

# Australia: Vocation Ltd affair exposes impact of privatisation

Oliver Campbell  
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Revelations involving Vocation Ltd, a vocational education company, have highlighted the massive growth of private training colleges in Australia, subsidised by governments to the tune of hundreds of millions of dollars.

Successive governments, Labor and Liberal alike, at both state and federal levels, have slashed funding to public Technical and Further Education (TAFE) colleges, while awarding lucrative contracts to private entrepreneurs.

Vocational education and training, via TAFE courses, which include apprenticeships, used to be available for relatively low fees. Increasingly, exorbitant fees have been imposed, and covered by the federal FEE-HELP scheme, which has been extended to the private colleges.

Students effectively borrow the money from the federal government to pay the fees, leaving them with large debts to repay once they start earning more than a certain amount, currently around \$53,000 a year. In the meantime, the private providers are handed the fee revenue by the government to run the courses, generating lucrative profits.

These processes have resulted in thousands of students being corralled into low-quality courses, provided by private operators competing for a slice of the \$9 billion industry, and leaving with qualifications that are often not worth the paper they are written on.

Late last month, Vocation belatedly told its shareholders that the company's profits would be down by \$5 million, after one of its subsidiaries, BAWM was stripped of almost \$20 million of funding from the Victorian state government. The announcement followed a government review of BAWM, which indicated that the company hawked courses that were "inappropriate" to student needs.

Vocation was listed on the Australian Securities Exchange (ASX) last December in a \$253 million float. Its shares fell almost 57 percent immediately following the announcement.

A review by another government agency, initiated in August, resulted in over 2,400 students being stripped of qualifications from courses they undertook at BAWM.

An email from a staff member to BAWM managing director Wendy Bonnici from May, quoted in the *Australian*, noted that staff had been "under extreme pressure to have students sign blank forms, future attendance records, uncompleted assessment forms, as well as to change student completion dates as per checklist given by (a Vocation staff member)" to meet enrolment targets and secure government funding.

BAWM's practices are apparently commonplace in the industry. The Australian Broadcasting Corporation documented cases of private colleges promoting their wares outside Centrelink social security offices, in public housing areas, and even at referral services for the homeless and drug addicted.

In one case, a 24-year old with an intellectual disability, who had not completed high school, was signed up to a business management course by "Aspire," another private operator, outside a Centrelink office. When he was unable to carry out the course work, he was encouraged to enrol in another course, leaving him with an \$18,000 debt.

The *Australian Financial Review* reported that between 2011 and 2013, Victorian government funding to BAWM skyrocketed from \$2.4 million to \$110 million.

The affair has pointed to the intimate relations between government regulators, and the private operators. The director of funding and quality assurance

in the government body that oversaw the increase in BAWM's funding, acquired 10 percent of an IT business in 2013, upon retiring from the public service. Two of BAWM's principals became shareholders in the IT operation, in which BAWM later acquired a majority stake.

Vocation and BAWM are being investigated by the Australian Securities and Investments Commission (ASIC) over claims that company directors withheld information about the government funding cut from shareholders for months.

Various politicians have promoted the lie that government regulation will oust the "bad apples" from the sector. In reality, these predatory activities flow directly from the assault on public education, and the market-based model of education funding, which is supported by the entire political establishment.

The dismantling of free higher education, which began when the Hawke Labor government reintroduced fees in the late 1980s, has been extended to vocational education and training (VET).

John Dawkins, Vocation's chairman, personifies this reactionary agenda. As Hawke's education minister from 1987 to 1991, Dawkins oversaw the reintroduction of university fees, and the merger of colleges of advanced education and universities. This paved the way for higher education to be transformed into an export industry, generating billions of dollars a year, primarily from fees charged to overseas students.

The commercialisation of tertiary and vocational education escalated dramatically under the "education revolution" implemented by the Rudd and Gillard Labor governments from 2007 to 2013.

In 2009, Victoria became the testing ground for a "voucher-based" funding model for VET, promoted by the federal Labor government, with government funds allocated to institutions, public or private, based on enrolment numbers.

Enrolments in private courses in Victoria exploded by 308 percent from 2008 to 2011 while, according to some figures, TAFE enrolments declined. For the first time, the private sector outstripped TAFE colleges as the largest providers of training.

Initially, the state government's expenditure on the sector as a whole rose from around \$850 million per year to well over a billion. In 2012, the state Liberal Party government cut some \$300 million from TAFE,

affecting up to 80 percent of courses.

A report leaked from the Victorian auditor-general's office earlier this year found that half the state's TAFE networks were in deficit. State contributions to the public sector fell by another \$119 million in 2013. In all, 2,500 jobs have been cut.

Victoria's funding model was essentially adopted by every other state in 2012, under pressure from the federal Labor government of Julia Gillard, resulting in waves of sackings and fee hikes. At the same time, the Labor government cut \$1 billion from the sector. In the latest round of attacks, some 1,200 jobs are to be cut in NSW TAFE, and student fees will rise by up to 45 percent next year.

The May budget handed down by federal Liberal government has deepened the assault on public vocational education, cutting a further \$1 billion from the sector. The government has also outlined a program of further restructuring, aimed at subordinating vocational education to the interests of business. Prime Minister Tony Abbott last month foreshadowed an "employer-led and outcome-focused apprenticeship model" that would tailor courses to the immediate needs of corporate elite.



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