

## **The case for a unified national post-school education system**

### **Submission to Inquiry into the Education and Other Legislation Amendment (VET Student Loan DEBT Separation) Bill 2018**

- \* Vocational education and training in Australia is in a state of crisis
- \* Apprenticeships, traineeships and participation in TAFE courses have declined
- \* Australia needs a comprehensive national post-school education system, in which both vocational educational and traditional 'higher' education are integrated and nationally funded, and from which for-profit providers are excluded
- \* In this context, separation of VET loans from other forms of student assistance, while arguably necessary given the failure of VET FEE-HELP, is part of a failed policy

## **Introduction**

Vocational education in Australia is in a state of crisis. Traditional models of on-the-job training (apprenticeships and traineeships) are in decline. Funding for vocational education through the Technical and Further Education (TAFE) system has been slashed leading to the closure of many TAFEs and large-scale loss of teaching staff. Meanwhile, billions of dollars have been wasted on ideologically driven experiments with market competition and for-profit provision.

## **The failure of VET FEE-HELP**

As shown in Quiggin (2015), for-profit education has almost invariably failed to deliver good educational outcomes, particular when for-profit providers have access to public funding. It is far easier to game funding systems than to provide good quality education. Failure has been consistent across all forms of education, from childcare (ABC Learning and, more recently, G8 education) Notable examples of failure including for-profit schools (US and Sweden) for-profit universities, most notably the University of Phoenix in the US and the VET FEE-HELP fiasco.

The problems in for-profit provision were well known as early as 2011. Quiggin (2013) drew on evidence from the Victorian sector to point to the likely failure of VET FEE-HELP, concluding

attempts to restructure education as a competitive industry, in which market signals play a central role, have proved almost entirely unsuccessful or counterproductive. Many of these initiatives have been abandoned and others have been characterised by chronic problems of fraud and exploitation of regulatory loopholes.

## **The proposed VET Student Loan Debt Separation) Bill**

Given the failure of VET FEE-HELP and the continuing crisis in vocational education, the stated objective of the legislation is sensible

The Bill separates VET student loan debts from other forms of HELP debts, by moving the legislative basis for VET student loan debts from HESA into the VSL Act. In effect, this provides greater transparency of repayment rates for VET student loans and more accurate information to inform future policy decisions. The separation of VET student loan debts from other forms of HELP debts also enables more timely, transparent and accurate reporting on the fiscal sustainability of the VET Student Loans program. Further, the Bill supports greater public accountability of the VET Student Loans program.

Nevertheless, this should be seen as a temporary measure, necessitated by past policy failures.

### **A better way forward**

Our current organizational and funding structures for education and training are based on an outdated model in which

- \* Working class students were expected to enter the workforce after Year 10, with a minority undertaking a trade apprenticeship and the rest entering unskilled or semi-skilled job with, at most, informal on-the-job training
- \* Most white-collar occupations required only completion of high school
- \* University education was the preserve of a small minority

The problems have been exacerbated by a series of ideologically driven attempts to introduce market competition and for-profit provision into the sector

The starting point for a reform of education policy in Australia should be a recognition that

- \* school education alone is not a sufficient basis for participation in the modern workforce or in an increasingly technologically sophisticated study.
- \* the class division between vocational and educational training for the working class and 'higher education' for the middle and upper class is inappropriate and unworkable

- \* for-profit education and training should have at most a marginal role and should not be subsidised through student funding schemes such as FEE-HELP and VET Student Loans

- \* there should be continued support for non-profit and community providers as well as for TAFE

The central implications of this recognition are

- \* All young Australians should be encouraged to undertake some form of post-school education and training

- \* VET and Higher Education should be combined into a single national system, funded by the Commonwealth.

These are long-term objectives. The crucial short term need is for a reversal of the massive cuts in funding to TAFE, and the end of subsidies to for-profit providers. If for-profit providers are to continue as part of the system they should either stand on their own feet without public subsidy or provide courses under contract through the TAFE system.

In a system of this kind, there would be no need for a separate funding scheme for TAFE. Rather, all students would be part of a single national system.