Coalition announces first steps in vocational education and training reform

Minister for Higher Education and Skills Peter Hall today announced the first steps in the reform of the vocational education and training (VET) sector, ensuring Victoria’s continued investment in skills and training that are essential to the state’s economic growth.

The reforms are consistent with recommendations made by the Essential Services Commission (ESC) in its recently released review of VET fees and funding, which centre around creating a more competitive and effective VET system.

“In 2011 the Victorian Government will make a record investment of around $1.2 billion in vocational training, and this is expected to increase to around $1.3 billion in 2012,” Mr Hall said.

“As a result of the move to a market-driven system since 2008, the number of Victorians enrolling in vocational education and training has increased by more than 44 per cent over three years and the number of education providers offering government-subsidised training has risen by 36 per cent.

“There has been particularly strong growth in recreation/fitness trainers (440 per cent), hospitality (54 per cent), tourism (66 per cent), wholesale and retail (62 per cent), business and clerical studies (94 per cent), finance (50 per cent) and property services (45 per cent).

“The Brumby Government’s modelling anticipated enrolment growth of between 3 per cent – 6 per cent each year since 2008. The Labor Government provided $139 million over four years to meet this growth. Actual growth has been in the order of 44 per cent and has cost $400 million more than the former government provided. This growth must be managed responsibly,” Mr Hall said.

In 2010 the Coalition promised to review all VET fee structures if elected to government, and delivered on that promise by asking the Essential Services Commission to review fees and funding in vocational education and training.

The ESC’s report was tabled in Parliament last week and makes more than 40 recommendations that would improve fee and funding arrangements, ensuring a fair and effective market in vocational education and training.

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In order to manage growth and expenditure appropriately, the Coalition Government will make a number of changes to fees and funding for 2012 that are consistent with the ESC’s findings.

Those changes are:

- Taking the first step towards creating a level playing field between TAFE and non-TAFE providers by making a modest reduction to the government subsidy received by TAFEs with annual turnover of more than $100 million (consistent with the ESC’s recommendation 6.9 that the gap in base rate funding rates between TAFE institutions and non-TAFE providers should be progressively closed over the next four-year funding agreement);

- Bringing tuition fees for apprentices into line with the fees paid by their peers (consistent with the ESC’s recommendation 4.5 that the state government should treat trainees and apprentices consistently with other students under the Victorian Training Guarantee);

- Removing the minimum and maximum fee caps charged by training providers to students – while maintaining price protection for students (consistent with the ESC’s recommendation 5.6 that maximum and minimum caps should be removed); and

- Reducing the level of government subsidy provided for the delivery of a number of courses which have recently experienced high growth (business and clerical studies, finance, hospitality, property services, tourism, wholesale and retail and recreation).

Course costs will continue to be heavily subsidised, with an average of 80 per cent or more of total VET course costs at and below Certificate IV level covered by the Victorian Government, and about 60 per cent of total course costs covered at diploma level and above.

“The Coalition Government is committed to investing in skills and training through the VET system and these reforms will ensure a solid structure is put in place to meet the growing demand on the sector and to manage the cost responsibly,” Mr Hall said.

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