

June 2008

## Securing Our Future Economic Prosperity

### Skills Reform - Victoria

After weeks of rumours about an impending “skills” announcement, the Victorian government released a discussion paper - Securing our future economic prosperity - in early May. The Victorian discussion paper uses as its context skills shortages and an aging population.

The Victorian Discussion paper is remarkably light on for detail of its proposals, despite saying that ‘the scope of the reforms is intended to be considerable.’ (p12) The report summarises its proposed reforms thus:

- Increasing access for eligible Victorians to a government supported training place and increasing investment from those who benefit most from training: government; business; and individuals;
- Strengthening our TAFE and Adult , Community and Further Education (ACFE) sectors;
- Improving choice and contestability by enabling individuals and businesses to access government supported training at a broader range of public, private and community providers; and
- Improving information to make it easier for individuals and businesses to understand and use the training system. (p13)

The paper also sets itself in the context of “national change” and argues that the Victorian proposals are ‘broadly consistent with the policy directions identified in the Federal Government’s recently released Skilling Australia for the Future discussion paper.

In putting forward what it describes as “a new investment model”, the paper argues that this ‘would involve some students making a greater contribution towards the cost of their training’ with the rider that ‘...it would need to maintain access to some form of concession and maintain a maximum annual charge.’ Despite this, the report also says that:

*The Government is also considering whether to allow training providers to compete on price – by allowing them to determine their own level of student fees, up to a government determined maximum. This could potentially result in fee levels below the maximum charge. (p17)*

Under the heading “Improving the capacity of the public training system and improving choice and contestability”, the paper argues that the government’s aims are about ‘supporting a broader range of providers to encourage greater competition in the VET market.’ (p16)

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The paper argues that in acknowledging the role of Victoria's Adult, Community and Further Education (ACFE) providers in the education system, the government will 'assist the sector to operate effectively within a contestable environment.' The AEU understands that part of the Victorian government's plan is to lift the current student contact hour payment for ACE providers to act as an incentive for ACE to compete for more of the "contestable" funding. While acknowledging the role that the sector plays in education, it is clear that the main reason the government wishes to encourage ACE providers to deliver more of the states training effort is because they have a largely un-unionised workforce and they are therefore considerable cheaper.

While the stated aim of the discussion paper is to "facilitate public debate" this is virtually impossible because the Victorian government has neglected to include in the paper any detail of the considerable work that has already been done around their proposed reforms.

Broadly, the AEU understands that the scope of the reforms include progressive moves to full contestability of all government funding of VET within three years and the implementation of an income contingent or deferred loan scheme along the line of HECS or FEE HELP. Critical to the reforms are the renewed focus on the ACFE sector, largely because it is a cheaper provider, and increased contribution to the cost of the deliver by individual students. Despite the report arguing that 'industry will have access to as many government supported places as they can generate demand for', and explaining in detail the need for individuals to make a greater contribution to their training because they benefit so much from it (p14) the report makes no mention whatsoever of strategies to increase industry's contribution to the cost of the training which they will have unfettered access to.

The Victorian report is about driving down the cost of delivery to the government, and shifting the cost to students and individuals through increasing competition and contestability. It is also about undermining the working conditions of TAFE teachers by blatantly attempting to shift vocational education and training effort into the largely unionised ACE and private RTO sector. Public TAFE providers simply cannot compete on price with these sectors.