

# *Marketisation and contestable funding: the neoliberal attack on TAFE in Australia*

*1992 -2022*

TAFE symposium – March 2022

Pat Forward

# The 2012 National Agreement on Skills and Workforce Development

Destruction of the public vocational education by

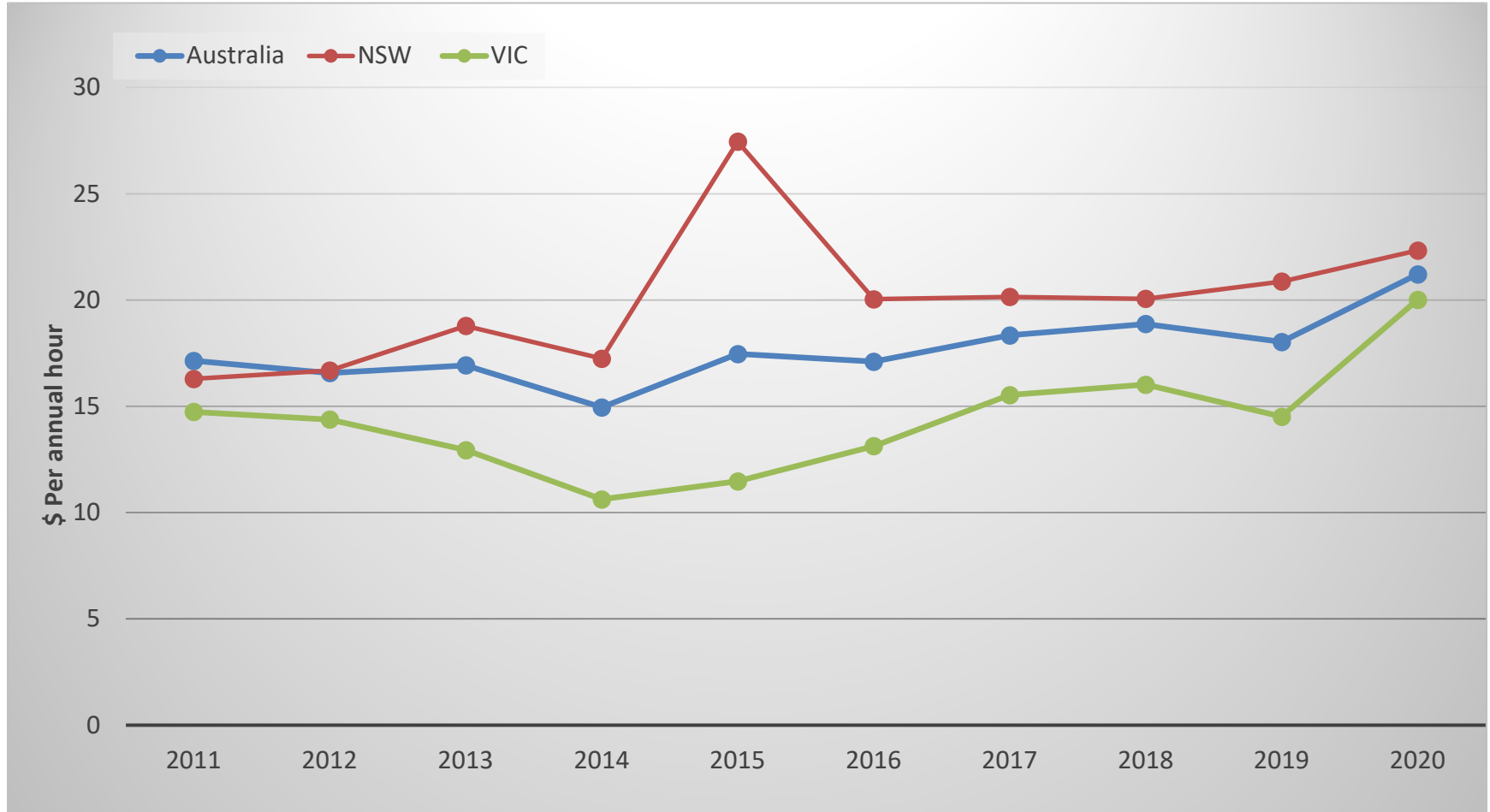
- Withdrawing government funds
- Opening access to government funds to private for-profit providers
- Shifting costs onto students (student loans/contestable funding)
- Actively incentivising private providers
- Mimicking business-like organisational models
- Corporatisation of educational institutions

# *The 2012 National Agreement on Skills and Workforce Development*

## *Conditions in the 2012 National Agreement*

- *Entitlement funding - vouchers*
- *All government funding open to private for-profit providers*
- *Introduction of student loan scheme – VET FEE HELP*

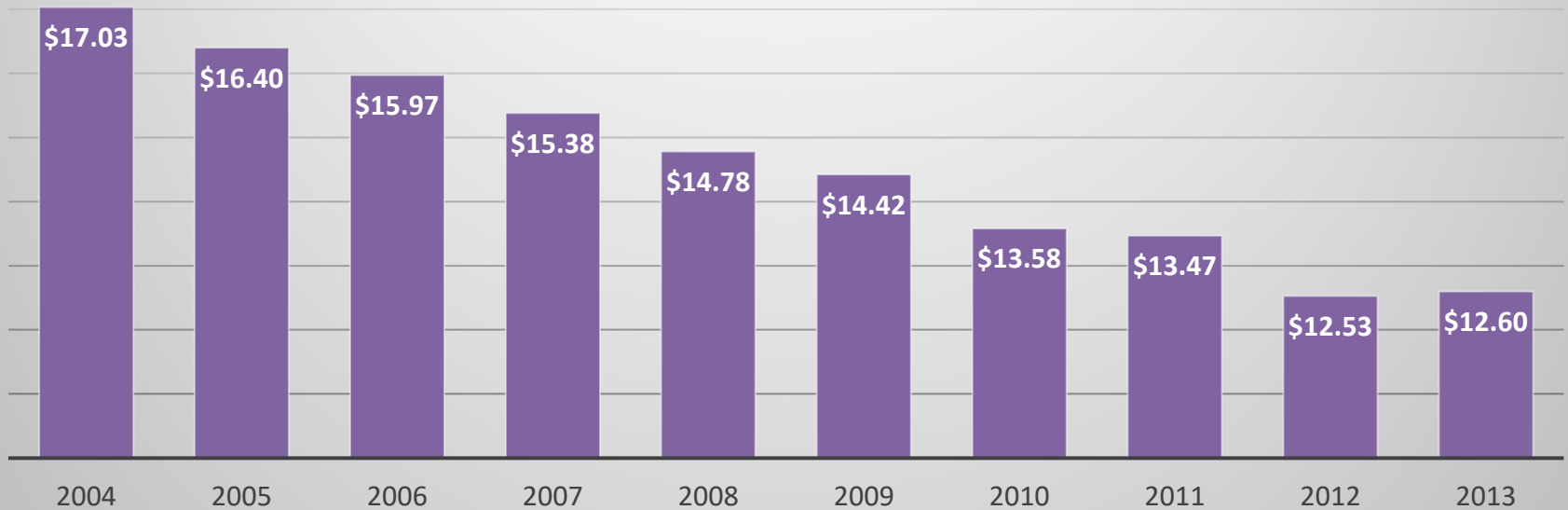
# Total government real recurrent expenditure per annual hour, 2020\$



# Underfunding

Government real recurrent expenditure per annual hour 2004 – 13

*26% decline since 2004*

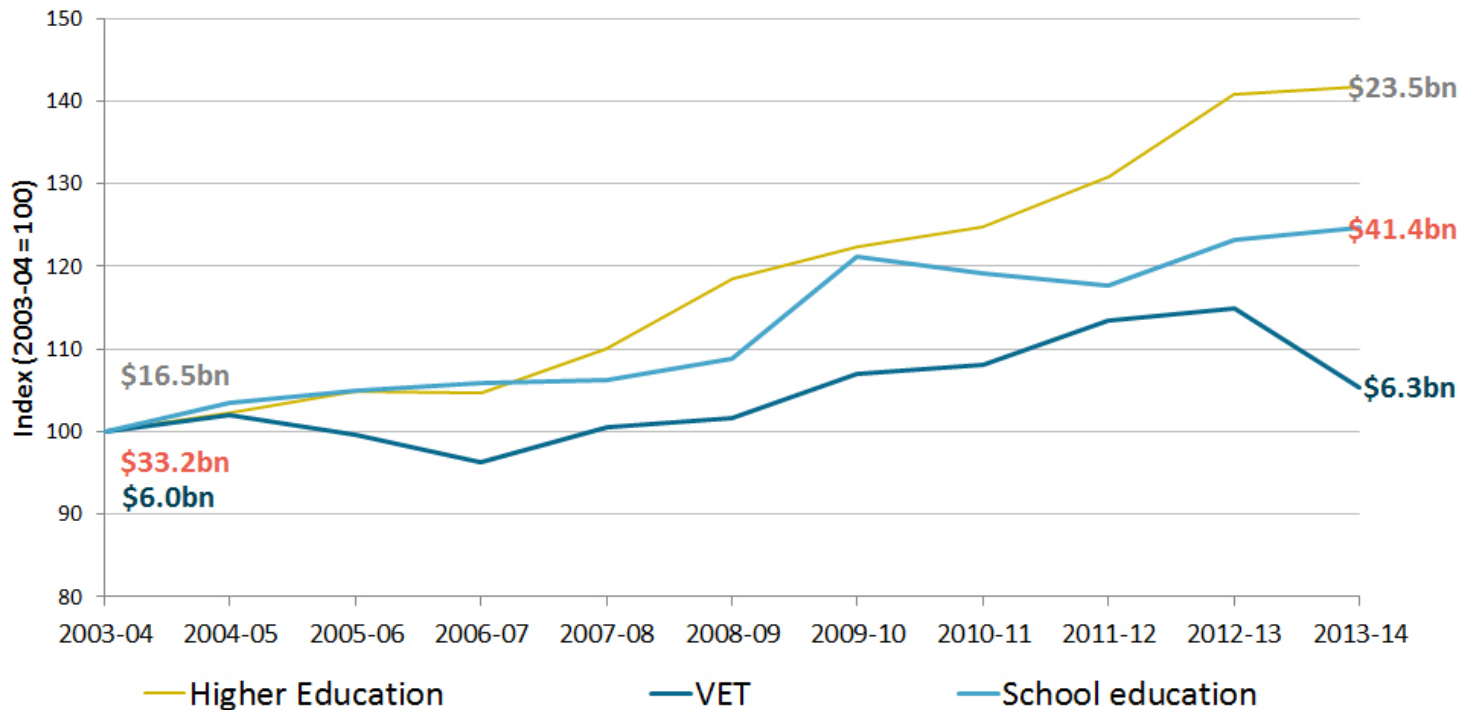


# *In SA & Vic - decline in funding since 2004*



# TAFE lowest funded education sector

## Expenditure on education and training in Australia, 2003-4 to 2013-14



ACIL Allen Consulting analysis based on Australian Bureau of Statistics data

Note: School expenditure includes all expenditure on government schools (including private contributions) and government expenditure on non-government schools.

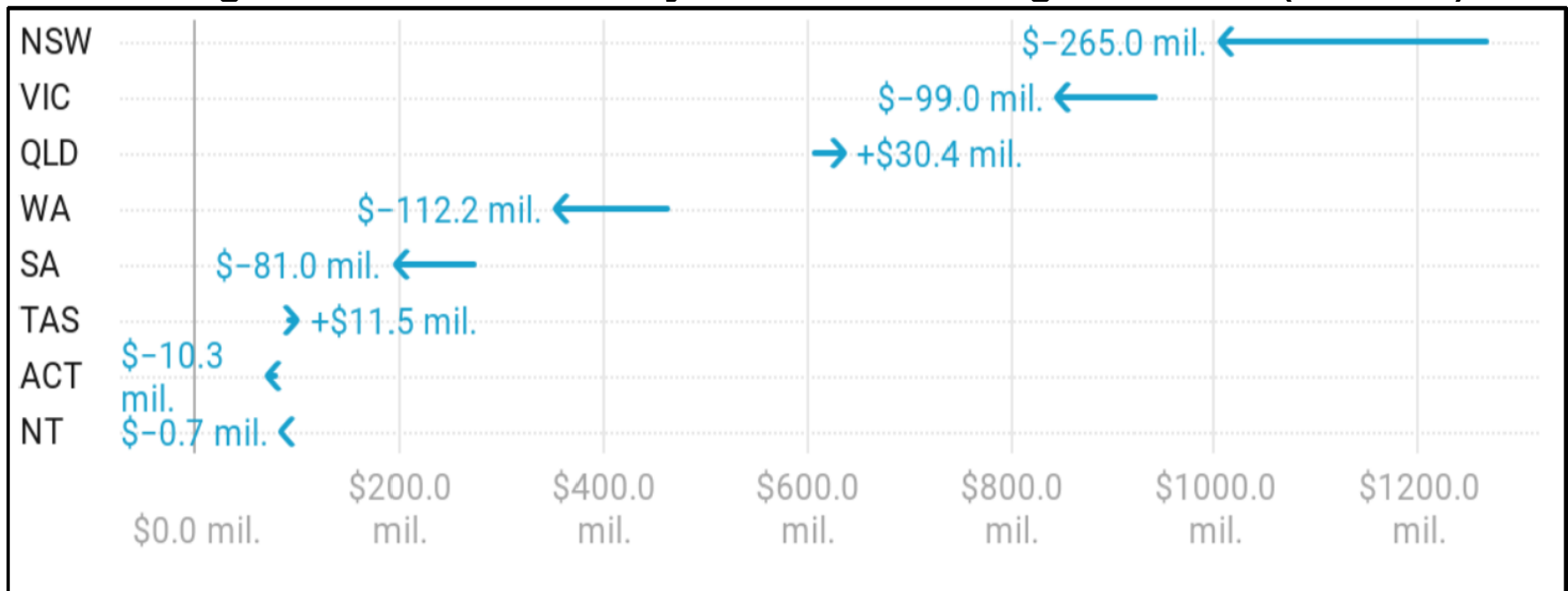
CAGR = Compound Average Growth Rate



# Change in recurrent funding from state and territory governments 2006- 2018

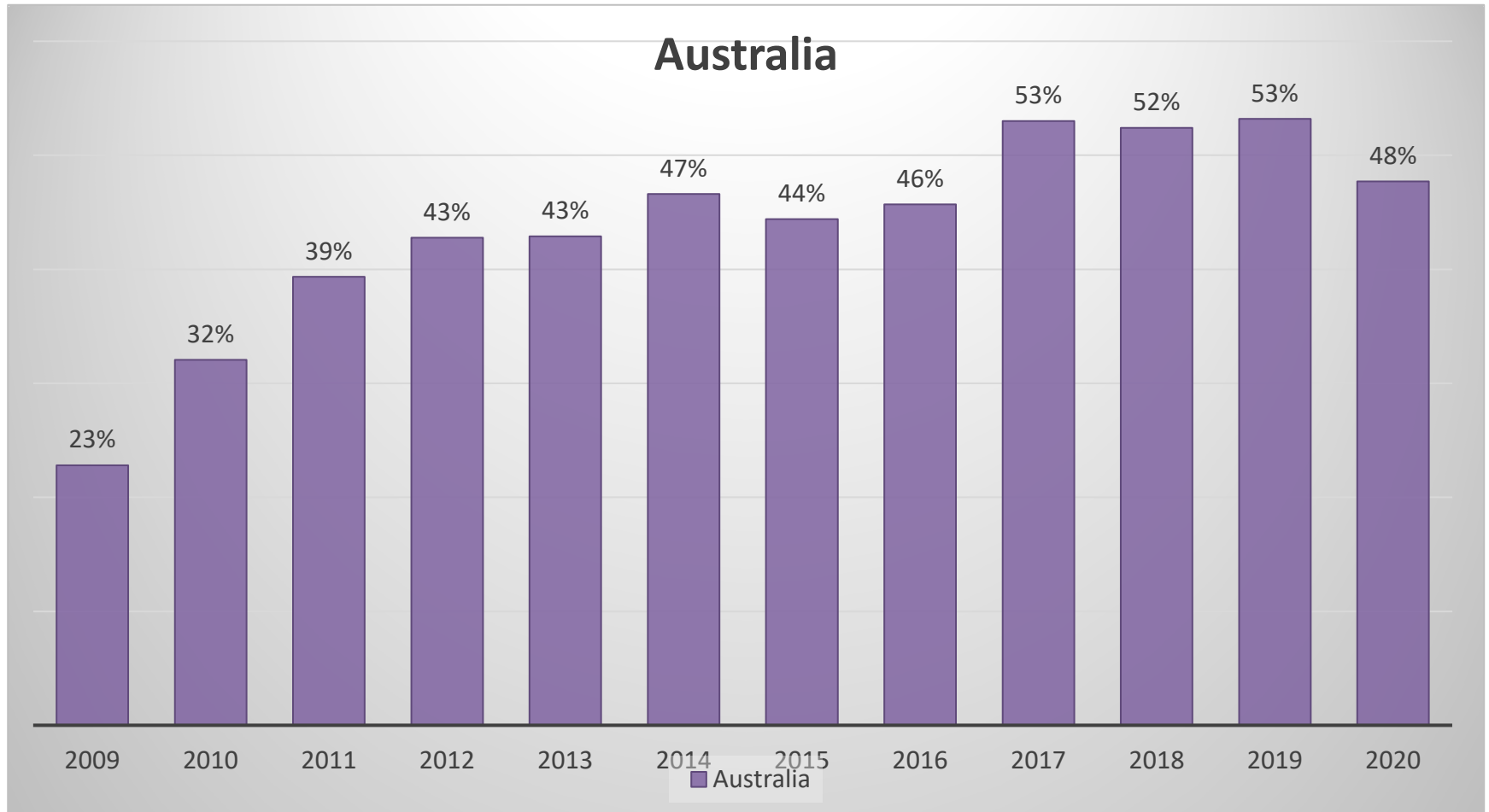
This figure shows the change in recurrent funding from state and territory governments from 2006 to 2018. It clearly shows that most states and territories spent less on VET in 2018 than they did in 2006 – before the VET FEE-HELP spending peak.

## Real change in state and territory recurrent funding 2006-2018 (\$million)



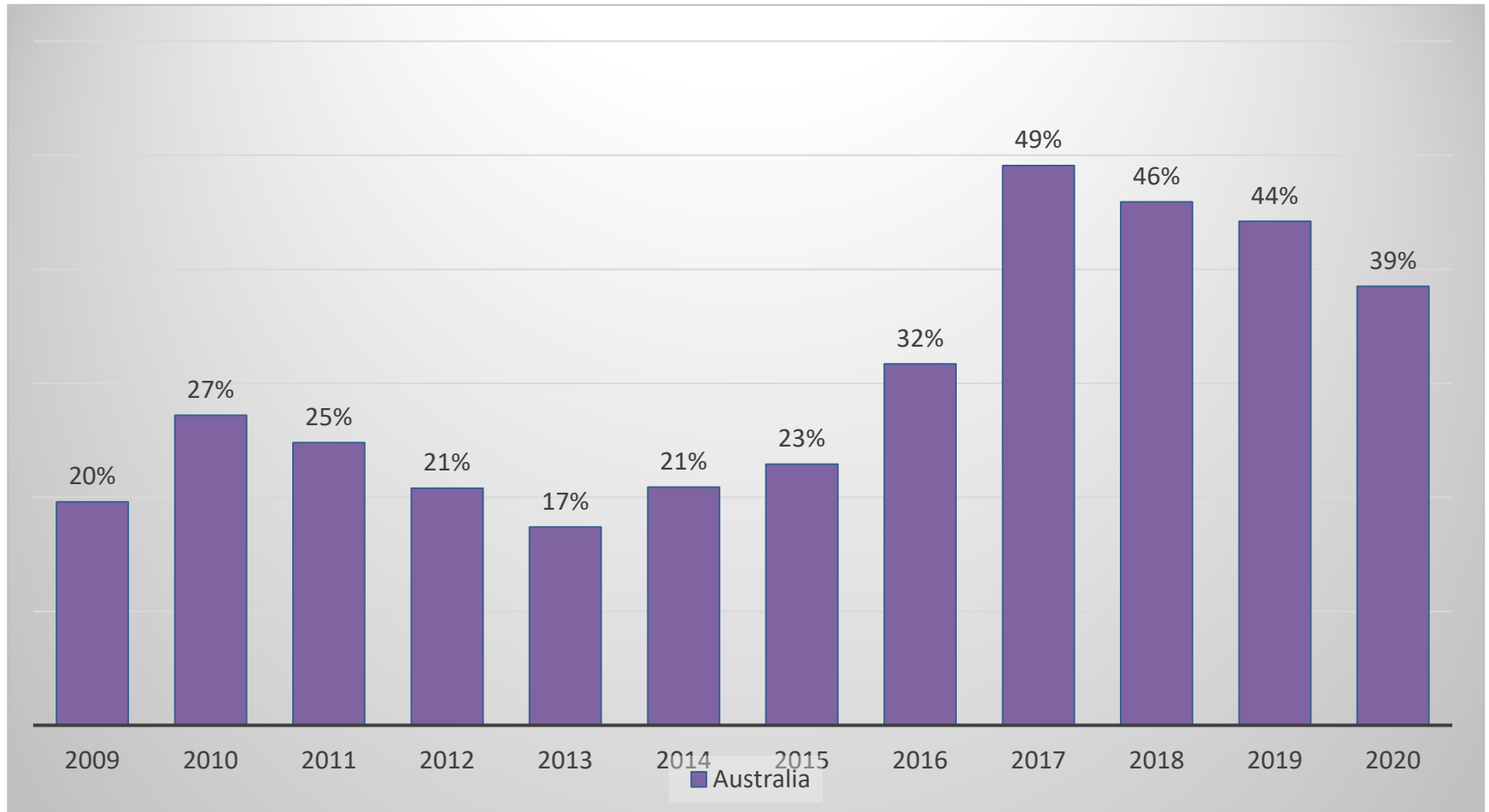
# *Australia - contestable funding increasing*

Growth in proportion of funding allocated contestably

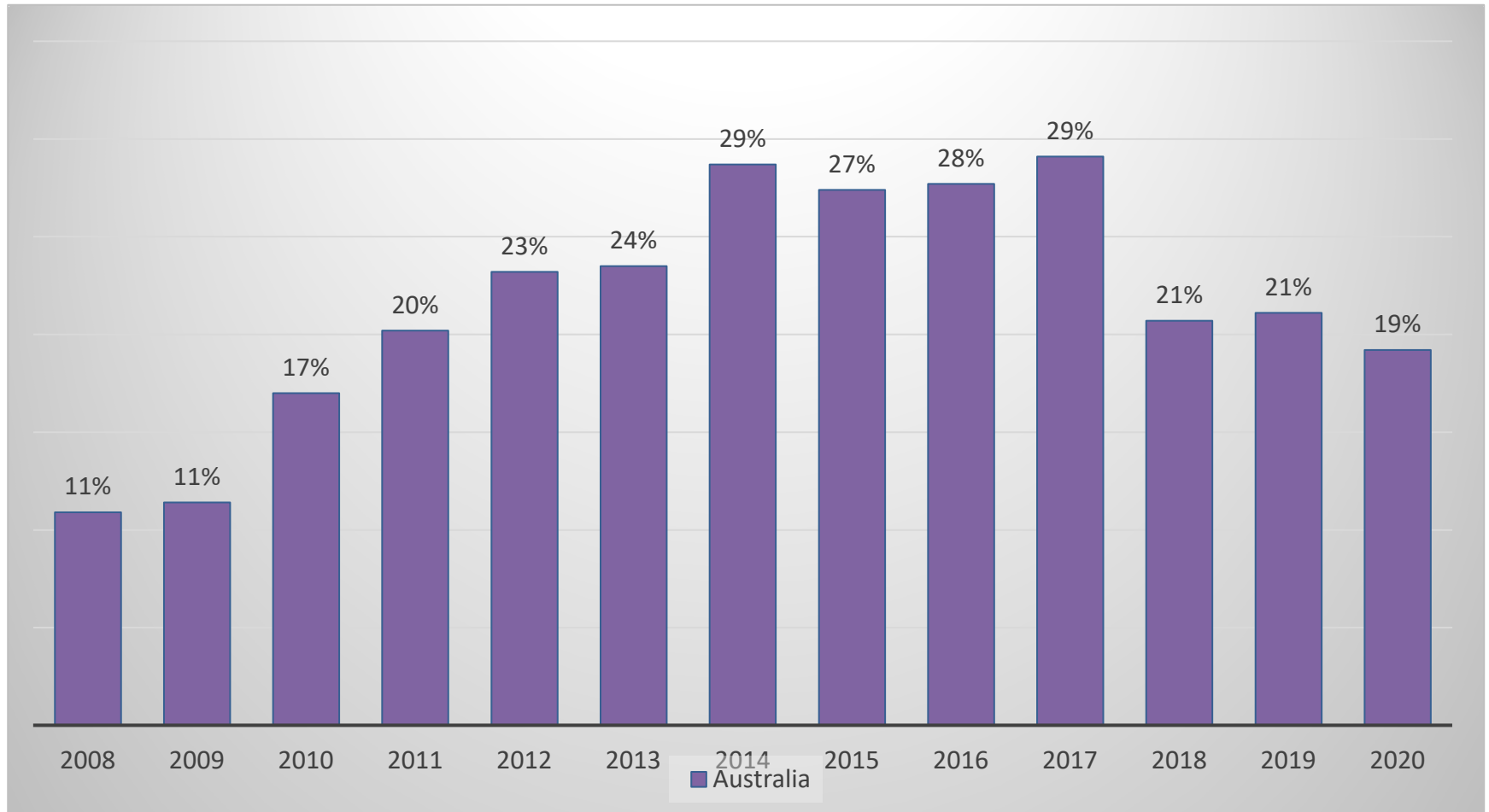


# *NSW - contestable funding increasing*

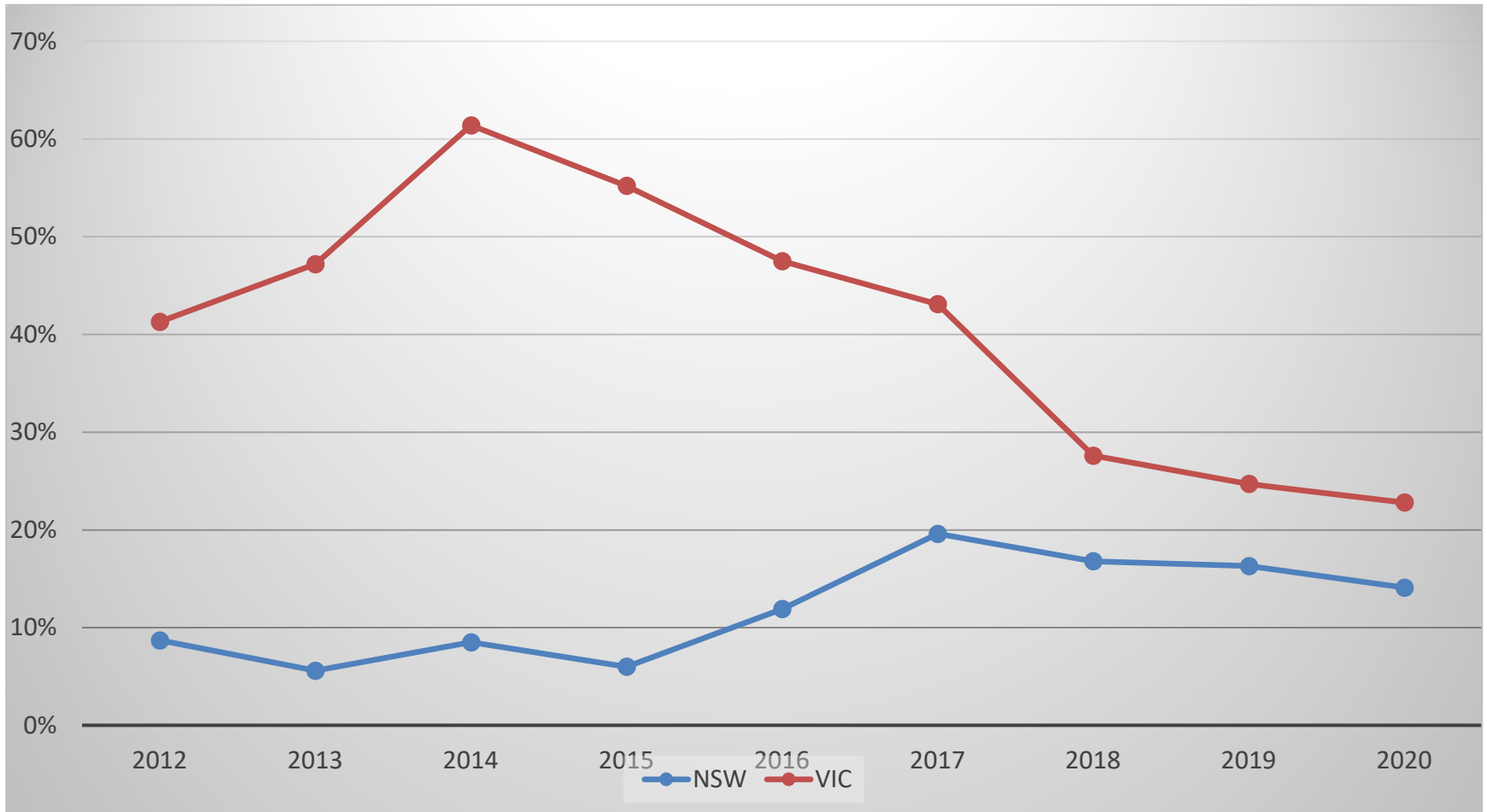
Growth in proportion of funding allocated contestably



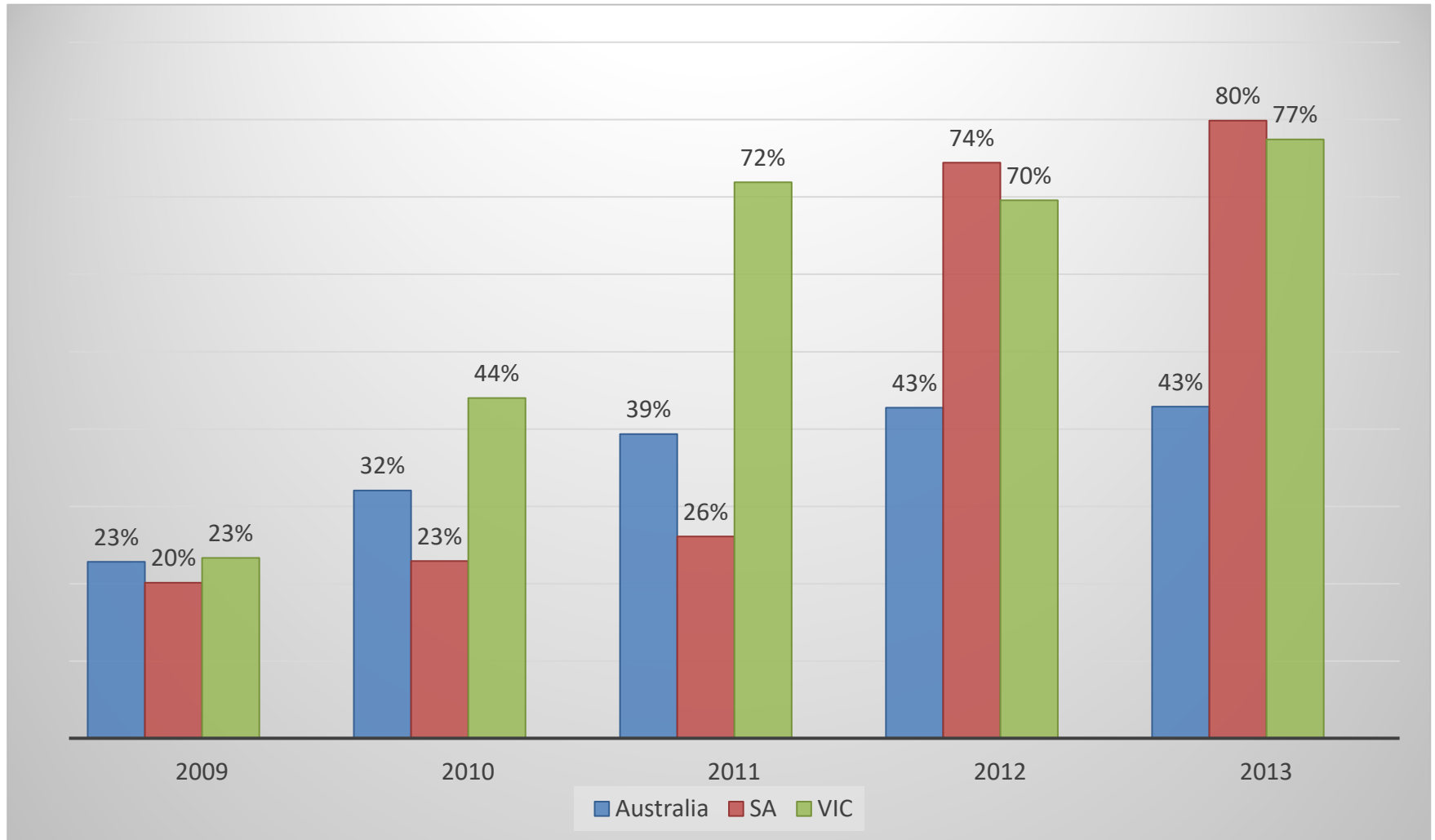
# Government Payments to Non-TAFE Providers



# NSW and VIC Payments to Non-TAFE Providers

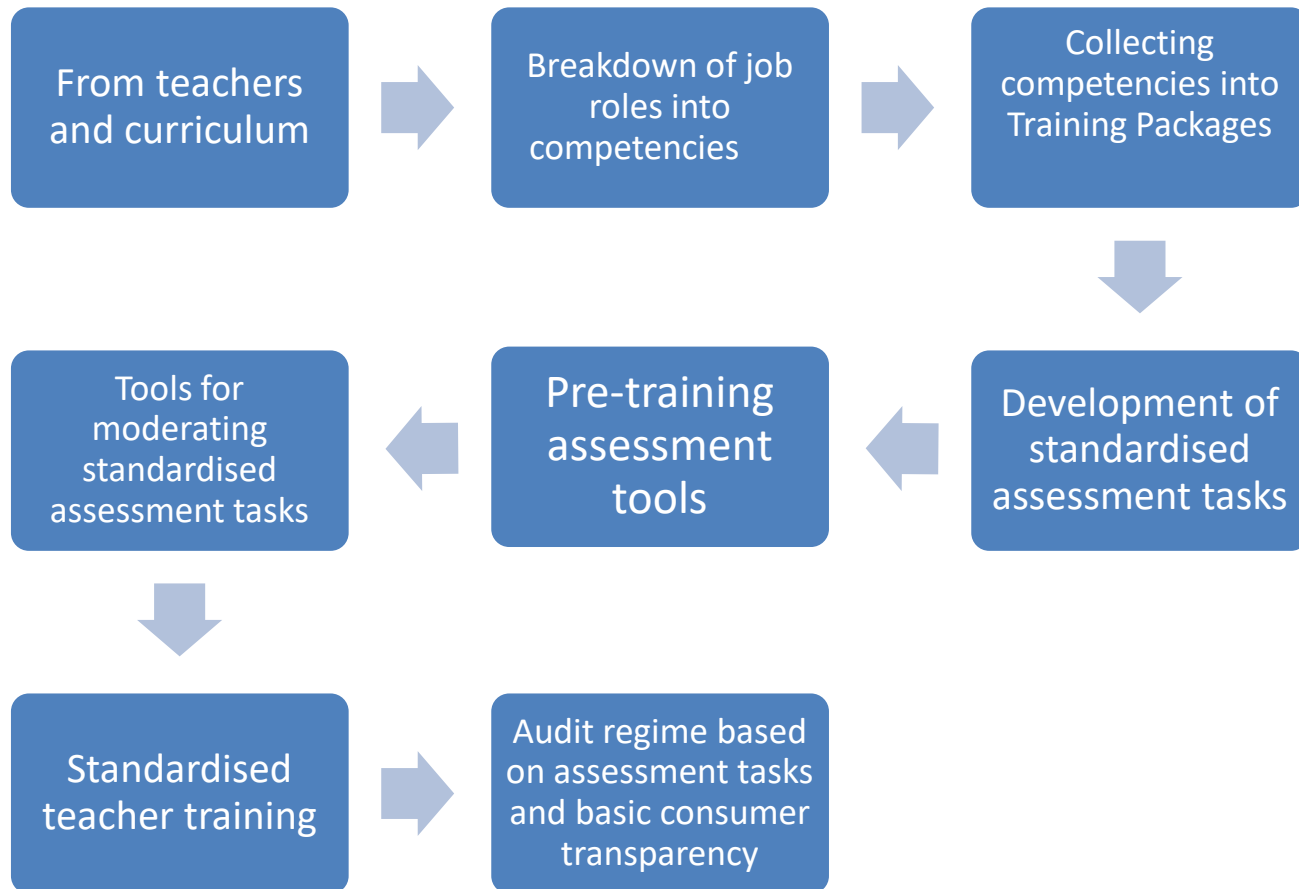


# Growth in contestable funding – Australia, SA & Vic 2009 -2013



# Commodifying the curriculum – competency based training (CBT) and Training Packages

## Creating supply chains



## *The obsession with skills and competency based training*

Competency-based curriculum did not originate in education as curricular concepts, but rather they were '*managerial* concepts that originate from the field of human resource management'. The explicit purpose of competency-based curriculum is to tie education directly to workplace requirements and roles. (Deng (2020, 92) )

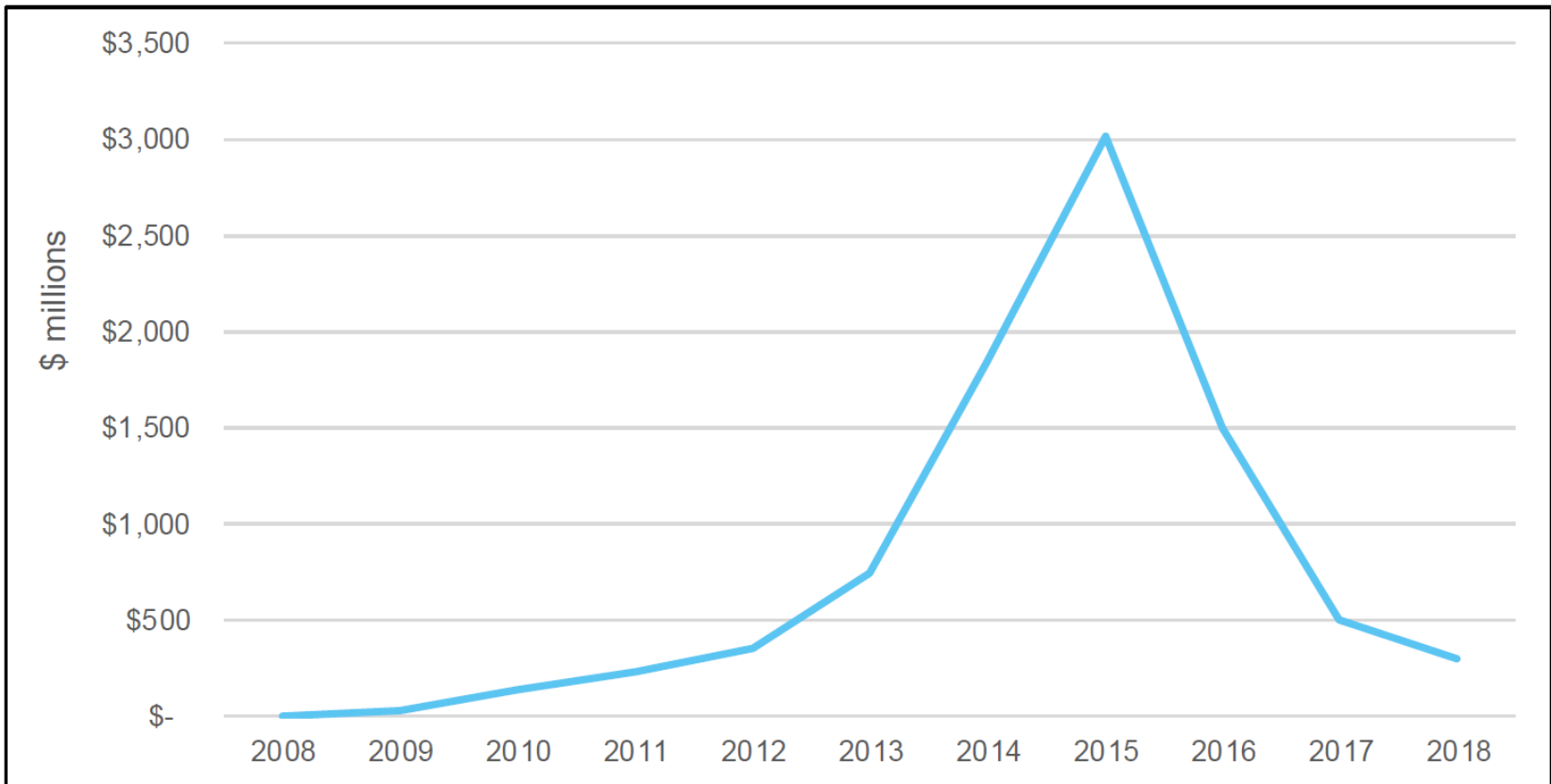


- Industrial conditions attacked
- Casualisation – 80% in some states
- Teachers excluded from any decision making bodies
- Teaching qualifications in VET attacked and undermined

## *VET FEE Help - shifting costs onto students*

- Student loan scheme – **VET FEE HELP**
- Restrict access to publicly funded qualifications – skills shortages and industry demand
- Making students pay the full fees for qualification
- **Unregulated fees** – only limit \$95,000 lifetime limit on borrowing

# *Growth in VET FEE Help*



\* As of May 2015

*More than 80% of VET  
FEE Help loans went to  
private for-profit  
providers*

## VET FEE-HELP – public policy failure - 1

- *\$670m between 2009 and 2012 - 79% or \$530m lent to students who didn't graduate.*
- *\$2.5bn between 2013 and 2014 - \$1.9bn lent to students who didn't or won't graduate.*
- *\$4.4bn projected for 2015/16 - \$3.5bn is going to students who won't graduate.*

*By the end of 2015, almost \$6bn in VFH loans had been lent to students who didn't complete their courses.*

*At least 40% of these students will never earn enough to pay their loans off, but will carry the debt for the rest of their lives*

## *VET FEE-HELP – public policy failure - 2*

By February 2022, 180,00 students had had their debts cancelled - \$3.3 billion

- Government actuary estimated the total would be **between \$3.8 billion to \$4.6 billion.**
- The government has been able to recoup \$723 million to date

## *Private providers, super profits*

- 80% of for-profit providers in Victoria were more than 90% reliant on government funding.
- Private providers made at least 30c in every \$1 of public subsidy in profit
- Many private providers delivered no training, used unqualified staff and subcontracted delivery to avoid the minimal scrutiny of state authorities

## *What did the 2012 Agreement achieve? -1*

- Entrenched User Pays and vouchers in vocational education and TAFE even though VET FEE Help and the loan scheme was a massive failure and waste of money
- Entrenched contestability into the funding system and appears to have permanently removed the principle that government funding support the full breadth of delivery in TAFE



## *What did the 2012 Agreement achieve? - 2*

- **Declining overall public investment** – funding overall has eroded or stagnated over time, as governments have prioritised other parts of the education system.
- **A quality framework that has not been up to the task** – no cohesive regulatory system across the country, and an approach based on risk mitigation rather than encouraging excellence.
- **A poorly functioning market** – a policy and funding framework that assumes students, providers and industry have the information they need to make informed decisions – when this is not the case.
- **Complexity in funding** – a funding environment characterised by inconsistencies, lack of oversight and accountability, resulting in funding not delivering the desired outcomes.
- **Unequal treatment of students** – different funding arrangements based on the state or territory in which a student lives, and inequity across tertiary education.

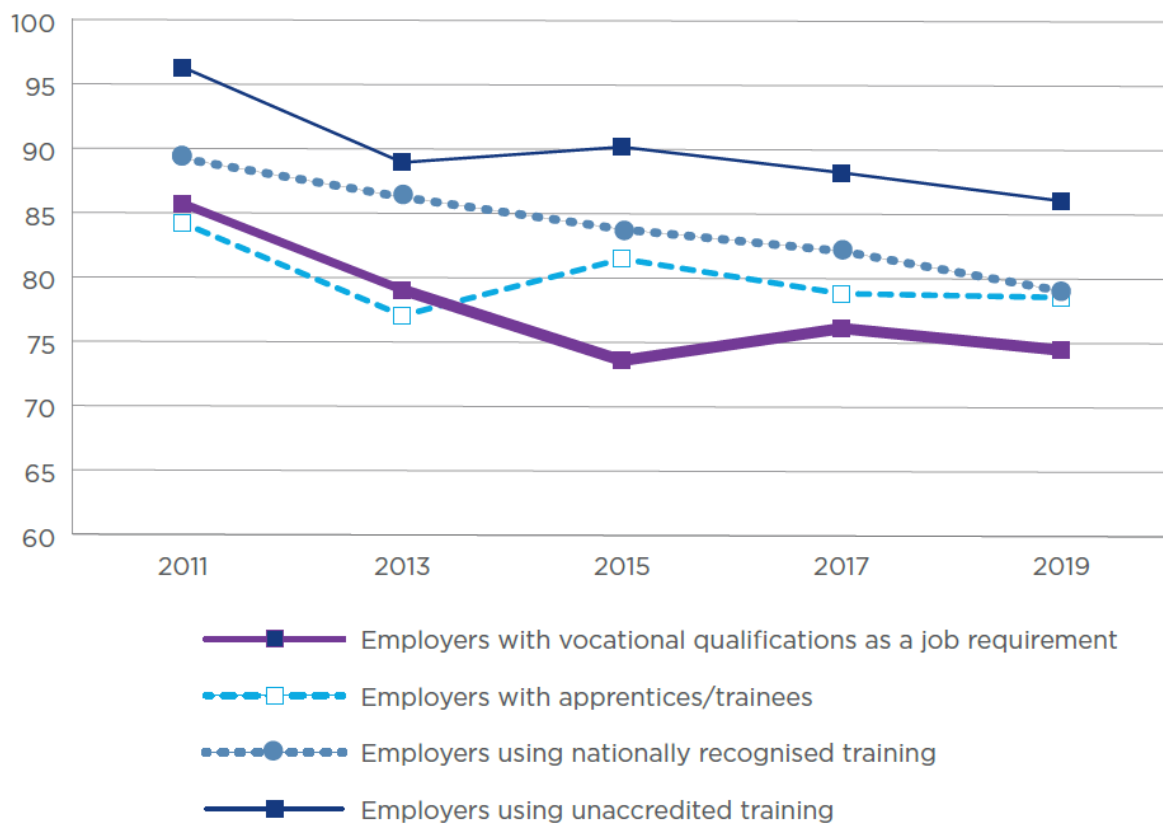
*The Shergold/Gonski Report:  
In the same sentence - Bringing higher and  
vocational education together - 1*

- Establish a NSW Institute of Applied Technology
- Establish Careers NSW
- Improve the breadth and quality of vocational education made available in NSW high schools
- Improve strategic and purposeful industry engagement in VET
- Establish an income contingent loan scheme for CIV and CIII

# The Shergold/Gonski Report: In the same sentence - Bringing higher and vocational education together - 2

## Employer satisfaction with VET

Figure H: Employer satisfaction with VET in NSW, 2011-2019



*The Shergold/Gonski Report:  
In the same sentence - Bringing higher and  
vocational education together - 3*

What is wrong with the report?

- Simply ignores the evidence – the damage done by competition, market reforms, underfunding of TAFE
- Extends the problems – Income Contingent loans and voucher-style funding (contestability)
- Rehabilitates “employability skills” – posits them as “theory” – not the same
- Any institution but TAFE – Institutes of Applied Technology just another TAFE

*The futures of work: What education can and can't do - 1*

“It is time for realism to inform the deliberations about education and the futures of work. It is time for education to be brought back into the debate as important in its own right and not as an auxiliary policy tasked with overcoming the flaws of other policy domains.”

*The futures of work: What education can and can't do - 2*

“... at its best, education helps people master bodies of conceptual knowledge as well as relationships between bodies of knowledge, nurture learning dispositions, and equips people with the skills and capacities that support the common good. These qualities enable people to handle changing life courses... Education can also support new configurations of expertise made possible by new technologies and new configurations of power.”

## State TAFE Minister

In a media release entitled “Do your homework”, the Queensland Minister for Training and Skills said that Queensland has a high-quality VET sector, however:

*“This is a multi-billion dollar industry that receives government subsidies, and unfortunately that makes it particularly attractive to shonks to make a buck ... vulnerable consumers (should) ... take extra steps to protect themselves from unethical practices that could leave them with substantial debt for a course they cannot complete or that doesn’t help them get a job.”*

*More contestability, extended student loans in new  
2022 funding agreement*

*All states and territories have agreed to the following conditions:*

- Adopting a **new funding model** that improves national consistency for students, integrates subsidies and loans and is linked with efficient pricing and the skills needed by employers.
- Supporting a viable and robust system of public, private and not for profit providers, with **contestability** in VET markets, to ensure high quality training and student choice.



# Impact of market reforms – Victoria 2009 -2014

## “market share”

