

Private VET college fined while TAFE loses out

October 29, 2019

A Federal Court ruling against a failed private training college has highlighted the Federal Government's folly of funding for-profit VET providers at the expense of the public TAFE system

The ruling has been followed by revelations in the federal Education Department's annual report that the government fell almost \$1 billion short of budgeted spending on vocational training programs over the past five years, at the height of the skills crisis facing Australia.

The court handed down a record \$26.5 million fine to Empower Institute, as well as a demand it repay more than \$56 million to the Federal Government for funding it received to run courses.

The company put itself into liquidation when the Australian Competition and Consumer Commission (ACCC) commenced action in late 2017, which means the fine is unlikely to be paid and inquiries are yet to determine how much the firm can repay the government.

Federation's then Acting Deputy Secretary (Post Schools) Phil Chadwick said the failed college underlined the shortcomings of funding private vocation training providers ahead of TAFE.



"Many millions of dollars have been funnelled to these private providers, which have either failed or are under investigation," Mr Chadwick said.

"At the same time, this Federal Coalition Government has wound down the public TAFE system to a shadow of its former self, with funding and staffing cutbacks reflected in a drastic decline in enrolments.

"We have students who have been left with heavy debts, no qualification and no job prospects."

The federal Education Department's latest annual report confirms that since 2014, the Coalition Government has failed to spend a massive \$919 million of their own TAFE and training budget, a shortfall of more than 17 per cent.

Shadow education minister Tanya Plibersek said: "Apprentice and tradie programs have been worst affected, including apprentice incentives for business, support to help people finish apprenticeships, and a fund designed to train Australians in areas of need."

A total of \$5.27 billion was budgeted for a series of apprenticeship, skills and training initiatives between 2014-15 and 2018-19 but the government spent only \$4.35 billion.

Empower Institute was among a number of VET providers that failed after a Federal Government crackdown

in 2015 on rorting of the taxpayer-funded VET-FEE HELP loan scheme. Some colleges stood accused of targeting vulnerable people, such as Centrelink clients, with the offer of free laptops.

“At a time when the economy is facing a national skills shortage, the government should be doing all it can to get school leavers into vocational training,” Mr Chadwick said.

“Instead of bolstering the public system, the government has thrown money at these private providers under the neoliberal mantra that competition makes the economy stronger.

“In so many ways this approach proved to be destructive, and none more so than the vocational education sector and the damage inflicted on what was a world-class public educator.”

— Scott Coomber