



BUILDING AUSTRALIA'S SKILLS FUTURE PRIORITY TAFE FUNDING

The Greens' plan for a viable vibrant public TAFE system

Critical skills shortages are a looming threat to Australia's society and economy. Yet TAFE funding is being slashed and TAFE is forced to compete with private providers for public funding. TAFE campuses are closing, courses cut, students are in debt to pay rising fees, and teachers are losing their jobs. Vocational training competition policy has failed and put at risk Australia's future as a skilled nation.

Vocational education and training (VET) is the key vehicle for governments to meet future skills demand, to guarantee pathways for school leavers into further education and to allow adults to increase their skills in the workforce.

For over 100 years TAFE has been the leading national provider of VET courses. But recent competition policies have both eroded public funding of the TAFE system and failed to deliver the skilled workforce we need in national skills shortage areas.

The Greens are proud defenders of a strong TAFE system as a strategic public asset to meet Australia's future skills training needs. In 2011 some 1.3 million out of 1.9 millionⁱ VET students studied at more than 1,300 TAFE locations across Australia.ⁱⁱ

Australia needs a long term vision for revitalising our public TAFE system.

To provide the high-level skills and workforce development so vital to our economic future, the Australian Greens will:

- **Prioritise increased federal budget spending on TAFE.**
- **Protect TAFE's viability as our leading VET provider by overhauling the current funding arrangements to ensure TAFE is the preferred funded provider of courses where it can supply those courses.**

> PRIORITISING TAFE FUNDING

The Greens' proposed TAFE federal rescue package will deliver an extra \$400 million per year for TAFE, at an overall cost of \$1.2 billion over the forward estimates from 1 July 2014.

The additional funding will be quarantined from diversion to private providers and help ensure TAFE is guaranteed funding to provide the vocational and educational training needed to skill up Australians and sustain our communities and regional economies.

The vital additional funding will help increase the TAFE sector's future capability to deliver higher qualifications in the key skills shortage areas identified by government.

> LABOR & COALITION: TAFE FUNDING SLASHED AND DIVERTED TO PRIVATE PROVIDERS

Successive federal and state governments have slashed TAFE budgets and forced TAFE to compete with private providers for funding. Significant public money has been lost from TAFE to private providers, yet TAFE provides a disproportionate share of benefits to society delivering more training towards skills in shortage and pathways into education and employment for more disadvantaged Australiansⁱⁱⁱ.

Nationally, recurrent TAFE funding per student contact hour declined by 15.4% between 2004 and 2009 and by 25.7% since 1997^{iv}.

Just last year over \$530 million was cut from Victoria, NSW and Queensland TAFEs, with more to come.

- Victoria's Liberal government slashed over \$300m from TAFE. Earlier, full contestability of VET funding cut TAFE share of students from 75% in 2008 to just 48% in 2011, driving many TAFE institutes from healthy financial positions into operating deficits. It also saw a 1000% surge



of publicly funded enrolments in privately provided fitness instructor courses^v.

- Queensland's LNP government cut more than \$100m from TAFE budgets and is closing 38 of its 82 TAFE campuses. It is forcing TAFE to open its campuses for private providers' use, and has passed laws to commercialise TAFE^{vi}.
- NSW's Coalition government has cut more than \$130m from TAFE budgets. More than 800 TAFE workers will lose their jobs^{vii} with more job cuts foreshadowed. The government forced student fees up by 9.5% and concession fees nearly doubled. The O'Farrell government's 'Smart and Skilled' training market will begin in July next year.
- Coalition and Labor federal governments have been pushing the commercialisation of VET and opening up of TAFE funding to non-government providers as a condition of its VET funding to the states and territories.

> SKILLS SHORTAGE FAILURES

The Productivity Places Program (PPP) was the federal government's major funding source for VET. The purpose was to boost VET qualifications for national priority skill shortages. The \$2.1 billion program was expected to deliver 711,000 training places over 5 years.

Two-thirds of the way through the program only 426,000 people had commenced training and only 112,000 had completed their courses^{viii}. More than 75% of its funding went to private providers at the expense of TAFE^{ix}.

TAFE provides more training in areas of high level skill shortages than private providers. These priority training courses are expensive to run and private providers cherry-pick the cheaper more profitable courses which are not necessarily identified as a priority.

A 2006 report predicted a lower-skilled economy in NSW as an effect of shifting TAFE funding to private providers^x. We have already seen this happen in Victoria.

> THE COST OF COMPETITION

The expansion of competitive tendering for VET funding has attracted a huge growth of private companies competing for both domestic and the lucrative full-fee paying international students.

Non-TAFE providers can skim off the cheaper courses and pocket the profits from the public purse. This leaves TAFE with the cost of running the expensive courses that actually meet the high-skills needs Australia is facing, such engineering and construction.

The loss of TAFE funding is forcing the closure of courses and campuses, and the cutting of staff. It is driving up student fees.

Voucher or entitlement systems are shifting funding away from TAFE and into the hands of private for-profit providers. The cost of VET is being shifted from governments and businesses onto individual students, who are being pulled into debt to pay for their rising course fees via VET-FEE HELP university type loans.

> RURAL & REGIONAL TAFE BENEFITS

TAFE is the main training provider in regional and rural areas. It creates pathways to education, employment and community participation for a disproportionate share of some of our most disadvantaged students. This builds not only individual capacity and financial benefits, but benefits our communities and economy as a result^{xi}.

Regional and rural areas are losing their TAFE campuses. Access to high quality vocational training for young people and mature workers needing to update their skills in a changing workforce, is no longer a guarantee, even when the qualification is fully funded by students.

Private providers have no responsibility to a full-time public workforce, nor a legislated commitment to serve rural or disadvantaged communities.

ⁱ Australian vocational education and training statistics – Students and courses. 2011. NCVER. Table 11. P15 <http://www.voced.edu.au/content/ngv52433>

ⁱⁱ Tafe Directors Australia. 2011 Annual Report. p.05 http://www.tda.edu.au/cb_pages/files/TDA001_AR2012_V15_FOR_WEB_NoFins.pdf

ⁱⁱⁱ Stone, C. *Valuing Skills-Why vocational training matters*. Centre for Policy Development Occasional Paper 24. http://cpd.org.au/wp-content/uploads/2012/11/OP24_CPD_Valuing_Skills_Christopher_Stone.pdf

^{iv} Long, M. *TAFE Funding and the Education Targets (an update)*. 2011. Centre for the Economics of Education & Training. Monash University. http://www.education.monash.edu.au/centres/ceet/docs/otherpapers/aeulong_reportupdatefinala.pdf

^v Skills Victoria, Victorian Training Market Quarterly Report, 2011. Pg 55. <http://www.skills.vic.gov.au/publications/research-and-reports/victorian-training-guarantee-progress-reports>.

^{vi} <http://www.abc.net.au/news/2013-05-24/government-sets-up-new-tafe-qld-body/4710544>

^{vii} <http://archive.innovation.gov.au/ministersarchive2013/chrisevans/mediareleases/pages/tafeteachersthefaceofnswtrainingcuts.aspx.htm>

^{viii} Senate Standing Committee on Education Employment & Workplace Relations. Budget Estimates 2011-12. Answer to Question No EW0400_12. (Nash).

^{ix} Allen Consulting Group. 2010. *Mid-Term Review of the National partnership Agreement for the productivity Places program*.

http://foi.deewr.gov.au/system/files/mid-termreviewnpppp_final_2611.pdf P29

^x The Allen Consulting Group (2006) *The complete package: The value of TAFE NSW*, The Allen Consulting Group, Sydney.

<http://www.voced.edu.au/content/ngv15747>

^{xi} Stone, C. *Valuing Skills – why vocational training matters*. 2012. Centre for Policy Development. http://cpd.org.au/wp-content/uploads/2012/11/OP24_CPD_Valuing_Skills_Christopher_Stone.pdf