

## Struggling under funding cuts

The TAFE sector is struggling under funding cuts imposed by the current state government and the impacts of the competitive funding model that was put in place by the previous government and has been continued by this government, Greens Education spokesperson, Sue Pennicuik said in parliament yesterday.

Speaking on the Auditor-General's Report on the Results of the 2012 Audits, Ms Pennicuik said that the Audit finds that the operating results for TAFEs deteriorated again in 2012.

"Based on the three-year trend, TAFEs are heading for an overall operational deficit. For individual TAFE institutes, operating results were lower for 10 institutes in 2012 compared with 2011, with four TAFEs recording deficits and two with marginal surpluses," Ms. Pennicuik said.

"The Audit found that the underlying results for the TAFE sector have been declining over the last five years, posing a long-term risk to the financial sustainability of the entire TAFE sector," Ms. Pennicuik said.

"One-third of TAFEs face a more serious medium-term risk to their sustainability."

"The capacity of TAFE institutes to self-finance has fallen over five years and that this poses a number of problems for TAFEs, including an inability to replace assets in a planned and timely manner and the risk that the asset base will deteriorate over time if asset renewal falls below depreciation rates."

"This five year period coincides with the imposition of the market contestability on the TAFE sector by the previous government and continued by this one," Ms. Pennicuik said. "It should be ringing alarm bells as to the impacts of this inappropriate funding model on our public TAFE sector."

"The Audit revealed that the average underlying result for TAFEs has decreased since 2010, highlighting the challenge for the sector to achieve positive financial operating results following changes in the funding model and the capital replacement indicator also declined over the five-year period."

"The Audit also found that changes in the funding model have resulted in TAFEs cutting expenditure viewed as 'non-essential' and that changes to the legislative framework and funding model ... mean that TAFEs are more reliant on tuition fees for generating a major portion of their operating revenue."

"The issues pointed out in this Audit Report should concern us all as to the impacts and risks that the competitive funding model and huge funding cuts have imposed on the TAFE sector, undermining its proud history of providing affordable training and re-training for Victorians," Ms. Pennicuik concluded.

For further comment: Sue Pennicuik – 03 9530 8399