

## By Pat Forward

IN MID 2007, the Boston Consulting Group (BCG) was commissioned by the Commonwealth and State and Territory VET Ministers to assess the efficacy of the Skilling Australia's Workforce Commonwealth State VET Funding Agreement.<sup>1</sup> The BCG Report was kept secret from the broader VET community, until a copy of the Executive Summary was leaked late in February, 2008. The report's recommendations were fed into a comprehensive discussion paper for a strategic planning day held by the National Senior Officials Committee (NSOC)<sup>2</sup> in February, 2008. The BCG Report is now on the agenda of the April 17 MCVTE meeting. The ALP federally has refused to release the full report, or to comment upon its con-

'dressed up' by bureaucrats, it represents two very simplistic ideological thrusts. It asserts the primacy of the market as the key tool for disciplining the sector — to make it more 'efficient' (read leaner and meaner). And it is situated unproblematically within a paradigm that asserts that governments should not continue to fund public sector provision of vocational education and training. When the competition agenda is married with the rhetoric and the reality of 'employer leadership' of the sector, then the impact on education becomes clear. Training Package delivery, a product of the competition agenda, has been a vehicle for the narrowing of VET.

It would be a mistake though to dismiss the

debate or input from VET and TAFE stakeholders. It makes a mockery of claims by the new government of a different approach to government — collaboration and consultation, rather than coercion and bullying.

The Rudd government's election commitment for more training places in their *Skilling Australia for the Future* policy deserves closer scrutiny, especially in the light of the BCG Report. In many respects, the *Skilling Australia for the Future* policy, announced in the ALP's election campaign launch is entirely consistent with the previous government's approach to funding allocation. It is effectively a voucher system, and the only difference between it and the Howard vouchers is

# If more competition is the answer — what is the question?

tents, other than to say that it is one of a range of documents currently being considered, and also to reaffirm the ALP's commitment to competition.

Since the early 1990s, successive governments have tried to create a training market in the vocational education and training sector. The argument has been that a training market, comprised of public and private RTOs competing for an ever increasing share of diminishing government training funds, would lead to efficient and effective provision of VET. Competitive tendering and User Choice have been the tools used by governments, but until now the proportion of funds open for competitive tendering has been restricted by state and territory governments. In addition to competitive tendering, some state governments also implemented a purchaser-provider split mechanism. The rationale behind this was to separate the role of government as owner of the TAFE system, and as purchaser of services from RTOs. But for all the rhetoric most acknowledge that the training market in Australian VET is artificial, and that its effects on delivery of training have been, in most cases, negative. Many suggest that the current skills shortage in the traditional trades and in other areas is the best example of market failure, and a compelling argument for governments to reconsider their approach to funding of TAFE and VET.

The recommendations of the BCG Report glaringly fail to provide such a reconsideration. Disappointingly, they represent a very significant extension of an agenda pursued with some vigour under the Howard regime, and with equal, if not more, vigour in some states and territories.

No matter how the competition agenda is

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recommendations from the BCG Report as just 'more of the same'. In some senses, the BCG Report simply pulls together the ideological thinking and approach of key government players in the VET sector over the last few years. Progressive implementation of full competitive tendering would mean that eventually TAFE institutions would have no guaranteed or recurrent funding. More significantly, they would be required to compensate for the competitive advantage they 'enjoy' as a result of their publicly owned facilities and infrastructure, meaning, presumably, that their price per student contact hour funding, or funding for student place, could be reduced to factor in this advantage.

It is impossible to overstate the consequences of full competition on TAFE Institutes, and very difficult to see how public provision of VET could survive.

The BCG Report recommendations are problematic enough, but even more concerning is the refusal of the Rudd government to publicly release the Report commissioned under the Howard government. It is extraordinary that proposals of such consequence are being considered in secret, with no scope for public

the inclusion of the Industry Skills Council in the provision of advice about allocation of places.

The CoAG Agenda is the thread which publicly links the Howard and Rudd governments' approaches to policy in the VET (and other) sectors, and recommendations from CoAG are used in both the BCG report and the NSOC papers as the underlying rationale for the proposed changes to the sector. Based broadly on a narrow conception of 'human capital' and a reification of the economy, where productivity and efficiency is the only measure of success allowed, the policy which has emerged through CoAG over the past three years has been driven by neo-liberals within the state and Commonwealth bureaucracies. Disturbingly, CoAG processes are not subject to any public scrutiny, and CoAG itself operates outside of established processes of lobbying and influencing governments, with state training ministers excluded from the CoAG Working Groups.

Some state governments have moved preemptively, assessing pragmatically the lay of the land in terms of future Commonwealth funding for VET. There was confusion mid way through last year when a number of state governments urged the Commonwealth to initiate discussions around the next Commonwealth State Funding Agreement rather than wait until after the election. It seems that there was a large degree of comfort within some state bureaucracies about the approach synthesised in the BCG Report, which lauds the proposed changes to the organisation of VET and TAFE in Queensland and Tasmania as consistent with its own recommendations.

The Victorian government already has a

largely devolved system, and rumours abound that an impending government announcement will see full competition for all government funds implemented over the next four years. It is clear that the Victorian system has been influential in the BCG Report. The WA TAFE system is closer to the Victorian than any other model in terms of devolution, and we await reports about the progress towards changing the status of TAFE institutions which were foreshadowed by the government in response to the SAW Act. The SA government has released a Skills Statement which will result in 50% of government funds open to full competition by 2012.

If TAFE Institutes were all corporatised (in order to comply with a requirement for a purchaser

qualifications in accelerated time frames. This makes VET lucrative and profitable for them, but debases the qualifications so that the risk is that they increasingly have little intrinsic value for the individual or for industry. TAFE has been shaving delivery hours for many years, and this will continue apace resulting in ever-increasing work intensification for TAFE teachers, and putting at risk the quality of training and the outcomes. Unfortunately, the impact of this may only be felt in some areas many years down the track.

The effect on students will be

# Answer for TAFE the question?

provider split) and then forced to compete with private providers and other TAFE Institutes in an open market, where they were financially penalised for their publicly owned infrastructure and where the price setting for the delivery of training continued to force increased costs back onto individuals and institutions, then the first casualty would be TAFE teachers and their working conditions. This would happen in a number of ways. Union-negotiated working conditions would be an expensive additional cost for TAFE Institutes, and conditions would continue to be undermined and attacked. Increased salaries, arguably an imperative in a climate where there is a TAFE teacher shortage, would increasingly be conditional upon productivity gains where the single most valuable thing teachers have to trade is their teaching hours.

An equally vulnerable area for teachers is employment mode. Even in states where there has been some success in driving the cost per hour of casual employment up (and that has only been a limited success), Institutes would argue that competitive tendering does not allow for long or even medium term engagement of teachers, and that the only 'business' response an Institute could make is through casual employment.

With the approaching retirement of large numbers of TAFE teachers it is easy to see the erosion of the profession, especially in terms of qualifications. TAFE training could be presented as an attractive proposition where minimal up-skilling and qualifications are required, and where working conditions, such as they are, are still superior to those in some industries.

Private providers are masters of offering

grim. The availability of Fee HELP will result in an increased proportion of courses only available as fee for service delivery. Overall, increased financial pressure on TAFE Institutes will increase the tendency to shift costs back onto individual students. The human capital agenda, which uses the assertion that increased benefits accrue to individuals as a result of participation in vocational education and training and then argues that individuals should increase their contribution to their own training as a result, will be used to justify costs shifting.

The VET system has ignored and rejected the criticisms raised by teachers over the last ten years about the competency based training regime, Training Packages, TAFE teacher qualifications, training and professional development and the impact of funding cuts. As a result, successive governments have not dealt adequately with any of these issues. The BCG proposals and the Rudd government's apparent intention to adopt their broad direction, and to further open up the sector to competition and marketisation, will only accelerate the trends of the last ten years.

At the core of the proposals is a blatant attack on public sector provision of vocational education and training. Much of the policy announcement emerging from the Rudd government fails to even acknowledge the existence of TAFE, other than

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as RTOs, and policy proposals and commentary emerging from DEEWR continue to articulate unsubstantiated claims about the inefficiency of the public TAFE system and its failure to be responsive to individuals' and industry's needs. Indeed, if the only measure of a change of government were the public communiqués issued from the department, the VET sector would not know that a change of government had occurred.

And in the meantime, the single most significant piece of evidence of market failure in the VET system — the so-called skills shortage — continues to be used as hysterical cover for proceeding with embarrassing haste to implement a reform agenda which will destroy the public TAFE system. ❖

<sup>1</sup> This agreement is due to expire at the end of 2008, and history has shown that negotiations around a new agreement, especially under the Howard government, were extraordinarily vexed and protracted. The SAW Agreement imposed a number of requirements upon states and territories, including the requirement to offer AWAs to all staff as a condition of receipt of Commonwealth share of funding. The SAW agreement also imposed a set of requirements broadly clustered around the idea of making TAFEs more 'effective' and 'responsive'.

<sup>2</sup> NSOC is the 'administrative arm' of MCVTE which is comprised of senior State, Territory and Commonwealth VET officials.



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