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Call to suspend Victorian skills reforms

07 Jun 10 by John Ross | [Print this story](#) | [Send this story to a friend](#)

Mature-aged apprentices in Victoria could be paying through the nose to study if the state's reformed skills system isn't fixed.

Quasi-market arrangements, including caps on the number of training hours that attract student fees, should be scrapped from Victoria's new skills system. And the peak body, the Victorian TAFE Association, has told consultants reviewing the state's skills reforms that the controversial eligibility criterion - under which only people undertaking progressively higher level qualifications can get subsidised VET places - should also be scrapped.

VTA executive director David Williams said the eligibility criterion had been a "disaster", discouraging people from disadvantaged backgrounds and those with outdated qualifications from undertaking diplomas and advanced diplomas.

And the problems will hit apprenticeships next year when the criterion is extended to lower level qualifications, Williams said.

While annual fees for most apprentices would rise from the current \$877 to somewhere between \$900 and \$1200, those aged over 20 with previous qualifications at certificate III level or higher could be saddled with full fees of \$3500-plus, he said.

Thousands of apprentices could fall into this boat. Over 5400 apprentices studying at Victorian TAFEs last year already had equivalent or higher qualifications, with the bulk aged over 20.

Williams said employers and future apprentices would have "no idea" that fees for significant numbers of them could rise "in the order of 250 per cent" next year.

"In some industries, employers are required to pay the tuition fees. They're not going to be inclined to take on mature-aged apprentices who have higher qualifications."

Williams said the criterion was also leading to perverse outcomes. Students were now quick to pull the plug on courses if they had mixed feelings - rather than render themselves ineligible for subsidised places down the track.

But those who completed courses and then found scant employment opportunities would have to pay full fees to study in areas with better prospects, he said.

"Often you can't forecast the economic climate two years in advance. But students who have paid fees to gain qualifications in an area in which they can't gain employment can't subsequently retrain in a different occupational category at the same or lower level."

The VTA has proposed 12 "policy improvements" to stop the eligibility criterion impacting on areas of fundamental need. They include exemptions for people aged up to 25, recently retrenched workers, people with disabilities, emergency service volunteers, people training in skill shortage areas, apprentices, trainees and anyone with a formal training contract.

Domestic qualifications acquired before the 1995 introduction of the Australian Qualifications Framework should also be disregarded in assessments of eligibility, along with international qualifications, the VTA said.

But all this would just make the system "even more complex and bureaucratic than it is now", Williams said.

"Our fundamental position is the eligibility criterion's got to go."

The VTA said the government also needed to scrap the cap on the number of hours of teaching for which students can be charged tuition fees. The current cap is 615 hours.

This means that for diploma students undertaking longer courses - say, 1000 hours - TAFEs now get around \$750 less per student each year than they earned before the new system was introduced in mid-2009.

But while the system includes quasi-market arrangements like the fee cap, the government is relying on market forces alone - rather than market design - to produce the right balance of skills, Williams said

He said there was evidence that diploma enrolments were increasing in areas of employment oversupply, and declining in areas of skill shortage.

"We've got sport and recreation going through the roof," he said.

In skill shortage areas, the VTA says the government should consider a "mixed model" with some targeted funding as well as demand-driven contestable funding.

Overall enrolments in TAFEs have gone down since the new system was introduced, exacerbating a two-year trend of declining diploma enrolments.

"To expect to achieve greater enrolments when they were declining previously, while putting the fees up from \$877 to \$2000 - even with student loans - just defies logic," he said.

On average, Victorian TAFES currently have enrolments at about 80 per cent of 2008-09 levels. Traditionally they enrol a further 7 to 8 per cent through the remainder of the year. Overall, enrolments can expect to be down 10 to 12 per cent for the year.

Williams stressed that the VTA supported the reform objectives, but said the implementation strategies have not been thought through.

"It has been hugely expensive to administer and extremely taxing on staff in terms of timeframes," he said.

"Despite our attempts, we were never allowed to see any detailed modelling of the likely impacts of the policy. All the things we projected in our initial response to the discussion paper have come true. Our position now is that the government needs to get the system right," he said.

"If it can't get it right over the next six months - particularly with regard to mature-aged apprentices - it shouldn't implement the rest of the reform agenda until it can."

Consultants Ernst and Young are expected to take an independent review of the reforms to the state government this month. While the government hasn't said whether it will make the report public, Williams said he wanted any changes to the implementation timetable announced by mid-July to give institutes, students and industry time to adapt.

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