



By Bec Woodland

IN APRIL 2008, the Victorian Minister for Skills and Workforce Participation, Jacinta Allen, released a discussion paper on proposed reforms to the Victorian VET sector entitled *Securing our Future Economic Prosperity*. This discussion paper outlines recommendations aimed at transforming our training system, with the goals of encouraging and supporting thousands of Victorians to either take up training for the first time, or to upgrade their existing skills. On 26 August, after a period of public consultation, the reforms were announced in *Skills for Victoria: Securing Jobs for*

Your Future. Such reforms may foreshadow future directions in VET policy at a national level. In this paper, I briefly examine three of the new reforms and some potential implications, particularly in regional areas like East Gippsland.

Victorian Training Guarantee

A new Victorian Training Guarantee (VGT) is being implemented to increase access for eligible Victorians to a government subsidised training place. "The Victorian Government will make government subsidised training available to all eligible Victorians at all levels of skill development, *subject to eligibility requirements that encourage*

enrolments at higher skill levels" (*Securing our Future Economic Prosperity* p.1, my emphasis). Students under 20 years will be able to access all government subsidised training, but those over 20 years will be unable to access government subsidised education for qualifications above the level they already hold. For example, a student who holds a Certificate III in Hairdressing will not be able to access a government subsidised place in any other Certificate III level course or below. Furthermore the VGT applies "wherever there is a demand". Exactly what determines 'demand' is yet to be clarified, although hopefully smaller regional classes and thinner markets will be taken into



Securing Victorian futures: NO guarantees

beggars belief.

Second, this reform will impact greatly upon students who often complete non-linear pathways in VET, as they will no longer be able to study more than one government funded certificate at the same qualification level. Many students have traditionally chosen non-linear pathways in the VET system. The new eligibility criteria may act as a disincentive to students choosing non-linear learning for employment pathways at a time when as the Victorian Government's 2020 Vision for VET states, "skills needs of Australian businesses are expected to change rapidly, and it is likely that Australian workers will increasingly invest in non-linear education and training over the course of their careers to remain in demand".

Third, it has been common for students in the VET sector to study government subsidised complementary skills sets/dual qualifications at the same time — for example, a Certificate III in both Business Administration and Financial Services. In this way, students enhance their employment opportunities by broadening their skill sets. The offering of dual qualification courses is a common practice at many TAFEs. Under the VGT, this will not happen as often as many students already experience difficulty paying for the first government subsidised course, let alone a second full-fee one. A possible outcome is that students will enter the workforce more narrowly skilled than they previously were.

Fourth, these reforms occur at a time when ensuring that students can continue to access VET courses is particularly important, as drought affected communities in Victoria's regional areas have seen a reduction in access to traineeship

and apprenticeship opportunities, as well as an increase in unemployment and underemployment. Additional barriers in terms of eligibility may contribute to further unemployment, as well as less educated communities, when a more highly participative and educated workforce is what is needed in local communities.

Fifth, the regional area of East Gippsland has one of the lowest Year 12 completion rates

in Victoria. 38.4% of the East Gippsland labour force has not achieved Year 12 qualifications, with a further 13.2% having only Year 12 compared to a Victorian average of 26.4%. Secondary school students are encouraged to complete VET in Schools programs as added motivation to remain in and complete secondary school. This gives students a vocational qualification,

plus a Year 12 completion. Once over 20, these students will now be ineligible to access government funding to complete qualifications at the same level they currently hold. Students may come to regret that they rendered themselves ineligible from government subsidised training due to the completion of a course they chose as a 15 or 16 year old.

Sixth, if a previous qualification is going to be a barrier to accessing government funded courses, there is a clear disincentive for the student to declare a previous qualification. It will not take students long to realize that to be eligible for government subsidised courses, they need only declare that they have no previous qualifications at that level. It appears that the government will establish a central database of all qualifications to prohibit this, but it will be complex and the

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account. Some potential impacts of this reform are outlined below.

Firstly, the VGT eligibility requirements will impact all future career changers. The Victorian Government's own *2020 Vision for Vocational Education and Training* states that "The future Victorian workforce is most likely to have changed careers multiple times during their working lives ... Generation X is expected to change careers approximately three times over their working lives, and Generation Y five times". That the government recognises this, then proposes reforms that fail to facilitate career change or to make the VET system easier and more affordable to navigate, almost

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costs of administration may outweigh any savings.

Restricting eligibility for government subsidised courses appears contrary to the aims of

the reform, which were to encourage participation in the VET system by the 1.4 million Victorians who have no post-school qualification, and to foster a culture of lifelong learning. It appears absurd to encourage people to participate in education on the one hand, and then to erect barriers restricting the eligibility of those you are attempting to engage on the other.

Investment: fees and loans

Another reform in Skills for Victoria is a new investment model for students, again with the aim of encouraging more students into training, and also encouraging students to “obtain higher levels of qualifications to increase their employment opportunities and productivity”. It involves increasing the cost of diploma and advanced diploma courses from July 2009 up to \$2500 by 2012, and lifting the cost of Certificates I to IV as of July 2009. A HECS-style loan scheme will also be implemented, with students repaying the debt after their income reaches \$41,000.

Underlying these reforms is the notion that fees should be increased for courses which deliver “higher individual benefits and improved employment opportunities”, such as diplomas and advanced diplomas. But this assumes a direct relationship between higher qualifications and higher income, which is disputable. Many community service workers, child care and disability support workers, for example, are required by their industry to hold a qualification at diploma level. These workers are still poorly paid. For these students to pay more than other students completing lower level qualifications is not only unfair, but may act as a disincentive to training for industry subsectors that already have high staff turnover and constant labour shortages.

East Gippsland also has pockets which are among the most disadvantaged regions in Australia. Reforms that require students to pay more for their qualifications are likely to have a greater impact in these regional areas than other areas which enjoy higher socio-economic advantage. This is a great concern. As the Victorian Council of Social Service warns, the young and most disadvantaged in our community may be the most adversely affected by changes to training eligibility, as the disadvantaged are often those who turn to VET in search of a way forward. Similarly, the Victorian TAFE Association argues that “Higher VET fees could further alienate the very people governments across the country are most keen to reengage in training — the 15 odd percent of young people who are not engaged in full time

study, work or both”. As the Swinburne University response to the Securing Our Future discussion paper notes, “In contrast to Higher Education, TAFE requires students to pay an upfront fee to receive training. Although the fee is relatively low, it represents a disincentive for potential students, particularly those from low socio-economic backgrounds.”

Given the concerns raised above, HECS-style loans for VET students may not be the right answer and may actually deter take-up of diploma and advanced diploma courses. As discussed, these courses may not have the same employment outcomes in regional areas that they do in metropolitan ones. Students may be reluctant to incur debt when they have no guarantee of employment on course completion.

The discussion paper, *Securing Our Future Economic Prosperity*, states that 1.4 million adult Victorians, in a community of 5 million, do not hold any post-school qualifications, and further that “if training continues at its current rate, we will face a shortfall of 123,000 people at the advanced diploma and diploma level by 2015”. If economic prosperity is linked to qualifications, as is claimed in the paper, it seems counter-productive to impose a cost on those individuals who need to be encouraged to participate.

If a diploma led to employment on a higher income, it would be easy to mount the argument for participation to the 1.4 million Victorians without post-school qualifications. There are, however, challenging issues relating to social inclusion, access and equity, attitudes to learning, lifestyle changes, wages and conditions, job opportunities and government policies, all of which impact on an individual’s choice and ability to take up training at a higher level.

Choice and Contestability

Another reform in *Skills for Victoria: Jobs for Your Future* is that “access to the right to offer government subsidised training will no longer be restricted to a limited number of private providers competing for a specified number of funds”. Now all government funding will be contestable. There is no longer a guaranteed level of government funding for TAFE. The intended consequence of this will be that individuals and businesses will be able to access government supported training at a broader range of public, private and community providers. This reform, however, may also bring unintended consequences.

Giving other providers access to government subsidised funding enables them to offer courses more cheaply, as they do not have to provide the same infrastructure that TAFE does. The most highly contested areas of delivery would be high volume courses with low infrastructure costs. As the University of Ballarat indicates in its response

to the discussion paper, “our experience suggests that private RTOs are most likely to ‘cherry-pick’ such courses. In a regional context this will leave the public system to provide for ‘thin markets’ as community service obligations without high volume/low cost courses to underwrite these obligations as is currently the case”. This is a view shared by the Victorian TAFE Association, which states that “de-regulation of fees could lead to destructive price competition for more attractive market share at the expense of the overall viability of the public provider which must retain ‘full service’ capacity”.

One impact of this may be that courses with low enrolments will no longer be viable to run, so only mainstream courses will be offered by TAFE. Thin markets, even when economically and socially important, may not be catered for at all. As the Victorian TAFE Association says, “Opening the market to contestability is not going to address issues of providing training where there are thin markets”. No private providers will be able to cater for these markets in a financially viable manner, and without other courses to underwrite them, TAFE will not either.

The University of Ballarat suggests that the combined reforms of contestability, restrictive eligibility and higher fees would potentially have a “severe, detrimental impact on regional TAFE ‘full service’ providers as they seek to provide training to rural and regional areas”. While overall VET system objectives of flexibility and competition may be more achievable in larger areas where opportunities exist for both diversity and specialisation, rural communities often do not afford those same opportunities.

Conclusion

Increasing the skill level of the state’s workforce is critical for the economic benefit of all Victorians, but being selective about who can access a government supported place, and imposing extra costs on students, is counterproductive to the goal of boosting the number of people who can partake in training to increase their skills. If the emphasis is on skilling, re-skilling and lifelong learning, as claimed in *Securing Our Future Economic Prosperity*, then the reform’s limitations and impositions are likely to be detrimental to these aims. It is difficult to see how the impending reforms will raise and encourage participation in VET. Indeed, some may have the opposite effect of placing insurmountable hurdles in front of disadvantaged learners and communities who would benefit most from participation in VET, particularly in rural/regional areas. ❖

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