

## **COAG must act over VET changes**

By Pat Forward , Campus Review 06/02/2012

With alarm bells ringing in Victoria, there must be an inquiry into the shift away from public to private providers, writes Pat Forward.

As government bureaucrats and politicians prepare for the first COAG meeting for 2012, the VET sector, justifiably, holds its breath. COAG will meet against the backdrop of a deteriorating situation in Victorian TAFE and VET, where what some have called the “malfunctioning VET market” continues to wreak havoc.

Since 2008 in Victoria, the number of private for-profit VET providers has grown from 225 to 528, TAFE market share has dived from 75 per cent to 49 per cent and private provider share increased from 14 per cent to 40 per cent. Several hundred TAFE teachers were made redundant at the end of 2011 in Victoria.

Sustained underfunding in the sector is hurting other state TAFE systems, with governments intent on divesting themselves of staff at a time when they face such chronic uncertainty. Before Christmas, hundreds of TAFE teachers were made redundant across the country, as a number of states “cleared their books” before what they argue is federal government-driven market reform of their TAFE institutes.

What should COAG do to undo the damage already done to TAFE and VET, and to provide the sector with some certainty about the future? Hundreds of thousands of VET students are currently enrolling in courses around the country, in TAFE institutes, in workplaces, in schools. They should be the first concern of bureaucrats and politicians at the COAG meeting in early March.

At the August 2011 COAG meeting, the key role of TAFE as the public provider was recognised and supported, including its delivery of high-cost technical training, encouraging participation of disadvantaged students and offering services in regional and remote areas. In October last year, the Minister for Tertiary Education, Skills, Science and Research, Chris Evans, said that the TAFE network was an essential public institution and one which the Gillard government valued highly. “TAFE is on the frontline when it comes to giving Australians the skills they need to get a job and secure their future.”

In December, the Australian Education Union (AEU) released an update of the report prepared by Monash University’s Centre for the Economics of Education and Training. It outlines the funding and resourcing uncertainties that the TAFE sector has faced for almost 15 years. Government recurrent expenditure per hour of training declined by 15.4 per cent between 2004 and 2009, part of a longer term trend that has seen funding per hour decline by about 25.7 per cent from 1997.

Government funding for TAFE has declined both because of the decline in recurrent public VET expenditure per hour and because of a shift of government recurrent funding away from the TAFE sector. If both expenditure per hour and TAFE’s share of that expenditure had been maintained at even 2004 levels, TAFE’s funding would have been about \$974 million (or 18.9 per cent) greater in 2009 than it actually was.

COAG is now finalising the principles of the funding agreements between the federal and state governments which will shape VET over the next four years. Ministers must now put their money where their mouths are. Rhetorical flourishes are not enough. If TAFE is to play a role in addressing the economy's and society's needs, it must be properly funded.

COAG needs to accept responsibility for the outcomes of its reform policies, and initiate an independent inquiry into the impact of market reform in VET and TAFE in Victoria.

COAG has promoted competition and market reform in VET in Australia for more than four years. The Victorian government led the way, accepting incentives from the federal government for implementing their policy of full competition for public funds. The Victorian government claims there has been growth in the VET market as a result of their reforms, but the extent of growth is contested, with ABS figures showing that there was more growth in Victorian VET before the introduction of reforms than since. Nevertheless, 16 out of 18 TAFE institutes in Victoria are now operating in deficit, a turnaround in figures since 2008, when only two institutes recorded deficits. The Victorian VET budget has been overspent by \$400 million, and because there has been no growth at all in Victorian TAFE during this time, it means that all this overspend has gone to private providers. The Victorian government's response to the budget crisis has been to further reduce funding to TAFE institutes, ripping millions from their budget. Real evidence of the inefficiency which has resulted from the introduction of the Victorian Training Guarantee is the significant decline in fee-for-service activity in Victorian TAFEs, signalling wasteful cost-shifting in delivery, which was previously funded by employers, onto the public purse.

Victoria is now awash with dodgy, fly-by-night private providers delivering qualifications in a fraction of the time it takes at reputable providers and offering financial and other inducements to students and employers to enrol in courses. These private providers are making extraordinary profits from government funding, required as they are to pay their trainers only a fraction of the wages paid in the public sector, and delivering often less than 5 per cent of the hours they are funded to deliver. This damages reputable private providers as well as TAFE. Individuals are wasting their so-called "entitlement" to a publicly funded qualification, often without knowing or understanding the repercussions because in Victoria there is only one chance to get a publicly funded qualification. The Victorian TAFE system is at crisis point, with TAFE directors in that state writing to a range of stakeholders and politicians in December saying: "It is now abundantly clear that the Victorian government is considering corporatising TAFE institutes and it may also consider the option of privatisation of TAFE institutes."

COAG simply can't promote further competition in the VET sector until it has properly investigated the consequences of VET reform in Victoria. At least three state governments (NSW, SA and Queensland) currently claim that in anticipating further market reforms of their TAFE systems, they are simply doing the federal government's bidding. And yet, in October, Chris Evan's said: "The Commonwealth will not be mandating what form of training market the states implement ..."

The next COAG meeting must guarantee funding for TAFE in the next National Agreement, it must address the damage done in states where private providers have trashed the VET brand and it must have the courage to deal honestly and openly with the consequences of its reform agenda.

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