EBPPP assists individual enterprises lift productivity through the increased skill levels and mobility of workers. Its focus is on Certificate III qualifications and above. As at 30 June 2011, existing workers had sought qualifications at the following levels:

- » 5 017 Certificate III
- » 5 681 Certificate IV
- » 2 649 Diploma
- » 307 Advanced Diploma
- » 61 Vocational Graduate Certificate

EBPPP will have a positive impact on COAG's 2020 targets for halving the proportion of 20-64 year olds without qualifications at Certificate III and doubling the number of higher qualification completions.

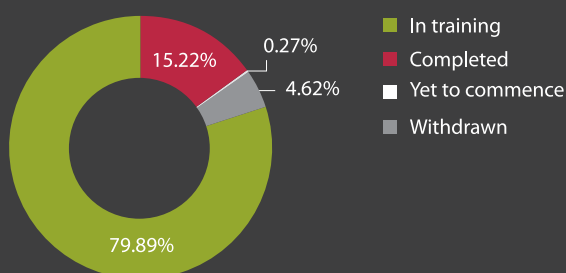
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RECOGNITION OF PRIOR LEARNING

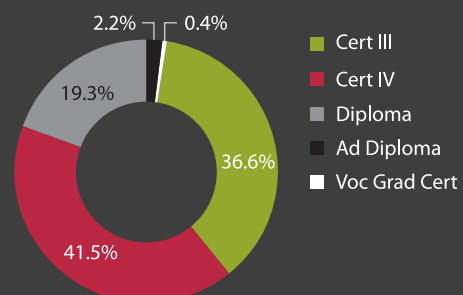
Existing workers participating in the program typically hold some level of experience relevant to the qualification being sought. Because of this, Recognition of Prior Learning (RPL) is a strongly enforced component of EBPPP and enables formal acknowledgement of a worker's current skills while at the same time, ensures training in is not unnecessarily repeated in areas where the learner is already competent.

Under EBPPP, 16.9 per cent of learners have been awarded some form of RPL against the qualification in which they were enrolled. In 2009 the national average was 5.5 per cent.

F01 LEARNER STATUS



F02 QUALIFICATION SOUGHT



NATIONAL SUPPORT

ISCs have worked to ensure enterprises and existing workers from every State and Territory have participated and benefited from EBPPP.

SEE F03

COST OF TRAINING PLACES

EBPPP places a cap on funding for each training place according to qualification level. While delivery costs vary between vocational areas, and are further impacted by location, mode and individual learner requirements, EBPPP and its policy settings have empowered employers to negotiate training places for 87 per cent or less than the capped value (on average).

Qualification level	Capped value of training place	Average cost of contracted training place	Average enterprise contribution	Average Government contribution
Cert III	\$5 000	\$4 391	\$1 319	\$3 072
Cert IV	\$5 000	\$4 239	\$1 278	\$2 961
Diploma	\$10 000	\$6 743	\$2 669	\$4 074
Ad Diploma	\$10 000	\$6 218	\$2 600	\$3 618

SOCIAL INCLUSION

Existing workers from a disadvantaged background comprise 9.6 per cent of all training places under EBPPP and further illustrates the ability of enterprises to negotiate customised delivery arrangements for individual workers:

- » 896 have a Non-English Speaking Background
- » 177 have a disability
- » 242 have an Indigenous background

ENTERPRISE SUPPORT

As at 30 June 2011, 2 931 employers from across Australia were participating in the program. The demand-driven funding model - combined with a sliding scale of co-investment according to business size - has ensured EBPPP is as relevant and financially viable for small/micro businesses as it is for large scale employers.

SEE F04

INDUSTRY SKILLS COUNCILS' ROLE

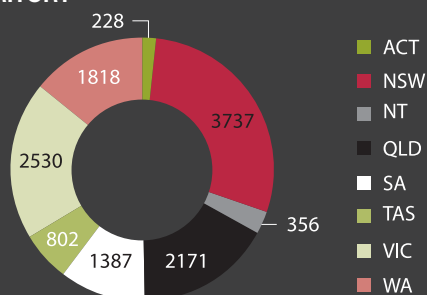
ISCs, with their specialised industry knowledge and VET system expertise, play a central coordination role in delivery of EBPPP. The role includes but is not limited to:

- » Generating industry demand for the program across the broadest possible cross section of industries;
- » Assisting interested organisations to develop enterprise based training proposals, costings and project plans;
- » Managing the application process to ensure high quality applications are submitted to DEEWR and maintaining regular communication with applicants regarding the outcome of their proposal;
- » Assisting in the selection of the RTOs to deliver the training required by the enterprise and ensuring arrangements between enterprises and RTOs are underpinned by sufficient legal provisions;
- » Disbursing funds to RTOs or enterprises in accordance with program guidelines;
- » Gathering relevant data throughout the duration of the program, including the number of participants, completions and withdrawals and identifying barriers to the take up and/or completion of training and how these were addressed; and
- » Providing on-going communication with DEEWR in relation to any unspent funds, inability of enterprises to meet targets or continue participation and determine whether the amount remaining can be expended at an alternate enterprise.

Over the three-year course of the EBPPP, a cap of \$200,000 applies to the administration fee received by any single ISC for these activities.

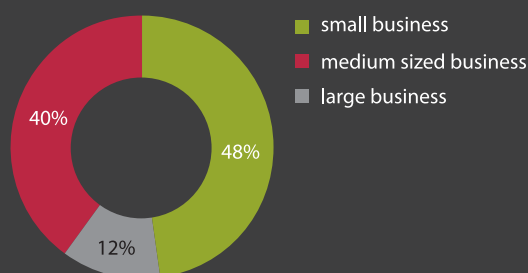
F03

LEARNER BY STATE AND TERRITORY



F04

LEARNER BY EMPLOYER TYPE



KEY SUCCESS FACTORS

The **demand-driven funding model** places enterprises in the **driving seat** regardless of their scale or location and empowers individual businesses to negotiate flexible, relevant services, in particular:

- » Contextualisation of the qualification(s) to meet enterprise needs
- » Location and mode of delivery
- » Value for money

The **sliding scale of Government/ enterprise co-investment** has proven to be a critical element of the program's uptake and has enabled strong participation by small/medium scale enterprises.

The program's **broader workforce development context** has enabled holistic solutions to be adopted within an enterprise or in some instances across a sector. It has moved enterprises thinking beyond the usual reference points of 'training' and 'training providers' and grown their understanding of 'workforce development' and the key role of 'partnerships'.

Recognition of Prior Learning is mandated under the program and fully funded. It has successfully generated support from existing workers given the prospect of already held skills (regardless of how acquired) being formally recognised; it has also served to eliminate wastage of employees' productive time and financial resources.

The **role of ISCs as trusted, expert intermediaries** has been critical in:

- » stimulating enterprise demand and confidence in the program based on unbiased expertise and advice;
- » navigating the training system and associated administration to ensure processes of no value or time consuming to the business are less visible or eliminated;
- » brokering partnerships between enterprises, industry organisations and service providers to optimise resources and enable the program achieve greater reach.

The program does not discriminate against sectors with **less evolved learning cultures or smaller scales of business**. It has enabled ISCs to adopt a 'fit for purpose' approach attuned to the understanding of micro and small businesses and for those sectors where there is limited engagement with the National Training System.

There has been **extensive goodwill and flexibility demonstrated by DEEWR** in relation to the evolving nature of enterprise requirements; expanding occupations cited on the 'Priority Occupations List'; and the definition of an 'existing worker' – all without risk to the public purse.

BUILDING THE MOMENTUM FOR CONTINUED GOVERNMENT/ INDUSTRY CO-INVESTMENT

Securing industry's co-investment in skilling of the workforce has long been a challenge. In the face of rising skill shortages and declining productivity levels it is now an absolute priority. ACIL Tasman's findings reinforce a growing consensus and body of evidence that EBPPP policy settings not only drive strong enterprise investment but are delivering productivity improvements in real-time that clearly show managers, owners and workers alike the direct link between higher level skills, workforce planning and productivity. ISCs believe that echoing many of the program's elements systemically and where possible improving upon them will establish a model for on-going co-investment and includes:

- » Establishing an **enterprise based, demand-driven funding model** for training of existing workers and that this be an enduring and consistently applied feature of the National Training System (as distinct from a short term program response). Further funding models and decisions on entitlement should be developed for new entrants, those requiring foundation skills, or individuals pursuing training unrelated to their immediate role;
- » Ensuring the vocational education and training system evolves into one which mirrors the **workforce planning and development continuum** – one that uses effective upfront diagnostics, tackles the issue of skills utilisation and harnesses the generated data to inform policy decisions and long term workforce planning;
- » Building RTOs' capabilities in **contextualised delivery** to optimise the flexibility inherent within nationally endorsed qualifications. EBPPP case studies demonstrate a clear link between contextualisation and immediate productivity gains and is one of the most highly valued aspects of the program;
- » Ensuring that **funding of skill sets in addition to full qualifications** becomes an accepted element of a 'whole-of-enterprise' solution to building human capital. This will become increasingly critical as the pace of technological change and need for innovative practice progressively dictate business survival and to ensure the ageing workforce remains competent and valued; and
- » Investing in the role of **'trusted, expert intermediaries'** - as distinct from pure project management/ administration - is central to meeting the needs of regions, niche markets, narrowly based industry sectors, and small/medium enterprise collectives.

AgriFood Skills Australia
agrifoodskills.net.au

Community Services & Health
Industry Skills Council
cshisc.com.au

Construction and Property
Services Industry Skills Council
cpsisc.com.au

ElectroComms and Energy
Utilities Industry Skills Council
ee-oz.com.au

ForestWorks Industry
Skills Council
forestworks.com.au

Government Skills Australia
governmentskills.com.au

Innovation and Business
Skills Australia
ibsa.org.au

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Transport & Logistics
Industry Skills Council
tlisc.com.au