The policy paradox

There is a major disconnection between tertiary education policy rhetoric and policy practice in Australia at the moment. The terms of reference for the Review of Australian Higher Education include the requirement that it “establish the place of higher education in the broader tertiary education sector, especially in building an integrated relationship with vocational education and training” (p. 77).

An April 2008 Ministerial Council for Vocational and Technical Education discussion paper canvassed, among other things, the creation of a tertiary education ministerial council as part of “moving towards an integrated tertiary qualifications sector.” Campus Review (27 May 2008) reported that a new Australian Qualifications Framework Council has been established to ensure the robustness of the AQF. The Commonwealth government is trying to increase the extent of credit transfer by making Fee-HELP for full-fee VET diplomas and advanced diplomas contingent on credit transfer to HE qualifications.

Yet the policy trajectory in each sector is to drive the sectors further apart by increasing the differences between the way they are funded and governed and the way they operate. When the Rudd government was elected, it abolished full-fee under-graduate places in publicly funded universities, and declared that it would enter into compacts with universities so that each university met agreed outcomes based on its distinctive mission. This places the emphasis on central planning, not competition in a market.

In contrast, the policy trajectory in VET is to increase competition between TAFEs and private providers in a fully contestable market. Full fee-paying places are prohibited in public universities but are encouraged in public VET institutes. VET policy discussion papers promote markets as intrinsically good and worthwhile. This is based on the notion that the only way to ensure TAFEs are responsive to industry needs is to make them compete for ‘customers’, even though there is no real evidence that TAFEs are a problem.

Moreover, there is no real research evidence (anywhere that I know of) that shows that a fully contestable VET market achieves the outcomes sought by government. In the absence of evidence, VET policy-makers instead point to other instances where national competition policy has resulted in the deregulation of utilities. The April 2008 MCVTE discussion paper, for example, says that deregulation has resulted in major reductions in production costs for businesses and “improved choice and flexibility for consumers, especially domestic consumers.”

Putting aside the contentious issue as to whether VET (or any education) produces widgets and therefore can be treated the same as any other business, the evidence in the MCVTE discussion paper does not inspire confidence. For
example, it says (p. 11) “Implementation of national competition policy has improved the efficiency of economic infrastructure through the deregulation, corporatisation and privatisation of electricity, water, telecommunications, airports and airlines.” No problems there! This is an incredible statement, given the problems with capacity and lack of investment in these industries, including a big de-investment in apprenticeships, all of which seem to offer examples of what not to do.

Victoria is where proposals for full contestability in VET are being tested, and this also does not inspire confidence. The recent Victorian discussion paper on skills reform is alarming for its lack of forethought and yet it is being hailed as leading the way for national VET reform. It proposes, among other things, to use adult and community further education providers to deliver foundation skills, a role it currently shares with TAFE. ACFE is even more under-funded than TAFE, and it seems this proposal is more about reducing costs than increasing access because there is no evidence provided that access to TAFEs is currently a problem, except through limits imposed by government funding for these programs.

It also proposes allowing VET providers to compete for students on ‘price’ through offering different fee levels. It may be that the writers of the paper had in mind the much more limited deregulation of HECS in universities, but in this case all universities quickly charged the maximum price because they were operating in a ‘market’ which equated quality with price. In contrast, there will be a race to the bottom in VET because the market is not for the same high-status positional goods as in HE. The problem for VET is its lower status. The evidence is that the standing of VET qualifications are increased when they are linked to higher-status HE qualifications. For example, an analysis of student preferences through Queensland Tertiary Admissions Centre for admission in 2007 shows that in most (but not all) cases, the demand for VET diplomas and advanced diplomas was greatest for those that were linked to a guaranteed place in a HE degree.

The Victorian paper proposes introducing HECS for TAFE, which is something that many of us have been advocating for years. However, what Victoria proposes is very ill-advised. It proposes that HECS be levied by attributes attached to the student as well as the program they are enrolled in. HECS in HE is levied according to the discipline the student is enrolled in, as long as the student has not used up their seven year lifetime HECS entitlement.

Victoria is proposing to take into account the age, prior qualifications and prior equity status of the student in levying a HECS debt. However, the whole point of HECS is that it reduces the cost of entry to education, while the equity provision is that only those who can afford to pay in the future do so. Victoria is proposing a levy of complexity that is beyond anything in
Australia at the moment, and presumably it will be asking TAFEs and other providers to implement this. The extent to which this will be possible is questionable – the Australian Tax Office is hardly likely to raise a tax debt for a hand-written HECS liability from the local neighbourhood house.

This is not the way to get greater integration and alignment between VET and HE, unless of course, the government proposes making HE look more like VET in the long-run by ensuring that it is more ‘demand-driven’.

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